

HEETON HOLDINGS LIMITED



PRIMED
FOR **NEW**
POSSIBILITIES

ANNUAL
REPORT
2020



CORPORATE PROFILE

Heeton Holdings Limited is a real estate company focused on property development, investment and management. Established in 1976, the Company was listed on the Singapore Exchange in September 2003, and has since extended its business frontiers beyond Singapore to Thailand, Australia, Japan, Malaysia, Vietnam and the United Kingdom. As a boutique property developer, Heeton enjoys a reputation for distinctive and high quality developments in the choicest districts of some of the world's major cities including Singapore, London and Bangkok. Heeton has also formed strong partnerships with other established real estate groups to develop properties locally and internationally.

Heeton's growth in the property industry is underpinned by a stable real estate portfolio that includes commercial properties (shopping malls and serviced offices) and hotels. Heeton entered the hospitality sector in 2011 with the acquisition of the Mercure Hotel Pattaya, Thailand. Following an aggressive expansion programme the Group's hotel portfolio has now increased to 14 properties worldwide, as at December 2020.

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CHAIRMAN'S MESSAGE



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Heeton Holdings Limited for the financial year ended 31 December 2020 ("FY2020").

FINANCIAL PERFORMANCE

2020 will be remembered as the year of the pandemic, when the COVID-19 outbreak wreaked havoc on economies around the world. Our Group's businesses too were affected by the continuing spread of the virus as domestic lockdowns, movement restrictions and travel embargos exacted their toll on hotels, commercial rentals and investment returns.

As a result of the above, the Group recorded a net loss before tax of \$26.2 million in FY2020, compared to net profit before tax of \$14.6 million in FY2019.

HOSPITALITY INVESTMENT AND DEVELOPMENT

The global hospitality sector suffered its worst year on record in 2020. The United Nations World Tourism Organisation has estimated revenue loss of US\$1.3 trillion for the international tourism sector following an estimated 74% decline in international arrivals. In perspective, this is more than 11 times the impact of the 2009 global financial crisis.

Europe saw its largest decline in tourist arrivals in 2020 as international visitor arrivals fell by 70% in 2020. In the United Kingdom, where the bulk of our hotels is located, the government-mandated closure of hotels for leisure guests has had a devastating impact on hospitality businesses since March 2020. In Thailand, the hard-hit tourism sector received just 6.7 million visitors in 2020 compared to 40 million visitors a year ago, while tourist receipts fell to 332 billion baht from 1.91 trillion baht in 2019. Hotels were ordered to cease operations by the authorities in a bid to contain the spread of the COVID-19 infection; although hotels have since been allowed to resume operations, occupancies remain low.

Despite the overwhelming impact of the pandemic, we remain confident of the Group's long-term prospects in the tourism sector, particularly in the UK, which has consistently been one of the most visited countries in the world. As it stands, there have been encouraging green shoots of recovery for the industry for 2021 and beyond. The forecast is that the UK will receive 16.9 million inbound visitors in 2021, an increase of 73% compared to 2020. In addition, the UK government has initiated its 'Test to Release' international travel scheme; with backing of the Global Travel Taskforce report, the country's COVID-19 vaccine rollout highlights its commitment to helping the tourism industry recover in 2021.

In Thailand, Thai authorities are planning to ease restrictions for travellers who have been vaccinated against COVID-19 as it looks to revive a tourism industry that has been battered by travel curbs. The country aims to start welcoming tourists in the third quarter of 2021 and is expecting 5 million visitors for the year, with arrivals topping 30 million in 2023 and returning to pre-pandemic levels in 2024.

We are cognizant that a full recovery in the tourism sector will be contingent on a meaningful pick up in large scale international travel. At the same time, we are actively taking steps to ensure that lessons learnt from the crisis will serve to make us stronger. To this end, we are taking the opportunity to review and re-position the hotels to operate more efficiently and competitively in a post-COVID environment.

Elsewhere, our hotel development projects in Gaobeidian, Hebei, China and in the emerging tourist destination of Bhutan remain on track for completion, despite delays owing to sporadically imposed country-wide lockdowns. We will also continue with exploration efforts to expand our presence in Thailand and Japan, where we already have four hotels. If 2020 was a year of conservation, 2021 will be a year of consolidation and restructuring, with a view to being well positioned for when the skies re-open and normal trading conditions are restored.

FINANCIAL SUBSCRIPTIONS

During the year, the Group availed itself of grants and subsidies offered by the governments of all the countries we operate in, as well as loans under various schemes underwritten by the authorities. We also issued S\$70.3 million 6.80% notes due 2023 under our S\$300 million multicurrency debt issuance programme, comprising S\$41.4 million in New Notes issued as part of the Exchange Consideration and S\$28.9 million in additional New Notes. We are pleased that we have been able to secure strong anchor support for the notes issue despite the challenging environment, and the issuance has also strengthened our balance sheet during this challenging period.

APPRECIATION

In closing, I would like on behalf of the Board of Directors, to congratulate Mr Ivan Hoh on his appointment as Chief Executive Officer. Ivan has been our Chief Operating Officer since 2019 and he has been instrumental in steadying the ship through the worst of the crisis while helping to chart a course for stronger future growth. Despite the impact on our financial performance and operations, I have no doubt that Heeton will emerge from the pandemic a stronger entity.

I would also like to thank the Directors for their valuable guidance and counsel over the past year, our business partners for their loyalty and commitment, and all our shareholders for their confidence and trust in the Group. Please stay safe and healthy amidst this pandemic.

We would not have been able to remain unbowed in 2020 without the hard work and support of our staff, who have been the leading stewards of our many and various initiatives in this challenging year. I look forward to continue working with all of you towards overcoming the challenges ahead as we navigate this pandemic.

TOH KHAI CHENG

Non-Executive Chairman

主席致辞



尊敬的股东们：

本人谨代表董事会呈报喜敦控股有限公司截至2020年12月31日止财政年度（“2020财年”）的年度报告。

财务表现

2020年将作为疫情肆虐之年而被人们铭记，新冠肺炎（COVID-19）疫情的爆发对全球经济造成了巨大的破坏。疫情的持续蔓延以及随之而来的国内封锁、出行限制和旅行禁令对酒店业务、商业租金和投资收益产生了严重影响，本集团的业务量也因此大幅下降。

由于上述原因，本集团在2020财年录得税前净亏损2,620万新元，而2019财年限录得税前净利润1,460万新元。

酒店业投资与发展

2020年，全球酒店行业经历了有史以来最糟糕的一年。据联合国世界旅游组织估测，随着国际游客人数减少74%，国际旅游行业的收入损失达1.3万亿美元。为便于参考，这一数字是2009年全球金融危机影响的11倍多。

2020年，欧洲的国际旅客人数跌幅最大，锐减70%。而在我们旗下大部分酒店所在的英国，自2020年5月起，政府强制关闭了面向休闲型游客的酒店。泰国的旅游业也遭到重创。2020年，泰国的游客人数从2019年的4000万名降至670万名游客，而旅游收入从2019年的1.91万亿泰铢降至3,320亿泰铢。为了遏止病毒的传播，有关当局曾命令各酒店停止营业；而现在，虽然酒店已获准恢复营业，但入住率仍然很低。

尽管受到了疫情造成的巨大影响，但长期来看，我们仍对本集团在旅游业的前景充满信心，特别是英国，因为英国一直是全球游客人数最多的国家之一。目前来看，2021年及之后，该行业已出现了复苏的苗头，这一发展态势令人振奋。预计英国在2021年将接待1,690万入境游客，比2020年增长73%。此外，英国政府还基于全球旅游工作组的报告启动了“检测后放行”国际旅行计划，该国新冠病毒疫苗的推出也凸显了其在2021年助力旅游业复苏的决心。

在泰国，由于希望重振受旅行禁令打击的旅游业，泰国当局计划放宽对接种新冠病毒疫苗的旅客的限制。泰国的目标是在2021年第三季度开始迎接游客，预计全年游客数量达到500万人次，并在2023年使游客数量突破3,000万人次，于2024年恢复到疫情前的水平。

我们认识到，旅游业的全面复苏将依赖于国际旅行的大规模有效回升。与此同时，我们正在积极采取措施，确保从危机中汲取教训，并使我们更加强大。为此，我们正借此机会审查并重新定位我们的酒店，以提高酒店的经营效率和竞争力，从而适应后疫情时代的环境。

此外，我们位于中国高碑店市和新兴旅游目的地不丹的酒店开发项目仍有望按计划完工，尽管这些项目会由于当地的全国封锁政策而时有延期。我们还将持续探索，拓展我们在泰国和日本的业务。目前，我们已在这两个国家拥有了四间酒店。如果说，2020年是保守之年，那么2021年将会是我们的巩固之年。我们会积极寻求机遇，增强我们的投资组合，以便为国际旅行全面恢复和贸易环境重返正常之时做好准备。

金融债券认购状况

2020年，本集团受益于业务所及的所有国家的政府提供的补助和补贴，以及由有关当局承保的各项计划下的贷款。我们还根据3亿新元的多币种债务发行计划发行了于2023年到期的价值7,030万新元的债券（利率为6.80%），包括作为部分交换对价发行的4,140万新元新债券和2,890万新元的额外新债券。我们满怀欣慰，因为在如此充满挑战的环境下，我们仍能为债券发行获得强有力的支持，而债券的发行也能够在这艰难时期增强我们的资产负债表。

致谢

我谨代表董事会祝贺何长勉先生获委任为首席执行官。长勉自2019年以来一直担任我们的首席运营官，他带领公司渡过了危机最严重的时期，同时帮助公司制定了未来强劲增长的方向。尽管此次疫情对我们的财务表现和业务运营产生了影响，但我坚信，喜敦将从疫情中涅槃重生，变得更加强大。

本人亦要感谢各位董事在过去一年中给予的宝贵指导和建议，感谢我们的业务伙伴的忠诚和贡献，以及全体股东对本集团的信心和信任。疫情仍未结束，衷心祝愿您平安健康。

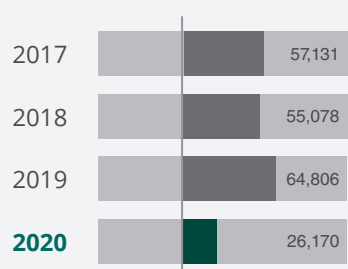
如果没有全体员工的辛勤工作和支持，我们就无法以不屈不挠的姿态走过充满挑战的2020年，这一年，他们始终坚持执行我们的各项重要举措。我期待与诸位携手并进，共克时艰。

卓开清
非执行主席

FINANCIAL HIGHLIGHTS

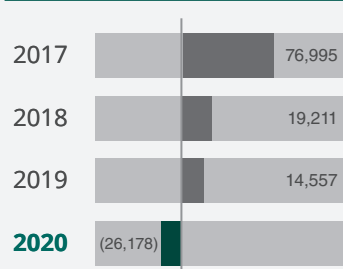
TURNOVER

\$'000



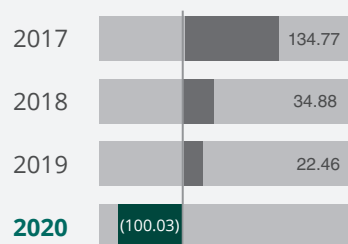
(LOSS)/ PROFIT BEFORE TAX

\$'000



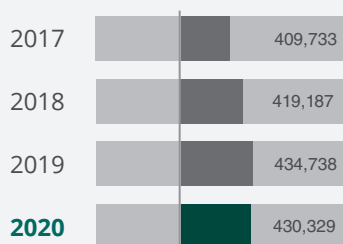
(LOSS) / PROFIT BEFORE TAX MARGIN

%



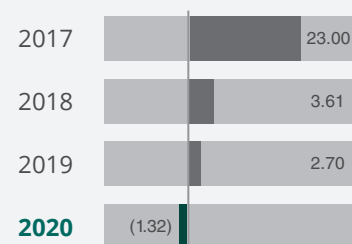
NET ASSET VALUE BEFORE NCI

\$'000



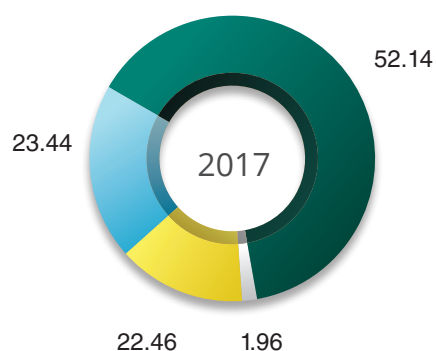
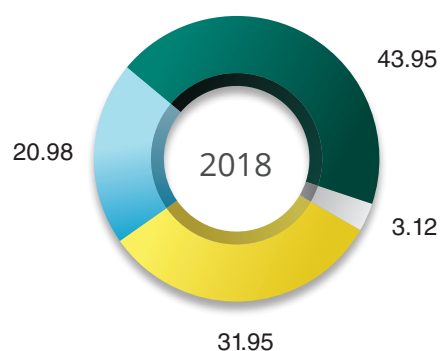
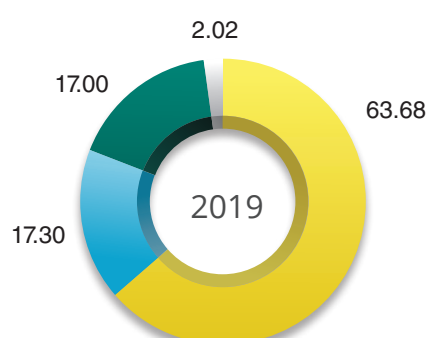
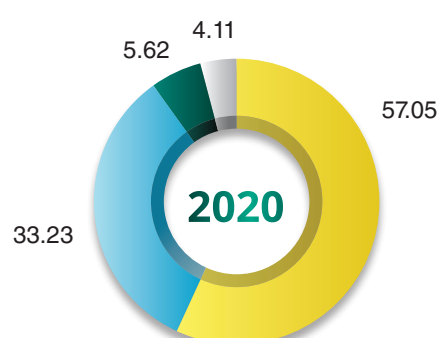
EPS

cents



TURNOVER BY ACTIVITY

(%)



Property Development



Property Investment



Hospitality



Corporate / Others

CEO'S MESSAGE



Dear Shareholders,

2020 was, by all accounts, a tumultuous year as the world grappled with the devastating economic fallout caused by the pandemic. Around the world the hospitality industry was one of the hardest hit sectors, as tourism and leisure activities came to a near-complete standstill and the sharp drop in room occupancies across our 14 hotels had an immediate impact on our hospitality revenue. In Singapore, the imposition of the Circuit Breaker forced much of the country into lockdown, which drastically reduced business at our retail malls, although most tenants were able to remain operational as 'essential services'.

The residential segment of our portfolio was the least affected by the crisis, as this sector managed to remain resilient throughout, with private home prices rising 2.2% for the full-year 2020 and more new homes selling during the year compared to 2019.

COVID-19 RESPONSE

Like many other businesses who lived through previous public health crises, Heeton was quick to appreciate the potential business impact and responded by swiftly introducing measures to safeguard the health and safety of staff, reviewing and implementing business continuity plans to minimise disruption to operations, and taking decisive actions to protect jobs and alleviate the financial stress points. We worked tirelessly with our partners and customers to jointly address the challenges during this period, optimising manpower requirements and reviewing training programmes and customer initiatives.

During this period of low occupancy we took advantage of the downtime to embark on asset enhancement initiatives to increase our asset value and position us for the eventual recovery.

Prudent cash management and a strong balance sheet are never more important than in an economic downturn. To that end, we have exercised discipline in our cash flow and treasury management, implemented capital preservation initiatives and reviewed operational costs while deferring non-essential capital expenditure to maintain adequate liquidity. Management and staff also agreed to take a pay cut of up to 30% as a stand of solidarity with the Group during this challenging period. I am grateful to them for their understanding and support.

The impact of COVID-19 on the world economy is likely to be protracted. Most global travel restrictions remain in force pending a widespread vaccine rollout. The pace of recovery for the hospitality sector is expected to be slow and contingent on the lifting of travel restrictions and a large-scale return of international air travel. For the real estate development and investment sectors, while in a much better state overall, it is likely that the industry will

be affected by tighter labour market and higher development costs as the governments strive to recoup and rebuild resources exhausted during the pandemic.

HOSPITALITY

In the United Kingdom, tourism and hospitality businesses have suffered significantly since a nation-wide shutdown of all hotels imposed by the government at the end of March 2020. This has impacted the performance of the Group's 10 hotels in the country. The UK government has since introduced various financial assistance schemes to support the sector, such as business grants, tax rebates and payroll contributions, which our UK subsidiaries have benefitted from.

The pandemic has similarly devastated the tourism sector in Thailand. While a nationwide shutdown has protected the country from a massive viral outbreak, it has also battered the tourism-dependent economy, which is expected to record a sharp drop in tourist arrivals in 2020 compared to 2019. Subsidies and initiatives introduced by the Thai government to support businesses through this challenging period have helped to mitigate business losses.

Elsewhere in Japan, while tourism has been severely impacted by the pandemic, both our hotels in the country are leased to local operators who have continued to honour their rental commitments, and complied with their rental obligations.

DEVELOPMENT AND INVESTMENT PROPERTIES

Construction at our three condominium projects - Park Colonial, Affinity at Serangoon and Rezi24 - was delayed due to the Circuit Breaker and other COVID-19 restrictions, and is now slated for completion by 2022. As part of the government's relief measures

for the local real estate industry, a six-month extension in respect of deadlines for the completion of residential developments and a remission of the Additional Buyer's Stamp Duty were granted. Sales of these projects were able to continue online despite the closure of sales galleries.

In the UK, the first phase of development of the 2.5-acre mixed use site in Leeds has been completed with the 121-room Hampton hotel. In Bhutan, the development of an 85-room hotel resort on a plot of freehold land in Gewog Lungmi, Paro, is now in an advanced stage of construction: when completed, the hotel will be one of Bhutan's largest. The Group is also making headway in China, where it is overseeing the development of a 236-room hotel at the Sino-Singapore Health City Project in Gaobeidian, Hebei Province.

The impact of COVID-19 on Tampines Mart and Sun Plaza, the two shopping malls within our investment portfolio, was mitigated by government subsidies and the holding power and tenacity of our principal tenants. Although overall revenue decreased as compared with last year, both properties remained profitable in FY2020.

The pandemic has also hastened the rollout of our technology and innovation initiatives. Other measures that we have implemented to navigate this pandemic include a push towards digitalisation, harnessing technology to improve operational efficiencies, raising standards of hygiene and improving safety procedures.

FINANCIAL PERFORMANCE FY2020

The Group posted a net loss before tax of \$26.2 million in FY2020 on revenue of \$26.2 million, compared to a net profit before tax of \$14.6 million and revenue of \$64.8 million in FY2019.

Despite the drop year on year, the hospitality segment remained the biggest contributor to the Group with a revenue of \$14.9 million, or 57% of total revenue in FY2020. Contribution from property investment stood at \$8.7 million, down from \$11.2 million a year ago. Collectively, the hospitality and property investment segments contributed 90.1% of the Group's revenue in FY2020, highlighting the Group's pivotal and strategic focus on recurring income.

APPRECIATION

2020 has been the most challenging year the Group has ever faced. While we had hoped for a swift end to the pandemic, it was not to be. Yet, despite the short-term impact on our financial performance and operations, I am confident that we will emerge stronger from this crisis.

I am grateful for the valuable guidance of the Board, whose counsel has been instrumental in steering Heeton through the uncharted waters of the pandemic. In addition, I would like to express my heartfelt appreciation to all our shareholders, customers, business associates and partners for their strong support.

Above all, I am truly grateful to all our staff for their immense contribution and tireless dedication during this difficult year. They have demonstrated remarkable resilience and perseverance, while continuing to be the leading stewards of our various initiatives in this difficult year.

Stay safe and well.

IVAN HOH

Chief Executive Officer

首席执行官致辞

尊敬的股东们：

从各方面来看，2020年都是动荡的一年，全世界都在努力应对新冠肺炎疫情造成的破坏性经济影响。从全球范围来看，酒店行业是受冲击最严重的行业之一。随着旅游业和休闲活动几乎全面停滞，我们旗下的14间酒店的客房入住率急剧降低，这对我们酒店业务的收益产生了直接影响。随着“断路器”措施的实施，新加坡大部分地区陷入了封锁状态，我们的零售商场的业务量也因此一落千丈，尽管大多数租户仍能作为“必要服务”维持基本经营。

纵观我们的各项投资组合，住宅部分受危机影响最小，并得以保持韧性。2020年全年，私人住宅的价格上涨了2.2%，年内新住宅销售量较2019年有所增加。这对于本集团在2020年保持偿债能力贡献良多。

新冠肺炎疫情应对之策

和许多经历过以往公共卫生危机的企业一样，喜敦当即意识到了疫情对本公司业务的潜在影响，并制定了应对策略，包括迅速采取措施以保障员工的健康和安全，审查并实施业务连续性计划以最大限度地减少对经营状况的干扰，以及果断采取行动以保护就业岗位并缓解财务压力等。在此期间，我们与合作伙伴和客户共同努力，优化人力需求，并审阅培训计划和客户倡议，共克时艰。

在经济低迷时期，审慎的现金管理和强劲的资产负债表比以往任何时候都更为重要。为此，我们已在现金流动和财务管理方面实施相应纪律、落实保本措施，并审查业务成本，同时推迟非必要的资本支出，以维持充足的流动资金。本公司的管理层和员工也同意减薪至多30%，以示在此艰难时期与本集团团结一致、共渡难关之决心。我非常感谢他们的理解和支持。

新冠肺炎疫情对世界经济产生的影响很可能是旷日持久的。在新冠病毒疫苗大范围推广之前，大多数全球旅行限制仍在生效。酒店业务的复苏步伐预计将十分缓慢，其复苏将依赖于旅行限制的解除和国际航班的大规模恢复。而对于房地产开发和投资业务而言，虽然其总体状况相对良好，但随着政府着力弥补和

重建疫情期间耗尽的资源，该行业可能会受到劳动力市场紧张和开发成本上升的影响。

酒店业务

在英国，自2020年3月底政府下令关闭所有酒店以来，各大酒店基本上仍然处于关停状态。这对本集团位于英国的10家酒店的业绩表现产生了影响。此后，为支持酒店行业的发展，英国政府推出了各项财政援助计划，如业务补助、退税和薪酬缴税减免，这些计划也惠及我们在英国的子公司。

疫情同样使泰国的旅游业深受打击。虽然全国封锁措施使泰国免受大规模病毒传播的影响，但严重依赖旅游业的泰国经济仍然遭到了重创，预计2020年的游客数量与2019年相比将大幅下降。泰国政府为支持企业渡过艰难时局而发放的补贴及采取的其它举措帮助企业减轻了损失。

在日本，虽然该国旅游业受到疫情的严重影响，但我们在日本的两家酒店都租赁给了当地的经营者，他们继续履行其租赁承诺，并遵守其租赁义务。

开发及投资物业

我们的三个共管公寓项目（Park Colonial、Affinity at Serangoon和Rezi24）曾因“断路器”措施及其它抗疫限制规定的实施而延迟施工，如今我们计划于2022完工。作为政府对本地房地产业采取的部分救济措施，政府批准将住宅开发项目的竣工期限延长6个月，并减免额外买方印花税。尽管售楼处目前已关闭，但这些项目仍可通过数字化方式继续销售。

在英国利兹，喜敦在2.5英亩的综合用地开发首阶段成功开发了121间客房的希尔顿欢朋酒店。在不丹帕罗的Gewog Lungmi，喜敦正在一片永久产权土地上开发一家拥有85间客房的度假酒店，目前该项目已进入后期建设阶段。建成后，该酒店将作为不丹最大的酒店之一。此外，本集团在中国的发展也取得了进展，在河北省高碑店市的中新健康城项目中，本集团正在监督开发一家拥有236间客房的酒店。尽管爆发了疫情，该项目住宅部分的销售仍然十分火爆。

得益于政府补贴以及我们的主要租户的维持力和韧性，新冠肺炎疫情对我们的投资组合中Tampines Mart和Sun Plaza两大购物中心的影响有所缓解。虽然整体营收较去年不可避免地有所下降，但这两处物业在2020年仍实现了盈利。

疫情也促使我们加速推出新技术和创新举措。我们为应对这场疫情采取了其它措施，其中包括推动建立数字化系统、应用技术提高运营效率、提高卫生标准和改善安全程序等。

2020 财年的财务表现

本集团于2020财政年度录得税前净亏损2,620万新元，收益2,620万新元，而2019财政年度录得净利润1,460万新元及收益6,480万新元。

尽管收益同比下降，但酒店部门仍然是本集团收入的最大来源，酒店部门在2020财政年度的收益为1,490万新元，占总收益的57%。物业投资的收益为870万新元，较一年前的1,120万新元有所降低。2020财年，酒店及物业投资的收益共占本集团总收益的90.1%，凸显了本集团在经常性收入方面的关键和战略重点。

致谢

2020年是本集团有史以来面临的最具挑战性的年份之一。感谢董事会给予的宝贵指导，在喜敦面对疫情来临后的种种未知之时，董事会的意见发挥了重要的引导作用。此外，我还要对全体股东、客户、业务伙伴和合作伙伴的大力支持表示诚挚的感激。

最重要的是，我由衷感谢全体员工在如此艰难的一年中做出的巨大贡献和不懈的奉献。在过去一年中，他们始终坚持执行我们的各项举措，展现出了非凡的韧性和毅力。

顺致安康。

何长勉
首席执行官

CORPORATE SOCIAL RESPONSIBILITY

For the year 2020, movement constraints imposed by the Covid-19 pandemic served to restrict the Group's scope of CSR activities. The decision taken was to adopt and support a single charitable entity with its fund-raising efforts throughout the year.

The selected charity, METTA, is an established philanthropic organization that works with donors, partners and communities to provide welfare services for the benefit of its members through strategic sponsorships and fund-raising activities.

Supporting METTA will continue to feature in Heeton's long term commitment to its corporate social responsibilities.



The Metta Charity Golf tournament is an annual affair that has become a popular corporate event with local businesses. Held this year at the Keppel Club on 30 October 2020, the event was the organiser's 21st sports fundraiser attended by more than 120 participants. On behalf of the Heeton Group, CEO Ivan Hoh joined fellow golfers in a friendly game supporting the welfare initiatives and activities of Metta's beneficiaries.



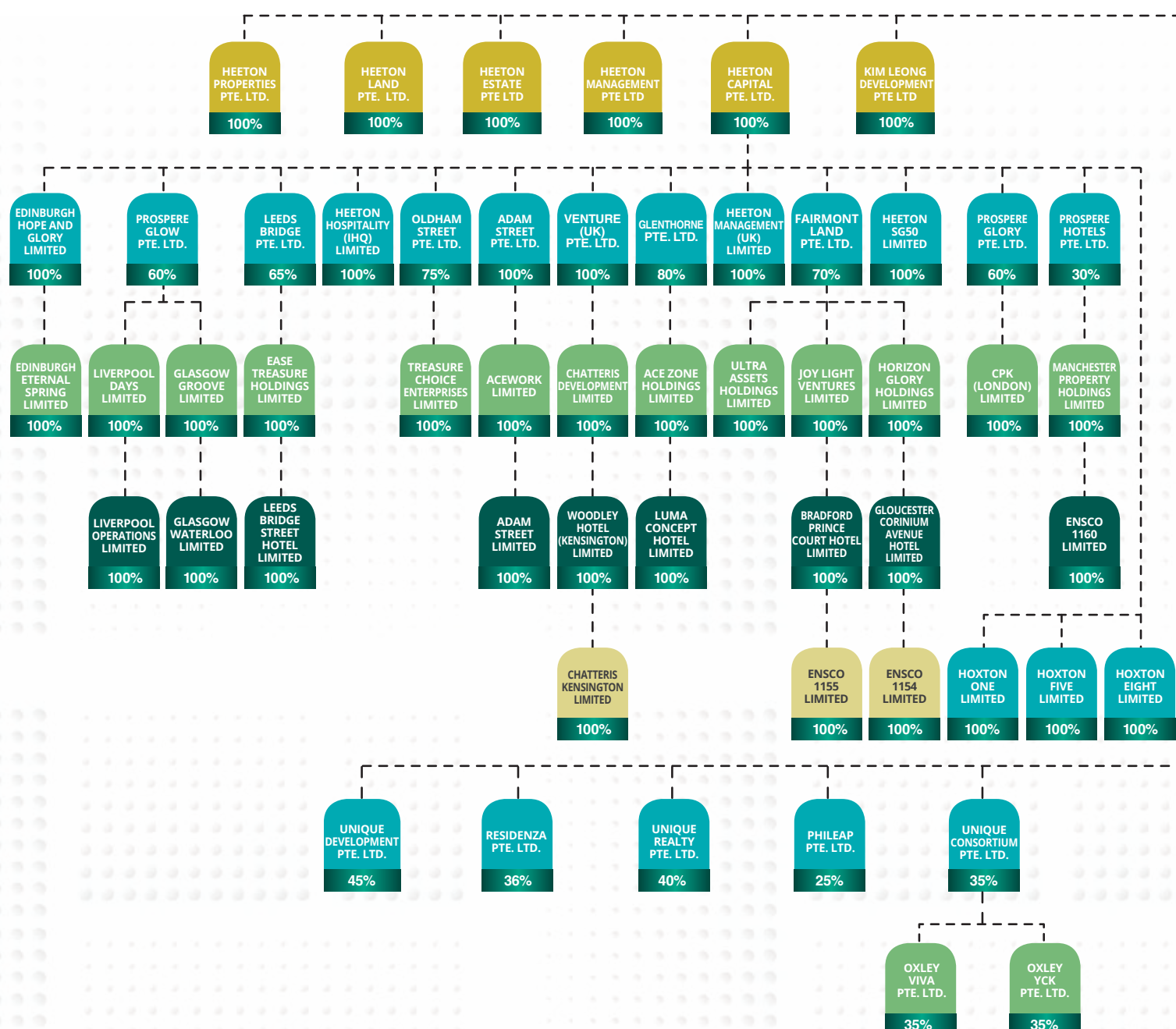
Arts@Metta is an initiative that offers Metta school graduates with special needs the opportunities for social engagement and practical employment.

In Dec 2020, a team of Heeton employees attended a batik painting workshop where specially trained Metta graduates assumed the role of course instructors, guiding Heeton staff members through the entire process from motif tracing and wax application to the final step of adding colour to the final product. All Heeton participants took home with them an enriching and humbling experience, and Arts@Metta instructors benefitted from interaction that enabled them to hone their social skills and build self-confidence.



GROUP STRUCTURE

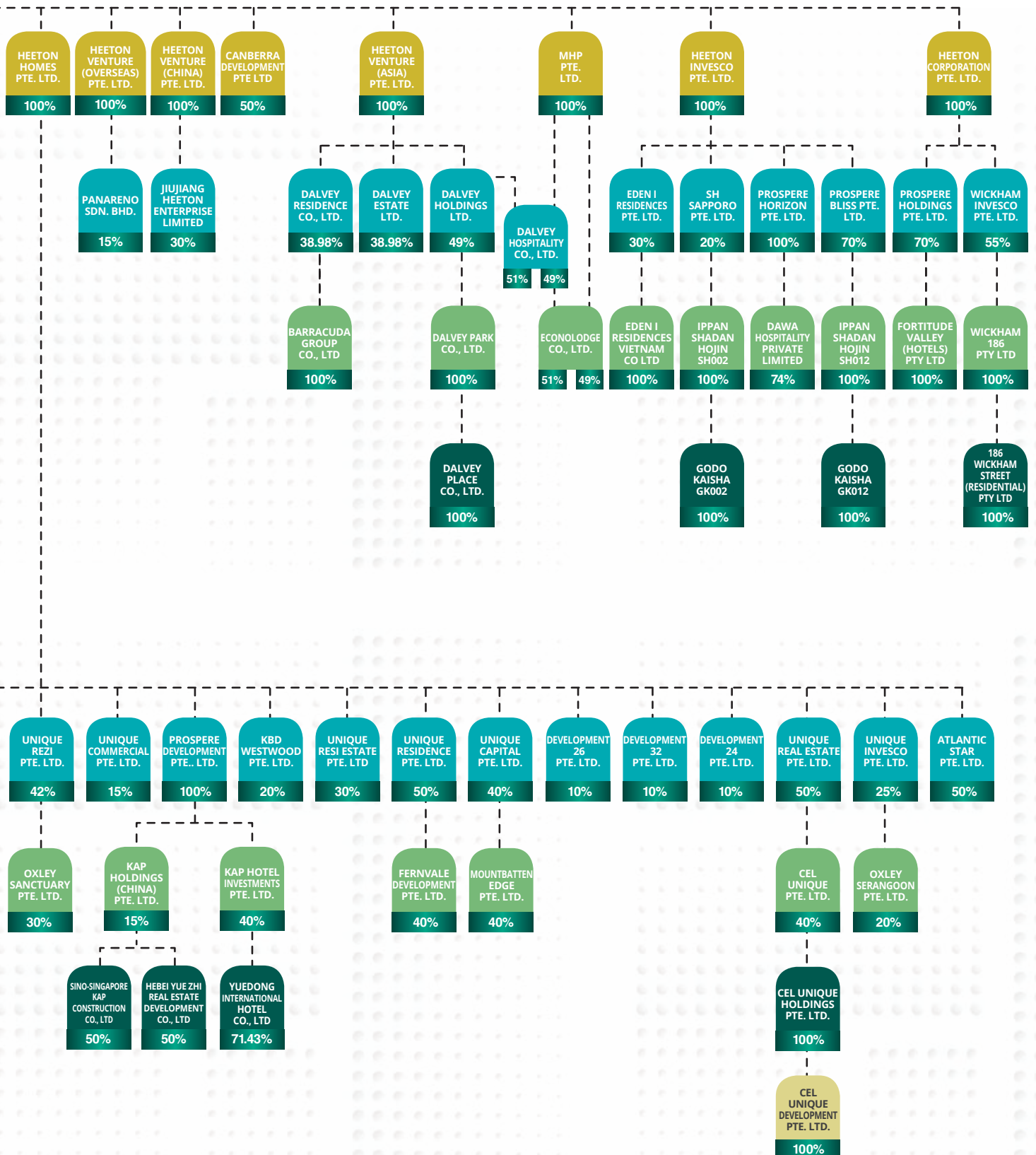
(As At 31 December 2020)





HEETON

HEETON HOLDINGS LIMITED



BOARD OF DIRECTORS



TOH KHAI CHENG

Non-executive Chairman

Mr Toh is the founder of the Heeton Group and has been a director of the Company since July 1976. Mr Toh has been in property development and investment for more than four decades. Mr Toh is a member of the Audit and Remuneration Committees and he provides consultative and strategic advice to the Board and senior management of the Group.

TOH GIAP ENG VINCE

Executive Deputy Chairman, Executive Director

Formerly CEO of the Group, Mr Toh was appointed as Executive Deputy Chairman of the Group with effect from 4 January 2016. Mr Toh's responsibilities are to identify and secure investment and development properties in new markets, explore and develop related or new businesses as well as assist the Chairman in the overall stewardship and governance of the Group. Mr Toh started his career in the banking and finance industry and holds a Bachelor of Arts (Business), United Kingdom. Mr Toh is also a member of the Nominating Committee.



IVAN HOH

Executive Director & Chief Executive Officer

Ivan was appointed the Executive Director of the Group in June 2020. He is also the Chief Executive Officer where he oversees the Group's businesses and implements the directions, strategies and plans of the Board. Mr Hoh co-founded and was previously the Managing Director at PropNex International - the project marketing arm of PropNex. He is a veteran in both the local and overseas property scenes and possesses immense experience in the fields of real estate and project marketing over the span of 27 years. Prior to joining Heeton, Mr Hoh was Executive Director, Director and Head of Department of various agencies and real estate development consultancies including Knight Frank, HSR and OrangeTee.



TAN TIONG CHENG

Non-executive, Lead Independent Director

Mr Tan joined the Board as lead independent director in April 2009. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. Mr Tan retired as Senior Adviser to Knight Frank Asia Pacific in April 2020. He has amassed an extensive and in-depth knowledge of real estate, both in the public and private sectors in the last four decades. Mr Tan also holds the role of independent director and is the Chairman of the Remuneration Committee of Straits Trading Company Limited, UOL Group Limited and Amara Holdings Limited. A Colombo Plan Scholar, he graduated top of his class with a Diploma in Urban Valuation from the University of Auckland, New Zealand. Mr Tan is also a fellow of the Singaporean Institute of Surveyors and Valuers, a fellow of the Association of Property and Facility Managers, and an associate of the New Zealand Institute of Valuers.

CHIA KWOK PING

Non-executive, Independent Director

Mr Chia was appointed independent director of Heeton Holdings Limited on 15 October 2012. He is also the Chairman of the Nomination Committee and a member of the Remuneration Committee. Mr Chia brings with him over 20 years of experience in the hospitality industry, and has held senior positions in various hospitality and property investment companies. He is also currently an independent director of Amara Holdings Limited.



Tan Chuan Lye

Non-executive, Independent Director

Mr Tan was appointed independent director of the Company on 9 September 2019. He is also the Chairman of the Audit Committee. Mr Tan is an Adjunct Associate Professor with the NUS Business School and a retired partner of KPMG in Singapore. Mr Tan is an independent member of the Asia Pacific Advisory Board of EFG Bank AG and the chairman of its Asia Pacific Audit & Risk Committee. He is an independent director of Isetan (Singapore) Limited, First REIT Management Limited (Manager of First REIT), and Sompo Insurance Singapore Pte Ltd, where he serves either as the chairman or a member of the Audit & Risk Committee and its other board committees.



TOH GAP SENG

Alternate Director to Mr Toh Khai Cheng

Mr Toh was appointed as a director of the Company on 10 February 1978. He has since retired from his directorship and was appointed as an alternate director to Mr Toh Khai Cheng on 13 April 2018. He has more than 30 years of experience in property development and investment business. Mr Toh is currently the Executive Director of Hong Heng Co Private Limited.



KEY MANAGEMENT



TOH GIAP ENG VINCE

Executive Deputy Chairman, Executive Director

Vince is the Executive Deputy Chairman of the Group. He is responsible for exploring new products and businesses, and the overall stewardship and governance of the Group. Vince started his career in the banking and finance industry and has been in the property development and investment business for about 2 decades. He holds a Bachelor of Arts (Business), United Kingdom.

IVAN HOH

Executive Director, Chief Executive Officer

Ivan was appointed the Chief Executive Officer of the Group on 1 January 2021. He is responsible for the management of the Group's businesses and implements the directions, strategies and plans of the Board. As the Group's Chief Operating Officer previously, he oversaw the daily operations of the business. Mr Hoh co-founded and was previously the Managing Director at PropNex International - the project marketing arm of PropNex. He is a veteran in both the local and overseas property scenes and possesses immense experience in the fields of real estate and project marketing over the span of 27 years. Prior to joining Heeton, Mr Hoh was Executive Director, Director and Head of Department of various agencies and real estate development consultancies including Knight Frank, HSR and OrangeTee.



HENG LEE CHENG CHERYL

Chief Financial Officer

Cheryl is the Chief Financial Officer of the Group. Appointed in July 2012, she is responsible for the Group's accounting, finance and leasing activities. Cheryl had several years of experience in the auditing and accounting profession before she joined the Group in April 2000. She holds a Bachelor of Accountancy from the Nanyang Technological University of Singapore and is a Chartered Accountant of Singapore.



**LIU CHUN BONG EDWIN***Managing Director, United Kingdom and Europe*

Edwin joined the Group in 2012. He oversees property development and investment matters in the UK and Europe. Working closely with the Singapore head office, Edwin assists the executive board in identifying opportunities in the region. He manages the operation of the Heeton UK office in London and spearheads the implementation of development projects. Edwin is a Chartered Architect of the UK with two Bachelor degrees in Architecture who has practiced for over 10 years in the UK and in South East Asia.

KOH SENG HUI ADRIAN*General Manager, Corporate*

Adrian has worked in the field of asset management and investment since 1995. He joined Heeton in 2014 as part of the international operations team. As GM Corporate he oversees the Group's corporate communications and assists the Directors with acquisitions, legal proceedings, brand development and investor relations. Adrian has a law degree from King's College London University. Prior to joining Heeton he worked for two other Singaporean PLCs representing their interests overseas.

**EEMIN LOH YI XUAN***Manager, Human Resources and Administration*

Eemin joined the Group in March 2001 as Personal Assistant to the Deputy Chairman. In July 2010, she was appointed Manager, Human Resources and Administration. She is responsible for formulating HR and administration policies, overseeing payroll as well as staff welfare and development. Eemin holds a Graduate Diploma in Business Management from University of Bradford (UK) and Master of Social Science from Swinburne University of Technology (Australia).



PROPERTY PORTFOLIO

(A) Property Developments and Land Bank (Singapore)

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 31 December 2020	Group's stake (%)	Launched / Expected Launch Date	Targeted Completion / Completion Date
Affinity at Serangoon	Serangoon North Ave 1 / Residential	Leasehold	84,935	1052	5	73.3	5	June 2018	2023
REZI 24	31-51 Lorong 24 Geylang / Residential	Freehold	6,812	110	-	89.1	10	March 2019	2022
Park Colonial	Woodleigh Lane / Residential	Leasehold	58,640	805	-	90.7	20	July 2018	2021
Trio	7 to 19 Sam Leong Road / Commercial	Freehold	3,445	-	43	41.9	15	May 2014	January 2018
Onze@Tanjong Pagar	11 Kee Seng Street / Commercial and Residential	Freehold	5,572	56	13	97.1	100	September 2013	January 2017
KAP and KAP Residences	9 and 11 King Albert Park / Commercial and Residential	Freehold	17,178	142	107	99.6	12.60	May 2013	November 2016
Lincoln Suites	1/3 Kiang Guan Avenue / Residential	Freehold	16,826	175	N/A	98.9	25	October 2009	April 2014



(B) Property Developments and Land Bank (Overseas)

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 31 December 2020	Group's stake (%)	Launched / Expected Launch Date	Targeted Completion / Completion Date
To be confirmed	186 Wickham Street Fortitude Valley, Queensland, Australia / Residential	Freehold	28,000	324	N/A	-	55.0	To be confirmed	To be confirmed
To be confirmed	New York Road, Leeds as registered at the Land Registry under title number WYK592211 / Hotel and Residential	Freehold	77,749	To be confirmed	N/A	-	70.0	To be confirmed	To be confirmed
Haus ²³	Ladprao 23 Road, Ladyarw (Bangsae-nuar) Bangkhen Bangkok Thailand / Residential	Freehold	17,214	236	N/A	87.3	49.0	September 2011	May 2014



PROPERTY PORTFOLIO

(C) Investment Properties (Singapore)

Name of development	Location / Type of development	Tenure	Approximate Lettable Area (sq m)	Number of units	Group's stake (%)
Tampines Mart	Blocks 5, 7, 9 and 11 Tampines Street 32 / Retail and Commercial	Leasehold term of 99 years from 1 May 1993	7,900	97 shops and 58 wet market stalls	100.0
62 Sembawang Road	62 Sembawang Road / Transport Facilities	Estate in Perpetuity	1,239	1	100.0
Sun Plaza	30 Sembawang Drive / Retail and Commercial	Leasehold term of 99 years from 26 June 1996	14,573	131	50
223@Mountbatten	223 Mountbatten Road / Commercial	15 years from 20 February 2012	10,447	90	16



(D) Hotels and Investment Properties (Overseas)

Name of development	Location / Type of development	Tenure	Number of units	Group's stake (%)
Mercure Hotel Pattaya	484 Moo 10, Soi Pattaya Sai Song 15 off Pattaya Sai Song Road, Nongprue Subdistrict Banglamung District, Choburi Province. Thailand / Hotel	Freehold	247 hotel rooms	86.7
Hotel Baraquadra Pattaya, MGallery Collection	485/1 Moo 10, Pattaya Sai Song Road, Nongprue Subdistrict, Banglamung District, Choburi Province. Thailand / Hotel	Freehold	72 hotel rooms	38.98
Ibis Styles London Kensington	15 – 25 Hogarth Road, Kensington, London, United Kingdom / Hotel	Freehold	118 hotel rooms	100.0
Ibis Budget Bradford	Prince Court, Canal Road, Bradford, United Kingdom / Hotel	Freehold	86 hotel rooms	70.0
Heeton Concept Hotel Luma Hammersmith London	28 - 36 Glenthorne Road, Hammersmith, London, United Kingdom / Hotel	Freehold	89 hotel rooms	80.0
Holiday Inn Express Manchester City Centre Arena	2-4 Oxford Road, Manchester, United Kingdom / Hotel	Freehold	147 hotel rooms	30.0



PROPERTY PORTFOLIO

(D) Hotels and Investment Properties (Overseas) (con't)

Name of development	Location / Type of development	Tenure	Number of units	Group's stake (%)
Ibis Hotel Gloucester	Sawmills End, Corinium Ave A471, Gloucester, United Kingdom / Hotel	125 years leasehold from 19 Oct 2009	127 hotel rooms	70.0
29 Ranwell Lane	29 Ranwell Lane Brisbane / Australia / Hotel	Freehold	Proposed 198 hotel rooms	70.0
Adam House	7 – 10 Adam Street, London, United Kingdom / Serviced office	Freehold	35 office units and 175 desks	100.0
Hampton By Hilton Leeds City Centre	1 Gower St, Leeds, United Kingdom / Hotel	Freehold	121 hotel rooms	65.0
To be confirmed	28-30 Oldham Street, Manchester, United Kingdom / Hotel	Freehold	Proposed 81 hotel rooms	75.0
Super Hotel Sapporo - Susukino	2-8-7 Minami , Sapporo, Japan / Hotel	Freehold	164 hotel rooms*, 66 residential & 4 retail units	20.0
Smile Hotel Asakusa Tokyo	6-35-8 Asakusa, Taito-ward, Tokyo, Japan / Hotel	Freehold	96 hotel rooms*	70.0
Hotel Indigo Glasgow	74 Waterloo Street, Glasgow, Scotland / Hotel	175 years leasehold from 1 Oct 2018	94 hotel rooms	60.0
Stewart by Heeton Concept Aparthotel	10 Young Street, Edinburgh, Scotland / Hotel	Freehold	31 apartments	100.0
To be confirmed	Gewog Lungmi, Paro, Bhutan / Hotel	Freehold	Proposed 85 hotel rooms	74.0
Crowne Plaza London Kensington	100 Cromwell Road, London, United Kingdom / Hotel	Freehold	163 hotel rooms	60%
Days Inn Liverpool City Centre	James Street, Liverpool, United Kingdom / Hotel	Freehold	154 hotel rooms	60%

* Leased out to third party to operate

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REPORT ON CORPORATE GOVERNANCE

Heeton Holdings Limited (the “Company”) is committed to maintaining a high standard of corporate governance in complying with the Code of Corporate Governance 2018 (the “2018 Code”) issued by the Monetary Authority of Singapore. Good corporate governance establishes and maintains an ethical environment in the Group, which strives to enhance the interests of all the shareholders of the Company and to promote investors’ confidence. This Report describes the Company’s corporate governance processes and practices with specific reference to the 2018 Code.

BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The board of directors (the “Board”) supervises the management of the business and affairs of the Company and its subsidiaries (the “Group”) and holds the management accountable for performance. The Board approves the Group’s corporate and strategic direction, the appointment of Directors and key managerial personnel, major funding and investment proposals, and reviews the financial performance of the Group. Where a director has a conflict or potential conflict of interest in relation to any matter, he shall declare his interest when the conflict-related matter is discussed, unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he shall abstain from voting in relation to the conflict-related matters.

All directors exercise due diligence and independent judgment, and are obliged to act in good faith and consider at all times the interests of the Company.

To facilitate effective management, the Board, without abdicating its responsibility, delegated certain functions to various Board committees (“Board Committees”), each of which has its own written terms of reference and whose actions are reported to and monitored by the Board.

The Company has adopted internal guidelines setting forth matters that require Board’s approval. The types of material transactions that require Board’s approval under such guidelines are listed below:

1. approval of results announcements;
2. approval of results and financial statements;
3. declaration of interim dividends and proposal of final dividends;
4. convening of shareholders’ meetings;
5. authorisation of merger and acquisition transactions;
6. approval any other matters as prescribed under the relevant legislations and regulations, as well as the provisions of the Company’s Constitution; and
7. authorisation of major transactions.

The Board conducts regular scheduled meetings and ad-hoc meetings are also convened from time to time to deliberate on urgent substantive matters. Telephonic attendance and conference via audio-visual communication at Board meetings are allowed under the Company’s Constitution. The details of the Board and Board Committee meetings and the attendance of each Board member at these meetings are disclosed below at Table 1.

REPORT ON CORPORATE GOVERNANCE

Table 1: Attendance of Directors, who held office at the end of the financial year, at Board and Board Committee Meetings held in the financial year ended 31 December 2020 ("FY2020")

Name of Director	Board Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		Audit Committee Meetings	
	No. Held*	No. Attended*	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Toh Khai Cheng	2	2	-	-	1	-	2	2
Toh Giap Eng	2	2	1	1	-	-	-	-
Hoh Chin Yiep	1	1	-	-	-	-	-	-
Tan Tiong Cheng	2	2	1	1	1	1	2	2
Chia Kwok Ping	2	2	1	1	1	1	-	-
Tan Chuan Lye	2	2	1	1	-	-	2	2

**Refer to meetings held and attended while each Director was in office.*

There are briefing sessions held from time to time to update the Directors on changes to any legislation or regulations which are relevant to the Group's or Directors' obligations. Newly appointed Directors are briefed on the business and organisation structure of the Group. Training will be provided for newly appointed Directors, if required. A memorandum is also sent to them upon their appointment explaining, among other matters, their duties, obligations, and responsibilities as members of the Board. As part of their continuing education, the Directors may attend relevant seminars and trainings which will be funded by the Company.

Management provided the members of the Board with board papers as well as relevant background information or explanatory information and documents relating to items of business to be discussed at a Board meeting before each scheduled meeting. The Board is provided with management reports, and papers containing relevant background or explanatory information required to support the decision-making process on an on-going basis and in a timely manner. In respect of the annual budgets, the management shall provide any material variance between the budget or projections and actual results to the Board.

The Board has separate and independent access to the Company's senior management and the Company Secretary. The Company Secretary attends all Board meetings and the Board committees meetings and records the proceedings and decisions at the Board and of the Board Committees.

The Company Secretary ensures that the corporate secretarial aspects of procedures concerning the Board are duly complied. The Company Secretary also advises the Board on the requirements of the Singapore Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and all rules and regulations which are applicable to the Company.

Under the Constitution, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

In carrying out their duties and where necessary, Directors individually or as a group may seek independent professional advice where appropriate at the Company's expense.

REPORT ON CORPORATE GOVERNANCE

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the company.

The Board currently comprises six members, with the details set out at Table 2. Two executive Directors, namely Mr Toh Giap Eng, Deputy Chairman and Mr Hoh Chin Yiep, Chief Executive Officer ("CEO") and four non-executive Directors. Of the four non-executive Directors, three of them are independent Directors, namely, Mr Tan Tiong Cheng, Mr Chia Kwok Ping and Mr Tan Chuan Lye. The non-executive Directors make up a majority of the Board.

The independence of each Director is reviewed annually by the Nominating Committee. Each independent Director is required to complete an independent Director's Declaration form annually to confirm his independence. The Nominating Committee adopts the provisions of the Listing Rules and of the 2018 Code in its review of who can be considered as an independent Director.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group. While the Board does not comprise any female Director at the moment, its current composition with appropriate mix of expertise and experience enables the management to benefit from a diverse and objective perspective on any issues raised before the Board. The Nominating Committee is of the view that no individual or small group of individuals dominate the Board's decision-making process.

The Board is of the view that its size, and that of the Board Committees, and level of independence is appropriate and comprises Directors who as a group, have an appropriate balance and mix (as well as breadth and depth) of skills, knowledge and experience, and diversity of thought, so as to foster constructive and robust debate and avoid "groupthink". While at this point, the Board has not implemented specific board diversity policy on gender, age and ethnicity for candidates to be appointed to the Board, the Nominating Committee will, however, continue to take steps to ensure that gender, age and ethnicity of the candidates will be taken into consideration as part of its recruitment exercise.

The Nominating Committee is of the view that the current Board consists of the appropriate mix of expertise and experience to meet the Group's targets. Directors comprise professionals with financial, accounting and industry backgrounds who are able to contribute their area of expertise in leading the Group. Key information regarding the Directors can be found under the Board of Directors section in this annual report.

The independence of any director who has served on the Board beyond nine years from the date of his appointment would be subject to particularly rigorous review. In respect of Mr Tan Tiong Cheng and Mr Chia Kwok Ping who have served the Board for more than nine (9) years, the Board has considered specially their length of service and their continued independence. The Board has determined that Mr Tan Tiong Cheng and Mr Chia Kwok Ping remained independent of character and judgement and there were no relationship or circumstances which were likely to affect, or could appear to affect, the Directors' judgement. The independence of character and judgement of Director concerned was not in any way affected or impaired by the length of service. Therefore, the Board is satisfied as to the performance and continued independence of judgement of Mr Tan Tiong Cheng and Mr Chia Kwok Ping.

The Board notes that on or after 1 January 2022, a director who has served on the board for a cumulative period of nine (9) years will no longer be eligible to be designated as an independent director unless a resolution from shareholders present and voting at the general meeting is sought, and approved in separate resolutions by (a) all shareholders and (b) shareholders excluding the directors, chief executive officer, and their associates.

The Board further notes that the SGX-ST has stated that to ensure that the independence designation of a director who has served for more than nine (9) years as at and from 1 January 2022 is not affected, a listed issuer should seek and obtain approvals for his continued appointment as an independent director prior to 1 January 2022. Therefore, the Company intends to seek approvals for the continued appointments of Mr Tan Tiong Cheng and Mr Chia Kwok Ping at the Company's annual general meeting ("AGM") in calendar year 2021. In accordance with Rule 210(5)(d)(iii) of the Listing Rules (which will come into force on 1 January 2022), such approvals will remain valid until the conclusion of the third (3rd) AGM following such approvals.

REPORT ON CORPORATE GOVERNANCE

The non-executive Directors of the Company contribute to the Board processes by monitoring and reviewing management's performance against goals and objectives. Their views and opinions provide alternate perspectives to the Group's business and they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

The non-executive Directors meet and/or hold discussions as and when required without the presence of management to facilitate a more effective check on management.

The Lead Independent Director leads discussions with the other independent Directors of the Company without the presence of the other Directors and the Lead Independent Director will provide feedback to the Chairman after such meetings.

Table 2: Details of Directors

Name of Director	Board committee as chairman or member	Directorship: Date of first appointment/ Date of last re-election	Board appointment whether executive or non-executive/ independent	Due for re-election at next AGM
Toh Khai Cheng	Member of Audit Committee and Member of Remuneration Committee	7 July 1976/ 23 April 2019	Non-executive	Not applicable
Toh Giap Eng	Member of Nominating Committee	1 July 1996/ 24 April 2018	Executive	Retirement by rotation pursuant to Article 95(2)
Tan Tiong Cheng	Chairman of Remuneration Committee, Member of Nominating Committee and Audit Committee	28 April 2009/ 24 April 2018	Non-executive/ Independent	Retirement by rotation pursuant to Article 95(2)
Chia Kwok Ping	Chairman of Nominating Committee and Member of Remuneration Committee	15 October 2012/ 24 April 2018	Non-executive/ Independent	Retirement by rotation pursuant to Article 95(2)
Tan Chuan Lye	Chairman of Audit Committee and Member of Nominating Committee	9 September 2019/ 19 June 2020	Non-executive/ Independent	Not applicable
Hoh Chin Yiep	-	19 June 2020	Executive	Retirement by rotation pursuant to Article 77

REPORT ON CORPORATE GOVERNANCE

Table 3: Information on Director nominated for re-election

Name of Director	Toh Giap Eng
Date of Initial Appointment	1 July 1996
Date of last re-appointment (if applicable)	24 April 2018
Age	66
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Toh Giap Eng as the Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Toh Giap Eng's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Member of Nominating Committee Executive Director and Deputy Chairman
Professional qualifications	Bachelor of Arts (Business), United Kingdom
Working experience and occupation(s) during the past 10 years	Executive Deputy Chairman/Chief Executive Officer, Heeton Holdings Limited
Shareholding interest in the listed issuer and its subsidiaries	Shareholdings in the Company: Direct Interest 62,144,373 Deemed Interest 135,981,838
Any relationship (including immediate family relationships) with any existing director, existing officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Toh is the son of Mr Toh Khai Cheng (Chairman and a substantial shareholder) and brother of Mr Toh Gap Seng (alternate director to Mr Toh Khai Cheng and a substantial shareholder).
Conflict of interest (including any competing business)	Nil
<u>Other Principal Commitments* including Directorships#</u>	
* "Principal Commitments" has the same meaning as defines in the Code.	
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9).	
Past (for the past 5 years)	Not applicable
Present	Director of Hong Heng Company Private Limited, Hong Heng Investments Pte Ltd and Heeton Investments Pte Ltd

REPORT ON CORPORATE GOVERNANCE

Name of Director	Toh Giap Eng
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to the following question is "Yes", full details must be provided.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time 2 years from the date he ceased to be a director or an equivalent person or , key executive of that entity, or winding up or dissolution of that entity or, where that entity is a trustee of a business trust, that trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore, or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misinterpretation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings which he is aware of) involving an allegation of fraud, misinterpretation or dishonesty on his part)?	No

REPORT ON CORPORATE GOVERNANCE

Name of Director	Toh Giap Eng
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that related to the securities or futures industry in Singapore or elsewhere,</p> <p>In connection with any matter occurring or arising during the period when you were so concerned with the entity or business trust?</p>	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings or have been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

REPORT ON CORPORATE GOVERNANCE

Name of Director	Toh Giap Eng
Disclosure applicable to appointment of Director only	
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	No
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable, this is a re-election of a director.

Name of Director	Tan Tiong Cheng
Date of Initial Appointment	28 April 2009
Date of last re-appointment (if applicable)	24 April 2018
Age	71
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Tan Tiong Cheng as the Non-Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Tan Tiong Cheng's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead ID, Chairman of Remuneration Committee, Member of Nominating Committee and Audit Committee
Professional qualifications	<p>Diploma in Urban Valuation, University of Auckland, New Zealand</p> <p>Fellow member of the Singapore Institute of Surveyors and Valuers</p> <p>Fellow member of the Association of Property and Facility Management</p> <p>Associate member of the New Zealand Institute of Valuers</p> <p>Senior member of The Property Institute of New Zealand</p>

REPORT ON CORPORATE GOVERNANCE

Name of Director	Tan Tiong Cheng
Working experience and occupation(s) during the past 10 years	<p>June 2018 to present – Independent director, Chairman of Remuneration Committee and member of Audit and Risk Committee of Amara Holdings Limited</p> <p>July 2013 to present – Independent director and Chairman of Remuneration Committee of The Straits Trading Company Limited</p> <p>May 2013 to present – Independent director, Chairman of Remuneration Committee and member of Audit and Risk Committee of UOL Group Limited</p> <p>April 2019 – March 2020 – Senior advisor of Knight Frank Asia Pacific</p> <p>April 2017 to March 2019 – President of Knight Frank Asia Pacific</p> <p>2009 to April 2017 – Executive Chairman of Knight Frank Pte Ltd</p>
Shareholding interest in the listed issuer and its subsidiaries	<p>Shareholdings in the Company:</p> <p>18,000 shares</p>
Any relationship (including immediate family relationships) with any existing director, existing officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
<p>Other Principal Commitments* including Directorships#</p> <p>* “Principal Commitments” has the same meaning as defines in the Code.</p> <p># These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9).</p>	
Past (for the past 5 years)	<p>April 2019 – March 2020 – Senior advisor of Knight Frank Asia Pacific</p> <p>April 2017 to March 2019 – President of Knight Frank Asia Pacific</p> <p>2009 to April 2017 – Executive Chairman of Knight Frank Pte Ltd</p>
Present	<p>June 2018 to present – Independent director, Chairman of Remuneration Committee and member of Audit and Risk Committee of Amara Holdings Limited</p> <p>July 2013 to present – Independent director and Chairman of Remuneration Committee of The Straits Trading Company Limited</p> <p>May 2013 to present – Independent director, Chairman of Remuneration Committee and member of Audit and Risk Committee of UOL Group Limited</p>

REPORT ON CORPORATE GOVERNANCE

Name of Director	Tan Tiong Cheng
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to the following question is "Yes", full details must be provided.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time 2 years from the date he ceased to be a director or an equivalent person or , key executive of that entity, or winding up or dissolution of that entity or, where that entity is a trustee of a business trust, that trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore, or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misinterpretation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings which he is aware of) involving an allegation of fraud, misinterpretation or dishonesty on his part)?	No

REPORT ON CORPORATE GOVERNANCE

Name of Director	Tan Tiong Cheng
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that related to the securities or futures industry in Singapore or elsewhere,</p> <p>In connection with any matter occurring or arising during the period when you were so concerned with the entity or business trust?</p>	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings or have been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

REPORT ON CORPORATE GOVERNANCE

Name of Director	Tan Tiong Cheng
Disclosure applicable to appointment of Director only	
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Yes The Straits Trading Company Limited Amara Holdings Limited UOL Group Limited
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable, this is a re-election of a director.

Name of Director	Chia Kwok Ping
Date of Initial Appointment	15 October 2012
Date of last re-appointment (if applicable)	24 April 2018
Age	51
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Chia Kwok Ping as the Non-Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Chia Kwok Ping's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of Nominating Committee and Member of Remuneration Committee
Professional qualifications	Bachelors of Business Administration (Honours) degree from the National University of Singapore
Working experience and occupation(s) during the past 10 years	<p>November 2015 to Present – Independent director of Amara Holdings Limited, Chairman of the Nominating Committee in April 2017 and is also a member of the Audit Committee as well as the Remuneration Committee since April 2017.</p> <p>March 2015 to June 2015 – Chief Executive Officer, International Healthway Corporation</p> <p>October 2014 to February 2015 – Managing Director, Guoco Hotels Pte Ltd</p> <p>July 2005 to October 2014 – President, TCC Land International Pte Ltd</p>

REPORT ON CORPORATE GOVERNANCE

Name of Director	Chia Kwok Ping
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Other Principal Commitments* including Directorships#	
* "Principal Commitments" has the same meaning as defines in the Code.	
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9).	
Past (for the past 5 years)	None
Present	Independent director of Amara Holdings Limited
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to the following question is "Yes", full details must be provided.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time 2 years from the date he ceased to be a director or an equivalent person or , key executive of that entity, or winding up or dissolution of that entity or, where that entity is a trustee of a business trust, that trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No

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Name of Director	Chia Kwok Ping
(e) Whether he has ever been convicted of any offence, in Singapore, or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misinterpretation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings which he is aware of) involving an allegation of fraud, misinterpretation or dishonesty on his part)?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No

REPORT ON CORPORATE GOVERNANCE

Name of Director	Chia Kwok Ping
<p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that related to the securities or futures industry in Singapore or elsewhere,</p> <p>In connection with any matter occurring or arising during the period when you were so concerned with the entity or business trust?</p>	
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings or have been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No
Disclosure applicable to appointment of Director only	
<p>Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p>	<p>Yes</p> <p>Amara Holdings Limited</p>
<p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	Not applicable, this is a re-election of a director.

REPORT ON CORPORATE GOVERNANCE

Name of Director	Hoh Chin Yiep
Date of Initial Appointment	19 June 2020
Date of last re-appointment (if applicable)	Not applicable
Age	51
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Hoh Chin Yiep as the Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Hoh Chin Yiep's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer
Professional qualifications	Real state salesperson licence Certified International Property Specialist Diploma in Business Studies
Working experience and occupation(s) during the past 10 years	1 January 2021 to current – Chief Executive Officer, Heeton Holdings Limited 14 October 2019 to 31 December 2020 – Chief Operating Officer, Heeton Holdings Limited April 2018 to September 2020 – Managing Partner, Investment & Advisory of PropNex Realty Pte Ltd May 2017 to March 2018 – Managing Director of PNI Investment Pte Ltd January 2007 to April 2017 – Managing Director, PropNex International Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil

REPORT ON CORPORATE GOVERNANCE

Name of Director	Hoh Chin Yiep
<u>Other Principal Commitments* including Directorships#</u> * “Principal Commitments” has the same meaning as defines in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9).	
Past (for the past 5 years)	May 2017 to May 2019 – Managing Director of PNI Investment Pte Ltd January 2007 to June 2019 – Managing Director, PropNex International Pte Ltd
Present	Non-Executive Director of Emerald Capital Sdn Bhd Director and Shareholder of 7-Iron Investment Pte Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to the following question is “Yes”, full details must be provided.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time 2 years from the date he ceased to be a director or an equivalent person or , key executive of that entity, or winding up or dissolution of that entity or, where that entity is a trustee of a business trust, that trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No

REPORT ON CORPORATE GOVERNANCE

Name of Director	Hoh Chin Yiep
(e) Whether he has ever been convicted of any offence, in Singapore, or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misinterpretation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings which he is aware of) involving an allegation of fraud, misinterpretation or dishonesty on his part)?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

REPORT ON CORPORATE GOVERNANCE

Name of Director	Hoh Chin Yiep
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that related to the securities or futures industry in Singapore or elsewhere,</p> <p>In connection with any matter occurring or arising during the period when you were so concerned with the entity or business trust?</p>	No
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings or have been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No
Disclosure applicable to appointment of Director only	
<p>Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p>	<p>Yes</p> <p>Director of the Company</p>
<p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>Not applicable, this is a re-election of a director.</p>

REPORT ON CORPORATE GOVERNANCE

Role of Chairman, Deputy Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The functions of the Chairman, Deputy Chairman and CEO in the Company are assumed by different individuals. The Chairman, Mr Toh Khai Cheng, is a non-executive Director. The executive Directors are, Mr Toh Giap Eng and Mr Hoh Chin Yiep also hold the office of Deputy Chairman and CEO respectively. There is a clear division of responsibilities between the Chairman, Deputy Chairman and CEO, which ensures a balance of power and authority as well as increased accountability at the top of the Company.

The CEO, has the executive responsibility to manage all aspects of the Group's businesses and implement the direction, strategies and plans of the Board. The roles and responsibilities of Deputy Chairman is to identify and secure investment and development properties in new markets, explore and develop related businesses and assist the Chairman in the overall stewardship and governance of the Group. The responsibilities of the Chairman working together with the Deputy Chairman, CEO, the management and the Company Secretary, amongst others, include:

- scheduling meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
- facilitating the effective contribution of all Directors;
- promoting culture of openness and debate at the Board;
- preparing the agenda for meetings;
- ensuring effective communication with shareholders;
- reviewing key proposals before they are presented to the Board for decision;
- exercising control over quality, quantity and timeliness of the flow of information between the management and the Board; and
- assisting in ensuring compliance with the Company's corporate governance guidelines.

The Board has appointed, Mr Tan Tiong Cheng, an independent non-executive Director as the Lead Independent Director in view that the Chairman and the Deputy Chairman, are immediate family members and are non-independent Directors, and the Deputy Chairman is part of the management team. Shareholders of the Company with concerns that could have a material impact on the Group, for which contact through the normal channels with the executive Deputy Chairman, CEO, or Chief Financial Officer ("CFO") have failed to resolve or is inappropriate, are able to contact the Lead Independent Director.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Nominating Committee ("NC") comprises three independent non-executive Directors, namely Mr Chia Kwok Ping (Chairman), Mr Tan Tiong Cheng and Mr Tan Chuan Lye and an executive Director, Mr Toh Giap Eng. The NC has written terms of reference approved by the Board and is responsible for making recommendations to the Board on all appointments and re-appointments to the Board. The NC reviews and assesses candidates before making recommendations to the Board for appointment as Directors of the Company. In recommending new directors for appointment to the Board, the NC takes into consideration the skills and experience required to support the Group's business activities or strategies, the current composition of the Board and the size of the Board, and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skill, attributes and ability.

REPORT ON CORPORATE GOVERNANCE

The NC may have recourse to both internal sources as well as external sources to draw up a list of potential candidates. Shortlisted candidates will be required to furnish their curriculum vitae, stating in detail their qualifications, working experience and employment history, and to complete certain prescribed forms to enable the NC to assess the candidate's independence status and compliance with the Company's established internal guidelines.

The key terms of reference of the NC are as follows:

- a. The NC shall consist of not less than three Directors, a majority of whom shall be independent Directors;
- b. The Chairman of the NC shall be appointed by the Board and shall be an independent Director; and
- c. The Board shall appoint a new member so that the number of members does not fall below three if a member, for any reason, ceases to be a member.

The NC performs the following functions in accordance with its terms of reference:

- a. reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board and key management personnel, having regard to their background, potential contribution to the Group based on their experience and expertise, and ability to exercise independent business judgment;
- b. reviewing regularly, the Board structure, size and composition, taking into account the balance between executive and non-executive, independent and non-independent Directors and having regard at all times to the principles of corporate governance and the 2018 Code and make recommendations to the Board any adjustment that are necessary;
- c. identifying and making recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each annual general meeting of the Company, having regard to the Directors' contribution and performance, including independent Directors;
- d. conducting annual reviews to determine the independence of each Directors (taking into account the circumstances set out in the 2018 Code and other salient factors);
- e. assessing annually the performance of the Board, the Board Committees and the Directors; and
- f. conducting reviews to evaluate whether or not a Director is able to and has been adequately carrying out his/her duties as Director of the Company, when he/she has multiple board representations.

The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company.

The size and composition of the Board are reviewed on an annual basis by the NC, which seeks to ensure that the Board has an appropriate mix of expertise and experience.

The NC is of the view that:

- a. majority of the NC members are independent and able to exercise objective judgement on corporate affairs of the Group independently from the management;
- b. there is no individual or small group of individuals on the Board who dominate the Board's decision-making process;
- c. the Board as a whole, possess core competencies required for the effective conduct of the affairs and operations of the Group; and
- d. the current size of the Board is adequate for the purposes of the Group.

REPORT ON CORPORATE GOVERNANCE

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to Article 95 of the Constitution, one-third of the Directors retire from office at the Company's AGM ("one-third rotation rule"). In addition, Article 77 and Article 96 of the Company's Constitution provide that a newly appointed Director must submit himself for re-election at the next AGM following his appointment. Thereafter, he is subject to the one-third rotation rule.

Currently none of the Directors hold excessive number of board representations. The Board will review and recommend the maximum number of board representations which Directors may hold at the appropriate time.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC will use its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge to enable balanced and well-considered decisions to be made. One of the NC's responsibilities is to undertake a review of the board's performance. The NC has implemented a formal review process to assess the effectiveness of the Board on an annual basis as well as the contribution by each individual director to the effectiveness of the Board. The performance criteria taken into account by the NC in relation to an individual director include the Director's industry knowledge and/or functional expertise, contribution and workload requirements, sense of independence and attendance at the Board and Board Committees meetings.

The assessment process requires the Directors to complete appraisal forms which will be collated by an independent coordinator who will compile the results of the appraisal for review by the NC. The NC will thereafter report to the Board.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on the director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The Remuneration Committee ("RC") comprises two independent non-executive Directors, namely, Mr Tan Tiong Cheng (Chairman) and Mr Chia Kwok Ping, and a non-executive Director, Mr Toh Khai Cheng.

The key terms of reference of the RC are as follows:

- a. The RC shall consist of not less than three Directors, a majority of whom shall be independent Directors. At least one member should be knowledgeable in executive compensation, and if there is a need, expert advice may be obtained internally or externally;
- b. The Chairman of the RC shall be appointed by the Board and shall be an independent Director; and
- c. The Board shall appoint a new member so that the number of members does not fall below three if a member, for any reason, ceases to be a member.

The duties and responsibilities of the RC as set out in the Terms of Reference approved by the Board include the following:

- a. review and advise the Board on the framework of remuneration policies for executive and non-executive Directors and key executives of the Group covering all aspects of remuneration such as Director's fees, salaries, allowances, bonuses, options and benefits-in-kind;

REPORT ON CORPORATE GOVERNANCE

- b. review and recommend to the Board the terms of the service agreement of the Directors; and
- c. review and advise the Board on the implementation of any appropriate long term incentive schemes for the Directors and employees of the Company.

Each member of the RC shall abstain from voting on any resolution concerning his own remuneration.

The RC shall review the Company's obligations arising in the event of termination of the executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

The Company ensures that the RC has access to expert advice on the human resource matter whenever there is a need to consult externally. During the financial year under review, the Company did not appoint any external consultant. In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual employee. No Director or officer of the Company will be involved in deciding his own remuneration.

Remuneration Level and Mix

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Pursuant to the respective service contracts of the Deputy Chairman and CEO:

- a. the term of service is for a period of three years and is subject to review thereafter;
- b. remuneration includes, among others, a fixed salary, allowances and a variable performance bonus which are conditional upon each meeting certain performance targets; and
- c. there are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of an executive director.

The remuneration packages of the executive Directors and the key management personnel comprises a fixed component and a variable component that is linked to the performance of the Group as a whole as well as the individual performance. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the executive Directors commensurate with their performance and that of the Company. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

Non-executive Directors, including the Chairman, do not have service contracts with the Company and their remuneration packages comprise a basic director retainer fee. The Board, in recommending to the shareholders the quantum of fees to be paid to the Directors, takes into account factors such as frequency of meetings, time spent by Directors and the responsibilities of Directors. Directors' fees are subject to the approval of the shareholders at each AGM.

Currently, the Company does not have an employee share option scheme or any long-term scheme. The RC will recommend the implementation of incentive schemes as and when it considers appropriate.

REPORT ON CORPORATE GOVERNANCE

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The compensation packages for employees including the executive Directors and the key executives comprised a fixed component, a variable component and benefits-in kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices. When determining the fixed and variable components, the individual performance is taken into consideration in the light of any annual guidance from the National Wages Council, competitive market practices and information gathered from market surveys.

For confidential reasons, the Board has not disclosed the remuneration of each individual Director and the Group's key executives in full. The Board is of the belief that full disclosure of the Directors' remuneration may have a negative impact on the Company, taking into consideration the competitive business environment in which the Company operates and the sensitivity and confidential nature of such disclosure.

A breakdown, showing the level and mix of each individual Director's remuneration payable for FY2020 is as follows:

Remuneration bands	Salary	Bonus	Fees	Other Benefits	Total
	%	%	%	%	%
Below \$250,000					
Toh Khai Cheng	—	—	100	—	100
Tan Tiong Cheng	—	—	100	—	100
Chia Kwok Ping	—	—	100	—	100
Tan Chuan Lye	—	—	100	—	100
Between \$250,000 to \$500,000					
Hoh Chin Yiep ⁽¹⁾	67	19	—	14	100
Between \$500,000 to \$750,000					
Toh Giap Eng	89	9	—	2	100

⁽¹⁾ Mr Hoh Chin Yiep was appointed as a Director on 19 June 2020.

REPORT ON CORPORATE GOVERNANCE

The remuneration of the key executives of the Group who are not Directors for FY2020 is shown in the following bands:

Remuneration bands	Salary	Bonus	Other Benefits	Total
	%	%	%	%
Below \$250,000				
Eemin Loh Yi Xuan	87	12	1	100
Adrian Koh Seng Hui	89	10	1	100
Between \$250,000 to \$500,000				
Heng Lee Cheng	66	30	4	100
Edwin Liu Chun Bong	85	15	–	100

The Group currently only has four key executives who are not Directors. Key information regarding the key executives can be found under the Key Management section in this annual report. The total remuneration paid to the above key executives (who are not Directors) of the Group for FY2020 is \$946,000.

Immediate Family Member of Director

The remuneration of Mr Toh Giap Eng, Deputy Chairman who is the son of Mr Toh Khai Cheng (Chairman and a substantial shareholder) and brother of Mr Toh Gap Seng, a substantial shareholder, has been disclosed above. Other than Mr Toh Giap Eng, there are no employees in the Group who are immediate family members of other Directors, CEO and other substantial shareholders of the Company whose remuneration exceeded \$100,000 during FY2020.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board and Audit Committee (“AC”) have reviewed the adequacy and effectiveness of the Group’s internal controls systems and risks management systems that address the Group’s financial, operational and compliance and information technology controls risks. Based on the internal controls established and maintained by the Group, work performed by the outsourced internal auditors and external auditors, and reviews performed by management, the AC and the Board are of the opinions that the Group’s internal controls, addressing financial, operational and compliance, information technology controls risks and risk management systems, were adequate and effective as at 31 December 2020. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The Board has established a separate risk management committee (the “Risk Management Committee”) comprising of the Deputy Chairman, CEO and CFO to assist it in carrying out its responsibility of overseeing the Company’s risk management framework and policies. The Risk Management Committee regularly reviews the Group’s business and operations to identify areas of significant business risks, and put in place appropriate measures to address these risks and reports to the Board on areas of significant risks to the Group’s operations, if any.

REPORT ON CORPORATE GOVERNANCE

The Board has received assurance from the CEO and the CFO (i) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (ii) regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

The following have been identified as significant risk factors relevant to the Group's operations:

Interest rate risk

The Group's interest rate exposure relates primarily to the outstanding amounts of long-term debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate bank financing.

Surplus funds are placed with reputable banks.

Information relating to the Group's interest rate exposure is also disclosed in the notes to the financial statements on the Group's borrowings, including lease obligations.

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Short-term funding is from banking facilities.

Credit risk

The carrying amount of financial guarantees and cash and cash equivalents, trade receivables, amount due from associated companies and joint venture companies (non-trade), amount due from subsidiaries (non-trade) and other receivables represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risks.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The Audit Committee ("AC") comprises two independent non-executive Directors, namely, Mr Tan Chuan Lye (Chairman), Mr Tan Tiong Cheng and a non-executive director, Mr Toh Khai Cheng.

The Chairman of the AC, Mr Tan Chuan Lye has many years of experience in the accounting and auditing profession. The other members of the AC have many years of experience in business and financial management. The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the functions of the AC.

For FY2020, the AC has held 2 meetings. Details of members and their attendance at meetings are provided in Table 1.

The key terms of reference of the AC include the following:

- a. The AC shall consist of not less than three Directors appointed by the Board, all of whom shall be non-executive Directors with the majority being independent Directors. At least two members of the AC shall have accounting or related financial management expertise or experience and its membership, details of its activities, number of meetings and attendance at such meetings, shall be disclosed annually;

REPORT ON CORPORATE GOVERNANCE

- b. The Chairman of the AC shall be appointed by the Board and shall be an independent Director; and
- c. The Board shall appoint a new member so that the number of members does not fall below three if a member, for any reason, ceases to be a member.

The duties of the AC include:

- a. reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the Company's financial performance;
- b. reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- c. reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- d. making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- e. reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and
- f. reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

The AC also has full access to and the co-operation of management and reasonable resources to enable it to discharge its functions properly within the AC's scope of responsibility.

The AC, having reviewed all non-audit services provided by the external auditors to the Group is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions. The AC also meets the external and internal auditors separately at least once a year, without the presence of management, in order to have free and unfettered access to unfiltered information and feedback.

The Company has a whistle-blowing policy and arrangement by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters to the AC Chairman or Deputy Chairman. The objective of such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, advice is sought from the external auditors when they attend the AC meetings.

The Board confirms that, in relation to the appointment of auditors for the Company, subsidiaries and significant associated companies, the Group is in compliance with the requirements of Rules 712, 715 and 716 of SGX-ST's Listing Manual.

The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

REPORT ON CORPORATE GOVERNANCE

The Company has outsourced the internal audit function to an independent external audit firm. The AC's responsibility in overseeing that the Company's risk management system and internal controls are adequate is complemented by the work of the outsourced Internal Auditor ("IA"), KPMG Services Pte Ltd. IA reports directly to the AC and has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. IA plans its internal audit schedules in consultation with, but independent of, management and its plan is submitted to the AC for approval. The AC reviews the internal audit procedures and ensures that the internal audit functions, together with the various systems put in place by the Group are adequate.

The AC is satisfied that the IA is able to discharge its duties effectively and adequately based on the following considerations:

- the IA activities are conducted in accordance with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors; and
- the IA has the appropriate standing in the Company in view of, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC and management.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company provides shareholders with half yearly and annual financial statements within the timeframe in line with Listing Manual of SGX-ST. In presenting the financial statements to shareholders, the Board aims to provide shareholders with a balanced, clear and understandable assessment of the Company and the Group's performance, position and prospects. The Company may also, on an ad-hoc basis, hold media and analysts briefings and publish press releases of its financial results.

Procedures are put in place to provide Board members with management accounts as and when required and highlights on key business indicators and any significant business developments with such explanation and information as any Director may require, to enable the Directors to keep abreast, and make a balanced and informed assessment of the Group's financial performance, position and prospects.

At general meetings of the Company, shareholders are given the opportunity to communicate their views and are encouraged to ask the directors and the management questions regarding matters affecting the Company. The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. Shareholders will be informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Each item of special business included in the notice of the meeting will be accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions will be proposed for substantially separate issues at the meeting.

The Chairman of the AC, RC and NC are present at the Company's AGMs to answer those questions relating to the work of these committees. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders about the conduct of audit and the preparation and content of the auditors' report on the financial statements of the Company. All the Directors of the Company were present at the last AGM.

REPORT ON CORPORATE GOVERNANCE

The shareholders of the Company (other than a shareholder who is a relevant intermediary) may appoint one or two proxies to attend and vote in their absence at general meetings of the Company. A shareholder who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the general meetings of the Company. The Company is not implementing absentia-voting methods such as by mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. The shareholders would be informed of the voting procedures at the commencement of the general meeting.

The Company conducts the voting of all its resolutions by poll at all its general meetings. The results of poll of each resolution tabled are announced at the meetings and in an announcement released after the meeting via SGXNet. Shareholders can vote in person or by their appointed proxies. The Company will employ electronic polling if necessary.

The Company Secretary prepares minutes of annual general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and management. The Company shall publish the minutes of general meetings of shareholders on its corporate website as soon as practicable.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, general financial condition, results of operations, capital requirement, cashflow, general business condition, development plans and other factors as Directors may deem appropriate.

Notwithstanding the above, the Company has been declaring dividends on an annual basis, except for FY2020 due to the impact of the COVID-19 on the Group's business. Any pay-outs are clearly communicated to shareholders via the financial results announcement through SGXNet.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis through:

- annual reports that are prepared and issued to all shareholders within the mandatory period;
- public announcements via SGXNet, the press and analysts (if any); and
- notices of annual general meetings.

The Board will support and encourage active shareholders' participation at AGMs as it believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management, and to interact with them. General meetings have been and are still the principal forum for dialogue with the shareholders. They offer opportunities for the Board to interact with shareholders, understand their views, gather feedback as well as address concerns. Enquiries by shareholders are dealt with as promptly as practicably possible.

The Company does not practice selective disclosure. The Board provides shareholders with an assessment of the Company's performance, position and prospects via announcements of results and other ad-hoc announcements as required by the SGX-ST. The Company's Annual Report which is sent to all shareholders is also available on request. In addition to the regular dissemination of information through SGXNet, the Company also responds to enquiries from investors, analysts, fund managers and the press.

The Company has an internal investor relation team or may engage an external firm to assist in disseminating news to the media and analysts after each results announcement and any price-sensitive information announced.

REPORT ON CORPORATE GOVERNANCE

The Company maintains a website (www.heeton.com) to bring public awareness of the Group's latest development and businesses. An investor relations contact has been provided in the Company's website. Stakeholders can provide feedback to the Company via the electronic mail address, the registered office address or calls. Calls and emails requesting for information are attended to promptly.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company strives to maintain open and fair communication with its key stakeholders, to understand their views, concerns, and objectives in order to work towards more sustainable growth. With the support of an external consultant, the Company has identified stakeholder groups which have a significant influence and interest in the Group's operations and business, and engaged these stakeholders to understand their Environmental, Social, and Governance (ESG) expectations. The key stakeholders include investors, tenants, employees, communities, government and regulators and business partners.

The Company maintains a corporate website at www.heeton.com and updates it on a timely basis to communicate and engage with stakeholders.

In this way, the Company hopes to have good communication and engagement with all its material stakeholders.

INTERESTED PERSON TRANSACTIONS

There were no interested person transactions entered into by the Company that required disclosure under the SGX-ST's Listing Manual exceeding \$100,000 during FY2020.

DEALINGS IN SECURITIES

The Company has adopted and implemented Rule 1207(19) of the Listing Manual issued by SGX-ST on dealings in securities. This has been made known to Directors, officers, and staff of the Company and the Group. In particular, it has been highlighted that to deal in the Company's securities as well as securities of other listed companies when the officers (Directors and employees) are in possession of unpublished material price sensitive information in relation to those securities is an offence. The officers are also discouraged from dealing in the Company's securities on short-term considerations.

Directors and key senior executives of the Group are prohibited from trading in the Company's shares during the period commencing one month before the announcement of the Company's full-year financial statements. The Company has complied with Rule 1207(19) in FY2020.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Heeton Holdings Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company for the financial year ended 31 December 2020.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Toh Khai Cheng	-	Non-executive Chairman
Toh Giap Eng	-	Executive Deputy Chairman
Hoh Chin Yiep	-	Executive Director (Appointed on 19 June 2020)
Tan Tiong Cheng	-	Independent Director
Chia Kwok Ping	-	Independent Director
Tan Chuan Lye	-	Independent Director
Toh Gap Seng	-	Alternate to Toh Khai Cheng

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interest in shares or debentures of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest		Deemed interest	
	1 January 2020	31 December 2020	1 January 2020	31 December 2020
The Company				
Heeton Holdings Limited				
Number of Ordinary Shares				
Toh Khai Cheng	33,126,588	34,126,588	216,766,438	216,766,438
Toh Giap Eng	60,144,373	62,144,373	135,981,838	135,981,838
Toh Gap Seng	26,652,555	26,652,555	1,783,200	1,883,200
Tan Tiong Cheng	18,000	18,000	-	-

6.08% fixed rate Notes due on July 2021

Toh Khai Cheng	\$250,000	-	-	-
Toh Giap Eng	\$4,000,000	-	-	-
Toh Gap Seng	\$1,500,000	-	-	-
Tan Tiong Cheng	\$1,750,000	-	-	-

6.80% fixed rate Notes due on November 2023

Toh Khai Cheng	-	\$200,000	-	\$8,600,000
Toh Giap Eng	-	\$8,200,000	-	\$3,600,000
Toh Gap Seng	-	\$1,400,000	-	-
Tan Tiong Cheng	-	\$1,400,000	-	-
Hoh Chin Yiep	-	\$600,000	-	-

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2021.

By virtue of Section 7 of the Companies Act, Messrs Toh Khai Cheng and Toh Giap Eng are deemed to have interests in the shares held by Heeton Holdings Limited in all its subsidiaries.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or debentures of the Company or related corporations, either at the beginning or at the end of the financial year.

DIRECTORS' STATEMENT

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option as at the end of the financial year.

Audit committee

The Audit Committee (AC) carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the half-yearly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed effectiveness of the Group's and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance in the Annual Report.

DIRECTORS' STATEMENT

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors,

Toh Giap Eng
Executive Deputy Chairman

Hoh Chin Yiep
Executive Director

Singapore
15 April 2021

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2020

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Heeton Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the consolidated statement of changes in equity, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Carrying value of development properties

The Group develops properties for sale in the ordinary course of business. These development properties are stated at the lower of cost and net realisable value. The determination of the net realisable value of development properties is significant to our audit due to its magnitude, significant management judgement required and its dependency on a range of estimates made by management and external valuation specialists, amongst others, estimated selling price of the unsold development properties taking into consideration current market conditions and estimated development costs of the projects. In addition, there is heightened level of estimation uncertainty due to changes in market and economic conditions brought on by the COVID-19 pandemic. As such, this is considered to be a key audit matter.

The management evaluated the net realisable value of these properties by taking into consideration the current market prices of these properties, the costs incurred to date, the development status and costs to complete the developments. The Group engaged independent external valuation specialists to assist them in determining the open market value of the unsold development properties.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2020

Key Audit Matters (cont'd)

Carrying value of development properties (cont'd)

As part of our audit procedures, we assessed the independence, competence and objectivity of the external valuation specialists. We held discussions with management and external valuation specialists to assess appropriateness of the valuation models used, reasonableness of the key inputs and assumptions underlying the valuations, and how the impact of COVID-19 has been considered. We assessed the reasonableness of management's estimates of the expected selling price of the unsold development properties by comparing them to recent sales transactions. We also assessed the reasonableness of the key assumptions to available market data, such as land price indices in the assessment of the net realisable value of the land banks. We further assessed the adequacy of disclosures in the financial statements in Note 3 *Significant accounting judgements and estimates* and Note 18 *Development properties* of the financial statements.

Valuation of investment properties

As at 31 December 2020, the carrying amount of the Group's investment properties was \$223,977,000 which accounted for 21% of total assets. The Group carries its investment properties at fair value, with changes in fair values recognised in profit or loss. The Group also invests in investment properties through its joint venture company and associated companies.

The Group engaged independent valuation specialists to determine the fair values of its investment properties as at 31 December 2020. The valuation of the investment properties is a significant judgemental area and is underpinned by a number of assumptions including, but not limited to, yield adjustments made for any difference in nature, location or condition of the specific property. In addition, there was an increase in the level of estimation uncertainty and significant management judgement is required in determining the valuation of investment properties arising from changes in market and economic conditions brought on by the COVID-19 pandemic. Accordingly, we have identified this as a key audit matter.

As part of our audit procedures, we evaluated the independence, competence and objectivity of the external valuation specialists. With the assistance of our internal property valuation specialist, we held discussions with selected external valuation specialists to understand the valuation methodologies used in the valuation and the results of their work, including key valuation adjustments made in light of the increased estimation uncertainty. We assessed the reasonableness of the key inputs and assumptions underlying the valuation, such as adjusted recent sale prices, or estimated annual net rental income after deduction of expenses capitalised at an appropriate rate of return. We also assessed the adequacy of the disclosures in the financial statements in Note 3 *Significant accounting judgements and estimates*, Note 12 *Investment properties* and Note 39 *Fair value of assets and liabilities* of the financial statements.

Impairment assessment on carrying value of hotel properties

As at 31 December 2020, the carrying value of property, plant and equipment (collectively, "properties") mainly relating to the Group's portfolio of hotel properties, amounted to \$386,983,000 and accounted for 37% of the Group's total assets. These properties are carried at cost less accumulated depreciation and impairment losses and are subject to an annual review to assess if there are indicators of impairment. The COVID-19 pandemic has resulted in significant amount of economic uncertainty in the current and future environment in which the Group operates. The Group's hospitality sector has been negatively impacted as a result of movement and travel restrictions. Accordingly, the Group undertook an impairment assessment to determine the recoverable amounts of its hotel properties.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2020

Key Audit Matters (cont'd)

Impairment assessment on carrying value of hotel properties (cont'd)

The process of identifying indicators of impairment and assessing the recoverable amount of each hotel property involves significant management judgement and estimation. Valuations by external valuation specialists were obtained for hotel properties with impairment indicators to determine the recoverable value. These assessments are highly dependent on a range of key assumptions and estimates that require significant judgement, including but not limited to expected occupancy rates, discount rates, revenue growth rates and the competitive landscape in their local markets. Accordingly, we have identified this as a key audit matter.

Our audit procedures included, amongst others, obtained an understanding and an evaluation of the Group's policies and procedures to identify triggering events for potential impairment and any material changes in the carrying value of the hotel properties. We evaluated the independence, competence and objectivity of the external valuation specialists. With the assistance of our internal property valuation specialist, we held discussions with the management and external specialists to understand the valuation methodologies and key assumptions and estimates used in the valuation and the results of their work, including key valuation adjustments made in response to the changes in market and economic conditions brought on by the COVID-19 pandemic. We assessed the reasonableness of the key assumptions and estimates used by the independent valuation specialist and management by comparing to historical average room and occupancy rates, property-related industry data and prices from recent sale transactions of comparable properties, where available. We also assessed the adequacy of the related disclosures in the financial statements in Note 3 *Significant accounting judgements and estimates* and Note 11 *Property, plant and equipment* of the financial statements.

Impairment assessment of the Group's and Company's interest in subsidiaries, associated companies and joint venture companies

The Group has significant interests in subsidiaries, associated companies and joint venture companies, which comprise the investments in and amounts due from subsidiaries, associated companies and joint venture companies. The subsidiaries, associated companies and joint venture companies of the Group are mainly involved in the business of property development and hotel operations.

The recoverability of the interests in these subsidiaries, associated companies and joint venture companies are dependent on the hotel properties' future operating performance and/or the success of the relevant development projects. The hotel properties' future operating performance is dependent on, amongst others, the expected occupancy rates, revenue growth rates and the competitive landscape in local markets. The success of the development projects are dependent on, amongst others, the economic condition, government policies, and demand and supply of properties in their respective markets. Consequently, there is a risk of downward valuation of the hotel properties and development projects due to implications brought on by the COVID-19 pandemic. Annually, management conducts an assessment to determine whether any indicator of impairment exists.

We identified this as a key audit matter because the interests in subsidiaries, associated companies and joint venture companies are material to the Group's and the Company's financial statements, and the valuation and impairment assessment involve significant management judgement and heightened level of estimation uncertainty arising from the volatility in market and current economic conditions.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2020

Key Audit Matters (cont'd)

Impairment assessment of the Group's and Company's interest in subsidiaries, associated companies and joint venture companies

As part of our audit procedures, we obtained an understanding of the Group's process for identifying impairment triggers and considered management's assessment of impairment of interests in subsidiaries, associated companies and joint venture companies. We evaluated management's assumptions and inputs used in the review of historical credit loss experiences and consideration of the information management used to make forward-looking adjustment in determining the expected credit losses. We discussed with management, and where applicable, component auditors of significant subsidiaries, associated companies and joint venture companies, about the future market conditions, the status and the impact of COVID-19 pandemic had on the development projects and hotel properties, and their future business plans. We assessed the reasonableness of revenue recognised during the financial year and sales performance of the completed development projects. In addition, we assessed the reasonableness of the estimated selling prices of the completed development properties by comparing to recently transacted prices and prices of comparable projects located in the vicinity as the development projects. For development properties under construction held by associated companies, we assessed the reasonableness of the total estimated contract costs by enquiring with management to understand the basis of key assumptions used in estimating project completion timelines and total estimated contract costs. For those subsidiaries, associated companies and joint venture companies with hotel properties, together with our internal property valuation specialist, we obtained and read the valuation reports prepared by the external valuers. We also inquired the external valuers and management and obtained explanations to support the selection of valuation methods, the valuation adjustments made in light of the heightened estimation uncertainty as well as the reasonableness of key assumptions including the expected occupancy rates, revenue growth rates and capitalisation rates used to establish the valuations.

We also assessed the adequacy of the disclosures in the financial statements in Note 3 *Significant accounting judgements and estimates*, Note 13 *Subsidiaries*, Note 14 *Associated companies*, Note 15 *Joint ventures companies*, Note 22 *Amounts due from subsidiaries*, and Note 16 *Amounts due from associated companies and joint venture companies* of the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2020

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2020

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Sam Lo Geok Lim.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
15 April 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
Revenue	4	26,170	64,806
Cost of properties sold		(891)	(8,123)
Other operating income	5	2,788	2,954
Personnel expenses	6	(12,970)	(17,328)
Depreciation of property, plant and equipment	11	(5,990)	(4,453)
Other operating expenses		(15,593)	(23,054)
Finance expenses	7(a)	(19,119)	(20,938)
Finance income	7(b)	4,555	6,652
Impairment losses on financial assets	8	(17,417)	(3,300)
Fair value losses on derivative financial instruments	8	(2,220)	(146)
Impairment of property, plant and equipment	11	(41,760)	-
Share of results of associated companies and joint venture companies		1,685	11,009
Gains from fair value adjustments of investment properties	12	54,584	6,478
(Loss)/profit before tax	8	(26,178)	14,557
Income tax expense	9	(1,469)	(2,922)
(Loss)/profit for the year		(27,647)	11,635
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		3,832	4,037
Other comprehensive income for the year, net of tax		3,832	4,037
Total comprehensive (loss)/income for the year		(23,815)	15,672
(Loss)/profit for the year			
Attributable to:			
Owners of the Company		(6,452)	13,184
Non-controlling interests		(21,195)	(1,549)
		(27,647)	11,635
Total comprehensive (loss)/income for the year:			
Attributable to:			
Owners of the Company		(2,945)	17,502
Non-controlling interests		(20,870)	(1,830)
		(23,815)	15,672
(Loss)/earnings per share attributable to owners of the Company (cents per share)			
Basic	10	(1.32)	2.70
Diluted	10	(1.32)	2.70

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2020

		Group		Company	
	Note	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Non-current assets					
Property, plant and equipment	11	386,983	395,482	192	405
Investment properties	12	223,977	171,976	-	-
Subsidiaries	13	-	-	24,082	24,082
Associated companies	14	16,164	21,256	-	-
Joint venture companies	15	97,409	111,695	5,000	5,000
Amounts due from associated companies and joint venture companies (non-trade)	16	157,975	147,289	-	-
Intangible assets	17	109	109	-	-
Other receivables	21	29,412	18,000	-	18,000
		912,029	865,807	29,274	47,487
Current assets					
Development properties	18	35,741	34,806	7,067	7,986
Assets held for sale	19	4,503	-	-	-
Trade receivables	20	512	1,698	-	31
Other receivables	21	19,877	44,121	18,347	10,827
Prepayments		2,654	2,936	1,216	768
Amounts due from subsidiaries (non-trade)	22	-	-	337,599	314,263
Amounts due from related parties (trade)	22	17	17	-	-
Amounts due from associated companies and joint venture companies (non-trade)	16	3,174	799	1,170	79
Fixed deposits	23	14,925	52,995	14,765	52,839
Cash and bank balances	24	49,050	63,924	22,134	28,813
		130,453	201,296	402,298	415,606
Current liabilities					
Trade payables	25	3,822	1,899	1,726	1,576
Other payables and accruals	26	12,103	18,021	3,974	4,869
Amounts due to subsidiaries (non-trade)	22	-	-	142,207	135,980
Lease liabilities	35(b)	443	389	-	50
Bonds	27	66,000	75,000	66,000	75,000
Bank term loans	29	22,627	19,547	-	-
Income tax payable		5,066	4,252	819	461
		110,061	119,108	214,726	217,936
Net current assets		20,392	82,188	187,572	197,670

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2020

		Group		Company	
	Note	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Non-current liabilities					
Other payables and accruals	26	1,280	698	–	–
Derivative financial instruments	28	2,366	146	2,366	146
Lease liabilities	35(b)	6,237	6,016	–	42
Amounts due to associated companies and joint venture companies (non-trade)	16	49,976	30,121	38,515	17,058
Amounts due to non-controlling interests (non-trade)	31	73,080	62,910	–	–
Bonds	27	70,300	117,750	70,300	117,750
Bank term loans	29	314,904	290,612	5,000	–
Deferred tax liabilities	32	1,397	1,583	11	9
		519,540	509,836	116,192	135,005
Net assets		412,881	438,159	100,654	110,152
Equity attributable to owners of the Company					
Share capital	33	86,624	86,624	86,624	86,624
Foreign currency translation reserve	34	3,833	326	–	–
Retained earnings		339,872	347,787	14,030	23,528
		430,329	434,737	100,654	110,152
Non-controlling interests	13	(17,448)	3,422	–	–
Total equity		412,881	438,159	100,654	110,152

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

Attributable to owners of the Company						
Note						
	Share capital (Note 33) \$'000	Foreign currency translation reserve (Note 34) \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'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 (loss)/income for the year	-	3,507	(6,452)	(2,945)	(20,870)	(23,815)
Dividend on ordinary shares	-	-	(1,463)	(1,463)	-	(1,463)
At 31 December 2020	86,624	3,833	339,872	430,329	(17,448)	412,881
Balance at 1 January 2019	86,624	(3,992)	336,555	419,187	1,696	420,883
Profit for the year	-	-	13,184	13,184	(1,549)	11,635
Other comprehensive income	-	-	-	-	-	-
- Foreign currency translation	-	4,318	-	4,318	(281)	4,037
Total comprehensive income/(loss) for the year	-	4,318	13,184	17,502	(1,830)	15,672
Dividend on ordinary shares	-	-	(1,952)	(1,952)	-	(1,952)
Acquisition of subsidiaries	-	-	-	-	3,556	3,556
At 31 December 2019	86,624	326	347,787	434,737	3,422	438,159

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
(Loss)/Profit before tax		(26,178)	14,557
Adjustments:			
Depreciation of property, plant and equipment	11	5,990	4,453
Gain on disposal of property, plant and equipment		(124)	-
Fair value losses on derivative financial instruments	8	2,220	146
Impairment of property, plant and equipment		41,760	-
Gains from fair value adjustments of investment properties	12	(54,584)	(6,478)
Impairment losses on financial assets		17,417	3,300
Share of results of associated companies and joint venture companies		(1,685)	(11,009)
Interest expense	7(a)	19,119	20,938
Interest income	7(b)	(4,555)	(6,652)
Unrealised exchange differences		322	801
Total adjustments		25,880	5,499
Operating cash flows before changes in working capital		(298)	20,056
Changes in working capital:			
Decrease/(increase) in development properties		303	(2,574)
Decrease/(increase) in trade receivables		1,161	(403)
(Increase)/decrease in other receivables		(2,328)	8,267
Decrease/(increase) in prepayments		317	(724)
Increase/(decrease) in trade payables		1,869	(988)
(Decrease)/increase in other payables and accruals		(5,391)	4,078
Increase/(decrease) in amounts due from related parties, net		1	(5)
Total changes in working capital		(4,068)	7,651
Cash flows (used in)/from operations		(4,366)	27,707
Interest received		4,555	6,652
Interest paid, excluding amounts capitalised		(18,782)	(20,630)
Income taxes paid		(1,185)	(1,921)
Net cash flows (used in)/from operating activities		(19,778)	11,808

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from investing activities			
Capital contribution from non-controlling interest of a subsidiary		–	3,556
Additions to property, plant and equipment	11	(33,162)	(174,204)
Proceeds from disposal of property, plant and equipment		83	–
Proceeds from disposal of investment property		1,140	–
Dividend income from associated companies and joint venture companies		17,336	15,250
Net repayment of loan to associated companies and joint venture companies		8,231	8,329
Net cash flows used in investing activities		(6,372)	(147,069)
Cash flows from financing activities			
Proceeds from bank loans		29,152	255,099
Repayment of bank loans		(6,744)	(76,883)
Repayment of bond		(75,000)	(250)
Proceeds from bond issuance		18,550	–
Payments on operating lease		(337)	(379)
Increase in loan from non-controlling interests		8,639	1,110
Dividends paid on ordinary shares of the Company	43	(1,463)	(1,952)
Restricted cash – fixed deposits pledge for bank facility	23	(6,302)	–
Net cash (used in)/from financing activities		(33,505)	176,745
Net (decrease)/increase in cash and cash equivalents		(59,655)	41,484
Effect of exchange rate changes on cash and cash equivalents		409	476
Cash and cash equivalents at beginning of year		116,919	74,959
Cash and cash equivalents at end of year		57,673	116,919

A. Cash and cash equivalents

Cash and cash equivalents consist of fixed deposits and cash and bank balances, as follows:

Fixed deposits	23	14,925	52,995
Cash and bank balances	24	49,050	63,924
Cash and cash equivalents per balance sheet		63,975	116,919
Restricted cash – fixed deposits pledge for bank facility	23	(6,302)	–
Cash and cash equivalents at end of year		57,673	116,919

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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.

The Company's principal activities are in property development and investment holding. The principal activities of the subsidiaries, associated companies and joint venture companies are set out in Note 13 to 15 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

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

The 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.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendment to SFRS(I) 16: <i>Covid-19-Related Rent Concessions</i>	1 Jun 2020
Amendments to SFRS(I) 9, SFRS(I) 1 - 39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: <i>Interest Rate Benchmark Reform-Phase 2</i>	1 Jan 2021
Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 Jan 2022
Amendments to SFRS(I) 1 - 16: <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 Jan 2022
Amendments to SFRS(I) 1 - 37: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 Jan 2022
Annual Improvements to SFRS(I)s 2018-2020	1 Jan 2022
Amendments to SFRS(I) 1 - 1: <i>Classification of Liabilities as Current or Non-current</i>	1 Jan 2023
Amendments to SFRS(I) 10 and SFRS(I) 1 - 28 <i>Sales or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations and goodwill*

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) *Business combinations and goodwill (cont'd)*

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.5 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.7 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

a) *Joint operations*

The Group recognises in relation to its interest in a joint operation,

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

b) *Joint ventures*

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.8.

2.8 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.8 Joint ventures and associates (cont'd)

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.9 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Company on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.9 Foreign currency (cont'd)

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, these items are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	-	Over the remaining lease period
Freehold and leasehold buildings	-	50 years or over the remaining lease period, whichever is shorter
Plant and equipment	-	10 years
Renovations	-	5 to 6 years
Motor vehicles	-	5 to 10 years
Equipment and fixtures	-	3 to 10 years
Furniture and fittings	-	5 to 10 years
Computers	-	3 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.11 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

2.12 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.13 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.13 Intangible assets (cont'd)

Goodwill (cont'd)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.15 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.15 Financial instruments (cont'd)

(a) *Financial assets (cont'd)*

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases and sales

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs. Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Derivative instruments are subsequently re-measured to their fair value at the end of each reporting period. Changes in fair value of derivative instruments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.15 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Derecognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.16 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and unpledged fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.18 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.15 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises representing the obligations to make to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land – Over the remaining lease period

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.14.

The Group's right-of-use assets are presented within property, plant and equipment (Note 11).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.21 Leases (cont'd)

(a) Group as a lessee (cont'd)

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed in Note 35.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for rental income is set out in Note 2.23.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.22 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employment leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

2.23 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

I *Sale of completed development property*

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

II *Sale of development property under construction*

The Group develops and sells residential and commercial properties before completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.23 Revenue (cont'd)

II *Sale of development property under construction (cont'd)*

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

III *Rental income*

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

IV *Hotel operation income*

Income from hotel operations is recognised when goods are delivered or services are rendered to customers.

V *Interest income*

Interest income is recognised as interest accrues using the effective interest method.

VI *Rendering of services*

Revenue from provision of services is recognised when these services are rendered.

VII *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.24 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.24 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.27 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.28 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. Where the grant relates to income, it is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

3. Significant accounting estimates and judgements

The preparation of the Group's 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

3. Significant accounting estimates and judgements (cont'd)

a) Impact of COVID-19 on the Group (cont'd)

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 11)
- Determination of fair value of investment properties (Note 12)

3.1 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 and investment property held for sale 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 2020. 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 available information as at 31 December 2020 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.

The key assumptions used to determine the fair value of these investment properties and sensitivity analysis are provide in Note 39.

The carrying amount of the Group's investment properties as at 31 December 2020 was \$223,977,000 (2019: \$171,976,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

3. Significant accounting estimates and judgements (cont'd)

3.1 Key sources of estimation uncertainty (cont'd)

(b) *Carrying value of development properties*

Development properties are stated at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale. The carrying amount of development properties at the end of the reporting period is disclosed in Note 18 to the financial statements.

The Group's accounting policy on development properties requires all known or anticipated losses on the development projects to be provided for in the year in which such losses are determined. Estimating such losses requires the Group to make an estimate of the expected selling price of the unsold development properties based on recent transactions or open market valuation of the unsold units. The Group also estimates the total development costs to determine the extent of the anticipated losses, if any. Changes in the estimated selling price of the development properties due to market conditions and revisions of the total estimated development costs will therefore impact the anticipated losses recognised, and therefore provision for onerous contracts on development properties could be revised.

(c) *Revenue recognition on development properties under construction*

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar development properties, analysed by different property types and geographical areas for the past 3 to 5 years.

(d) *Income taxes*

The Group's exposure to income taxes mainly arises from Singapore. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of the Group's income tax payable and deferred tax liabilities at 31 December 2020 was \$5,066,000 (2019: \$4,252,000) and \$1,397,000 (2019: \$1,583,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

3. Significant accounting estimates and judgements (cont'd)

3.1 Key sources of estimation uncertainty (cont'd)

(e) 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, on an annual basis, whether there are trigger events indicating potential impairment. 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 11.

(f) *Impairment assessment of interest in associated companies and joint ventures companies*

The Group has significant interests in associated companies and joint ventures companies. The Group's interests in associated companies and joint ventures companies comprise the investments and amounts due from associated companies and joint ventures companies. The associated companies and joint ventures companies 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 associated companies and joint ventures companies 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.

The carrying amounts of the Group's interests in associated companies and joint ventures companies are disclosed in Notes 14 and 15 to the financial statements respectively.

(g) *Leases - Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates such as the Group's stand-alone credit rating.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

3. Significant accounting estimates and judgements (cont'd)

3.2 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Classification of property

The Group determines whether a property is classified as investment property, development property or property, plant and equipment as follows:

- *Investment property comprises land and buildings (principally offices, commercial and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income or for capital appreciation, or both.*
- *Development property comprises property that is held for sale in the ordinary course of business. Principally, this is residential and commercial property that the Group develops and intends to sell before or on completion of construction.*
- *Property, plant and equipment comprises land and buildings (principally hotel properties) which are held for use in the supply of services to earn hotel operation income.*

(b) Classification of investments as associated companies

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

Management has determined that it does not have control or joint control over its associated companies. The Group's associated companies are disclosed in Note 14 to the financial statements.

4. Revenue

	Group	
	2020	2019
	\$'000	\$'000
Revenue from contracts with customers	17,497	52,433
Rental income from investment properties	8,047	11,086
Other rental income	626	1,287
	<u>26,170</u>	<u>64,806</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

4. Revenue (cont'd)

Disaggregation of revenue from contracts with customers

Segments	Property development		Hospitality		Corporate		Total Revenue	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets								
Singapore	1,502	11,138	–	–	903	948	2,405	12,086
United Kingdom	–	–	14,934	39,983	158	364	15,092	40,347
	1,502	11,138	14,934	39,983	1,061	1,312	17,497	52,433
Major product or service line								
Residential properties	1,470	8,260	–	–	–	–	1,470	8,260
Commercial properties	32	2,878	–	–	–	–	32	2,878
Hotel operation income	–	–	14,934	39,983	–	–	14,934	39,983
Management fee income	–	–	–	–	1,061	1,312	1,061	1,312
	1,502	11,138	14,934	39,983	1,061	1,312	17,497	52,433
Timing of transfer of goods or services								
At a point in time	1,502	2,878	14,934	39,983	1,061	1,312	17,497	44,173
Over time	–	8,260	–	–	–	–	–	8,260
	1,502	11,138	14,934	39,983	1,061	1,312	17,497	52,433

5. Other operating income

	Group	
	2020 \$'000	2019 \$'000
Forfeiture of deposits	–	38
Tentage and other rental	60	130
Management fee income from associated companies and joint venture companies	2,111	2,120
Others	617	666
	2,788	2,954

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

6. Personnel expenses

	Group	
	2020	2019
	\$'000	\$'000
Salaries and bonuses*	12,158	16,361
Central Provident Fund contributions	392	365
Other staff costs	420	602
	<u>12,970</u>	<u>17,328</u>

* Government grants relating to the various COVID-19 related wage support schemes available to the Group entities amounting to \$1,368,000 (2019: \$Nil) have been deducted from the respective staff costs reported for the year.

Personnel expenses include directors' remuneration set out in Note 8.

7. Finance expenses/(income)

	Note	Group	
		2020	2019
		\$'000	\$'000
(a) Finance expenses			
Interest expense on:			
- bank loans		6,963	6,419
- lease liabilities	35c	337	308
- bonds		9,003	11,740
- advances from associated companies/joint venture companies		464	388
- advances from non-controlling interests		1,813	1,730
- others		539	662
		<u>19,119</u>	<u>21,247</u>
Less: Interest capitalised in property, plant and equipment	11	-	(309)
		<u>19,119</u>	<u>20,938</u>
(b) Finance income			
Interest income from financial assets measured at amortised cost:			
- fixed deposits		(254)	(484)
- loans to associated companies		(645)	(887)
- loans to joint venture companies		(1,251)	(2,980)
- promissory notes and other receivables		(2,405)	(2,301)
		<u>(4,555)</u>	<u>(6,652)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

8. (Loss)/profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Note	Group 2020 \$'000	2019 \$'000
Audit fees paid to:			
- auditor of the Company		244	271
- other auditors		284	169
Non-audit fees paid to:			
- auditor of the Company		42	69
- other auditors		92	91
Directors' remuneration		904	1,062
Directors' fees		293	415
Impairment losses on financial assets			
- amount due from associated companies and joint ventures companies (non-trade)		2,217	3,300
- other receivables		15,200	-
Impairment of property, plant and equipment		41,760	-
Property tax*		663	3,342
Lease expenses	35c	6	58
Fair value losses on derivative financial instruments		2,220	146
Repairs and maintenance on investment properties		858	728

* Government grants relating to COVID-19 property tax rebate available to the Group entities amounting to \$2,271,000 (2019: \$Nil) have been deducted from property tax reported for the year.

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

	Group 2020 \$'000	2019 \$'000
<i>Statement of comprehensive income:</i>		
Current income tax:		
- Current year	1,733	2,156
- (Over)/under provision in respect of previous years	(78)	94
	1,655	2,250
Deferred income tax:		
- Reversal and origination of temporary differences	2	672
- Over provision in respect of previous years	(188)	-
	(186)	672
Income tax expense recognised in profit or loss	1,469	2,922

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

9. Income tax expense (cont'd)

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 2019 are as follows:

	Group	
	2020	2019
	\$'000	\$'000
(Loss)/profit before tax	(26,178)	14,557
Tax at the domestic rates applicable to profits in the countries where the Group operates	(4,850)	2,729
Adjustments:		
Non-deductible expenses	17,244	3,851
Income not subject to taxation	(13,969)	(2,364)
Effect of tax rebate and partial tax exemption	(72)	(99)
Deferred tax assets not recognised	2,858	439
(Over)/under-provision in respect of previous years	(266)	94
Share of results of associated companies and joint venture companies	(286)	(1,871)
Tax losses not allowed to be carried forward	786	137
Others	24	6
Income tax expense recognised in profit or loss	1,469	2,922

10. (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted (loss)/earnings per share is calculated by dividing (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the (loss)/profit and share data used in the computation of basic and diluted (loss)/earnings per share for the years ended 31 December:

	Group	
	2020	2019
	\$'000	\$'000
(Loss)/profit for the year attributable to owners of the Company used in the computation of basic earnings per share and diluted earnings per share	(6,452)	13,184
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic (loss)/earnings per share and diluted (loss)/earnings per share computation	487,735	487,735

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

11. Property, plant and equipment

Group	Freehold and leasehold land \$'000	Freehold and leasehold buildings ⁽¹⁾ \$'000	Plant and equipment \$'000	Renovations \$'000	Motor vehicles \$'000	Equipment and fixtures \$'000	Furniture and fittings \$'000	Computers \$'000	Total \$'000
Cost:									
At 1 January 2019	96,063	120,377	3,700	624	950	728	3,197	749	226,388
Effect of adoption of SFRS(I) 16	6,110	-	-	-	-	-	-	-	6,110
At 1 January 2019 (restated)	102,173	120,377	3,700	624	950	728	3,197	749	232,498
Additions ⁽²⁾	131,938	39,733	-	(14)	130	2	2,125	290	174,204
Exchange differences	1,290	2,282	-	-	(1)	2	7	(2)	3,578
At 31 December 2019 and 1 January 2020	235,401	162,392	3,700	610	1,079	732	5,329	1,037	410,280
Additions ⁽²⁾	27,449	4,969	-	-	-	-	553	191	33,162
Transfer to assets held for sale (Note 19)	-	(2,623)	-	-	-	-	-	-	(2,623)
Exchange differences	5,401	3,119	-	-	1	9	70	8	8,608
At 31 December 2020	268,251	167,857	3,700	610	1,080	741	5,952	1,236	449,427
Accumulated depreciation:									
At 1 January 2019	8	2,385	3,634	559	529	352	1,444	572	9,483
Charge for the year	-	2,948	40	28	125	77	1,093	142	4,453
Exchange differences	-	956	-	(14)	(2)	130	(206)	(2)	862
At 31 December 2019 and 1 January 2020	8	6,289	3,674	573	652	559	2,331	712	14,798
Charge for the year	-	4,739	26	28	138	33	837	189	5,990
Transfer to assets held for sale (Note 19)	-	(263)	-	-	-	-	-	-	(263)
Exchange differences	-	125	-	-	-	3	28	3	159
At 31 December 2020	8	10,890	3,700	601	790	595	3,196	904	20,684
Impairment:									
At 1 January 2019, 31 December 2019 and 1 January 2020	-	-	-	-	-	-	-	-	-
Charge for the year (Note 8)	-	(41,760)	-	-	-	-	-	-	(41,760)
At 31 December 2020	-	(41,760)	-	-	-	-	-	-	(41,760)
Net carrying amount:									
At 31 December 2019	235,393	156,103	26	37	427	173	2,998	325	395,482
At 31 December 2020	268,243	115,207	-	9	290	146	2,756	332	386,983

(1) As at 31 December 2020, included in freehold and leasehold buildings is an amount of \$10,130,000 (2019: \$37,162,000) which relates to expenditure for hotels in the course of construction.

(2) During the financial year ended 31 December 2019, the Group acquired property, plant and equipment of \$174,204,000 resulting from acquisition of business.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

11. Property, plant and equipment (cont'd)

Company	Renovations \$'000	Motor vehicles \$'000	Equipment and fixtures \$'000	Furniture and fittings \$'000	Computers \$'000	Total \$'000
Cost:						
At 1 January 2019	12	498	71	18	588	1,187
Additions	-	177	-	-	15	192
At 31 December 2019 and 1 January 2020	12	675	71	18	603	1,379
Additions	-	-	-	-	72	72
Disposal	-	(498)	-	-	(10)	(508)
At 31 December 2020	12	177	71	18	665	943
Accumulated depreciation:						
At 1 January 2019	12	212	71	18	478	791
Charge for the year	-	114	-	-	69	183
At 31 December 2019 and 1 January 2020	12	326	71	18	547	974
Charge for the year	-	118	-	-	64	182
Disposal	-	(395)	-	-	(10)	(405)
At 31 December 2020	12	49	71	18	601	751
Net carrying amount:						
At 31 December 2019	-	349	-	-	56	405
At 31 December 2020	-	128	-	-	64	192

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

11. Property, plant and equipment (cont'd)

Acquisition of businesses

Acquisition of Crowne Plaza London Kensington ("CPK") hotel

In April 2019, the Group acquired the entire share capital of LC (London) Ltd (now known as CPK (London) Limited) through its 60% owned subsidiary, Prospere Glory Pte. Ltd. LC (London) Ltd is a hotel operation and property investment company whose primary asset is the CPK hotel. Upon the acquisition, LC (London) Ltd became a 60% subsidiary of the Group.

The fair value of the identifiable assets and liabilities of CPK as at the date of acquisition were:

	Fair value recognised on acquisition \$'000
Property, plant and equipment	143,424
Trade and other receivables	64,314
Cash and bank balances	3,515
	<u>211,253</u>
Trade payables	1,024
Other payables	16,146
Loans and borrowings	93,226
	<u>110,396</u>
Total identifiable net assets at fair value	100,857
Total consideration transferred (Cash paid)	<u>100,857</u>

The Group has early adopted SFRS(I) 3 and determined that the set of activities and assets acquired for CPK is not a business.

Impairment of property, plant and equipment

During the year, management assessed the recoverable amounts of the property, plant and equipment of the hospitality segment in United Kingdom. Based on the current market condition due to COVID-19, the Group recognised an impairment loss of \$41,760,000 (2019: \$Nil).

The recoverable amount was based on independent valuation and management's value-in-use calculation using the discounted cash flow method. The fair value measurement is categorised as Level 3 of the fair value hierarchy.

The following table shows the valuation technique as well as the significant unobservable inputs used:

Valuation method	Key unobservable inputs	Operating Segments United Kingdom	Inter-relationship between unobservable inputs and fair value measurement
Discounted cash flow method	Discounted rate 2020	7.0% to 11.8%	The estimated fair value varies inversely against the discount rate and terminal yield rate
	Terminal yield rate 2020	5.0% to 9.8%	

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For the financial year ended 31 December 2020

11. Property, plant and equipment (cont'd)

Capitalisation of borrowing costs

During the year, borrowing costs of \$Nil (2019: \$309,000), arising from borrowings obtained specifically for the freehold land and buildings were capitalised. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation range is Nil% (2019: 2.10%) per annum.

Assets held under finance leases

As at 31 December 2020, the Group and Company have motor vehicles held under finance leases with a net carrying amount of approximately \$64,000 and \$Nil (2019: \$414,000 and \$349,000) respectively.

Assets pledged as security

The Group's freehold and leasehold land and buildings are mortgaged to banks to secure banking facilities granted to the Group (Note 29).

Assets held for sale

The Group intends to dispose certain freehold and leasehold buildings and has engaged an external consultant to assist in the sale during the year. The sale is expected to be completed within a year from the reporting date. In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, a net carrying amount of approximately \$2,360,000 (2019: \$Nil) was classified as assets held for sale (Note 19).

12. Investment properties

	Group	
	2020	2019
	\$'000	\$'000
Balance sheet		
<u>Investment properties</u>		
Balance at beginning of year	171,976	164,810
Exchange differences	699	688
Gains from fair value adjustments recognised in profit or loss	54,584	6,478
Disposal of investment property	(1,139)	-
Transfer to assets held for sale (Note 19)	(2,143)	-
Balance at end of year	<u>223,977</u>	<u>171,976</u>
Statement of comprehensive income:		
Rental income from investment properties and investment property held for sale:		
- Minimum lease payments	<u>8,047</u>	<u>11,086</u>
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	<u>597</u>	<u>2,153</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

12. Investment properties (cont'd)

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.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2020 and 31 December 2019. The valuations were performed by Colliers International Consultancy & Valuation (Singapore) Pte. Ltd., 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. Details of valuation technique and inputs used are disclosed in Note 39.

Properties pledged as security

All investment properties are mortgaged to banks to secure banking facilities granted to the Group (Note 29).

The Group's investment properties as at 31 December 2020 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	72 years
62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity
Adam House (7-10 Adam Street, London, United Kingdom)	Serviced office	Freehold	Freehold
2 units (2019: 3) at Sawmill Studio* (17-20 Parr Street, London, United Kingdom)	Residential	Freehold	Freehold

* The Group entered into agreements for the sale of investment properties. In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, these investment properties were classified as assets held for sale (Note 19).

13. Subsidiaries

(a) Investment in subsidiaries comprises:

	Company	
	2020	2019
	\$'000	\$'000
Unquoted equity shares, at cost	26,417	26,417
Less: Impairment losses	(2,335)	(2,335)
Carrying amount of investments	24,082	24,082
Movements of impairment losses:		
At beginning of year	2,335	1,834
Charge for the year	-	501
At end of year	2,335	2,335

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. Subsidiaries (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group	
			2020 %	2019 %
	Held by the Company			
*	Heeton Estate Pte Ltd (Singapore)	Property investment holding	100	100
*	Heeton Venture (Overseas) Pte. Ltd. (Singapore)	Investment holding	100	100
*	Heeton Land Pte. Ltd. (Singapore)	Property investment holding	100	100
*	Heeton Management Pte Ltd (Singapore)	Provision of administrative and management services	100	100
*	Heeton Properties Pte. Ltd. (Singapore)	Dormant	100	100
*	Heeton Venture (Asia) Pte. Ltd. (Singapore)	Investment holding	100	100
*	Heeton Venture (China) Pte. Ltd. (Singapore)	Dormant	100	100
*	Heeton Homes Pte. Ltd. (Singapore)	Investment holding	100	100
*	Heeton Capital Pte. Ltd. (Singapore)	Investment holding	100	100
*	MHP Pte. Ltd. (Singapore)	Investment holding	100	100
*	Heeton Invesco Pte. Ltd. (Singapore)	Investment holding	100	100
*	Heeton Corporation Pte. Ltd. (Singapore)	Investment holding	100	100
*	Kim Leong Development Pte Ltd (Singapore)	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. Subsidiaries (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group	
			2020 %	2019 %
	Held through subsidiaries			
*	Prospere Development Pte. Ltd. (Singapore)	Investment holding	100	100
*	Prospere Holdings Pte. Ltd. (Singapore)	Investment holding	70	70
**	Fortitude Valley (Hotels) Pty Ltd (Australia)	Property investment holding	70	70
*	Wickham Invesco Pte. Ltd. (Singapore)	Investment holding	55	55
**	Wickham 186 Pty Ltd (Australia)	Investment holding	55	55
**	186 Wickham Street (Residential) Pty Ltd (Australia)	Property Development	55	55
*	Adam Street Pte. Ltd. (Singapore)	Investment holding	100	100
**	Acework Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property investment holding	100	100
***	Adam Street Limited (England & Wales)	Property management	100	100
*	Venture (UK) Pte. Ltd. (Singapore)	Investment holding	100	100
**	Chatteris Development Limited (British Virgin Islands)	Investment holding	100	100
***	Woodley Hotels (Kensington) Limited (England & Wales)	Property investment holding	100	100
***	Chatteris Kensington Limited (England & Wales)	Hotel operation	100	100
**	Ace Zone Holdings Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property investment holding	80	80

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For the financial year ended 31 December 2020

13. Subsidiaries (cont'd)

Name of company (Country of incorporation and place of business)		Principal activities	Equity interest held by the Group	
			2020 %	2019 %
Held through subsidiaries (cont'd)				
*	Glenthorne Pte. Ltd. (Singapore)	Investment holding	80	80
*	Fairmont Land Pte. Ltd. (Singapore)	Investment holding	70	70
**	Ultra Assets Holdings Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property development and property investment holding	70	70
**	Horizon Glory Holdings Limited (British Virgin Islands)	Investment holding	70	70
****	Gloucester Corinium Avenue Hotel Limited (England & Wales)	Property investment holding	70	70
****	Ensco 1154 Limited (England & Wales)	Hotel operation	70	70
**	Joy Light Ventures Limited (British Virgin Islands)	Investment holding	70	70
****	Bradford Prince Court Hotel Limited (England & Wales)	Property investment holding	70	70
****	Ensco 1155 Limited (England & Wales)	Hotel operation	70	70
****	Heeton SG50 Limited (England & Wales)	Provision of administrative and management services	100	100
****	Luma Concept Hotel Limited (England & Wales)	Hotel operation	80	80
**	Hoxton One Limited (British Virgin Islands)	Property investment holding	100	100
**	Hoxton Five Limited (British Virgin Islands)	Dormant	100	100
**	Hoxton Eight Limited (British Virgin Islands)	Property investment holding	100	100
*	Oldham Street Pte. Ltd. (Singapore)	Investment holding	75	75

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. Subsidiaries (cont'd)

Name of company (Country of incorporation and place of business)		Principal activities	Equity interest held by the Group	
			2020 %	2019 %
Held through subsidiaries (cont'd)				
**	Treasure Choice Enterprises Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property investment holding	75	75
*****	Heeton Hospitality (IHQ) Limited (Thailand)	Dormant	100	100
*	Leeds Bridge Pte. Ltd. (Singapore)	Investment holding	65	65
**	Ease Treasure Holdings Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property investment holding	65	65
****	Leeds Bridge Street Hotel Limited (England & Wales)	Hotel operation	65	65
*	Prospere Horizon Pte. Ltd. (Singapore)	Investment holding	100	100
*****	Dawa Hospitality Private Limited (Bhutan)	Property investment holding	74	74
*	Prospere Bliss Pte. Ltd. (Singapore)	Investment holding	70	70
**	Ippan Shadan Hojin SH012 (Japan)	Investment holding	70	70
**	Godo Kaisha GK012 (Japan)	Property investment holding	70	70
*****	Edinburgh Hope and Glory Limited (England & Wales)	Property investment holding	100	100
*****	Edinburgh Eternal Spring Limited (England & Wales)	Hotel operation	100	100
*	Prospere Glow Pte. Ltd. (Singapore)	Investment holding	60	60
****	Liverpool Days Limited (England & Wales)	Property Investment holding	60	60
****	Liverpool Operation Limited (England & Wales)	Hotel operation	60	60

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. Subsidiaries (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group	
			2020 %	2019 %
	Held through subsidiaries (cont'd)			
*****	Glasgow Groove Limited (England & Wales)	Property investment holding	60	60
*****	Glasgow Waterloo Limited (England & Wales)	Hotel operation	60	60
*	Prosperre Glory Pte. Ltd. (Singapore)	Investment holding	60	60
*****	CPK (London) Limited (England & Wales)	Hotel operation and property investment holding	60	60
**	Heeton Management (UK) Limited (England & Wales)	Dormant	100	–
*	Audited by Ernst & Young LLP, Singapore.			
**	Not required to be audited in the respective country of incorporation.			
***	Audited by a member firm of EY Global.			
****	Audited by LB Group, United Kingdom.			
*****	Audited by Horwath (Thailand) Limited.			
*****	Audited by Brandon Kinzang and Associates, Bhutan.			
*****	Audited by Ferguson Maidment & Co., United Kingdom.			

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. Subsidiaries (cont'd)

(b) Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	(Loss)/profit allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000	Dividends paid to NCI \$'000
31 December 2020:					
CPK (London) Limited	England & Wales	40%	(9,918)	(9,212)	–
Glasgow Groove Limited	England & Wales	40%	(171)	(623)	–
Ace Zone Holdings Limited	England & Wales	20%	(1,104)	(1,575)	–
Liverpool Days Limited	England & Wales	40%	(1,277)	(1,277)	–
31 December 2019:					
CPK (London) Limited	England & Wales	40%	706	706	–
Glasgow Groove Limited	England & Wales	40%	(393)	(452)	–
Ace Zone Holdings Limited	England & Wales	20%	(215)	(471)	–
Liverpool Days Limited	England & Wales	40%	–	–	–
Chatteris Development Limited	British Virgin Islands	20%*	(204)	(1,108)	–
Woodley Hotels (Kensington) Limited	England & Wales	20%*	40	4,315	–
Acework Limited	British Virgin Islands	25%*	(100)	1,429	–

* In 2019, the Group had acquired the remaining equity interests in these subsidiaries. Accordingly, the Group holds 100% of equity interest in these subsidiaries as at 31 December 2019.

Significant restrictions:

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. Subsidiaries (cont'd)

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	CPK (London) Limited		Glasgow Groove Limited		Ace Zone Holdings Limited		Liverpool Days Limited		Woodley Hotels (Kensington) Limited		Chatteris Development Limited		Acework Limited	
	2020	2019	2020	2019	2020	2019	2020	2019	31.8.2019	31.8.2019	31.8.2019	31.8.2019	31.8.2019	31.8.2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current														
Assets	48,763	73,436	1,635	659	4,099	2,959	1,259	-	1,847	9,130	2,735			
Liabilities	(2,091)	(4,200)	(10,614)	(8,990)	(26,796)	(27,594)	(13,709)	-	(25,933)	(40,038)	(16,446)			
Net current assets/(liabilities)	46,672	69,236	(8,979)	(8,331)	(22,697)	(24,635)	(12,450)	-	(24,086)	(30,908)	(13,711)			
Non-current														
Assets	148,195	146,520	16,998	16,973	43,572	50,379	24,290	-	46,350	25,368	29,888			
Liabilities	(111,950)	(110,065)	(9,607)	(9,773)	(28,810)	(28,100)	(15,040)	-	(690)	-	(10,463)			
Net non-current assets	36,245	36,455	7,391	7,200	14,762	22,279	9,250	-	45,660	25,368	19,425			
Net assets/(liabilities)	82,917	105,691	(1,588)	(1,131)	(7,935)	(2,356)	(3,200)	-	21,574	(5,540)	5,714			

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. Subsidiaries (cont'd)

(c) Summarised financial information about subsidiaries with material NCI (cont'd)

Summarised statement of comprehensive income

	CPK (London) Limited		Glasgow Groove Limited		Ace Zone Holdings Limited		Liverpool Days Limited		Woodley Hotels (Kensington) Limited		Chatteris Development Limited		Acework Limited	
	2020	2019	2020	2019	2020	2019	2020	2019	31.8.2019	31.8.2019	31.8.2019	31.8.2019	31.8.2019	31.8.2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	4,609	16,552	851	834	1,699	1,669	521	-	1,111	-	-	-	555	-
(Loss)/profit before income tax	(24,956)	2,207	(428)	(982)	(5,519)	(1,075)	(3,192)	-	200	(1,019)	(1,019)	(1,019)	(353)	(48)
Income tax expense	160	(442)	-	-	-	-	-	-	-	-	-	-	(48)	(48)
Profit/(loss) after tax	(24,796)	1,765	(428)	(982)	(5,519)	(1,075)	(3,192)	-	200	(1,019)	(1,019)	(1,019)	(401)	(401)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/profit	(24,796)	1,765	(428)	(982)	(5,519)	(1,075)	(3,192)	-	200	(1,019)	(1,019)	(1,019)	(401)	(401)
Other summarised information														
Net cash flows generated from/(used in) operations	(4,924)	2,148	1,235	183	1,101	(572)	(731)	-	717	(37)	(37)	(37)	128	128
Acquisition of significant property, plant and equipment	-	143,424	-	-	-	-	27,258	-	-	-	-	-	-	-

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For the financial year ended 31 December 2020

14. Associated companies

The Group's material investment in associated companies are summarised below:

	Group	
	2020	2019
	\$'000	\$'000
Econolodge Co., Ltd	13,588	14,169
Unique Development Pte. Ltd.	1,608	1,180
Unique Capital Pte. Ltd.	1,608	2,731
Unique Rezi Pte. Ltd.	1,211	1,220
Other associated companies	(1,851)	1,956
	16,164	21,256

The Group has not recognised losses relating to certain associated companies where its share of losses exceeds the Group's interest in these associated companies. The Group's cumulative share of unrecognised losses at the end of the reporting period was \$5,797,000 (2019: \$5,624,000), of which \$173,000 (2019: \$23,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest	
			2020 %	2019 %
	Held through subsidiaries			
**	Dalvey Estate Ltd. (Thailand)	Dormant	38.98	38.98
**	Dalvey Residence Co., Ltd. (Thailand)	Investment holding	38.98	38.98
**	Dalvey Holdings Ltd. (Thailand)	Investment holding	49.00	49.00
***	Residenza Pte. Ltd. (Singapore)	Property development	36.00	36.00
***	Unique Realty Pte. Ltd. (Singapore)	Property development	40.00	40.00
***	Unique Consortium Pte. Ltd. (Singapore)	Investment holding	35.00	35.00
***	Unique Capital Pte. Ltd. (Singapore)	Investment holding	40.00	40.00
***	Unique Development Pte. Ltd. (Singapore)	Property development	45.00	45.00
***	Unique Invesco Pte. Ltd. (Singapore)	Investment holding	25.00	25.00

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest	
			2020 %	2019 %
Held through subsidiaries (cont'd)				
***	Unique Rezi Pte. Ltd. (Singapore)	Investment holding	42.00	42.00
##	Jiujiang Heeton Enterprise Limited (People's Republic of China)	Dormant	30.00	30.00
***	Unique Resi Estate Pte. Ltd. (Singapore)	Property development	30.00	30.00
** @	Dalvey Hospitality Co., Ltd. (Thailand)	Investment holding	73.99	73.99
* @	Econolodge Co., Ltd. (Thailand)	Hotel operation and property investment holding	86.74	86.74
###	KBD Westwood Pte. Ltd. (Singapore)	Property development	20.00	20.00
####	Eden I Residences Pte. Ltd. (Singapore)	Investment holding	30.00	30.00
***	Prospere Hotels Pte. Ltd. (Singapore)	Investment holding	30.00	30.00
***	SH Sapporo Pte. Ltd. (Singapore)	Investment holding	20.00	20.00
***	Development 24 Pte. Ltd. (Singapore)	Property development	10.00	10.00
***	Development 26 Pte. Ltd. (Singapore)	Property development	10.00	10.00
***	Development 32 Pte. Ltd. (Singapore)	Property development	10.00	10.00
#	KAP Holdings (China) Pte. Ltd. (Singapore)	Investment holding	15.00	15.00
*****	Unique Commercial Pte. Ltd. (Singapore)	Property development	15.00	15.00
#####	Panareno Sdn. Bhd. (Malaysia)	Property development	15.00	15.00
***	KAP Hotel (Investments) Pte. Ltd. (Singapore)	Investment holding	40.00	40.00

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest	
			2020 %	2019 %
	Held through associated companies			
**	Dalvey Park Co., Ltd. (Thailand)	Investment holding	49.00	49.00
*	Barracuda Group Co., Ltd (Thailand)	Hotel operation and property investment holding	38.98	38.98
**	Dalvey Place Co., Ltd. (Thailand)	Property development and property investment holding	49.00	49.00
#	Oxley Viva Pte. Ltd. (Singapore)	Property development	12.25	12.25
#	Oxley YCK Pte. Ltd. (Singapore)	Property development and property investment holding	12.25	12.25
#	Oxley Sanctuary Pte. Ltd. (Singapore)	Property development	12.60	12.60
***	Mountbatten Edge Pte. Ltd. (Singapore)	Property investment holding	16.00	16.00
##	Manchester Property Holdings Limited (Jersey)	Property investment holding	30.00	30.00
****	Ensco 1160 Limited (England and Wales)	Hotel operation	30.00	30.00
#####	Eden I Residences Vietnam Company Limited (Vietnam)	Property development and property investment holding	30.00	30.00
##	Ippan Shadan Hojin SH002 (Japan)	Investment holding	20.00	20.00
##	Godo Kaisha GK002 (Japan)	Property investment holding	20.00	20.00
#	Oxley Serangoon Pte. Ltd. (Singapore)	Property development	5.00	5.00

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest	
			2020	2019
			%	%
Held through associated companies (cont'd)				
*****	Sino-Singapore KAP Construction Co., Ltd (People's Republic of China)	Property development	7.50	7.50
*****	Hebei Yue Zhi Real Estate Development Co., Ltd. (People's Republic of China)	Property development	7.50	7.50
@@	Yuedong International Hotel Co., Ltd. (People's Republic of China)	Dormant	28.57	28.57
*	Audited by member firm of Ernst & Young Global in Thailand.			
**	Audited by Horwath (Thailand) Limited.			
***	Audited by Ernst & Young LLP, Singapore.			
****	Audited by LB Group, United Kingdom			
*****	Audited by Baker Tilly TFW LLP, Singapore.			
*****	Audited by Baoding Jiahe Certified Public Accountants Co., Ltd, People's Republic of China			
#	Audited by RSM Chio Lim LLP, Singapore.			
##	Not required to be audited in the respective country of incorporation.			
###	Audited by Pricewaterhousecoopers LLP, Singapore.			
####	Audited by CPA Link Certified Public Accountants, Singapore.			
#####	Audited by Cherng & Co., Chartered Accountants (M), Malaysia.			
#####	Audited by Orbis Legal Advisory LLP, Thailand.			
#####	Audited by DFK Vietnam Auditing Company, Vietnam.			
@	Classified as associated companies based on agreed terms in the shareholders agreement that the Group does not have control.			
@@	Audited by Baoding Fung biao Certified Public Accountants Co., People's Republic of China.			

Aggregate information about the Group's investments in associated companies that are not individually material are as follows:

	Group	
	2020 \$'000	2019 \$'000
(Loss)/profit after tax from continuing operations	(1,592)	754
Other comprehensive income	-	-
Total comprehensive (loss)/income	(1,592)	754

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

14. Associated companies (cont'd)

The summarised financial information in respect of the material investments in associated companies, based on its SFRS(I) financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Econolodge Co., Ltd		Unique Development Pte. Ltd.		Unique Capital Pte. Ltd.		Unique Rezi Pte. Ltd.	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets	1,864	2,001	4,303	2,386	18	19	55	70
Non-current assets excluding goodwill	4,189	5,101	-	943	9,231	12,491	2,855	2,842
Total assets	6,053	7,102	4,303	3,329	9,249	12,510	2,910	2,912
Current liabilities	(561)	(940)	(730)	(707)	(136)	(103)	(27)	(7)
Non-current Liabilities	-	-	-	-	(5,092)	(5,580)	-	-
Total liabilities	(561)	(940)	(730)	(707)	(5,228)	(5,683)	(27)	(7)
Net assets	5,492	6,162	3,573	2,622	4,021	6,827	2,883	2,905
Net assets excluding goodwill	5,492	6,162	3,573	2,622	4,021	6,827	2,883	2,905
Proportion of the Group's ownership	86.74%	86.74%	45%	45%	40%	40%	42%	42%
Group's share of net assets	4,764	5,345	1,608	1,180	1,608	2,731	1,211	1,220
Negative goodwill on acquisition	(564)	(564)	-	-	-	-	-	-
Other adjustments ⁽¹⁾	9,388	9,388	-	-	-	-	-	-
Carrying amount of the investment	13,588	14,169	1,608	1,180	1,608	2,731	1,211	1,220

⁽¹⁾ Other adjustments comprise of fair value adjustments to the assets of the associated company.

Summarised statement of comprehensive income

	Econolodge Co., Ltd		Unique Development Pte. Ltd.		Unique Capital Pte. Ltd.		Unique Rezi Pte. Ltd.	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	2,611	4,689	-	-	-	-	-	-
Share of results of associated companies	-	-	-	-	(2,787)	(425)	(9)	(86)
Loss from continuing operations	(581)	(210)	(90)	(712)	(2,814)	(451)	(23)	(124)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss	(581)	(210)	(90)	(712)	(2,814)	(451)	(23)	(124)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15. Joint venture companies

The Company's investment in joint venture companies comprises:

	Company	
	2020	2019
	\$'000	\$'000
Unquoted equity shares, at cost	5,000	5,000

The Group's material investments in joint venture companies are summarised below:

	Group	
	2020	2019
	\$'000	\$'000
Canberra Development Pte Ltd	93,668	93,959
Unique Residence Pte. Ltd.	4,361	17,725
Unique Real Estate Pte. Ltd.	722	(2,861)
Other joint venture companies	(1,342)	2,872
	97,409	111,695

Details of the joint venture companies are as follows:

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest	
			2020 %	2019 %
*	Canberra Development Pte Ltd (Singapore)	Property investment holding	50	50
	Held through subsidiaries			
*	Phileap Pte. Ltd. (Singapore)	Property development	25	25
*	Unique Residence Pte. Ltd. (Singapore)	Investment holding	50	50
*	Unique Real Estate Pte. Ltd. (Singapore)	Investment holding	50	50
*	Atlantic Star Pte. Ltd. (Singapore)	Provision of property management	50	50

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15. Joint venture companies (cont'd)

Details of the joint venture companies are as follows (cont'd):

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest	
			2020 %	2019 %
	Held through joint venture companies			
*	Fernvale Development Pte. Ltd. (Singapore)	Property development	20	20
*	CEL Unique Pte. Ltd. (Singapore)	Investment holding	20	20
*	CEL Unique Holdings Pte. Ltd. (Singapore)	Investment holding	20	20
*	CEL Unique Development Pte. Ltd. (Singapore)	Property development	20	20
*	Audited by Ernst & Young LLP, Singapore.			

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15. Joint venture companies (cont'd)

Summarised financial information in respect of the Group's material investments in joint venture companies, based on its SFRS(I) financial statements, and reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

Summarised balance sheet

	Canberra Development Pte. Ltd.		Unique Residence Pte. Ltd.		Unique Real Estate Pte. Ltd.	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	8,106	7,813	43	152	224	242
Other current assets	77,148	31,138	-	-	-	-
Trade receivables	126	124	-	-	-	-
Current assets	85,380	39,075	43	152	224	242
Non-current assets	373,390	373,194	8,965	35,680	135,734	123,467
Total assets	458,770	412,269	9,008	35,832	135,958	123,709
Current liabilities	(8,597)	(3,004)	(13)	(109)	(3)	(3)
Non-current liabilities (excluding trade, other payables and provision)	(262,033)	(217,000)	(273)	(273)	(134,511)	(129,428)
Other non-current liabilities	(804)	(4,347)	-	-	-	-
Total non-current liabilities	(262,837)	(221,347)	(273)	(273)	(134,511)	(129,428)
Total liabilities	(271,434)	(224,351)	(286)	(382)	(134,514)	(129,431)
Net assets	187,336	187,918	8,722	35,450	1,444	(5,722)
Net assets excluding goodwill	187,336	187,918	8,722	35,450	1,444	(5,722)
Proportion of the Group's ownership	50%	50%	50%	50%	50%	50%
Group's share of net assets	93,668	93,959	4,361	17,725	722	(2,861)
Carrying amount of the investment	93,668	93,959	4,361	17,725	722	(2,861)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15. Joint venture companies (cont'd)

Summarised statement of comprehensive income

	Canberra Development Pte. Ltd.		Unique Residence Pte. Ltd.		Unique Real Estate Pte. Ltd.	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	20,320	24,841	-	-	-	-
Operating income, net	10,827	25,903	57	427	7,176	1,693
Interest income	-	826	-	2,813	2,491	5,832
Interest expense	(4,408)	(7,167)	-	(2,061)	(2,501)	(5,959)
Profit before tax	6,419	19,562	57	1,179	7,166	1,566
Income tax expense	(1,002)	(1,324)	15	(104)	-	-
Profit after tax, representing total comprehensive income	5,417	18,238	72	1,075	7,166	1,566

Aggregate information about the Group's investments in joint venture companies that are not individually material is as follows:

	Group	
	2020	2019
	\$'000	\$'000
(Loss)/profit after tax from continuing operations	(783)	1,334
Other comprehensive expense	-	-
Total comprehensive (loss)/income	(783)	1,334

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

16. Amounts due from/to associated companies and joint venture companies (non-trade)

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<i>Non-current portion:</i>				
Amounts due from associated companies	80,055	78,087	-	-
Amounts due from joint venture companies	83,437	72,502	-	-
	163,492	150,589	-	-
Less: Allowance for expected credit loss	(5,517)	(3,300)	-	-
	157,975	147,289	-	-
<i>Current portion:</i>				
Amounts due from associated companies	2,088	740	100	78
Amounts due from joint venture companies	1,086	59	1,070	1
	3,174	799	1,170	79
Amounts due to associated companies	7,325	8,927	-	-
Amounts due to joint venture companies	42,651	21,194	38,515	17,058
	49,976	30,121	38,515	17,058

Amounts due from/to associated companies and joint venture companies are non-trade related, unsecured and are to be settled in cash. These amounts are expected to be repaid from 2022 to 2025.

Amounts due from associated companies are interest free except for an amount of \$23,744,000 (2019: \$24,207,000) denominated in Thai Baht which bear interest at 4.50% (2019: 4.50%) per annum and an amount of \$18,794,000 (2019: \$18,877,000) denominated in Singapore Dollars which bear interest at rates ranging from 1.00% to 5.28% (2019: 1.00% to 5.28%) per annum.

Amounts due from joint venture companies are interest free except for an amount of \$64,015,000 (2019: \$64,559,000) denominated in Singapore Dollars which bears interest at rates ranging from 1.00% to 5.28% (2019: 2.30% to 5.28%) per annum. Amounts due to joint venture companies of \$36,500,000 (2019: 15,508,000) bear interest at 2.50% (2019: 2.50%) per annum.

Amounts due to associated companies (non-trade) are unsecured, non-interest bearing and are not expected to be repaid within the next twelve months. These balances are to be settled in cash.

Expected credit loss

The movement in allowance for expected credit losses of amount due from associated companies and joint venture companies are as follows:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
At 1 January	3,300	-	-	-
Provision for expected credit losses	2,217	3,300	-	-
At 31 December	5,517	3,300	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

17. Intangible assets

	Goodwill \$'000
Group	
Cost:	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	175
Accumulated impairment:	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	(66)
Net carrying amount:	
At 31 December 2019 and 31 December 2020	109

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to the individual entity which is also the cash-generating unit ("CGU").

Allocated goodwill based on the CGU is as follows:

	Carrying amount as at		Basis on which recoverable amount is determined	Pre-tax discount rate
	2020 \$'000	2019 \$'000		
Heeton Estate Pte Ltd	109	109	Value-in-use	10%

A summary of goodwill allocated to the reportable segments to which this CGU belongs is presented below:

	Property investment \$'000
Net carrying amount:	
At 31 December 2019 and 2020	109

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering a 5-year period. The pre-tax discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium. The growth rate during the forecast period has been conservatively assumed to be zero in the absence of a reliable average growth rate for the industry in which the entity operates.

No impairment loss was required for the financial years ended 31 December 2020 and 2019 as the amount of discounted net cash inflows attributable to the CGU was in excess of the carrying amount of the goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

18. Development properties

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Comprise of:				
Development properties under construction	28,674	26,820	–	–
Completed development properties	7,067	7,986	7,067	7,986
	35,741	34,806	7,067	7,986

The development properties held by the Group (excluding associated companies/joint venture companies) as at 31 December 2020 are:

Name and Location	Percentage held (%)	Tenure	Proposed Development	Development	Approximate Land Area (sq m)	Approximate Gross Floor Area (sq m)	Estimated stage of completion as at date of annual report (%) (Expected year of completion)
Onze@Tanjong Pagar at 11 Kee Seng Street, Singapore	100	Freehold	Commercial and residential	Mixed development consisting of 56 residential units and 13 commercial units	1,373	5,572	100% (FY2017)
New York Road, Leeds, United Kingdom	70	Freehold	Commercial and residential	Proposed commercial and residential units to be confirmed	8,409	77,749	0% (to be confirmed)
186 Wickham Street Fortitude Valley, Queensland	55	Freehold	Residential	Proposed residential units to be confirmed	2,218	28,000	0% (to be confirmed)

19. Assets held for sale

	Investment properties \$'000	2020 Freehold and leasehold buildings \$'000	Total \$'000
Group			
Cost:			
Reclassification from investment properties (Note 12)	2,143	–	2,143
Reclassification from Property, plant and equipment (Note 11)	–	2,623	2,623
Accumulated depreciation:			
Reclassification from Property, plant and equipment (Note 11)	–	(263)	(263)
At 31 December 2020	2,143	2,360	4,503

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

19. Assets held for sale (cont'd)

In addition to information disclosed in Note 11 and 12, the Group's wholly-owned subsidiaries, Hoxton One Limited and Hoxton Eight Limited entered into agreements for the sale of their investment properties. In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, these investment properties were classified as assets held for sale at the end of the reporting period. The sale of the investment properties was completed subsequent to year end.

20. Trade receivables

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Trade receivables	512	1,698	–	31
Less: Allowance for expected credit losses	–	–	–	–
	512	1,698	–	31

Trade receivables are non-interest bearing and are generally on cash basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Expected credit loss

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

	Group		Company	
	2020	2019	2020	2019
At 1 January	–	17	–	–
Written off	–	(17)	–	–
At end of year	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. Other receivables

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<i>Non-current portion:</i>				
Senior notes receivables	–	4,000	–	4,000
Promissory notes receivables	20,500	14,000	–	14,000
Other receivables	8,912	–	–	–
	<u>29,412</u>	<u>18,000</u>	<u>–</u>	<u>18,000</u>
<i>Current portion:</i>				
Other receivables	17,808	24,426	16,540	11,786
Promissory notes receivables	14,000	18,000	14,000	–
Senior notes receivables	4,000	–	4,000	–
Less: Allowance for expected credit loss	(16,200)	(1,000)	(16,200)	(1,000)
	<u>19,608</u>	<u>41,426</u>	<u>18,340</u>	<u>10,786</u>
Deposits	269	2,695	7	41
	<u>19,877</u>	<u>44,121</u>	<u>18,347</u>	<u>10,827</u>

Non-current promissory notes receivables are unsecured, bear interest at 3.5% per annum and are repayable in 2022. (2019: Unsecured, bear interest at 5% per annum and are repayable in 2021, or if extended, repayable in 2022).

Current promissory notes receivables are unsecured and bear interest at 5.00% and are repayable in 2021, or if extended, repayable in 2022 (2019: unsecured, bear interest at 3.5% per annum and are repayable in 2022).

Senior notes receivables are unsecured, bear interest at 5% per annum and are repayable in 2021, or if extended, repayable in 2022.

Other receivables amounting to \$5,800,000 (2019: \$5,800,000) are unsecured and non-interest bearing for the initial 12 months from 19 July 2017, and bear interest at 3.00% per annum when extended thereafter. Other receivables amounting to \$12,141,000 (2019: \$11,266,000) are unsecured, bear interest at 5.00% (2019: 5.00%) per annum and repayable on demand. The remaining current other receivables of \$8,779,000 (2019: \$7,360,000) 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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
At 1 January	1,000	1,000	1,000	1,000
Provision for expected credit losses	15,200	–	15,200	–
At end of year	<u>16,200</u>	<u>1,000</u>	<u>16,200</u>	<u>1,000</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

22. Amounts due from/to subsidiaries (non-trade)

Amounts due from related parties (trade)

These balances are unsecured, non-interest bearing and are repayable on demand except for amounts due from subsidiaries of \$239,479,000 (2019: \$223,247,000) and amounts due to subsidiaries of \$131,255,000 (2019: \$130,949,000) which bear interest at 4.50% (2019: 4.50%) per annum. These amounts are to be settled in cash.

	Company	
	2020	2019
	\$'000	\$'000
Amounts due from subsidiaries	345,475	319,187
Less: Allowance for expected credit loss	(7,876)	(4,924)
	<u>337,599</u>	<u>314,263</u>

Expected credit loss

The movement in allowance for expected credit losses for amount due from subsidiaries are as follows:

	Company	
	2020	2019
	\$'000	\$'000
At 1 January	4,924	4,924
Provision for expected credit losses	2,952	-
At end of year	<u>7,876</u>	<u>4,924</u>

23. Fixed deposits

The fixed deposits of the Group and the Company have an average maturity of 77 days (2019: 48 days) and 75 days (2019: 44 days) respectively, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate of the fixed deposits as at 31 December 2020 for the Group and the Company were 0.62% (2019: 1.38%) and 0.63% (2019: 1.39%) respectively.

Included in fixed deposits comprises restricted cash of \$6,302,000 (2019: \$Nil) pledge to banks for facilities granted to a subsidiary.

24. Cash and bank balances

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Cash at bank	<u>49,050</u>	<u>63,924</u>	<u>22,134</u>	<u>28,813</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

25. Trade payables

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

26. Other payables and accruals

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current portion:				
<i>Financial liabilities:</i>				
Accrued operating expenses	7,947	9,766	3,276	4,704
Rental deposits received	453	1,079	5	41
Other deposits received	713	1,037	572	–
Other payables	2,623	5,854	–	–
	11,736	17,736	3,853	4,745
<i>Non-financial liabilities:</i>				
Advance rental received	246	21	–	3
Deferred lease income	–	143	–	–
Provision for interest support	121	121	121	121
	12,103	18,021	3,974	4,869
Non-current portion:				
<i>Financial liabilities</i>				
Rental deposits received	1,280	698	–	–

Provision for interest support arose from Group's guarantee to provide interest support for a period of up to 6 years relating to the purchasers' advances to its previously disposed subsidiary, Grange Invesco Pte. Ltd. (previously known as Heeton Residence Pte. Ltd.).

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

27. Bonds

The Group has two bond issues outstanding at the end of 31 December 2020, \$66,000,000 bonds due July 2021 and \$70,300,000 bonds due November 2023.

The \$66,000,000 bonds issued in 2018 are unsecured, bear interest at a fixed rate of 6.08% per annum and will mature in July 2021. In November 2020, the Company issued new \$70,300,000 bonds that are unsecured and bear interest at a fixed rate of 6.80% per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

28. Derivative financial instruments

	Group and Company			
	2020		2019	
	Outstanding notional amounts	Liabilities	Outstanding notional amounts	Liabilities
	\$'000	\$'000	\$'000	\$'000
Non-current:				
Interest rate swaps	90,038	2,366	52,959	146

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. As at 31 December 2020, the Pound Sterling interest rate swaps receive floating rate interest equal to 3-month LIBOR ranged from 0.03% to 0.73% (2019: 0.77% to 0.80%) and pay fixed rates of interest at 0.66% to 0.67% (2019: 0.66%). The interest rate swaps will mature in July 2024 and January 2025.

As at 31 December 2020, the Singapore Dollars interest rate swaps receive floating rate interest equal to 3-month SOR ranged from 0.16% to 0.88% (2019: Nil%) and pay fixed rates of interest at 0.48% to 0.61% (2019: Nil%). The Singapore Dollars interest rate swaps will mature between April 2021 and May 2022.

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.

29. Bank term loans

Details of bank term loans are as follows:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Secured	337,531	310,159	-	-
Repayable:				
- not later than 1 year	22,627	19,547	-	-
- 1 year through 5 years	314,904	290,612	5,000	-
	337,531	310,159	5,000	-

Terms loans are generally secured by:

The Group's bank term loans generally bear interest at floating rates ranging from 0.03% to 2.44% (2019: 1.02% to 4.07%) above bank's fixed rates per annum during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

30. Reconciliation of liabilities arising from financing activities

	1.1.2020	Cash flow	Non-cash changes			31.12.2020
			Acquisition	Foreign exchange movement	Other ⁽¹⁾	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank term loans (Note 29)						
- current	19,547	22,408	-	-	(19,328)	22,627
- non-current	290,612	-	-	4,964	19,328	314,904
Lease liabilities (Note 35(b))						
- current	389	(337)	-	10	381	443
- non-current	6,016	-	470	132	(381)	6,237
Bonds (Note 27)						
- current	75,000	(75,000)	-	-	66,000	66,000
- non-current	117,750	18,550	-	-	(66,000)	70,300
Amounts due to non-controlling interests (Note 31)						
- non-current	62,910	8,639	-	1,531	-	73,080
	1.1.2019	Cash flow	Non-cash changes			31.12.2019
			Acquisition	Foreign exchange movement	Other ⁽¹⁾	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank term loans (Note 29)						
- current	104,131	178,216	464		(263,264)	19,547
- non-current	26,833	-	515		263,264	290,612
Lease liabilities (Note 35(a))						
- current	365	(379)	-		403	389
- non-current	5,940	-	479		(403)	6,016
Bonds (Note 27)						
- current	-	-	-		75,000	75,000
- non-current	193,000	(250)	-		(75,000)	117,750
Amounts due to non-controlling interests (Note 31)						
- non-current	60,852	1,110	948		-	62,910

⁽¹⁾ Refers to classification of bonds, bank loans and finance lease obligations from non-current to current.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

31. Amounts due to non-controlling interests (non-trade)

Amounts due to non-controlling interest amounting to \$59,691,000 (2019: \$50,125,000) are denominated in Pound Sterling, \$3,189,000 (2019: \$2,744,000) are denominated in Australian Dollar and \$4,462,000 (2019: \$4,307,000) are denominated in Japanese Yen.

Amounts due to non-controlling interests of \$43,566,000 (2019: \$36,211,000) bear interest at 5.00% (2019: 5.00%) per annum. Amounts due to non-controlling interests of \$29,524,000 (2019: \$26,699,000) are non-interest bearing. These amounts are unsecured, have no fixed terms of repayment, and are not expected to be repaid within the next 12 months, and are to be settled in cash.

32. Deferred tax liabilities

Deferred tax liabilities arose as a result of:

	Group				Company	
	Consolidated statement of financial position		Consolidated statement of comprehensive income		Statement of financial position	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities						
Provisions	11	10	1	(97)	11	9
Tax depreciation	1,386	1,573	(187)	769	-	-
	<u>1,397</u>	<u>1,583</u>			<u>11</u>	<u>9</u>
Deferred tax (credit)/ expense			<u>(186)</u>	<u>672</u>		

As at 31 December 2020, the Group had unutilised tax losses of approximately \$12,146,000 (2019: \$6,335,000) available for offset against future taxable income, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which certain subsidiaries operate.

Tax consequences of proposed dividends

There are no income tax consequences (2019: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 43).

Unrecognised temporary differences relating to investments in associates

At the end of the reporting period, no deferred tax liability (2019: \$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's overseas associates as the overseas associates of the Group cannot distribute its earnings until it obtains the consent of the shareholders. At the end of the reporting period, the Group does not foresee giving such consent.

Such temporary differences for which no deferred tax liability has been recognised aggregate to \$15,000 (2019: \$15,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

33. Share capital

	Group and Company			
	Number of shares issued			
	2020	2019	2020	2019
			\$'000	\$'000
Issued and fully paid:				
At beginning of year	487,734,735	325,156,492	86,624	86,624
Issue of bonus share	-	162,578,243	-	-
At end of year	487,734,735	487,734,735	86,624	86,624

During the financial year ended 31 December 2019, the Company issued 162,578,243 new ordinary shares, fully paid at \$Nil consideration and without capitalisation of the Company's reserves, pursuant to a bonus issue. As a result of the above, the total number of issued shares has increased from 325,156,492 ordinary shares to 487,734,735 ordinary shares.

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.

34. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

35. Leases

Group as a lessee

a) *Right-of-use assets*

The Group has lease contracts for the rental of office premises and leasehold lands. These leases have an average tenure of three and 175 years respectively. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

The Group also has certain leases with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The carry amounts of the right-of-use assets recognised and the movements during the year is set out in Note 11 – Property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

35. Leases (cont'd)

Group as a lessee (cont'd)

a) Right-of-use assets (cont'd)

	Leasehold land	
	2020	2019
	\$'000	\$'000
Group		
As at 1 January	6,281	6,110
Exchange differences	(194)	171
Depreciation charge for the year	—*	—*
As at 31 December	6,087	6,281

* Denotes amount below \$1,000.

b) Lease liabilities

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Lease liabilities				
- current	443	389	—	50
- non-current	6,237	6,016	—	42
	6,680	6,405	—	92

The movements of lease liabilities during the year are disclosed in Note 30 and the maturity analysis is disclosed in Note 40(b).

c) Amounts recognised in profit or loss

	Group	
	2020	2019
	\$'000	\$'000
Depreciation of right-of-use assets	—*	—*
Interest expense on lease liabilities (Note 7)	337	308
Lease expenses not capitalised in lease liabilities:		
- Expenses relating to leases of short-term leases (included in other operating expenses) (Note 8)	6	58
Total amount recognised in profit or loss	343	366

* Denotes amount below \$1,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

35. Leases (cont'd)

Group as a lessee (cont'd)

d) *Total cash outflow*

The Group had total cash outflows for leases of \$680,000 (2019: \$745,000).

Group as a lessor

The Group has entered into property leases on its investment properties. These non-cancellable leases have remaining lease terms of between one and five years.

Future minimum rental receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Lease payments receivables		
- not later than 1 year	6,926	5,871
- 1 year through 5 years	4,124	4,040
	11,050	9,911

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

36. Related party transactions

(a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and Company and their related parties took place during the year at terms agreed between the parties:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Income				
Interest income				
- subsidiaries	-	-	12,498	12,593
- associated companies	645	887	-	-
- joint venture companies	1,251	2,980	-	-
- related party	1,408	1,274	523	357
Management fee income				
- subsidiaries	-	-	399	450
- associated companies	235	606	111	120
- joint venture companies	2,849	2,721	2,000	2,000
- related party	88	105	-	-
Expenses				
Management fee paid to a subsidiary	-	-	1,101	1,254
Interest expenses - subsidiaries	-	-	7,921	7,170
- joint venture companies	464	388	464	388
Rental paid to a related party	89	130	-	-

(b) *Compensation of key management personnel*

	Group	
	2020	2019
	\$'000	\$'000
Short-term employee benefits	1,822	2,029
Central Provident Fund contributions	90	91
Other short-term benefits	98	110
	<u>2,010</u>	<u>2,230</u>
Comprise amounts paid to:		
- Directors of the Company	903	1,062
- Other key management personnel	1,107	1,168
	<u>2,010</u>	<u>2,230</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

37. Contingencies

The Company has provided corporate guarantees to banks and financial institutions of \$503,946,000 (2019: \$553,341,000) for credit facilities (Note 29) taken by its subsidiaries, joint venture companies and associated companies.

The Company has undertaken to provide continuing financial support to certain subsidiaries to enable them to operate as going concerns at least through twelve months from the date of the Directors' statements of the subsidiaries.

38. Classification of financial instruments

Classification

The table below is an analysis of the carrying amounts of financial instruments by categories as defined in SFRS(I) 9 as at 31 December:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<i>Financial assets measured at amortised cost</i>				
Amounts due from associated companies and joint venture companies (non-trade)	161,149	148,088	1,170	79
Trade receivables	512	1,698	–	31
Other receivables	49,289	62,121	18,347	28,827
Amounts due from subsidiaries (non-trade)	–	–	337,599	314,263
Amounts due from related parties (trade)	17	17	–	–
Fixed deposits	14,925	52,995	14,765	52,839
Cash and bank balances	49,050	63,924	22,134	28,813
	274,942	328,843	394,015	424,852

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

38. Classification of financial instruments (cont'd)

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<i>Financial liabilities measured at amortised cost</i>				
<i>Trade and other payables (current)</i>				
Trade payables	3,822	1,899	1,726	1,576
Other payables and accruals	11,736	17,736	3,853	4,745
	15,558	19,635	5,579	6,321
<i>Other payables (non-current)</i>				
Other payables and accruals	1,280	698	–	–
Total trade and other payables	16,838	20,333	5,579	6,321
<i>Loans and borrowings (current)</i>				
Amounts due to subsidiaries (non-trade)	–	–	142,207	135,980
Lease liabilities	443	389	–	50
Bonds	66,000	75,000	66,000	75,000
Bank term loans	22,627	19,547	–	–
	89,070	94,936	208,207	211,030
<i>Loans and borrowings (non-current)</i>				
Amounts due to associated companies and joint venture companies (non-trade)	49,976	30,121	38,515	17,058
Amounts due to non-controlling interests (non-trade)	73,080	62,910	–	–
Lease liabilities	6,237	6,016	–	42
Bonds	70,300	117,750	70,300	117,750
Bank term loans	314,904	290,612	5,000	–
Total loans and borrowings	603,567	602,345	322,022	345,880
Total finance liabilities measured at amortised cost	620,405	622,678	327,601	352,201
<i>Financial liabilities at fair value through profit or loss</i>				
Derivative financial instruments	2,366	146	2,366	146

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

39. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) *Fair value of financial instruments that are carried at fair value*

Derivative financial instruments are valued using a valuation technique with market observable inputs which is categorised within Level 2 of the fair value hierarchy. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

(c) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Management has determined that the carrying amounts of cash and bank balances and fixed deposits, current trade and other receivables (including amounts due from subsidiaries, related parties, associated companies and joint venture companies), current trade and other payables (including amounts due to subsidiaries) and accruals, current bank term loans and current bonds, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Non-current other receivables, other payables and accruals, amounts due to/from associated companies, joint venture companies and non-controlling interest reasonably approximate their fair values as the directors do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be settled.

Non-current bank term loans reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Non-current bonds reasonably approximate fair values as the interest rate approximate market interest rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

39. Fair value of assets and liabilities (cont'd)

(d) *Level 3 fair value measurements*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

Description	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements			
2020			
Investment properties:			
Retail and commercial	Market comparable approach	Yield adjustments*	10% to 20% ⁽¹⁾
	Income approach	Capitalisation rate	4.75% to 5.25% ⁽²⁾
2019			
Investment properties:			
Retail and commercial	Market comparable approach	Yield adjustments*	10% to 20% ⁽¹⁾
	Income approach	Capitalisation rate	4.75% to 5.25% ⁽²⁾

* The yield adjustments are made for any difference in the nature, location, condition or size of the specific property.

⁽¹⁾ A significant increase (decrease) in yield adjustments would result in a significantly higher (lower) fair value measurement.

⁽²⁾ A significant increase (decrease) in capitalisation rate would result in a significantly lower (higher) fair value measurement.

A change in valuation technique occurred for the property located at 62 Sembawang Road, Singapore 779089. This was previously valued using both the income approach and market comparable approach. In 2020, the Group has obtained the grant of provisional permission from the authorities to allow the property to continue its use as a transport facility for another 30 years. The external valuer has only adopted the market comparable approach as it is more appropriate to determine the fair value of the property based on the prices and other relevant information generated by market transactions involving comparable assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

39. Fair value of assets and liabilities (cont'd)

(d) *Level 3 fair value measurements (cont'd)*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)*

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	Carrying amount \$'000	Effect of reasonably possible alternative assumptions	
		Profit or loss \$'000	Other comprehensive income \$'000
2020			
Recurring fair value measurements			
Investment properties:			
- Retail and commercial	223,977	6,784	-
2019			
Recurring fair value measurements			
Investment properties:			
- Retail and commercial	171,976	5,159	-

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

- For retail and commercial investment properties, investment property held for sale and freehold and leasehold land and buildings, the Group adjusted the yield adjustments by increasing and decreasing the adjustments by 3% depending on nature, location or condition of the specific property.

(ii) *Movements in Level 3 assets and liabilities measured at fair value*

During the year, the Group has recognised gains from fair value adjustments of investment properties which amounted to \$54,584,000 (2019: \$6,478,000) (Note 12). The disclosure of the movement in investment properties and investment property held for sale in Note 12 constitutes a reconciliation of the movement of assets which are measured at fair value based on significant unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

39. Fair value of assets and liabilities (cont'd)

(d) **Level 3 fair value measurements (cont'd)**

(iii) *Valuation policies and procedures*

The senior management of the Group (the "Management") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Management reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 fair value measurement guidance.

For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

40. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Executive Directors. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The Group also had an interest rate swap facility. The purpose is to manage the interest rate risks arising from the Group's operations and sources of financing. Details of the derivative financial instruments are disclosed in Note 28.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's and Company's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) **Credit risk**

Credit risk is the risk of loss that may arise from outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

40. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- a nominal amount of \$503,946,000 (2019: \$553,341,000) relating to corporate guarantees provided by the Company to the banks and financial institutions on subsidiaries, joint ventures and associated companies' credit facilities.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis.

At the end of the reporting period, 29% (2019: 17%) of the Group's trade receivables were due from customers located in Singapore.

Financial guarantees and cash and cash equivalents

There is no allowance for expected credit loss on the Group's and Company's financial guarantees and cash and cash equivalents as at 31 December 2019 and 31 December 2020 as the expected credit loss is not material.

Trade receivables

The Group has applied the simplified approach to provide for impairment for ECLs prescribed by SFRS(I)9, which permits the use of the lifetime expected loss provision for impairment of all trade receivables. To measure the ECLs, trade receivables have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The ECL allowance in respect of these balances are disclosed in Note 20.

Amount due from associated companies and joint venture companies (non-trade)

The Group manages its credit risk from amount due from associated companies and joint venture companies (non-trade) by assessing the profitability of hotel properties operating performance and the profitability of development properties of its associated companies and joint venture companies on an ongoing basis. The ECL allowance in respect of these balances are disclosed in Note 16.

Other receivables

The Group's other receivables mainly comprised of senior notes and promissory notes where the Group manages its credit risk based on the profitability of the underlying investments on an ongoing basis. Based on the current market condition, the Group have assessed that there is a significant increase in credit risk since the initial recognition and have applied a lifetime expected loss provision for the impairment of these other receivables. The ECL allowance in respect of these balances are disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

40. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Amount due from subsidiaries (non-trade)

These balances represent amounts lent to its subsidiaries to satisfy their long and short-term funding requirements. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposure. The ECL allowance in respect of these balances are disclosed in Note 22.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with banks. At the end of the reporting period, approximately 15% (2019: 16%) of the Group's loans and borrowings (Note 38) will mature in less than one year based on the carrying amount reflected in the financial statements.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments.

	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Group			
2020			
Non-derivative financial assets:			
Amounts due from associated companies and joint venture companies (non-trade)	–	157,975	157,975
Trade receivables	512	–	512
Other receivables	19,877	29,412	49,289
Amounts due from related parties (trade)	17	–	17
Amounts due from associated companies and joint venture companies (non-trade)	3,174	–	3,174
Fixed deposits	14,925	–	14,925
Cash and bank balances	49,050	–	49,050
Total undiscounted financial assets	87,555	187,387	274,942
Non-derivative financial liabilities:			
Trade payables	3,822	–	3,822
Other payables and accruals	11,736	1,280	13,016
Lease liabilities	311	68,378	68,689
Loans and borrowings	96,965	539,977	636,942
Total undiscounted financial liabilities	112,834	609,635	722,469
Total net undiscounted financial liabilities	(25,279)	(422,248)	(447,527)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

40. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Group			
2019			
Non-derivative financial assets:			
Amounts due from associated companies and joint venture companies (non-trade)	–	147,289	147,289
Trade receivables	1,698	–	1,698
Other receivables	44,121	18,000	62,121
Amounts due from related parties (trade)	17	–	17
Amounts due from associated companies and joint venture companies (non-trade)	799	–	799
Fixed deposits	52,995	–	52,995
Cash and bank balances	63,924	–	63,924
Total undiscounted financial assets	163,554	165,289	328,843
Non-derivative financial liabilities:			
Trade payables	1,899	–	1,899
Other payables and accruals	17,736	698	18,434
Lease liabilities	680	118,172	118,852
Loans and borrowings	104,715	538,402	643,117
Total undiscounted financial liabilities	125,030	657,272	782,302
Total net undiscounted financial assets/(liabilities)	38,524	(491,983)	(453,459)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

40. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Company			
2020			
Non-derivative financial assets:			
Other receivables	18,347	–	18,347
Amounts due from subsidiaries (non-trade)	337,599	–	337,599
Amounts due from associated companies and joint venture companies (non-trade)	1,170	–	1,170
Fixed deposits	14,765	–	14,765
Cash and bank balances	22,134	–	22,134
Total undiscounted financial assets	394,015	–	394,015
Non-derivative financial liabilities:			
Trade payables	1,726	–	1,726
Other payables and accruals	3,853	–	3,853
Loans and borrowings	249,063	130,276	379,339
Total undiscounted financial liabilities	254,642	130,276	384,918
Total net undiscounted financial assets/(liabilities)	139,373	(130,276)	9,097
	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Company			
2019			
Non-derivative financial assets:			
Trade receivables	31	–	31
Other receivables	10,827	18,000	28,827
Amounts due from subsidiaries (non-trade)	314,263	–	314,263
Amounts due from associated companies and joint venture companies (non-trade)	79	–	79
Fixed deposits	52,839	–	52,839
Cash and bank balances	28,813	–	28,813
Total undiscounted financial assets	406,852	18,000	424,852
Non-derivative financial liabilities:			
Trade payables	1,576	–	1,576
Other payables and accruals	4,745	–	4,745
Lease liabilities	56	47	103
Loans and borrowings	212,690	147,301	359,991
Total undiscounted financial liabilities	219,067	147,348	366,415
Total net undiscounted financial assets/(liabilities)	187,785	(129,348)	58,437

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40. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities. The maximum amount of the financial guarantee contracts is allocated to the earliest period in which the guarantee could be called.

	Group and Company 1 year or less	
	2020	2019
	\$'000	\$'000
Financial guarantees	503,946	553,341

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings, interest-bearing loans given to related parties and fixed deposits.

The Group's policy is to manage interest cost using floating rate debts.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 75 (2019: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been \$2,016,000 (2019: \$1,409,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

40. Financial risk management objectives and policies (cont'd)

(c) *Interest rate risk (cont'd)*

The following tables sets out the carrying amount, by maturity, of the Group's and Company's financial instruments that are exposed to material interest rate risk:

	Note	Within 1 year \$'000	1 to 5 Years \$'000	Total \$'000
Group				
2020				
<i>Floating rate</i>				
Bank term loans	29	22,627	314,904	337,531
2019				
<i>Floating rate</i>				
Bank term loans	29	19,547	290,612	310,159
Company				
2020				
<i>Floating rate</i>				
Bank term loans	29	–	5,000	5,000
2019				
<i>Floating rate</i>				
Bank term loans	29	–	–	–

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. Interests on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and Company that are not included in the above tables are not subject to material interest rate risks.

(d) *Foreign currency risk*

The Group's foreign currency risk arises mainly from the Group's operations in Thailand, Australia and London. The results and financial position of foreign operations are translated into SGD as disclosed under Note 2.9(b). Accordingly, the Group's balance sheet may be affected by fluctuations in the exchange rate between Pound Sterling ("GBP"), Japanese Yen ("JPY"), Australian Dollar ("AUD"), US Dollar ("USD"), Bhutanese Ngultrum ("BTN") and Singapore dollar. It is not the Group's policy to hedge exposures arising from such translations. The Group's strategy is to fund overseas operations with borrowings denominated in their functional currency as a natural hedge against overseas assets.

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For the financial year ended 31 December 2020

40. Financial risk management objectives and policies (cont'd)

(d) *Foreign currency risk (cont'd)*

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are as follows:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Pound Sterling ("GBP")	16,201	43,943	1,256	19,981
Japanese Yen ("JPY")	1,886	1,643	4	60
Australian dollar ("AUD")	1,959	3,770	1,236	2,354
US dollar ("USD")	664	4,071	664	4,071
Bhutanese Ngultrum ("BTN")	6,138	6,959	–	–

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the AUD, GBP, THB, JPY and BTN exchange rates (against SGD), with all other variables held constant, of the Group's (loss)/profit net of tax and equity.

	2020		2019	
	Profit net of tax	Equity	Profit net of tax	Equity
	\$'000	\$'000	\$'000	\$'000
AUD - strengthened 3% (2019: 3%)	2	42	14	385
- weakened 3% (2019: 3%)	(2)	(42)	(14)	(385)
GBP - strengthened 3% (2019: 3%)	421	(4,497)	75	(1,510)
- weakened 3% (2019: 3%)	(421)	4,497	(75)	1,510
THB - strengthened 3% (2019: 3%)	12	735	–	770
- weakened 3% (2019: 3%)	(12)	(735)	–	(770)
JPY - strengthened 3% (2019: 3%)	19	1,410	2	88
- weakened 3% (2019: 3%)	(19)	(1,410)	(2)	(88)
BTN - strengthened 3% (2019: 3%)	12	179	9	203
- weakened 3% (2019: 3%)	(12)	(179)	(9)	(203)

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For the financial year ended 31 December 2020

41. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity owners of the Company.

		Group	
	Note	2020 \$'000	2019 \$'000
Trade and other payables	38	16,838	20,333
Loans and borrowings	38	603,567	602,345
Less:			
Cash and cash equivalents		(57,673)	(116,919)
Net debt		562,732	505,759
Equity attributable to owners of the Company		430,329	434,737
Capital and net debt		993,061	940,496
Gearing ratio		57%	54%

42. Segment 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

42. Segment information (cont'd)

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

Geographical information

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follow:

	Revenue		Non-current assets	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore	8,571	20,347	394,938	386,182
United Kingdom	16,988	43,172	424,207	384,000
Others	611	1,287	92,884	95,625
	<u>26,170</u>	<u>64,806</u>	<u>912,029</u>	<u>865,807</u>

Non-current assets information presented above consist mainly of property, plant and equipment and investment properties as presented in the consolidated balance sheet.

	Property investment \$'000	Property development \$'000	Corporate \$'000	Hospitality \$'000	Elimination \$'000	Note	Consolidated \$'000
31 December 2020							
Revenue:							
Sales to external customers	8,695	1,470	1,076	14,929	-		26,170
Inter-segment revenue	850	-	3,743	7,647	(12,240)	A	-
	<u>9,545</u>	<u>1,470</u>	<u>4,819</u>	<u>22,576</u>	<u>(12,240)</u>		<u>26,170</u>
Results:							
Finance income	-	-	32,745	-	(28,190)	A	4,555
Finance expense	(2,006)	-	(33,968)	(11,010)	27,865	A	(19,119)
Fair value loss on derivative financial instruments	-	-	(2,220)	-	-		(2,220)
Impairment of property, plant and equipment	-	-	-	(41,760)	-		(41,760)
Gains from fair value adjustments 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	<u>58,520</u>	<u>2,523</u>	<u>(12,045)</u>	<u>(74,851)</u>	<u>(325)</u>	B	<u>(26,178)</u>
Assets:							
Investment in associated companies/joint venture companies	95,274	6,257	(18)	12,060	-		113,573
Additions to non-current assets ¹	-	-	774	32,858	-		33,632
Segment assets	<u>237,492</u>	<u>166,046</u>	<u>1,125,866</u>	<u>579,041</u>	<u>(1,065,963)</u>	C	<u>1,042,482</u>
Segment liabilities	<u>141,536</u>	<u>39,015</u>	<u>1,134,587</u>	<u>312,104</u>	<u>(997,641)</u>	D	<u>629,601</u>

¹ Additions to non-current assets consist of additions to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

42. Segment information (cont'd)

	Property investment \$'000	Property development \$'000	Corporate \$'000	Hospitality \$'000	Elimination \$'000	Note	Consolidated \$'000
31 December 2019							
Revenue:							
Sales to external customers	11,209	11,016	1,312	41,269	-		64,806
Inter-segment revenue	834	-	5,064	6,885	(12,783)	A	-
	<u>12,043</u>	<u>11,016</u>	<u>6,376</u>	<u>48,154</u>	<u>(12,783)</u>		<u>64,806</u>
Results:							
Finance income	-	-	34,317	-	(27,665)	A	6,652
Finance expense	(2,706)	-	(40,002)	(5,452)	27,222	A	(20,938)
Gains from fair value adjustments of investment properties	6,478	-	-	-	-		6,478
Depreciation of property, plant and equipment	(89)	-	(314)	(4,050)	-		(4,453)
Impairment losses on financial assets	-	-	-	(3,300)	-		(3,300)
Share of results of associated companies/joint venture companies	8,938	2,337	5	(271)	-		11,009
Segment profit/(loss) before tax	<u>19,575</u>	<u>4,023</u>	<u>(4,996)</u>	<u>(3,602)</u>	<u>(443)</u>	B	<u>14,557</u>
Assets:							
Investment in associated companies/joint venture companies	96,701	22,309	-	13,941	-		132,951
Additions to non-current assets ¹	25	-	219	173,960	-		174,204
Segment assets	<u>182,445</u>	<u>162,239</u>	<u>1,096,874</u>	<u>591,650</u>	<u>(966,105)</u>	C	<u>1,067,103</u>
Segment liabilities	<u>119,572</u>	<u>35,335</u>	<u>1,100,746</u>	<u>274,510</u>	<u>(901,219)</u>	D	<u>628,944</u>

¹ Additions to non-current assets consist of additions to property, plant and equipment.

Notes:

- A Inter-segment revenue, finance income and finance expense are eliminated on consolidation.
- B The following items are added to/(deducted from) segment (loss)/profit to arrive at profit before tax presented in the consolidated statement of comprehensive income:

	2020 \$'000	2019 \$'000
Finance expenses	27,865	27,222
Finance income	(28,190)	(27,665)
	<u>(325)</u>	<u>(443)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

42. Segment information (cont'd)

- C The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet.

	2020 \$'000	2019 \$'000
Investment in subsidiaries	(132,950)	(188,141)
Intangible assets	109	109
Property, plant and equipment	(33,379)	13,073
Development properties	1,440	1,734
Intra-group loans	(901,183)	(792,880)
	<u>(1,065,963)</u>	<u>(966,105)</u>

- D The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2020 \$'000	2019 \$'000
Intra-group loans	<u>(997,641)</u>	<u>(901,219)</u>

43. Dividend

	Group and Company	
	2020 \$'000	2019 \$'000
<i>Declared and paid during the financial year:</i>		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2019: 0.30 cents (2018: 0.60 cents) per share	<u>1,463</u>	<u>1,952</u>
<i>Proposed but not recognised as a liability as at 31 December:</i>		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2020: Nil (2019: 0.30 cents) per share	<u>-</u>	<u>1,463</u>

44. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 15 April 2021.

综合全面收益表

截至2020年12月31日之财政年度

	注释	2020 \$'000	2019 \$'000
营业额	4	26,170	64,806
出售房地产成本		(891)	(8,123)
其他营业收入	5	2,788	2,954
人员费用	6	(12,970)	(17,328)
固定资产折旧及摊销	11	(5,990)	(4,453)
其他营业费用		(15,593)	(23,054)
财务费用	7(a)	(19,119)	(20,938)
财务收入	7(b)	4,555	6,652
金融资产减值损失	8	(17,417)	(3,300)
固定资产减值损失	11	(41,760)	—
衍生金融工具的公允价值损益	8	(2,220)	(146)
应占联营公司和合营公司收益		1,685	11,009
投资产业公允价值变动收益	12	54,584	6,478
税前(亏损)/利润	8	(26,178)	14,557
税项	9	(1,469)	(2,922)
本年税后(亏损)/利润		(27,647)	11,635
其他综合(费用)收入:			
随后可能重新分类至损益之项目			
外币折算		3,832	4,037
其他综合(费用)收入, 税后		3,832	4,037
年度综合(费用)/收入总额		(23,815)	15,672
年度(亏损)/利润			
归属于:			
公司权益持有人		(6,452)	13,184
非控制性权益		(21,195)	(1,549)
		(27,647)	11,635
年度综合(费用)/收入总额			
归属于:			
公司权益持有人		(2,945)	17,502
非控制性权益		(20,870)	(1,830)
		(23,815)	15,672
持续经营业务每股(亏损)/收益 (分) 归属于公司权益持有人			
基本	10	(1.32)	2.70
摊薄	10	(1.32)	2.70

本年报的综合全面收益表以英文和中文同时准备。如中英文版本有任何差异, 请以英文版为准。

资产负债表

截至2020年12月31日之财政年度

		本集团		本公司	
	注释	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
非流动资产					
固定资产	11	386,983	395,482	192	405
投资产业	12	223,977	171,976	—	—
子公司	13	—	—	24,082	24,082
联营公司	14	16,164	21,256	—	—
合营公司	15	97,409	111,695	5,000	5,000
联营公司和合营公司应收欠款（非贸易）	16	157,975	147,289	—	—
无形资产	17	109	109	—	—
其他应收账款	21	29,412	18,000	—	18,000
		912,029	865,807	29,274	47,487
流动资产					
发展产业	18	35,741	34,806	7,067	7,986
待售资产	19	4,503	—	—	—
应收账款	20	512	1,698	—	31
其他应收账款	21	19,877	44,121	18,347	10,827
预付款项		2,654	2,936	1,216	768
子公司应收欠款（非贸易）	22	—	—	337,599	314,263
关联方应收欠款（贸易）	22	17	17	—	—
联营公司和合营公司应收欠款（非贸易）	16	3,174	799	1,170	79
定期存款	23	14,925	52,995	14,765	52,839
现金及银行结存	24	49,050	63,924	22,134	28,813
		130,453	201,296	402,298	415,606
流动负债					
应付账款	25	3,822	1,899	1,726	1,576
其他应付款项及应计项目	26	12,103	18,021	3,974	4,869
应付子公司款项（非贸易）	22	—	—	142,207	135,980
租赁负债	35(b)	443	389	—	50
债券	27	66,000	75,000	66,000	75,000
定期银行贷款	29	22,627	19,547	—	—
应交税费		5,066	4,252	819	461
		110,061	119,108	214,726	217,936
净流动资产		20,392	82,188	187,572	197,670
非流动负债					
其他应付款项及应计项目	26	1,280	698	—	—
衍生金融工具	28	2,366	146	2,366	146
租赁负债	35(b)	6,237	6,016	—	42
应付联营公司及合营公司款项（非贸易）	16	49,976	30,121	38,515	17,058
应付非控制性权益款项（非贸易）	31	73,080	62,910	—	—
债券	27	70,300	117,750	70,300	117,750
定期银行贷款	29	314,904	290,612	5,000	—
递延税项负债	32	1,397	1,583	11	9
		519,540	509,836	116,192	135,005
净资产		412,881	438,159	100,654	110,152
归属于本公司股权持有人的权益					
股本	33	86,624	86,624	86,624	86,624
外币兑换储备	34	3,833	326	—	—
累计利润		339,872	347,787	14,030	23,528
		430,329	434,737	100,654	110,152
非控制性权益	13	(17,448)	3,422	—	—
总权益		412,881	438,159	100,654	110,152

本年报的综合全面收益表以英文和中文同时准备。如中英文版本有任何差异，请以英文版为准。

STATISTICS OF SHAREHOLDERS

As at 31 March 2021

SHARE CAPITAL

Number of Issued shares:	:	487,734,735
Issued and fully paid-up capital	:	S\$87,032,525.674
Class of Shares	:	Ordinary shares
Number of Treasury Shares held	:	Nil
Number of subsidiary holdings held	:	Nil
Voting rights	:	One vote per share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 31 March 2021, approximately 23.57% of the total number of ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2021

(According to Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interest	%	Deemed Interest	%
1. Heeton Investments Pte Ltd ⁽¹⁾	97,281,838	19.95	37,500,000	7.69
2. Hong Heng Company Private Limited	81,984,600	16.81	-	-
3. Toh Khai Cheng ⁽²⁾	34,126,588	7.00	216,766,438	44.45
4. Toh Giap Eng ⁽³⁾	62,144,373	12.74	135,981,838	27.89
5. Toh Gap Seng ⁽⁴⁾	26,652,555	5.46	1,883,200	0.39
6. Kim Seng Holdings Pte Ltd	27,000,000	5.54	-	-
7. Tan Fuh Gih ⁽⁵⁾	-	-	27,000,000	5.54
8. Tan Hoo Lang ⁽⁵⁾	-	-	27,000,000	5.54
9. Tan Kim Seng ⁽⁵⁾	-	-	27,000,000	5.54

Notes:

- (1) Heeton Investments Pte Ltd is deemed to be interested in the 37,500,000 ordinary shares held by Sing Investments and Finance Limited.
- (2) Toh Khai Cheng is deemed to be interested in the 134,781,838 ordinary shares held by Heeton Investments Pte Ltd and the 81,984,600 ordinary shares held by Hong Heng Company Private Limited.
- (3) Toh Giap Eng is deemed to be interested in the 134,781,838 ordinary shares held by Heeton Investments Pte Ltd and 1,200,000 ordinary shares held by his children.
- (4) Toh Gap Seng is deemed to be interested in the 1,883,200 ordinary shares held by his spouse and children.
- (5) Tan Fuh Gih, Tan Hoo Lang and Tan Kim Seng are deemed to be interested in the 27,000,000 ordinary shares held by Kim Seng Holdings Pte Ltd.

STATISTICS OF SHAREHOLDERS

As at 31 March 2021

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2021

Range of Shareholdings	Number of Shareholders	Percentage	No of Shares	Percentage
1 - 99	9	1.11	217	0.00
100 - 1,000	12	1.49	4,118	0.00
1,001 - 10,000	186	22.99	1,139,541	0.23
10,001 - 1,000,000	571	70.58	42,743,936	8.77
1,000,001 and above	31	3.83	443,846,923	91.00
TOTAL	809	100.00	487,734,735	100.00

MAJOR SHAREHOLDERS AS AT 31 MARCH 2021

No	Name of Shareholder	Number of Shares Held	Percentage
1	Heeton Investments Pte Ltd	97,281,838	19.95
2	Hong Heng Co Pte Ltd	81,984,600	16.81
3	Toh Giap Eng	62,144,373	12.74
4	Sing Investments & Finance Nominees Pte Ltd	37,500,000	7.69
5	Toh Khai Cheng	34,126,588	7.00
6	Kim Seng Holdings Pte Ltd	27,000,000	5.54
7	Toh Gap Seng	26,652,555	5.46
8	Phillip Securities Pte Ltd	10,699,550	2.19
9	Maybank Kim Eng Securities Pte Ltd	10,318,850	2.12
10	United Overseas Bank Nominees Pte Ltd	7,814,500	1.60
11	DBS Nominees Pte Ltd	6,107,539	1.25
12	CGS-CIMB Securities (Singapore) Pte Ltd	5,512,401	1.13
13	OCBC Securities Private Limited	5,233,299	1.07
14	Citibank Nominees Singapore Pte Ltd	3,731,600	0.76
15	Ifast Financial Pte Ltd	2,920,400	0.60
16	Ng Wee Chu	2,878,215	0.59
17	Raffles Nominees (Pte) Limited	1,883,850	0.39
18	Tan Swee Lang	1,865,685	0.38
19	UOB Kay Hian Pte Ltd	1,712,000	0.35
20	Yap Joke Soon	1,615,000	0.33
		428,982,843	87.95

NOTICE OF ANNUAL GENERAL MEETING

HEETON HOLDINGS LIMITED

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088, and will be by way of live webcast or audio-only tele-conferencing, on Friday, 30 April 2021 at 9.30 a.m., for the purpose of transacting the following business:

ORDINARY BUSINESS

- | | |
|---|---------------------|
| 1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2020 and the Directors' Statement and the Auditors' Report thereon. | Resolution 1 |
| 2. To approve Directors' fees of S\$206,100 for the financial year ended 31 December 2020. (2019: S\$253,000) | Resolution 2 |
| 3. To re-elect Mr Hoh Chin Yiep, a Director retiring pursuant to Article 77 of the Company's Constitution. | Resolution 3 |
| 4. To re-elect Mr Toh Giap Eng, a Director retiring by rotation pursuant to Article 95(2) of the Company's Constitution. | Resolution 4 |
| 5. To re-elect Mr Tan Tiong Cheng, a Director retiring by rotation pursuant to Article 95(2) of the Company's Constitution.
<i>(See Explanatory Note)</i> | Resolution 5 |
| 6. To re-elect Mr Chia Kwok Ping, a Director retiring by rotation pursuant to Article 95(2) of the Company's Constitution.
<i>(See Explanatory Note)</i> | Resolution 6 |
| 7. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. | Resolution 7 |

SPECIAL BUSINESS

- | | |
|--|----------------------|
| 8. To approve, subject to and contingent upon the passing of Resolution 5 above, the continued appointment of Mr Tan Tiong Cheng as an independent Director in accordance to Rule 210(5)(d)(iii) ¹ of the Listing Manual of the Singapore Exchange Securities Trading Limited. This Resolution to remain in force until the earlier of Mr Tan Tiong Cheng's retirement or resignation, or the conclusion of the third Annual General Meeting following the passing of this Resolution and Resolution 9 below.
<i>(See Explanatory Note)</i> | Resolution 8 |
| 9. To approve, subject to and contingent upon the passing of Resolutions 5 and 8 above, by shareholders (excluding the Directors and the Chief Executive Officer of the Company, and the respective associates of such Directors and Chief Executive Officer) the continued appointment of Mr Tan Tiong Cheng as an independent Director in accordance to Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited. This Resolution to remain in force until the earlier of Mr Tan Tiong Cheng's retirement or resignation of the Director; or the conclusion of the third Annual General Meeting following the passing of this Resolution.
<i>(See Explanatory Note)</i> | Resolution 9 |
| 10. To approve, subject to and contingent upon the passing of Resolution 6 above, the continued appointment of Mr Chia Kwok Ping as an independent Director in accordance to Rule 210(5)(d)(iii) ¹ of the Listing Manual of the Singapore Exchange Securities Trading Limited. This Resolution to remain in force until the earlier of Mr Chia Kwok Ping's retirement or resignation, or the conclusion of the third Annual General Meeting following the passing of this Resolution and Resolution 11 below.
<i>(See Explanatory Note)</i> | Resolution 10 |

¹ Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST will come into effect on 1 January 2022.

NOTICE OF ANNUAL GENERAL MEETING

11. To approve, subject to and contingent upon the passing of Resolution 6 and 10 above, by shareholders (excluding the Directors and the Chief Executive Officer of the Company, and the respective associates of such Directors and Chief Executive Officer) the continued appointment of Mr Chia Kwok Ping as an independent Director in accordance to Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited. This Resolution to remain in force until the earlier of Mr Chia Kwok Ping's retirement or resignation of the Director; or the conclusion of the third Annual General Meeting following the passing of this Resolution. *(See Explanatory Note)* **Resolution 11**

To consider and, if thought fit, to pass, with or without modifications, the following resolution as ordinary resolution:-

12. That pursuant to Section 161 of the Companies Act (Chapter 50) and in accordance with the listing rules of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors to: **Resolution 12**
- (a) (i) allot and issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,
- at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

PROVIDED THAT

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 100% of the total number of issued shares in the capital of the Company, excluding treasury shares and subsidiary holdings (if any), (as calculated in accordance with sub-paragraph (2) below) (the "**Enhanced Share Issue Limit**"), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued shares in the capital of the Company, excluding treasury shares and subsidiary holdings (if any), (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company, excluding treasury shares and subsidiary holdings (if any), at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards, provided that the share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

NOTICE OF ANNUAL GENERAL MEETING

- (ii) any subsequent bonus issue, consolidation or subdivision of the shares;

Adjustments in accordance with the above Paragraph 2(i) is only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time this Resolution is passed;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
(See Explanatory Note)

13. To transact any other business.

BY ORDER OF THE BOARD

TOH GIAP ENG
Executive Deputy Chairman

Singapore
15 April 2021

Explanatory Notes:

Resolutions 5, 8 and 9

Mr Tan Tiong Cheng ("**Mr Tan**"), Chairman of the Remuneration Committee, a member of the Audit Committee and a member of Nominating Committee, will continue to serve in these capacities if Resolution 5 is passed, i.e. he is re-elected as a Director of the Company, and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Mr Tan has served as an independent Director since 28 April 2009 and has submitted himself for a two-tier voting process in accordance with Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited, which will come into effect on 1 January 2022.

Resolutions 8 and 9, if passed, will remain in force until the earlier of the following: (i) the retirement or resignation of Mr Tan; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of Resolutions 8 and 9.

If the Resolution 5 is not passed, Resolutions 8 and 9 will not be voted on at this Annual General Meeting and if the Resolution 8 is not passed, Resolution 9 will not be voted on at this Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

If the Resolutions 8 and 9 are not passed, Mr Tan will no longer be considered an independent Director with effect from 1 January 2022. He shall continue to serve as a non-independent Director of the Company therefrom. Consequently, on and from 1 January 2022, he shall cease as Chairman of the Remuneration Committee of the Company in compliance with the Code of Corporate Governance 2018 and the Term of Reference of the Remuneration Committee of the Company requiring the Chairman of the Remuneration Committee shall be an independent non-executive Director. In addition, the Remuneration Committee and the Audit Committee of the Company will not be formed by a majority of independent non-executive Directors. In view thereof, the Board of the Directors will have to appoint an independent non-executive Director to be a Chairman of the Remuneration Committee and as a member of Audit Committee.

Resolutions 6, 10 and 11

Mr Chia Kwok Ping ("**Mr Chia**"), Chairman of the Nominating Committee and a member of the Remuneration Committee, will continue to serve in these capacities if Resolutions 6 is passed, i.e. he is re-elected as a Director of the Company, and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Mr Chia has served as an independent Director since 15 October 2012 and has submitted himself for a two-tier voting process in accordance with Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited, which will come into effect on 1 January 2022.

Resolutions 10 and 11, if passed, will remain in force until the earlier of the following: (i) the retirement or resignation of Mr Chia; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of Resolutions 10 and 11.

If the Resolution 6 is not passed, Resolutions 10 and 11 will not be voted on at this Annual General Meeting and if the Resolution 10 is not passed, Resolution 11 will not be voted on at this Annual General Meeting.

If the Resolutions 10 and 11 are not passed, Mr Chia will no longer be considered an independent Director with effect from 1 January 2022. He shall continue to serve as a non-independent Director of the Company therefrom. Consequently, on and from 1 January 2022, he shall ceased as Chairman of the Nominating Committee of the Company in compliance with the Code of Corporate Governance 2018 and the Term of Reference of the Nominating Committee of the Company requiring the Chairman of the Nominating Committee shall be an independent non-executive Director. In addition, the Nominating Committee and the Remuneration Committee of the Company will not be formed by a majority of independent non-executive Directors. In view thereof, the Board of the Directors will have to appoint an independent non-executive Director to be a Chairman of the Nominating Committee and as a member of Remuneration Committee.

Resolution 12

Resolution 12, if passed, save as may otherwise be permitted by the SGX-ST, will empower the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total one hundred percent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings (if any)) in the capital of the Company, with a sub-limit of twenty per cent (20%) for issued other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares (excluding treasury shares and subsidiary holdings (if any)) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings (if any)) in the capital of the Company at the time that this resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that this resolution is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

As set out in the SGX-ST media release on 8 April 2020 and 18 March 2021 and subject to the conditions thereunder, the Board of Directors confirms that:

- (i) it is of the view that the Enhanced Share Issue Limit is in the interest of the Company and its shareholders due to convenience and savings in costs for issue of shares and ease of equity financing;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the Enhanced Share Issue Limit may be renewed annually during the issuer's annual general meeting and is only valid until 31 December 2021, by which date the shares issued pursuant to the Enhanced Share Issue Limit must be listed and no further shares shall be issued under this limit;
- (iii) if the Company seeks shareholders' approval via an extraordinary general meeting and has utilised any part of the existing share issue mandate ("**Existing Amount Used**"), the Company is to disclose as at the latest practicable date, the remaining balance that would be available under the Enhanced Share Issue Limit after deducting the Existing Amount Used;
- (iv) the Company shall notify the Singapore Exchange Regulation of the following, by way of email to enhancedsharelimit@sgx.com when the general mandate for the Enhanced Share Issue Limit has been approved by shareholders:- (a) name of Company, and (b) date on which such general mandate is approved by shareholders; and
- (v) the Company shall disclose that it is utilising the Enhanced Share Issue Limit in its announcement of an issue of shares or convertible securities in that regard.

Notes:

1. The Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 9.30 a.m. on 21 April 2021.

4. The Chairman of the AGM, as proxy, need not be a member of the Company.
5. The instrument appointing the Chairman of the AGM as proxy that has been executed by a Member, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof), must be submitted via email to gpc@mncsingapore.com, not less than 72 hours before the time set for holding the meeting.

Personal Data Privacy

By pre-registering for the webcast and/or the audio-only tele-conferencing, submitting an instrument appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, your consent to the collection, use and disclosure of your personal data by the Company (or its agents or service providers) for the purpose (i) administering the webcast and/or the audio-only tele-conferencing (including, but not limited to, verifying your identity and shareholding status, registering an account for you to access the webcast and/or the audio-only tele-conferencing, facilitating and administering the webcast and audio-only tele-conferencing and disclosing your personal data to the Company's agents or third-party service provider for any such purposes), (ii) the processing of any questions submitted to the Company, (iii) the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

HEETON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration number: 19760387M)

PROXY FORM – ANNUAL GENERAL MEETING

IMPORTANT

1. The Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
4. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 9.30 a.m. on 21 April 2021.

I/We, _____ NRIC/ Passport/ Co. Reg. No. _____

of _____ (Address)

being a member/members of HEETON HOLDINGS LIMITED (the "**Company**") hereby appoint the Chairman of the AGM of the Company as my/our proxy to attend and vote for me/us on my/our behalf at the AGM of the Company to be held at 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088, Friday, 30 April 2021 at 9.30 a.m., by way of live webcast or audio-only tele-conferencing, and at any adjournment thereof.

(Voting will be conducted by poll. Please indicate with an "X" in the relevant spaces provided if you wish to cast all your shares "For" or "Against" or "Abstain" from voting on the resolutions as set out in the notice of the AGM. If you wish to vote some of your shares "For" and some of your shares "Against", or "Abstain" from voting some of your shares on the relevant resolution, please insert the relevant number of shares in the relevant spaces. **In the absence of specific directions of a resolution, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.**)

	Ordinary Resolutions	No. of votes For	No. of votes Against	No. of votes Abstain
	Ordinary Business			
1.	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2020 and the Directors' Statement and the Auditors' Report thereon.			
2.	To approve Directors' fees of S\$206,100 for the financial year ended 31 December 2020. (2019: S\$253,000)			
3.	To re-elect Mr Hoh Chin Yiep retiring pursuant to Article 77 of the Company's Constitution.			
4.	To re-elect Mr Toh Giap Eng retiring by rotation pursuant to Article 95(2) of the Company's Constitution.			
5.	To re-elect Mr Tan Tiong Cheng retiring by rotation pursuant to Article 95(2) of the Company's Constitution.			
6.	To re-elect Mr Chia Kwok Ping retiring by rotation pursuant to Article 95(2) of the Company's Constitution.			
7.	To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.			
	Special Business			
8.	To approve, subject to and contingent upon the passing of Resolution 5, the continued appointment of Mr Tan Tiong Cheng as an Independent Director in accordance to Rule 210(5)(d)(iii) ¹ of the Listing Manual of the Singapore Exchange Securities Trading Limited.			
9.	To approve, subject to and contingent upon the passing of Resolutions 5 and 8, by shareholders (excluding the Directors and the Chief Executive Officer of the Company, and the respective associates of such Directors and Chief Executive Officer) the continued appointment of Mr Tan Tiong Cheng as an Independent Director in accordance to Rule 210(5)(d)(iii) ¹ of the Listing Manual of the Singapore Exchange Securities Trading Limited.			
10.	To approve, subject to and contingent upon the passing of Resolution 6, the continued appointment of Mr Chia Kwok Ping as an Independent Director in accordance to Rule 210(5)(d)(iii) ¹ of the Listing Manual of the Singapore Exchange Securities Trading Limited.			
11.	To approve, subject to and contingent upon the passing of Resolutions 6 and 10, by shareholders (excluding the Directors and the Chief Executive Officer of the Company, and the respective associates of such Directors and Chief Executive Officer) the continued appointment of Mr Chia Kwok Ping as an Independent Director in accordance to Rule 210(5)(d)(iii) ¹ of the Listing Manual of the Singapore Exchange Securities Trading Limited.			
12.	To authorise the Directors to allot and issue new shares.			

Dated this _____ day of _____ 2021

Total number of Shares

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

¹ Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST will come into effect on 1 January 2022.

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
3. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
4. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 9.30 a.m. on 21 April 2021.
5. The Chairman of the AGM, as proxy, need not be a member of the Company.
6. The instrument appointing the Chairman of the AGM as proxy must be submitted via email to gpc@mncsingapore.com, not less than 72 hours before the time appointed for the holding of the meeting.
7. The instrument appointing the Chairman of the AGM as proxy must be under the hand of appointer or of his attorney duly authorized in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
8. Where the instrument appointing the Chairman of the AGM as proxy is signed by an attorney, the letter or power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) be stamped and be submitted via email to gpc@mncsingapore.com, not less than 72 hours before the time for the holding of the meeting and/or any adjournment thereof.
9. Any alteration made to the instrument appointing the Chairman of the AGM as proxy should be initialled by the person who signs it.

General: The Company shall be entitled to reject an instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument appointing the Chairman of the AGM as proxy if the member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy: By submitting an instrument appointing the Chairman of the AGM as proxy, the Member accepts and agrees to the personal data privacy terms set out in the notice of AGM.

CORPORATE INFORMATION

Board of Directors

Executive

Toh Giap Eng (Deputy Chairman)
Hoh Chin Yiep (Chief Executive Officer)

Non-executive

Toh Khai Cheng
Toh Gap Seng (alternate to Toh Khai Cheng)
Tan Tiong Cheng (Lead Independent)
Chia Kwok Ping (Independent)
Tan Chuan Lye (Independent)

Audit Committee

Tan Chuan Lye (Chairman)
Tan Tiong Cheng
Toh Khai Cheng

Nominating Committee

Chia Kwok Ping (Chairman)
Tan Chuan Lye
Tan Tiong Cheng
Toh Giap Eng

Remuneration Committee

Tan Tiong Cheng (Chairman)
Chia Kwok Ping
Toh Khai Cheng

Registered Office

60 Sembawang Road
#01-02 Hong Heng Mansions
Singapore 779088
Tel: (65) 6456 1188
Fax: (65) 6455 5478
Website: www.heeton.com

Auditors

Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583
Sam Lo Geok Lim
(Partner-in-charge since financial year ended
31 December 2019)

Company Secretaries

Yao Enci Eunice
Chew Bee Leng

Share Registrar

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902



HEETON HOLDINGS LIMITED

60 Sembawang Road
#01-02 Hong Heng Mansions
Singapore 779088
Tel: (65) 6456 1188
Fax: (65) 6455 5478
www.heeton.com