HEETON HOLDINGS LIMITED

Annual Report 2019

The Millenial Perspective

HEETON

CORPORATE PROFILE

All About Us

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. The group is currently exploring further acquisitions. Heeton entered the hospitality sector in 2011 with the acquisition of the Mercure Hotel Pattaya, Thailand. Following an aggressive expansion programme the Company's hotel portfolio has now increased to 13 properties worldwide, as at December 2019. Developing the hotel division will be a key priority for Heeton, with the objective of becoming a prominent player on the international hospitality stage.

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Inside Information

A YEAR IN PERSPECTIVE

Jewel in the Crown

Crowne Plaza London Kensington

Heeton shifted gears in April 2019 by acquiring the Crowne Plaza London Kensington, a 163-bedroomed hotel housed behind a historic Georgian façade. Located in the Royal Borough of Kensington & Chelsea, a prime residential enclave in the heart of London, the property is within walking distance of many popular tourist attractions, historical landmarks and luxury shopping districts and benefits from excellent connectivity to the CBD and Heathrow Airport. The high-profile hotel is Heeton's biggest hospitality aquisition to date and is representative of the Group's aggressive plans to expand and diversify its hospitality portfolio, evolving from active player on the boutique hotel scene into a growing force on the luxury hotel landscape.

Northern Star

Hampton by Hilton Leeds City Centre

Venturing beyond the comfort zone of London's international cachet, Heeton's presence in the UK is now firmly established in North country, where its newly completed Hamptons by Hilton hotel opened its doors in December 2019 in the city of Leeds. Comprising 121 well appointed bedrooms, Hamptons by Hilton Leeds is the first development in a series of projects planned for the 2.45 acre city-centre site acquired by the Group in 2015, itself part of a landmark regional regeneration scheme overseen by the City Council. The hotel also marks the inaugural appearance of the Hamptons by Hilton brand in the City.

Design is an approach to solving problems and developing innovative solutions that is human-centred, experimental and challenging in nature

The Millennial Paradigm

Heeton Concept Hotel Luma Hammersmith London

In 2019, after five years of experience in managing a portfolio of UK hotels and wide-ranging research into consumer trends and preferences, Heeton established the Heeton Concept Hotel brand as its own hospitality mark, aimed at addressing a perceived gap in the market for stylish and affordable short-term accommodation.

Targeted mainly at the millennial market, Heeton Concept Hotel offers a fresh perspective on the hotel landscape, focusing on hospitality essentials in inspirational settings. The brand celebrates stylish functionality and sophistication in simplicity; the brand premise aims to strip away the excesses of traditional hospitality to focus on key hotel deliverables while retaining a sense of unique identity, so that effect and experience are more practical bespoke than superfluent boutique.

Each Heeton Concept Hotel property is expected to be individually themed with a look and feel heavily influenced by local heritage. The LUMA hotel in Hammersmith was relaunched as Heeton Concept Hotel Luma Hammersmith, the first and flagship embodiment of the brand concept. More hotels are in line to be launched under this label in 2020 in the UK and Asia.

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 2019.

FINANCIAL PERFORMANCE FY2019

Despite the challenging external environment, Heeton continued to deliver a steady performance for the financial year ended 31 December 2019. Our revenue for FY2019 grew 17.7% to S$64.8 million, buoyed by contributions from new additions to the hotel portfolio, the most recent of which is the luxury upscale Crowne Plaza London Kensington in London, UK. The Group also recorded a healthy net profit after tax of $11.6 million for FY2019.

HOSPITALITY INVESTMENT AND DEVELOPMENT

Since our first hotel acquisition in 2011, Heeton has amassed a portfolio of 13 operating hotels worldwide. The hospitality segment will continue to be the main focus of the Group in the years ahead, particularly in the UK. Despite Brexit concerns, tourism remains a key economic pillar for the country, as indicated by strong tourist arrivals of over 19.6 million in London alone in 2019, making it the third most visited city in the world in 2019 . We are optimistic about visitor traffic into the UK even with the onset of Brexit, and we see ample opportunity for catering to this sustained demand.

Elsewhere, our hotel development project in Bhutan remains on track, and we continue to explore opportunities to expand our presence in Thailand and Japan, where we already have four hotels.

While we expect the hospitality segment to be temporarily impacted by the Covid-19 outbreak, our scalable hospitality platform is well-placed to leverage on longer-term opportunities in the sector.

Heeton has also been making a mark in larger scale projects internationally. In China, the Group is involved in the Sino-Singapore Health City Project in Gaobeidian, Hebei Province, a mixed-use residential and commercial township project. The task of conceptualising and launching a themed hotel as part of this development project will be a major Heeton initiative in the coming year. In the UK, the Group is leading a consortium to develop a 2.5-acre mixed-use site, an important component of the regeneration scheme spearheaded by the Leeds City Council, the first phase of which is the 121-room Hampton by Hilton Leeds City Centre, completed in December 2019. In Australia, the Group acquired a significant interest in a freehold land plot located at 186 Wickham Street in Brisbane, Australia, with plans to develop the land plot into a 324-unit residential complex.

In Singapore, the Group's development portfolio continues to be enriched by exciting residential projects, such as Affinity at Serangoon, Park Colonial, and REZI 24. All three developments are joint ventures with long time collaborators and are expected to be completed within three to five years.

BONUS ISSUE

To thank our shareholders for their continued loyalty and support, the Group executed a bonus share issue of over 162 million new ordinary shares in December 2019. We believe the bonus issuance will make our shares more accessible to investors, thereby encouraging greater trading liquidity and participation by investors as we continue our growth journey.

DIVIDENDS

Heeton is committed to sharing the fruits of success with our valued shareholders. In view of the Group's performance in FY2019, the Board of Directors has recommended a final dividend of 0.30 Singapore cents per share for FY2019. This will be subject to shareholders' approval at the upcoming Annual General Meeting.

APPRECIATION

In closing, I would like on behalf of the Board to thank our staff and management for their hard work during 2019, and to express my appreciation to Mr Eric Teng, who stepped down as Chief Executive Officer of the Group, and Mr Chew Chin Hua, who has retired from his role as Independent Director and chairman of the audit committee.

At the same time I would like to welcome Mr Tan Chuan Lye as our new Independent Director, and Mr Ivan Hoh as Heeton's new Chief Operating Officer. I am confident that their experience in the industry will contribute greatly towards the continued growth of the Group. Finally, I would like to thank all shareholders and investors for their unwavering support over the years, without which we will not be where we are today.

TOH KHAI CHENG
Non-Executive Chairman

主席致辞

亲爱的各位股东：

本人非常荣幸代表董事会做喜敦控股2019年度年报。

2019 财年的财务状况

尽管外部环境挑战重重，喜敦截止到2019年12月31日的一个财年中依然表现稳健。2019财年营业收入增长17.7%，达到6480万元新币，这要归功于我们在酒店业新的并购动作，例如最近我们收购了英国伦敦的高端豪华酒店伦敦肯辛顿皇冠假日酒店。集团2019财年税后净利润为1160万元新币。

投资性酒店物业和新开发项目

自从2011收购第一家酒店后，喜敦在全球范围内共有了13家运营中的酒店。在未来几年内，酒店业依然会是集团的重心，尤其是在英国。尽管英国脱欧带来了一些影响，旅游业依然是英国的一个主要经济支柱。2019年伦敦接待游客数量高达1960万人次，也在这一年当上世界接待游客人数排名第三的城市。尽管英国已经开始脱欧进程，我们对于进入英国的游客数量依然保持乐观，基于这一持续性的市场需求，我们能看到大量的市场机会。另外，我们在不丹的酒店开发项目步入正轨，而且我们在继续寻找扩展泰国和日本市场份额的机会。至今，我们在泰国和日本已经拥有四家酒店。

我们预计酒店业暂时会受到新冠肺炎疫情的影响，但是我们的酒店平台具有良好的灵活性，已为行业中的长期机遇作好准备。

为了继续保持增长，喜敦已经在参与国际市场中的较大型的项目。在中国，喜敦加入了河北省高碑店中新健康城商住的投资项目。作为该项目的一部分，喜敦也会在来临的一年参与主题酒店概念化的工作。在英国，集团正带领一个财团开发一个面积2.5英亩的混合型项目，

该项目是利兹市政府牵头的地区再生计划的一个重要组成部分。作为项目一阶段拥有121间客房的利兹希尔顿欢朋酒店，于2019年12月竣工。集团在澳大利亚获得了一个永久业权土地地块的重要权益，地块位于布里斯班威克姆大街186号，并计划将该地块开发成容纳324个单位的居住区。

集团在新加坡的开发项目组合中新增了几个令人兴奋的住宅项目，例如Affinity at Serangoon、Park Colonial和REZI24。这三个开发项目均为和长期合作伙伴共同开发的合资项目，预计将在三至五年内竣工。

发行红利股

为了感谢股东们一直以来的忠诚和支持，集团于2019年12月新发行了超过1.62亿普通股，作为红利股。我们相信红利股的发行将会使投资者可以更容易买到我们的股票，进而在我们保持增长的同时增加交易流动性并鼓励投资者的参股积极性。

股息

喜敦承诺和我们重要的股东分享成功果实。鉴于集团在2019财年的业绩，董事会已经提出建议2019财年的期末股息应为每股0.30分新币。这一建议将在即将举行的年度股东大会上进行审批。

致谢

最后，我要代表董事会对丁行洲先生和周振华先生表示感谢，丁行洲先生在供职四年后已经卸任集团总裁职务，周振华先生作为独立董事和审计委员会主席光荣退休。

同时我们欢迎陈全来先生担任独立董事以及何长勉先生担任喜敦的首席营运官。我相信他们所拥有的产业经验会帮助集团继续加快增长。最后我要感谢所有股东和投资者多年来的坚定信任和支持。因为没有你们，我们也不会有今天的成就。

卓开清
非执行主席

THE MILLENNIAL PERSPECTIVE

The evolution of Heeton has entered a new phase: driven by the winds of opportunity, and propelled by global change, its monochromatic mandate has been re-rendered in full colour.

2019 was all about new horizons, strategies and perspectives. In an age of constant disruption and shifting paradigms, Heeton pushed the envelope by launching a bold experiment in the form of a new hospitality concept; acquiring an iconic juggernaut in the heart of London, its largest hospitality asset to date; and launching Hilton's first Hampton product in Leeds.

While the Group has made great strides in expanding its portfolio and geographical footprint, its investments have also been inward. The fresh perspectives from an increasingly millennial talent pool is shaping the culture and outlook of the company, with a greater focus on sustainability; environmental and community responsibility; training, empowerment and accountability; and social enterprise - the building blocks of a new-generation corporation. Millennial energy and resources will make Heeton well-placed to diversify capabilities and maximise growth potential in readiness for the long haul.

COO'S MESSAGE

DEAR SHAREHOLDERS,

By most accounts, 2019 was a challenging year as a cocktail of socioeconomic and geopolitical developments -from trade wars and terrorism to Brexit in Europe - conspired to hamper global economic growth. As in most parts of the world, these weighed heavily on the Singaporean economy, particularly a property market already subdued as a result of cooling measures introduced in 2018. Despite a rise in the private property price index in 2019, the residential property market remained a challenging one. At the same time, the hospitality sector finished on a flat note, and is set to battle headwinds on the back of the Covid-19 outbreak.

Nevertheless, with four decades of experience as a diversified property developer, Heeton remains uniquely placed for long-term growth. Over the years, the Group has evolved from a pure-play residential property developer into a multi-disciplinary corporation with a significant footprint in the hospitality sector. This has strengthened recurring income streams and provided Heeton with a firmer financial footing. The Group remains on course to fulfil its aspirations for prominence on the international hospitality stage, while scaling up its development capabilities through comprehensive township undertakings in the United Kingdom and China.

FINANCIAL PERFORMANCE FY2019

The Group posted a 17.7% increase in revenue to $64.8 million and a net profit after tax of $11.6 million in FY2019.

Segmentally, hospitality was the biggest contributor to total revenue in FY2019, with revenue of $41.3 million, or 63.7% of the Group's total revenue in FY2019. This reflects the strong growth of Heeton's hospitality portfolio of with 13 hotels operating internationally. Contribution from the property investment segment was stable at $11.2 million compared to $11.6 million in FY2018. Collectively, the hospitality and property investment segments contributed 81.0% of the Group's total revenue in FY2019, a testament to the Group's strategic focus on recurring income.

A GROWING INVESTMENT AND HOSPITALITY PORTFOLIO

During 2019, Heeton strengthened its portfolio of investment and hospitality assets with several notable overseas additions. The 121-room Hamptons by Hilton Leeds City Centre was launched in December as part of a larger development project; and the Crowne Plaza London Kensington became the Group's largest hotel acquisition to-date. Heeton has a 60% stake in the property with our partners KSH Holdings and Ho Lee Group taking on the remaining equity. The 163-bedroom hotel is strategically located in the heart of London, within walking distance of several tourist landmarks and shopping districts and is well connected to Central London and the airport. With this acquisition Heeton is well positioned to harness the growth potential of the UK hospitality market.

In Bhutan, the Group has commenced the development of a hotel resort on a plot of freehold land in Gewog Lungmi, Paro, acquired in December 2018. The 85-room hotel is one of the largest in the region's most exclusive tourist destination, and represents Heeton's first hospitality venture in the country. With Bhutan's increasing popularity amongst the cognoscenti, the hotel resort will establish Heeton's presence in a key emerging market and raise its profile in the international hospitality sector.

PROSPECTS

Despite the challenging external environment, Heeton's business model remains resilient. At the core of the long-term strategy lies a steadfast focus on growing a portfolio of hospitality assets and investment properties to strengthen recurring income streams, supported by participation in selective development projects in Singapore and abroad. With a strong track record and significant core competencies, Heeton will also able to tap on market opportunities as they arise to continue delivering growth and creating value.

APPRECIATION

I would like to take this opportunity to thank the staff for their hard work and dedication, as well as our business partners and bankers for their collaboration and support. On behalf of the Management team, I would also like to express our appreciation to the Board of Directors for their invaluable guidance and direction. Lastly, to all shareholders, we are grateful for your continued faith in us. We are optimistic about our growth prospects and remain committed to creating greater value for all.

IVAN HOH
Chief Operating Officer

首席运营官致辞

亲爱的各位股东：

2019年是充满挑战的一年，社会经济和地缘政治的发展变化，从贸易战、恐怖主义到英国脱欧，都是阻碍全球经济增长的因素。和世界上绝大部分地区一样，这些因素也给新加坡经济带来的很大的负面影响，尤其是房地产市场受2018年出台的房地产市场降温措施影响，已经进入低迷期。虽2019年私人物业价格指数小幅上升，住宅市场依然挑战重重。与此同时，2019年的酒店业情况较为平稳，但是即将面对新冠肺炎疫情带来的不利因素。

然而，喜敦作为多元化的房地产开发商，拥有40年的经验，长期看来依然会一枝独秀，保持增长。在过去数年中，随着在酒店业的增长，公司已经从单一的住宅开发商成为多元化公司。在酒店业的发展带来了更多持续性收入，也加强了喜敦的财力。集团将继续保持在国际酒店市场取得成功的渴望，同时通过在英国和中国的综合体项目扩大开发能力。

2019 财年的财务状况

集团在2019财年营收增加17.7%，达到6480万元新币，税后净利润达到1160万元新币。

具体来说，酒店业在2019财年营收中占的比例最大，酒店业营收达到4130万元新币，占集团2019财年总营收的63.7%。喜敦在全球共有13在运营中的酒店，这组数字反映了喜敦酒店业的强劲增长。2019财年的房地产投资稳定在1120万元新币，而2018财年为1160万元新币。总体来看，酒店业和房地产投资贡献了集团2019财年营收总额的81%，这证明了集团将战略重点放在持续性收入上的正确性。

投资和酒店业务的增长

喜敦在2019年增加了投资和酒店资产，完成了数次较大规模的海外并购。拥有121间客房的利兹希尔顿欢朋酒店是一个大型开发项目的组成部分，已于12月开工；伦敦肯辛顿皇冠假日酒店成为了集团迄今为止最大的一个酒店收购项目。喜敦在该项目中持有60%的股份，其余股份分别由金成兴控股有限公司与Ho Lee Group两家长期合作伙伴持有。

这家拥有163间客房的酒店坐落于伦敦核心区，位置优越，从酒店步行即可抵达多个地标性旅游景点和商业区，交通便利，前往伦敦市中心和机场都非常方便。通过此次收购，喜敦在市场中获得有利地位，将有效利用英国酒店市场增长潜力带来的机遇。

集团已经在不丹立项开发位于帕罗Lungmi格窝一个永久业权土地地块上的酒店度假村，集团于2018年12月收购此地块。这家酒店将拥有85间客房，会是该地区唯一的旅游目的地规模最大的酒店之一，也是喜敦在该国的第一家酒店。不丹在行家中口碑越来越好，这家酒店度假村将为喜敦在这个重要的新兴市场中建立起品牌形象，并将提升喜敦在国际酒店业的形象。

前景

虽然外部环境挑战重重，喜敦的业务模式依然韧性十足。长期战略的核心是酒店资产和投资性房地产的稳定增长，这一战略可以增加持续性收入流，同时集团还将精心挑选并参与新加坡和国外的开发项目。喜敦拥有出众的业绩和强大的核心能力，将继续保持把握市场机遇的能力，同时保持增长、创造价值。

特别鸣谢

我要借此机会感谢全体员工的辛勤工作和奉献，以及我们的商业伙伴和银行的合作与支持。我要代表管理团队表达对董事会的感谢，感谢他们宝贵的指导和引导。最后，我们非常感谢全体股东，感谢你们一直以来的信任。我们对于成长前景持乐观态度，并继续承诺为大家创造更大的价值。

何长勉
首席运营官

CORPORATE SOCIAL RESPONSIBILITY

Bloomback Initiative

In November 2019, a team of 10 from Heeton participated in a workshop run by Bloomback, an established charitable organization that provides training and employment opportunities to marginalized communities. Heeton's Bloomback initiative produced floral tributes for donation to homes and hospices while providing sponsorship and relief to single mothers, the underprivileged and the mentally challenged.

Project Silver Screen

In August 2019, Heeton supported the Nee Soon South (NSS) Springleaf NC by helping to facilitate Project Silver Screen, a programme by the Ministry of Health and Temasek Foundation Cares to bring functional health screening to seniors in the community. Organised on Heeton premises and attended by MP Lee Bee Wah, the programme allowed a total of 36 seniors to be screened for vision, hearing and dental impairment. Heeton was privileged to be part of this national health initiative and will continue to support the NSS Springleaf NC in its future efforts.

Thye Hua Kwan Befriending session

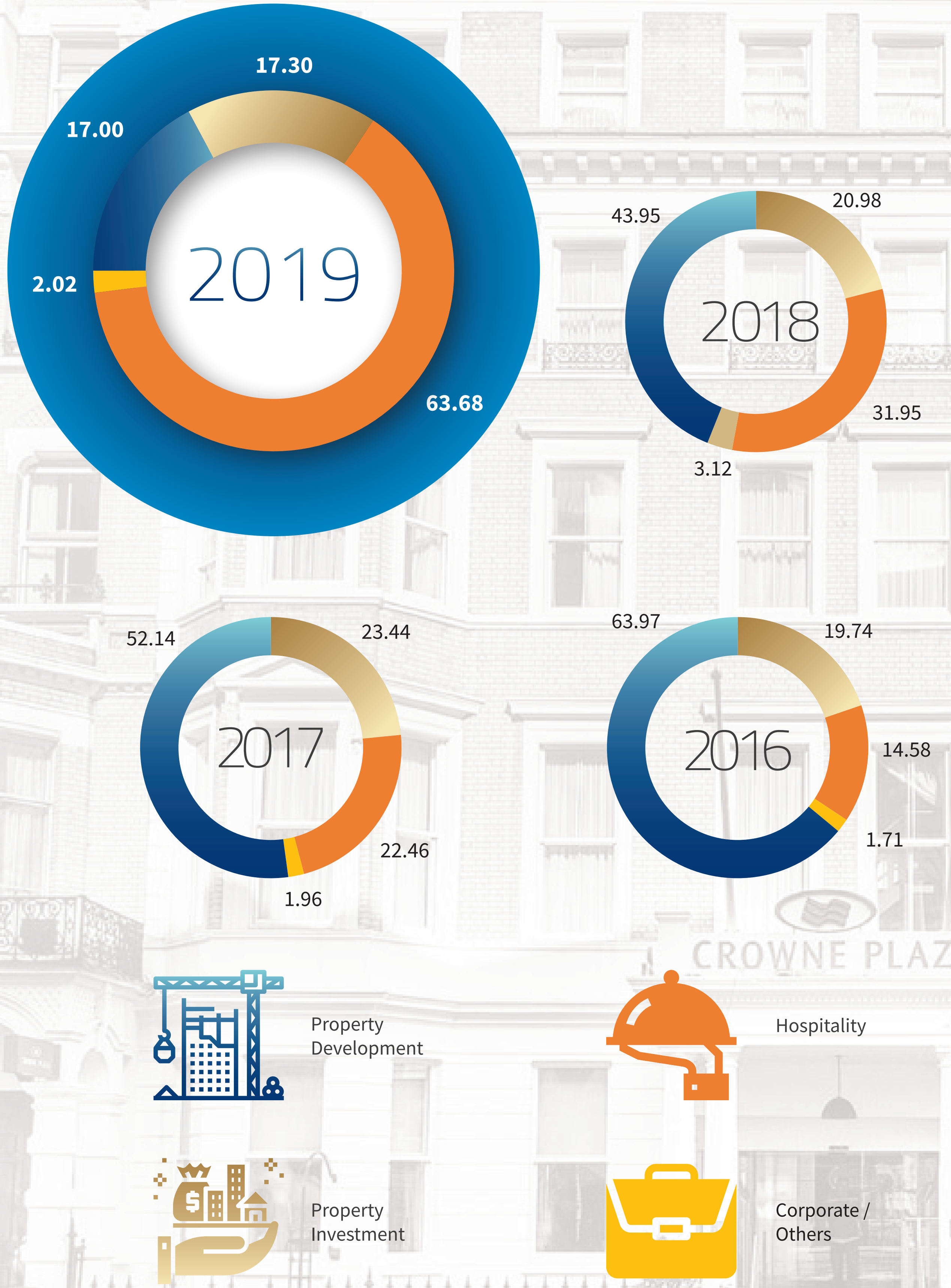
The Thye Hua Kwan Nursing Home is part of the Thye Hua Kwan Moral Charities group, which has been providing social and welfare services to the community since 2011. Volunteers from Heeton spent an afternoon in December 2019 engaging with the residents, many of whom are elderly, disabled and debilitated by long term illness. They were treated to tea, floral tributes and donations in kind sponsored by Heeton.

FINANCIAL HIGHLIGHTS

	2016	2017	2018	2019
TURNOVER $'000	67,369	57,131	55,078	64,806
PBT $'000	17,065	76,995	19,211	14,557
PBT MARGIN %	25.33	134.77	34.88	22.46
NET ASSET VALUE BEFORE NCI $'000	335,958	409,733	419,187	434,738
EPS cents	3.84	23.00	3.61	2.70

TURNOVER BY ACTIVITY

(%)

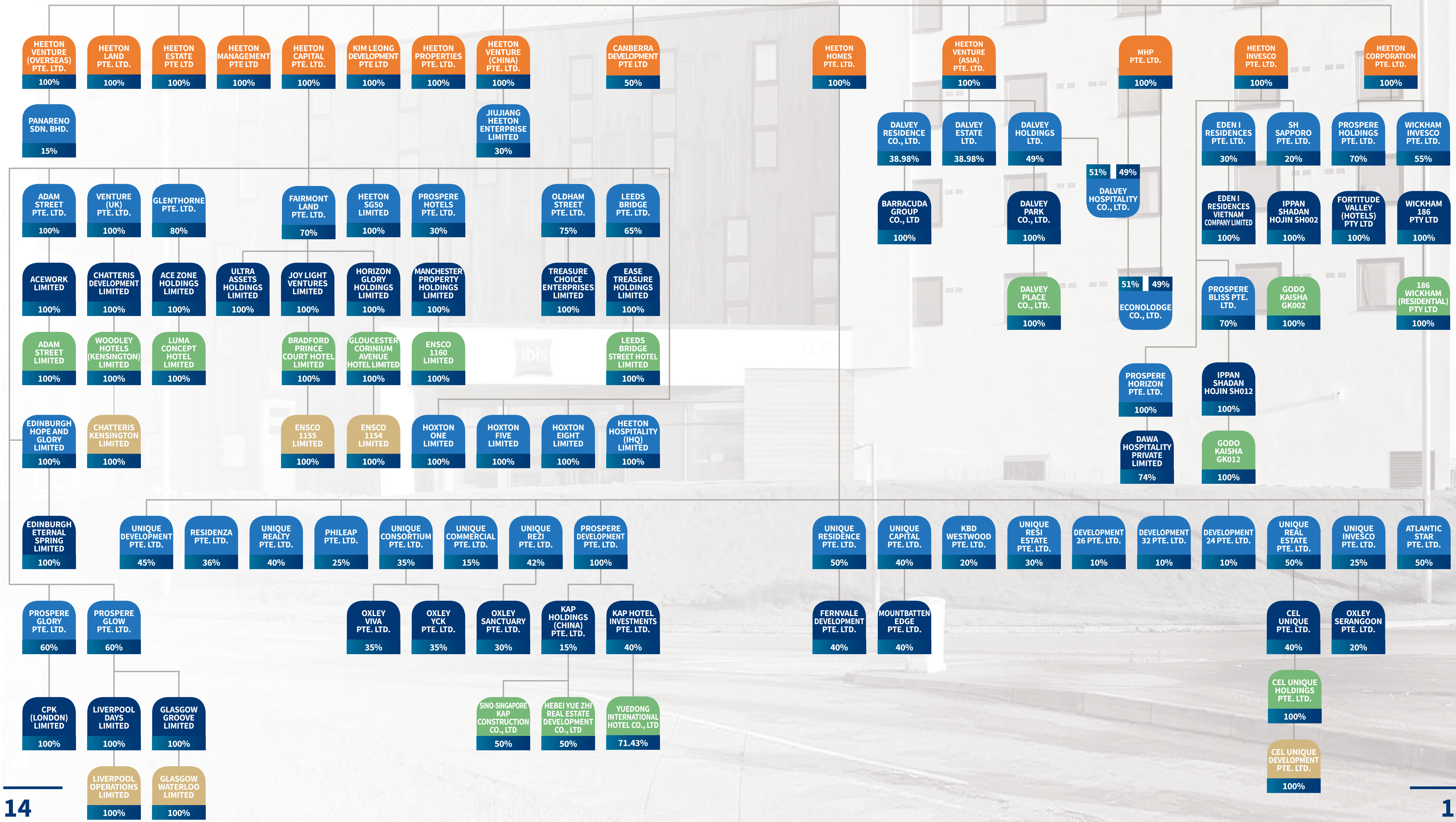


GROUP STRUCTURE

(As At 31 December 2019)

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.

TAN TIONG CHENG
Non-executive, Lead Independent Director

Mr Tan was appointed to the Board on 28 April 2009 and is the Company's Lead independent director. He retired as Senior Adviser to Knight Frank Asia Pacific on 1 April 2020. Mr Tan 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 is an independent director of Straits Trading Co. Ltd, UOL Group Ltd and Amara Holdings Ltd. A Colombo Plan Scholar, Mr Tan graduated top of his class with a Diploma in Urban Valuation from the University of Auckland, New Zealand. Mr Tan is a fellow of the Singapore 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. Mr Tan is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

CHEW CHIN HUA
Non-executive, Independent Director

Mr Chew was appointed as an independent director of the Company on 27 December 2002. Mr Chew is currently the Chairman of the Audit Committee and a member of the Nominating Committee. He has many years of experience in the accounting and auditing profession. Mr Chew is a member of the Association of Chartered Certified Accountants.

CHIA KWOK PING
Non-executive, Independent Director

Mr Chia was appointed as an independent director of the Company on 15 October 2012. Mr Chia has about 20 years' experience in property development, property investment and hospitality. Mr Chia is the Chairman of the Nomination Committee and a member of the Remuneration Committee. He is currently an independent director of Amara Holdings Limited.

TAN CHUAN LYE
Non-executive, Independent Director

Mr Tan was appointed as an independent director of the Company on 9 September 2019. He is an Adjunct Associate Professor with the NUS Business School. He is the chairman of the Audit & Risk Committee of the Asia Pacific Advisory Board of EFG Bank AG, an independent director and member of both audit & risk committee; and nominating and remuneration committee of Isetan (Singapore) Limited and Bowsprit Capital Corporation Limited (Manager of First REIT), an independent director and chairman of audit committee of Sompo Insurance Singapore Pte. Ltd, and audit committee member of A*Star.

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.

TENG HENG CHEW ERIC
Non-Executive, Non-Independent Director

Mr Teng served as the Group's Executive Director and CEO from 2016 to 2019. He became a non-executive and non-independent director of the Company from 1 October 2019. Mr Teng has 30 years of experience in marketing, communications, property and hospitality in both private and public listed companies. He is an active leader in the social service and charity sector and was conferred the Public Service Medal and Public Service Star by the Singapore Government. Mr Teng holds an MBA from NUS Business School.

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.

HOH CHIN YIEP IVAN
Chief Operating Officer

Ivan joined the Group as the Chief Operating Officer on 14 October 2019. He oversees the day-to-day operational functions of the Group. He 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, Ivan honed his leadership skills in various real estate agencies as Executive Director, Director and Head of Department of 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

Affinity at Serangoon (Artist's Impression)

Affinity at Serangoon (Artist's Impression)

Onze@ Tanjong Pagar (Artist's Impression)

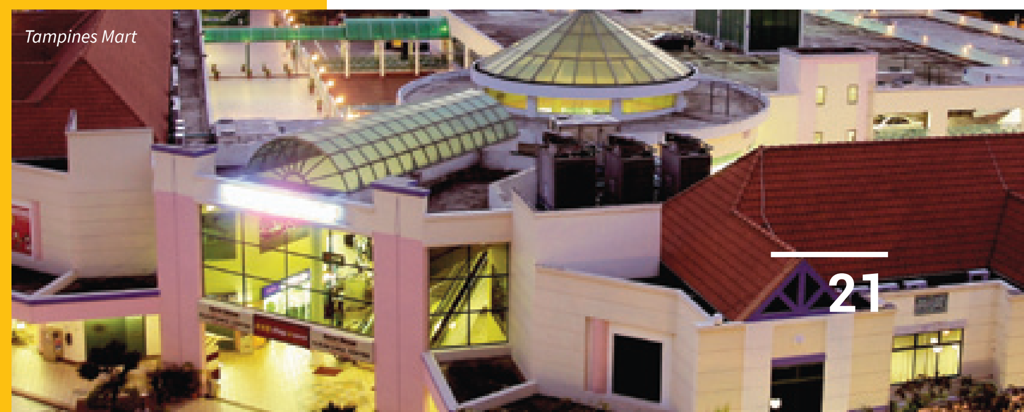
(A) Property Developments and Land Bank (Singapore)

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 31 December 2019	Group's stake (%)	Launched / Expected Launch Date	Targeted Completion / Completion Date
Park Colonial	Woodleigh Lane / Residential	Leasehold	58,640	805	-	83.2	20.0	Jul-18	2021
REZI 24	31-51 Lorong 24 Geylang / Residential	Freehold	6,812	110	-	40.9	10.0	Mar-19	2022
Affinity at Serangoon	Serangoon North Ave 1 / Residential	Leasehold	84,935	1052	5	62.3	5.0	Jun-18	2022
Trio	7 to 19 Sam Leong Road / Commercial	Freehold	3,445	0	43	41.9	15 .0	May-14	Jan-18
Onze@Tanjong Pagar	11 Kee Seng Street / Commercial and Residential	Freehold	5,572	56	13	88.4	100.0	Sep-13	Jan-17
KAP and KAP Residences	9 and 11 King Albert Park / Commercial and Residential	Freehold	17,178	142	107	99.6	12.6	May-13	Nov-16
Lincoln Suites	1/3 Khiang Guan Avenue / Residential	Freehold	16,826	175	N/A	97.1	25.0	Oct-09	Apr-14

(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 2019	Group's stake (%)	Launched / Expected Launch Date	Targeted Completion / Completion Date
To be confirmed	28-30 Oldham Street, Manchester / Hotel	Freehold	20,713	81 hotel rooms	N/A	-	75.0	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
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
Haus[23]	Ladprao 23 Road, Ladyarw (Bangsae-nuar) Bangkhen Bangkok Thailand / Residential	Freehold	17,214	236	N/A	86.9	49.0	Sep-11	May-14

Sun Plaza



Tampines Mart

PROPERTY PORTFOLIO

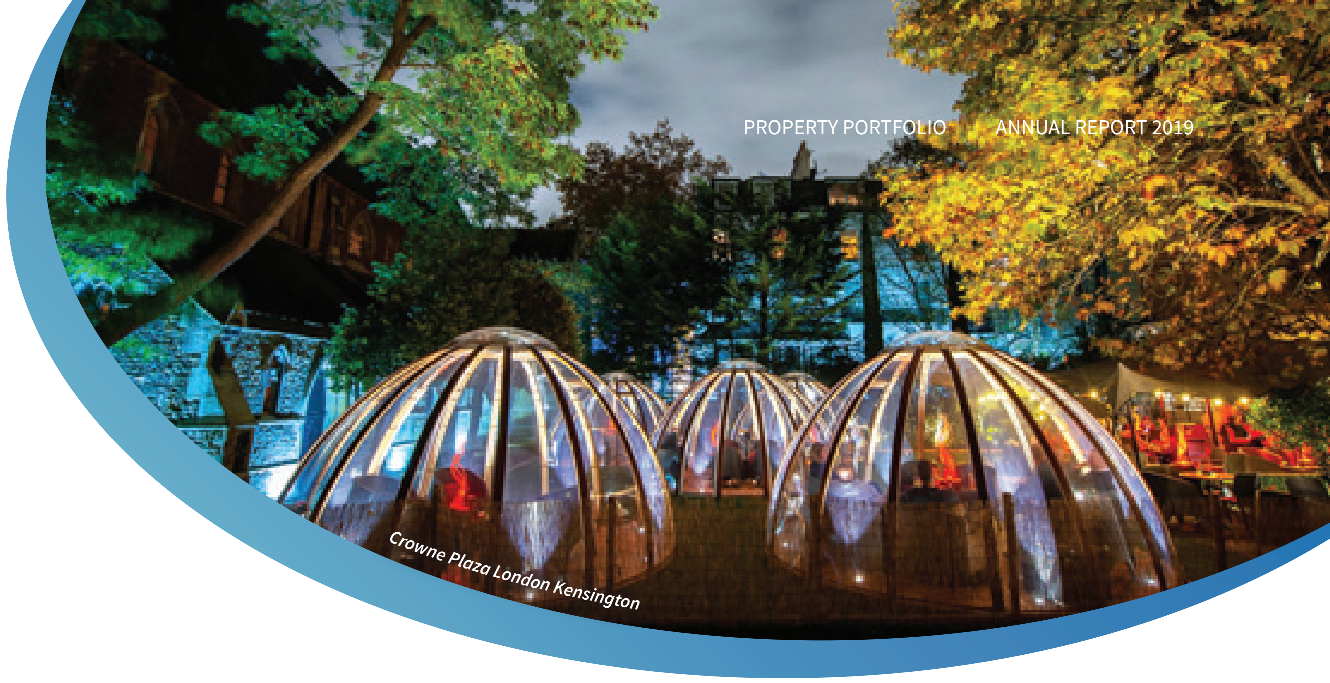
Haus[23]

Hampton by Hilton Leeds City Centre (Artist's Impression)

(C) Investment Properties (Singapore)

Name of development	Location / Type of development	Tenure	Approximate Lettable Area (sq m)	Number of units	Fair value as at 31 December 2019 ($'mil)	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	125.0	100.0
62 Sembawang Road	62 Sembawang Road / Transport Facilities	Estate in Perpetuity	1,239	1	12.5	100.0
Sun Plaza	30 Sembawang Drive / Retail and Commercial	Leasehold term of 99 years from 26 June 1996	14,573	131	372.0	50.0
223@Mountbatten	223 Mountbatten Road / Commercial	15 years from 20 February 2012	10,447	90	34.0	16.0

Hampton by Hilton Leeds City Centre Interior



Crowne Plaza London Kensington

(D) Hotels and Investment Properties (Overseas)

Name of development	Location / Type of development	Tenure	Number of units	Fair value as at 31 December 2019 ($'mil)	Group's stake (%)
Crowne Plaza London Kensington	100 Cromwell Road, London, United Kingdom / Hotel	Freehold	163 hotel rooms	145.5	60.0
Ibis Styles London Kensington	15 – 25 Hogarth Road,Kensington, London, United Kingdom/Hotel	Freehold	118 hotel rooms	48.4	100.0
Heeton Concept Hotel Luma Hammersmith London	28 - 36 Glenthorne Road, Hammersmith, London, United Kingdom / Hotel	Freehold	89 hotel rooms	50.4	80.0
Hampton by Hilton Leeds City Centre	1 Gower St, Leeds, United Kingdom / Hotel	Freehold	121 hotel rooms	37.2	65.0
Ibis Hotel Gloucester	Sawmills End, Corinium Ave A471, Gloucester, United Kingdom / Hotel	125 years leasehold from 19 Oct 2009	127 hotel rooms	9.4	70.0

Hotel Baraquda Pattaya, MGallery Collection

Ibis Styles London Kensington

PROPERTY PORTFOLIO

Stewart by Heeton Concept Aparthotel Edinburgh Interior

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

Name of development	Location / Type of development	Tenure	Number of units	Fair value as at 31 December 2019 ($'mil)	Group's stake (%)
Ibis Budget Bradford	Prince Court, Canal Road, Bradford, United Kingdom / Hotel	Freehold	86 hotel rooms	2.4	70.0
Holiday Inn Express Manchester City Centre Arena	2-4 Oxford Road, Manchester, United Kingdom / Hotel	Freehold	147 hotel rooms	30.4	30.0
Hotel Indigo Glasgow	74 Waterloo Street, Glasgow, Scotland / Hotel	175 years leasehold from 1 Oct 2018	94 hotel rooms	17.0	60.0
Stewart by Heeton Concept Aparthotel Edinburgh	10 Young Street, Edinburgh, Scotland / Hotel	Freehold	31 apartment	12.2	100.0
Adam House	7 – 10 Adam Street, London, United Kingdom / Serviced office	Freehold	35 office units and 175 desks	31.2	100.0
Sawmills Studio	Sawmills Studios, 17-20 Parr Street, London, United Kingdom / Apartment	Leasehold	3 residential units	3.2	100.0
Mercure Hotel Pattaya	484 Moo 10, Soi Pattaya Sai Song 15 off Pattaya Sai Song Road, Nongprue Subdistrict Banglamung District, Cholburi Province.Thailand / Hotel	Freehold	247 hotel rooms	23.7	86.7
Hotel Baraquda Pattaya, MGallery Collection	485/1 Moo 10, Pattaya Sai Song Road, Nongprue Subdistrict, Banglamung District, Cholburi Province. Thailand / Hotel	Freehold	72 hotel rooms	18.6	38.98
Super Hotel Sapporo - Susukino	2-8-7 Minami , Sapporo, Japan / Hotel	Freehold	164 hotel rooms* 66 residential & 4 retail units"	38.4	20.0
Smile Hotel Asakusa Tokyo	6-35-8 Asakusa, Taito-ward, Tokyo, Japan / Hotel	Freehold	96 hotel rooms*	33.9	70.0
29 Ranwell Lane	29 Ranwell Lane Brisbane, Australia / Hotel	Freehold	Proposed 198 hotel rooms	5.7	70.0
To be confirmed	28-30 Oldham Street, Manchester, United Kingdom / Hotel	Freehold	Proposed 74 hotel rooms	8.3	75.0
To be confirmed	Gewog Lungmi, Paro,Bhutan / Hotel	Freehold	Proposed 85 hotel rooms	9.2	74.0

* Leased out to third party to operate

FINANCIAL CONTENT

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 should 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 2019

	Board Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		Audit Committee Meetings	
Name of Director	No. Held*	No. Attended*	No. Held*	No. Attended*	No. Held*	No. Attended*	No. Held*	No. Attended*
Toh Khai Cheng	4	4	–	–	1	1	4	4
Toh Giap Eng	4	4	1	1	–	–	–	–
Teng Heng Chew Eric	4	4	–	–	–	–	–	–
Chew Chin Hua	4	4	1	1	–	–	4	4
Tan Tiong Cheng	4	4	1	1	1	1	4	4
Chia Kwok Ping	4	4	1	1	1	1	–	–
Tan Chuan Lye(1)	1	1	–	–	–	–	1	1

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

(1) Mr Tan Chuan Lye was appointed as a Director and a member of the Nominating Committee and the Audit Committee on 9 September 2019.

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.

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.

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 7 members, with the details set out at Table 2. Mr Toh Giap Eng is the executive Director and Deputy Chairman and six non-executive Directors. Of the six non-executive Directors, four of them are independent Directors, namely, Mr Chew Chin Hua, Mr Tan Tiong Cheng, Mr Chia Kwok Ping and Mr Tan Chuan Lye. The non-executive Directors make up a majority of the Board.

Report On Corporate Governance

The independent Directors make up a majority of the Board where the Chairman is not independent and the independence of each Director is reviewed by the Nominating Committee. 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. The Nominating Committee is of the view that no individual or small group of individuals dominate the Board's decision-making process.

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. 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 Chew Chin Hua and Mr Tan Tiong Cheng 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 Chew and Mr Tan 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 Chew and Mr Tan.

Nonetheless, in view of the amendments to the Listing Rules, which will come into effect from 1 January 2022, require the re-appointment of directors who have served the Board beyond nine years from the date of their first appointment to be subjected to a two-tier shareholders voting, the Company has its directorship renewal process underway.

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 Annual General Meeting ("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	Not applicable
Teng Heng Chew Eric	–	4 January 2016/ 23 April 2019	Non-executive	Retirement by rotation pursuant to Article 95(2)
Chew Chin Hua	Chairman of Audit Committee and Member of Nominating Committee	27 December 2002/ 26 April 2017	Non-executive/ Independent	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	Not applicable
Chia Kwok Ping	Chairman of Nominating Committee and Member of Remuneration Committee	15 October 2012/ 24 April 2018	Non-executive/ Independent	Not applicable
Tan Chuan Lye	Member of Audit Committee and Nominating Committee	9 September 2019	Non-executive/ Independent	Retirement by rotation pursuant to Article 77

Table 3: Information on Director nominated for re-election

Name of Director	Tan Chuan Lye
Date of Initial Appointment	9 September 2019
Date of last re-appointment (if applicable)	Not applicable
Age	62
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 Chuan Lye as the Non-Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Tan Chuan Lye 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

Report On Corporate Governance

Name of Director	Tan Chuan Lye
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director and member of the Audit Committee and Nominating Committee
Professional qualifications	Fellow Member, Institute of Chartered Singapore Accountants Master of Business Administration, Henley Management College/University of Reading Fellow Member, Association of Chartered Certified Accountants Associate Member, Institute of Chartered Management Accountants Certified Internal Auditor
Working experience and occupation(s) during the past 10 years	Adjunct Associate Professor, National University of Singapore - January 2016 to Present Partner, KPMG Singapore – April 2008 to September 2015 (retired)
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
<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)	None
Present	• Heeton Holdings Limited – Independent Non-Executive Director (September 2019 to Present) • Bowsprit Capital Corporation, Manager of First REIT – Independent Non-Executive Director (April 2017 to Present) • Isetan Singapore Limited – Independent Non-Executive Director (February 2019 to Present) • EFG Bank – Independent Member of the Asia Pacific Advisory Board (January 2018 to Present) • Sompo Insurance Singapore Limited – Independent Director (February 2019 to Present) • A*Star – Member, Audit Committee (February 2017 to Present)
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

Report On Corporate Governance

Name of Director	Tan Chuan Lye
(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, for 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
(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

Report On Corporate Governance

Name of Director	Tan Chuan Lye
(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 (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 (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, In connection with any matter occurring or arising during the period when you were so concerned with the entity or business trust?	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
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 First REIT, Isetan Singapore 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.

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 Company does not have a Chief Executive Officer. Instead, it has a Chief Operating Officer ("COO"). The functions of the Chairman, Deputy Chairman and COO in the Company are assumed by different individuals. The Chairman, Mr Toh Khai Cheng, is a non-executive Director while the executive Director, Mr Toh Giap Eng holds the office of Deputy Chairman. Mr Hoh Chin Yiep is the COO. There is a clear division of responsibilities between the Chairman, Deputy Chairman and COO, which ensures a balance of power and authority as well as increased accountability at the top of the Company.

The COO, 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 current or new markets, explore and 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, COO, 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, COO, 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 four independent non-executive Directors, namely Mr Chia Kwok Ping (Chairman), Mr Chew Chin Hua, 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.

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.

Report On Corporate Governance

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.

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.

Report On Corporate Governance

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. Such an appraisal process was carried out in respect of financial year ended 2019.

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;

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.

Report On Corporate Governance

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 COO:

a. the term of service is for a period of 3 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.

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 and COO 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.

The remuneration packages of the key management personnel comprises a fixed salary, allowances and a variable bonus is subject to the performance of the Group as a whole as well as the individual performance.

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.

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 the each individual Director and the Group's key executives in full.

Report On Corporate Governance

A breakdown, showing the level and mix of each individual Director's remuneration payable for the financial year ended 31 December 2019 is as follows:

Remuneration bands	Salary	Bonus	Fees	Other Benefits	Total
	%	%	%	%	%
Below $250,000					
Toh Khai Cheng	–	–	100	–	100
Tan Tiong Cheng	–	–	100	–	100
Chew Chin Hua	–	–	100	–	100
Chia Kwok Ping	–	–	100	–	100
Tan Chuan Lye	–	–	100	–	100
Between $250,000 to $500,000					
Teng Heng Chew Eric (1)	86	–	–	14	100
Between $500,000 to $750,000					
Toh Giap Eng	96	–	–	4	100

The remuneration of the key executives of the Group who are not Directors for the financial year ended 31 December 2019 is shown in the following bands:

Remuneration bands	Salary	Bonus	Other Benefits	Total
	%	%	%	%
Below $250,000				
Eemin Loh Yi Xuan	80	19	1	100
Adrian Koh Seng Hui	86	13	1	100
Hoh Chin Yiep (2)	84	–	16	100
Between $250,000 to $500,000				
Heng Lee Cheng, Cheryl	69	28	3	100
Edwin Liu Chun Bong	76	23	1	100

(1) Mr Teng Heng Chew Eric stepped down as the Group's Chief Executive Officer on 1 October 2019

(2) Mr Hoh Chin Yiep was appointed as COO on 14 October 2019

The Group currently only has 5 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 the financial year ended 31 December 2019 is $1,168,000.

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, COO and other substantial shareholders of the Company.

Report On Corporate Governance

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 AC have reviewed the adequacy and effectiveness of the Group's internal controls that address the Group's financial, operational and compliance and information technology controls and risks management systems. 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 2019. 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, COO 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.

The Board has received assurance from the COO 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 cash and cash equivalents, trade debtors and other debtors 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.

Report On Corporate Governance

Audit Committee

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

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

The Chairman of the AC, Mr Chew Chin Hua 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 the financial year ended 2019, the AC has held 4 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;

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 COO 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.

Report On Corporate Governance

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.

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 quarterly 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.

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.

Report On Corporate Governance

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.

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 he Company. The non-executive Chairman and Chairpersons of the AC, NC and RC were present at the last AGM. The Company's external auditors, Ernst & Young LLP, were also present at the AGM and were available to assist the directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

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. Starting FY 2019, the Company shall publish 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. 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.

Report On Corporate Governance

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 existing investor relation firm to assist in disseminating news to the media and analysts after each results announcement and any price-sensitive information announced.

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 ESG expectations. The key stakeholders includes investors, tenants, employees, communities, government and regulators and business partners.

The Company maintains a corporate website at www.heeton.com 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 S$100,000 during the financial year ended 2019.

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 two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full-year financial statements. The Company has complied with Rule 1207(19) in the financial year ended 31 December 2019.

Directors' Statement

The directors are pleased to 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 2019.

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 2019 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
Teng Heng Chew Eric	–	Non-executive and non-independent Director
Chew Chin Hua	–	Independent Director
Tan Tiong Cheng	–	Independent Director
Chia Kwok Ping	–	Independent Director
Tan Chuan Lye	–	Independent Director (Appointed on 9 September 2019)
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 and 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 of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	1 January 2019	31 December 2019	1 January 2019	31 December 2019
The Company				
Heeton Holdings Limited				
(Ordinary shares)				
Toh Khai Cheng [(1)]	22,084,392	33,126,588	144,510,959	216,766,438
Toh Giap Eng [(2)]	38,896,249	60,144,373	89,854,559	135,981,838
Toh Gap Seng [(3)]	17,768,370	26,652,555	1,038,800	1,783,200
Chew Chin Hua	36,000	54,000	–	–
Tan Tiong Cheng	12,000	18,000	–	–
Teng Heng Chew Eric	200,000	300,000	–	–

(1) 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 shares held by Hong Heng Company Private Limited.

(2) Toh Giap Eng is deemed to be interested in the 134,781,838 shares held by Heeton Investments Pte Ltd and the 1,200,000 shares held by his children.

(3) Toh Gap Seng is deemed to be interested in the 1,783,200 shares held by his spouse and children.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2020.

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.

Share options

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

No shares were 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 Act, 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;

Directors' Statement

Audit committee (cont'd)

- Reviewed the quarterly and annual financial statements and the 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 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 four 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.

Auditor

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

On behalf of the board of directors,

Toh Khai Cheng
Non-Executive Chairman

Toh Giap Eng
Executive Deputy Chairman

Singapore
31 March 2020

Independent Auditor's Report

For the year ended 31 December 2019

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 2019, 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 2019 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 constructs 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 and its dependency on a range of estimates (amongst others, estimated selling price of the unsold development properties due to market conditions and estimated development costs of the projects) made by management as well as external valuation specialists. As such, this is considered to be a key audit matter.

The management evaluated the recoverable amounts of these properties by taking into consideration the current market prices of these properties involved, the costs incurred to date, the development status and costs to complete the development. We focused on projects with slower-than-expected sales or projects with low or negative margins. The Group also engaged independent valuation specialists to determine the open market value of the unsold development properties. As part of our audit procedures, we assessed the competence, objectivity and integrity of these specialists. We held discussions with the specialists to assess the reasonableness of the key inputs and assumptions underlying the valuation.

We have reviewed the reasonableness of management's estimates of the expected selling price of the unsold development properties based on recent sales transactions. We also assessed the reasonableness of the key assumptions underlying the total estimated development costs, the process in which they were drawn up, and tested the underlying calculations. Further, we assessed the adequacy of disclosures related to development properties in Note 18.

Independent Auditor's Report

For the year ended 31 December 2019

Key audit matters (cont'd)

Valuation of investment properties

The Group made its investments into investment properties through its subsidiary, joint venture company and associated company. As at 31 December 2019, the carrying amount of investment properties was $171,976,000 which accounted for 16% of total assets. The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss.

The Group engaged independent valuation specialists to determine the fair values of its investment properties as at 31 December 2019. The valuation of the investment properties is a significant judgemental area and is underpinned by a number of assumptions including yield adjustments made for any difference in nature, location or condition of the specific property. The valuation exercise also relies upon the accuracy of the underlying lease and financial information provided to the valuation specialists by management. Accordingly, we have identified this as a key audit matter.

As part of our audit procedures, we evaluated the competence, objectivity and integrity of the valuation specialists. We held discussions with the specialists to understand the valuation methodologies used in the valuation and the results of their work. We assessed the reasonableness of the key inputs and assumptions underlying the valuation. These key assumptions include 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 related disclosures in Note 12 and Note 38.

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 2019

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 2019

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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
31 March 2020

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

(In Singapore dollars)

	Note	2019 $'000	2018 $'000
Revenue	4	64,806	55,078
Cost of properties sold		(8,123)	(21,080)
Other operating income	5	2,954	7,617
Personnel expenses	6	(17,328)	(11,203)
Depreciation of property, plant and equipment	11	(4,453)	(2,354)
Other operating expenses		(23,054)	(19,383)
Finance expenses	7(a)	(20,938)	(17,647)
Finance income	7(b)	6,652	8,049
Impairment losses on financial assets	8	(3,300)	–
Fair value (loss)/gain on derivative financial instruments	8	(146)	74
Share of results of associated companies/joint venture companies		11,009	14,060
Gains from fair value adjustments of investment properties	12	6,478	6,000
Profit before tax	8	14,557	19,211
Income tax expense	9	(2,922)	(3,006)
Profit for the year		11,635	16,205
Other comprehensive income/(expense):			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation		4,037	(5,254)
Other comprehensive income/(expense) for the year, net of tax		4,037	(5,254)
Total comprehensive income for the year		15,672	10,951
Profit/(loss) for the year			
Attributable to:			
Owners of the Company		13,184	17,625
Non-controlling interests		(1,549)	(1,420)
		11,635	16,205
Total comprehensive income/(expense) for the year:			
Attributable to:			
Owners of the Company		17,502	12,706
Non-controlling interests		(1,830)	(1,755)
		15,672	10,951
Earnings per share attributable to owners of the Company (cents per share)			
Basic	10	2.70	3.61
Diluted	10	2.70	3.61

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

Balance Sheets

As at 31 December 2019

(In Singapore dollars)

		Group		Company	
	Note	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Non-current assets					
Property, plant and equipment	11	395,482	216,905	405	396
Investment properties	12	171,976	164,810	–	–
Subsidiaries	13	–	–	24,082	24,583
Associated companies	14	21,256	26,193	–	–
Joint venture companies	15	111,695	116,369	5,000	5,000
Amounts due from associated companies and joint venture companies (non-trade)	16	147,289	149,632	–	–
Intangible assets	17	109	109	–	–
Other receivables	20	18,000	18,000	18,000	–
		865,807	692,018	47,487	29,979
Current assets					
Development properties	18	34,806	32,070	7,986	16,109
Trade receivables	19	1,698	1,267	31	261
Other receivables	20	44,121	52,284	10,827	24,617
Prepayments		2,936	2,171	768	1,526
Amounts due from subsidiaries (non-trade)	21	–	–	314,263	306,495
Amounts due from related parties (trade)	21	17	12	–	–
Amounts due from associated companies and joint venture companies (non-trade)	21	799	845	79	263
Fixed deposits	22	52,995	22,039	52,839	21,887
Cash and bank balances	23	63,924	52,920	28,813	28,092
		201,296	163,608	415,606	399,250
Current liabilities					
Trade payables	24	1,899	2,892	1,576	1,550
Other payables and accruals	25	18,021	13,431	4,869	5,420
Amounts due to subsidiaries (non-trade)	21	–	–	135,980	111,022
Lease liabilities	34	313	–	–	–
Bonds	26	75,000	–	75,000	–
Bank term loans	28	19,547	104,131	–	–
Finance lease obligations	34	76	76	50	50
Income tax payable		4,252	3,560	461	431
		119,108	124,090	217,936	118,473
Net current assets		82,188	39,518	197,670	280,777

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

Balance Sheets

As at 31 December 2019

(In Singapore dollars)

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current liabilities					
Other payables and accruals	25	698	1,024	–	–
Derivative financial instruments	27	146	–	146	–
Finance lease obligations	34	48	119	42	92
Lease liabilities	34	5,968	–	–	–
Amounts due to associated companies and joint venture companies (non-trade)	16	30,121	27,914	17,058	16,670
Amounts due to non-controlling interests (non-trade)	30	62,910	60,852	–	–
Bonds	26	117,750	193,000	117,750	193,000
Bank term loans	28	290,612	26,833	–	–
Deferred tax liabilities	31	1,583	911	9	19
		509,836	310,653	135,005	209,781
Net assets		438,159	420,883	110,152	100,975
Equity attributable to owners of the Company					
Share capital	32	86,624	86,624	86,624	86,624
Foreign currency translation reserve	33	326	(3,992)	–	–
Retained earnings		347,787	336,555	23,528	14,351
		434,737	419,187	110,152	100,975
Non-controlling interests	13	3,422	1,696	–	–
Total equity		438,159	420,883	110,152	100,975

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

Consolidated Statement of Changes To Equity

For the year ended 31 December 2019

(In Singapore dollars)

	Note	Attributable to owners of the Company: Share capital (Note 32) $'000	Foreign currency translation reserve (Note 33) $'000	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
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 for the year		–	4,318	–	13,184	17,502	(1,830)	15,672
Dividend on ordinary shares	42	–	–	–	(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
Balance at 1 January 2018 (FRS framework)		86,624	(8,417)	2,768	332,806	413,781	2,399	416,180
Cumulative effects of adopting SFRS(I)		–	9,344	(2,768)	(10,624)	(4,048)	–	(4,048)
Balance at 1 January 2018 (SFRS(I) framework)		86,624	927	–	322,182	409,733	2,399	412,132
Profit for the year		–	–	–	17,625	17,625	(1,420)	16,205
Other comprehensive income								
- Foreign currency translation		–	(4,919)	–	–	(4,919)	(335)	(5,254)
Total comprehensive income for the year		–	(4,919)	–	17,625	12,706	(1,755)	10,951
Dividend on ordinary shares	42	–	–	–	(3,252)	(3,252)	–	(3,252)
Acquisition of subsidiaries		–	–	–	–	–	1,052	1,052
At 31 December 2018 (SFRS(I) framework)		86,624	(3,992)	–	336,555	419,187	1,696	420,883

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 2019

(In Singapore dollars)

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Profit before tax		14,557	19,211
Adjustments:			
Depreciation of property, plant and equipment	11	4,453	2,354
Gain on disposal of investment property		–	(4,150)
Gain on disposal of property, plant and equipment		–	(25)
Fair value loss/(gain) on derivative financial instruments	8	146	(74)
Gains from fair value adjustments of investment properties	12	(6,478)	(6,000)
Impairment losses on financial assets		3,300	–
Share of results of associated companies/joint venture companies		(11,009)	(14,060)
Interest expense	7(a)	20,938	17,647
Interest income	7(b)	(6,652)	(8,049)
Unrealised exchange differences		801	1,016
Total adjustments		5,499	(11,341)
Operating cash flows before changes in working capital		20,056	7,870
Changes in working capital:			
(Increase)/decrease in development properties		(2,574)	19,477
(Increase)/decrease in trade receivables		(403)	6,480
Decrease/(increase) in other receivables		8,267	(10,181)
Increase in prepayments		(724)	(898)
Decrease in trade payables		(988)	(886)
Increase in other payables and accruals		4,078	5,741
Increase in amounts due from related parties		(5)	–
Total changes in working capital		7,651	19,733
Cash flows from operations		27,707	27,603
Interest received		6,652	8,049
Interest paid, excluding amounts capitalised		(20,630)	(17,647)
Income taxes paid		(1,921)	(3,209)
Net cash flows from operating activities		11,808	14,796
Cash flows from investing activities			
Capital contribution from non-controlling interest of a subsidiary		3,556	1,052
Proceeds from sale of property, plant and equipment		–	25
Additions to property, plant and equipment	11	(174,204)	(87,760)
Deposit on purchase of property, plant and equipment		–	(17,030)
Balance proceeds from disposal of investment property held for sale		–	50,265
Dividend income from associated companies and joint venture companies		15,250	45,884
Net repayment of loan/(Net loan to) associated companies and joint venture companies		8,329	(17,544)
Net cash flows used in investing activities		(147,069)	(25,108)

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 2019

(In Singapore dollars)

	Note	2019 $'000	2018 $'000
Cash flows from financing activities			
Repayment of finance lease obligations		(71)	(73)
Proceeds from bank loans		255,099	–
Repayment of bank loans		(76,883)	(83,559)
Repayment of bond		(250)	–
Proceeds from bond issuance		–	118,000
Payments on operating lease		(308)	–
Increase in loan from non-controlling interests		1,110	28,667
Dividends paid on ordinary shares of the Company	42	(1,952)	(3,252)
Net cash flows from financing activities		176,745	59,783
Net increase in cash and cash equivalents		41,484	49,471
Effect of exchange rate changes on cash and cash equivalents		476	(1,136)
Cash and cash equivalents at beginning of year		74,959	26,624
Cash and cash equivalents at end of year	A	116,919	74,959

A. Cash and cash equivalents

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

	Note	2019 $'000	2018 $'000
Fixed deposits	22	52,995	22,039
Cash and bank balances	23	63,924	52,920
Cash and cash equivalents at end of year		116,919	74,959

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 2019

(In Singapore dollars)

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 are set out in Note 13 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)").

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). The financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with 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 2019. Except for the adoption of SFRS(I) 16 Leases described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 Leases, SFRS(I) INT FRS 104 Determining whether an Arrangement contains a Lease, SFRS(I) INT FRS 15 Operating Leases-Incentives and SFRS(I) INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position. The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application. The effect of adopting SFRS(I) 16 as at 1 January 2019 was as follows:

	Group $'000
Increase in:	
Right-of-use asset (Note 11)	6,110
Lease liabilities (Note 34a)	6,110

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

2.2 Adoption of new and amended standards and interpretations (cont'd)

The Group has lease contracts on leasehold land. Before the adoption of SFRS(I) 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 January 2019 is disclosed in Note 2.21.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 January 2019 is disclosed in Note 2.21. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under SFRS(I) 1-17). The requirements of SFRS(I) 16 were applied to these leases from 1 January 2019.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on the carrying amount as if the standard had always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease;
- relied on its assessment of whether leases are onerous immediately before the date of initial application;
- applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

2.2 Adoption of new and amended standards and interpretations (cont'd)

Based on the above, as at 1 January 2019:

- right-of-use asset of $6,110,000 was recognised; and
- lease liabilities of $6,110,000 was recognised.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows: -

	Group $'000
Operating lease commitments as at 31 December 2018	64,415
Less: Commitments relating to short-term lease	(81)
Undiscounted operating lease commitments as at 1 January 2019	64,334
Weighted average incremental borrowing rate as at 1 January 2019	5.80%
Lease liabilities as at 1 January 2019	6,110

Early adoption of Amendments to SFRS(I) 3: Definition of a business

The Group has early adopted Amendments to SFRS(I) 3: Definition of a Business which is effective for annual periods beginning on or after 1 January 2020.

The amendments help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

As a result of the early adoption with a date of initial application of 1 January 2019, the Group has elected the optional test to simplify the assessment of whether an acquired set of activities and assets is not a business. Accordingly, as disclosed in Note 11, the Group has determined that the set of activities and assets acquired in 2019 is not a business.

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:

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform	1 January 2020
Amendment to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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 2019

(In Singapore dollars)

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

2.4 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.

(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.

2.5 Subsidiaries, basis of consolidation and business combinations

(a) *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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

2.5 Subsidiaries, basis of consolidation and business combinations (cont'd)

(b) *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.

(c) *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 2019

(In Singapore dollars)

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

2.5 Subsidiaries, basis of consolidation and business combinations (cont'd)

(c) *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.

2.6 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

2.7 Joint arrangements (cont'd)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

2.8 Joint ventures and associates (cont'd)

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 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.

2.10 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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

2.10 Investment properties (cont'd)

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. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.9 up to the date of change in use. Any difference at that date between the carrying amount of the owner-occupied property and its fair value is accounted for in the same way as a revaluation of property, plant and equipment as set out in Note 2.9.

For a transfer from development property to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

2.11 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.

2.12 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

2.13 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.

2.14 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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

2.14 Financial instruments (cont'd)

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

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

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 de-recognised.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

2.14 Financial instruments (cont'd)

(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.

Subsequent measurement

After initial recognition, other financial liabilities 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.

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.

2.15 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.

2.16 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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

2.17 Trade and other receivables

Payment terms granted to customers are in accordance with the progress payment schedule for the purchase of the development properties under construction. Tenants of investment properties are granted payment terms as set out in the respective tenancy agreements.

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.

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

These accounting policies are applied on and after the initial application date of SFRS(I) 16, 1 January 2019:

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

2.21 Leases (cont'd)

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

i) <u>Right-of-use assets</u>

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 2.15.

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

ii) <u>Lease liabilities</u>

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 payment 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 34.

iii) <u>Short-term leases and leases of low-value assets</u>

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

2.21 Leases (cont'd)

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.

These accounting policies are applied before the initial application date of SFRS(I) 16, 1 January 2019:

(a) *Group as a lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *Group as a lessor*

The accounting policy applicable to the Group as a lessor in the comparative period was the same as under SFRS(I) 16.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

2.23 **Revenue (cont'd)**

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

2.24 **Taxes (cont'd)**

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

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

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 41, 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.

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.

2.29 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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.

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 2019. 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 key assumptions used to determine the fair value of these investment properties and investment property held for sale and sensitivity analysis are provide in Note 38.

The carrying amount of the Group's investment properties as at 31 December 2019 was $171,976,000 (2018: $164,810,000).

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

3.1 Key sources of estimation uncertainty (cont'd)

(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 2019 was $4,252,000 (2018: $3,560,000) and $1,583,000 (2018: $911,000) respectively.

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

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

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

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

The carrying amounts of the Group's interests in associates and joint ventures are disclosed in Notes 14,15 and 21 to the financial statements respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

3.1 Key sources of estimation uncertainty (cont'd)

(f) *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.

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	
	2019	2018
	$'000	$'000
Revenue from contracts with customers	52,433	42,928
Rental income from investment properties	11,086	11,558
Other rental income	1,287	592
	64,806	55,078

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

4. Revenue (cont'd)

(a) Disaggregation of revenue from contracts with customers

Segments	Property development 2019 $'000	Property development 2018 $'000	Hospitality 2019 $'000	Hospitality 2018 $'000	Corporate 2019 $'000	Corporate 2018 $'000	Total Revenue 2019 $'000	Total Revenue 2018 $'000
Primary geographical markets								
Singapore	11,138	24,208	–	–	948	1,389	12,086	25,597
United Kingdom	–	–	39,983	17,005	364	326	40,347	17,331
	11,138	24,208	39,983	17,005	1,312	1,715	52,433	42,928
Major product or service line								
Residential properties	8,260	21,452	–	–	–	–	8,260	21,452
Commercial properties	2,878	2,756	–	–	–	–	2,878	2,756
Hotel operation income	–	–	39,983	17,005	–	–	39,983	17,005
Management fee income	–	–	–	–	1,312	1,715	1,312	1,715
	11,138	24,208	39,983	17,005	1,312	1,715	52,433	42,928
Timing of transfer of goods or services								
At a point in time	2,878	–	39,983	17,005	1,312	1,715	44,173	18,720
Over time	8,260	24,208	–	–	–	–	8,260	24,208
	11,138	24,208	39,983	17,005	1,312	1,715	52,433	42,928

5. Other operating income

	Group 2019 $'000	Group 2018 $'000
Forfeiture of deposits	38	57
Tentage and other rental	130	160
Management fee income from associated companies and joint venture companies	2,120	2,320
Gain on disposal of investment property	–	4,150
Others	666	930
	2,954	7,617

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

6. Personnel expenses

	Group 2019 $'000	Group 2018 $'000
Salaries and bonuses	16,361	10,402
Central Provident Fund contributions	365	390
Other staff costs	602	411
	17,328	11,203

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

7. Finance expenses/(income)

	Note	Group 2019 $'000	Group 2018 $'000
(a) ***Finance expenses***			
Interest expense on:			
- bank loans		6,419	4,987
- lease liabilities	34a	308	–
- bonds		11,740	11,395
- advances from associated companies/joint venture companies		388	566
- advances from non-controlling interests		1,730	1,045
- others		662	12
		21,247	18,005
Less: Interest capitalised in property, plant and equipment	11	(309)	(358)
		20,938	17,647
(b) ***Finance income***			
Interest income from financial assets measured at amortised cost:			
- fixed deposits		(484)	(448)
- loans to associated companies		(887)	(1,023)
- loans to joint venture companies		(2,980)	(4,670)
- promissory notes and other receivables		(2,301)	(1,908)
		(6,652)	(8,049)

(In Singapore dollars)

8. Profit before tax

The following items have been included in arriving at profit before tax:

	Note	Group 2019 $'000	Group 2018 $'000
Audit fees paid to:			
- auditor of the Company		271	251
- other auditors		169	82
Non-audit fees paid to:			
- auditor of the Company		69	72
- other auditors		91	56
Directors' remuneration		1,062	1,241
Directors' fees		415	381
Impairment losses on financial asset		3,300	–
Property tax		3,342	2,671
Lease expenses	34a	58	274
Fair value loss/(gain) on derivative financial instruments		146	(74)
Repairs and maintenance on investment properties		728	605

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group 2019 $'000	Group 2018 $'000
Statement of comprehensive income:		
Current income tax:		
- Current year	2,156	2,033
- Under provision in respect of previous years	94	927
	2,250	2,960
Deferred income tax:		
- Reversal and origination of temporary differences	672	28
- Under provision in respect of previous years	–	18
	672	46
Income tax expense recognised in profit or loss	2,922	3,006

Notes to the Financial Statements
For the financial year ended 31 December 2019

(In Singapore dollars)

9. Income tax expense (cont'd)

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 are as follows:

	Group 2019 $'000	Group 2018 $'000
Profit before tax	14,557	19,211
Tax at the domestic rates applicable to profits in the countries where the Group operates	2,729	3,414
Adjustments:		
Non-deductible expenses	3,851	2,038
Income not subject to taxation	(2,364)	(1,604)
Effect of tax rebate and partial tax exemption	(99)	(114)
Deferred tax assets not recognised	439	447
Under-provision in respect of previous years	94	945
Share of results of associated companies/joint venture companies	(1,871)	(2,390)
Tax losses not allowed to be carried forward	137	219
Others	6	51
Income tax expense recognised in profit or loss	2,922	3,006

10. Earnings per share

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

Diluted earnings per share is calculated by dividing 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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

10. Earnings per share (cont'd)

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

	Group	
	2019	2018
	$'000	$'000
Profit for the year attributable to owners of the Company used in the computation of basic earnings per share and diluted earnings per share	13,184	17,625
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share and diluted earnings per share computation	487,734	325,156
Effect of bonus issue	–	162,578
	487,734	487,734

The Company issued 162,578,243 new ordinary shares, fully paid at no consideration and without capitalisation of the Company's reserves, pursuant to a bonus issue on 31 December 2019. 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 bonus issue was approved by members of the Company at the Annual General Meeting held on 23 April 2019. The shares were allotted and issued on 31 December 2019.

For comparative purposes, the earnings per ordinary shares for the prior corresponding periods are adjusted retrospectively pursuant to the bonus issue of every one existing ordinary share into two ordinary shares on 31 December 2019.

There are no dilutive potential ordinary shares.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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 2018	59,284	74,911	3,700	624	950	706	3,263	740	144,178
Additions[(2)]	39,205	48,470	–	–	–	29	47	9	87,760
Exchange differences	(2,426)	(3,004)	–	–	–	(7)	(113)	–	(5,550)
At 31 December 2018 and 1 January 2019 (as originally presented)	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	235,401	162,392	3,700	610	1,079	732	5,329	1,037	410,280
Accumulated depreciation:									
At 1 January 2018	8	757	3,584	529	369	275	911	454	6,887
Charge for the year	–	1,416	50	30	160	27	553	118	2,354
Exchange differences	–	212	–	–	–	50	(20)	–	242
At 31 December 2018 and 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	8	6,289	3,674	573	652	559	2,331	712	14,798
Net carrying amount:									
At 31 December 2018	96,055	117,992	66	65	421	376	1,753	177	216,905
At 31 December 2019	235,393	156,103	26	37	427	173	2,998	325	395,482

(1) As at 31 December 2019, included in freehold and leasehold buildings is an amount of $37,162,000 (2018: $28,372,000) which relates to expenditure for hotels in the course of construction.

(2) During the year, the Group acquired property, plant and equipment of $174,204,000 (2018: $87,760,000) (including property, plant and equipment resulting from acquisition of businesses).

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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 2018	12	498	71	18	582	1,181
Additions	–	–	–	–	6	6
At 31 December 2018 and 1 January 2019	12	498	71	18	588	1,187
Additions	–	177	–	–	15	192
At 31 December 2019	12	675	71	18	603	1,379
Accumulated depreciation:						
At 1 January 2018	12	112	71	18	394	607
Charge for the year	–	100	–	–	84	184
At 31 December 2018 and 1 January 2019	12	212	71	18	478	791
Charge for the year	–	114	–	–	69	183
At 31 December 2019	12	326	71	18	547	974
Net carrying amount:						
At 31 December 2018	–	286	–	–	110	396
At 31 December 2019	–	349	–	–	56	405

Acquisition of businesses

(a) Acquisition of hotel Indigo Glasgow

In October 2018, the Group acquired hotel Indigo Glasgow for a consideration of £9.4 million (equivalent to approximately $16.9 million). For the year ended 31 December 2018, the Group has determined the transaction to be a business combination and has recorded it based on the provisional Purchase Price Allocation ("PPA").

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

	Fair value recognised on acquisition $'000
Property, plant and equipment	17,008
Trade and other receivables	88
Cash and bank balances	3
	17,099
Trade payables	(163)
Other payables	(20)
	(183)
Total identifiable net assets at fair value	16,916
Total consideration transferred (Cash paid)	16,916

The PPA for the acquisition in the financial year ended 31 December 2018 was provisional. In 2019, the PPA was completed and there is no intangible assets and goodwill recorded, which is the same assessment as the provisional PPA in 2018.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

Acquisition of businesses (cont'd)

(b) 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
	211,253
Trade payables	1,024
Other payables	16,146
Loans and borrowings	93,226
	110,396
Total identifiable net assets at fair value	100,857
Total consideration transferred (Cash paid)	100,857

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

Capitalisation of borrowing costs

During the financial year, borrowing costs of $309,000 (2018: $358,000), 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 2.10% (2018: 2.10%) per annum.

Assets held under finance leases

As at 31 December 2019, the Group and Company have motor vehicles held under finance leases with a net carrying amount of approximately $414,000 and $349,000 (2018: $396,000 and $286,000) 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 28).

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

12. Investment properties

	Group 2019 $'000	Group 2018 $'000
Balance sheet		
Investment properties		
Balance at beginning of year	164,810	160,095
Exchange differences	688	(1,285)
Gains from fair value adjustments recognised in profit or loss	6,478	6,000
Balance at end of year	171,976	164,810
Investment property held for sale		
Balance at beginning of year	–	51,700
Sold during the year	–	(51,700)
Balance at end of year	–	–

The Group entered into a sale and purchase agreement for the disposal of an investment property, The Woodgrove, in December 2017. The investment property was classified as investment property held for sale as at 31 December 2017 and the disposal was completed in February 2018.

	Group 2019 $'000	Group 2018 $'000
Statement of comprehensive income:		
Rental income from investment properties and investment property held for sale:		
- Minimum lease payments	11,086	11,558
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	2,153	2,268

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 and investment property held for sale are stated at fair value, which has been determined based on valuations performed as at 31 December 2019 and 31 December 2018. The valuations were performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd, Knight Frank LLP and DeVilliers Chartered Surveyors, 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 38.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

12. Investment properties (cont'd)

Properties pledged as security

All investment properties are mortgaged to banks to secure banking facilities granted to the Group (Note 28).

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

Description and location	Existing use	Tenure	Unexpired lease term	Group 2019 $'000	Group 2018 $'000
Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	73 years	125,000	120,000
62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity	12,500	10,500
Adam House (7-10 Adam Street, London, United Kingdom)	Serviced office	Freehold	Freehold	31,246	31,144
3 units at Sawmill Studio (17-20 Parr Street, London, United Kingdom)	Residential	Freehold	Freehold	3,230	3,166
				171,976	164,810

13. Subsidiaries

(a) *Investment in subsidiaries comprises:*

	Company 2019 $'000	Company 2018 $'000
Unquoted equity shares, at cost	26,417	26,417
Less: Impairment losses	(2,335)	(1,834)
Carrying amount of investments	24,082	24,583
Movements of impairment losses:		
At beginning of year	1,834	1,834
Charge for the year	501	–
At end of year	2,335	1,834

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

13. Subsidiaries (cont'd)

(a) *Investment in subsidiaries comprises: (cont'd)*

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2019 %	Equity interest held by the Group 2018 %	Cost of investment by the Company 2019 $'000	Cost of investment by the Company 2018 $'000
	Held by the Company					
*	Heeton Estate Pte Ltd (Singapore)	Property investment holding	100	100	22,962	22,962
*	Heeton Venture (Overseas) Pte. Ltd. (Singapore)	Investment holding	100	100	99	99
*	Heeton Land Pte. Ltd. (Singapore)	Property investment holding	100	100	976	976
*	Heeton Management Pte Ltd (Singapore)	Provision of administrative and management services	100	100	45	45
*	Heeton Properties Pte. Ltd. (Singapore)	Dormant	100	100	–	501
*	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 2019

(In Singapore dollars)

13. Subsidiaries (cont'd)

(a) *Investment in subsidiaries comprises: (cont'd)*

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2019 %	Equity interest held by the Group 2018 %	Cost of investment by the Company 2019 $'000	Cost of investment by the Company 2018 $'000
	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 (Residential) Pty Ltd (Australia)	Property Development	55	18	–	–
*	Adam Street Pte. Ltd. (Singapore)	Investment holding	100	75	–	–
**	Acework Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property investment holding	100	75	–	–
***	Adam Street Limited (England & Wales)	Property management	100	75	–	–
**	General Wealth Holdings Limited (British Virgin Islands)	Voluntarily liquidated	–	100	–	–
*	Venture (UK) Pte. Ltd. (Singapore)	Investment holding	100	80	–	–
**	Chatteris Development Limited (British Virgin Islands)	Investment holding	100	80	–	–
***	Woodley Hotels (Kensington) Limited (England & Wales)	Property investment holding	100	80	–	–
***	Chatteris Kensington Limited (England & Wales)	Hotel operation	100	80	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

13. Subsidiaries (cont'd)

(a) *Investment in subsidiaries comprises: (cont'd)*

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2019 %	Equity interest held by the Group 2018 %	Cost of investment by the Company 2019 $'000	Cost of investment by the Company 2018 $'000
	Held through subsidiaries (cont'd)					
**	Ace Zone Holdings Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property investment holding	80	60	–	–
*	Glenthorne Pte. Ltd. (Singapore)	Investment holding	80	60	–	–
**	Hoxton Investments Limited (British Virgin Islands)	Voluntarily liquidated	–	100	–	–
*	Fairmont Land Pte. Ltd. (Singapore)	Investment holding	70	55	–	–
**	Ultra Assets Holdings Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property development and property investment holding	70	55	–	–
**	Horizon Glory Holdings Limited (British Virgin Islands)	Investment holding	70	55	–	–
****	Gloucester Corinium Avenue Hotel Limited (England & Wales)	Property investment holding	70	55	–	–
****	Ensco 1154 Limited (England & Wales)	Hotel operation	70	55	–	–
**	Joy Light Ventures Limited (British Virgin Islands)	Investment holding	70	55	–	–
****	Bradford Prince Court Hotel Limited (England & Wales)	Property investment holding	70	55	–	–
****	Ensco 1155 Limited (England & Wales)	Hotel operation	70	55	–	–
****	Heeton SG50 Limited (England & Wales)	Provision of administrative and management services	100	100	–	–
****	Luma Concept Hotel Limited (England & Wales)	Hotel operation	80	60	–	–

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For the financial year ended 31 December 2019

(In Singapore dollars)

13. Subsidiaries (cont'd)

(a) *Investment in subsidiaries comprises: (cont'd)*

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2019 %	Equity interest held by the Group 2018 %	Cost of investment by the Company 2019 $'000	Cost of investment by the Company 2018 $'000
	Held through subsidiaries (cont'd)					
**	Hoxton One Limited (British Virgin Islands)	Property investment holding	100	100	–	–
**	Hoxton Five Limited (British Virgin Islands)	Property investment holding	100	100	–	–
**	Hoxton Eight Limited (British Virgin Islands)	Property investment holding	100	100	–	–
*	Oldham Street Pte. Ltd. (Singapore)	Investment holding	75	50	–	–
**	Treasure Choice Enterprises Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property investment holding	75	50	–	–
*****	Heeton Hospitality (IHQ) Limited (Thailand)	Dormant	100	100	–	–
*	Leeds Bridge Pte. Ltd. (Singapore)	Investment holding	65	100	–	–
**	Ease Treasure Holdings Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property investment holding	65	100	–	–
****	Leeds Bridge Street Hotel Limited (England & Wales)	Hotel operation	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	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

13. Subsidiaries (cont'd)

(a) *Investment in subsidiaries comprises: (cont'd)*

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2019 %	Equity interest held by the Group 2018 %	Cost of investment by the Company 2019 $'000	Cost of investment by the Company 2018 $'000
	Held through subsidiaries (cont'd)					
**	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)	Dormant	60	60	–	–
****	Liverpool Operation Limited (England & Wales)	Dormant	60	60	–	–
*******	Glasgow Groove Limited (England & Wales)	Property investment holding	60	60	–	–
*******	Glasgow Waterloo Limited (England & Wales)	Hotel operation	60	60	–	–
*	Prospere Glory Pte. Ltd. (Singapore)	Investment holding	60	60	–	–
*******	CPK (London) Limited (England & Wales)	Hotel operation and property investment holding	60	–	–	–
					24,082	24,583

* 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.

@ $2 comprising two subscriber shares of $1 each.
@@ $1 comprising 7,475,425 shares of $1 each.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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	Profit/(loss) allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 December 2019:					
CPK (London) Limited	England & Wales	40%	706	706	–
Glasgow Groove Limited	England & Wales	40%	(393)	(452)	–
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	–
31 December 2018:					
Glasgow Groove Limited	England & Wales	40%	(54)	(52)	–
Chatteris Development Limited	British Virgin Islands	20%	(326)	(1,058)	–
Woodley Hotels (Kensington) Limited	England & Wales	20%	62	4,381	–
Acework Limited	British Virgin Islands	25%	(2)	1,564	–

* 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 2019

(In Singapore dollars)

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		Woodley Hotels (Kensington) Limited		Chatteris Development Limited		Acework Limited	
	2019	2018	2019	2018	31.8.2019	2018	31.8.2019	2018	31.8.2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current										
Assets	73,436	–	659	–	1,847	1,330	9,130	9,383	2,735	2,065
Liabilities	(4,200)	–	(8,990)	(17,080)	(25,933)	(26,540)	(40,038)	(40,042)	(16,446)	(16,234)
Net current assets/(liabilities)	69,236	–	(8,331)	(17,080)	(24,086)	(25,210)	(30,908)	(30,659)	(13,711)	(14,169)
Non-current										
Assets	146,520	–	16,973	16,950	46,350	47,824	25,368	25,368	29,888	31,144
Liabilities	(110,065)	–	(9,773)	–	(690)	(707)	–	–	(10,463)	(10,722)
Net non-current assets	36,455	–	7,200	16,950	45,660	47,117	25,368	25,368	19,425	20,422
Net assets/(liabilities)	105,691	–	(1,131)	(130)	21,574	21,907	(5,540)	(5,291)	5,714	6,253

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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		Woodley Hotels (Kensington) Limited		Chatteris Development Limited		Acework Limited	
	2019	2018	2019	2018	31.8.2019	2018	31.8.2019	2018	31.8.2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	16,552	–	834	215	1,111	1,720	–	–	555	860
Profit/(loss) before income tax	2,207	–	(982)	(134)	200	310	(1,019)	(1,630)	(353)	(6)
Income tax expense	(442)	–	–	–	–	(315)		–	(48)	(43)
Profit/(loss) after tax	1,765	–	(982)	(134)	200	(5)	(1,019)	(1,630)	(401)	(49)
Other comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income/ (expense)	1,765	–	(982)	(134)	200	(5)	(1,019)	(1,630)	(401)	(49)
Other summarised information										
Net cash flows generated from/(used in) operations	2,148	–	183	44	717	682	(37)	(1,040)	128	1,087
Acquisition of significant property, plant and equipment	143,424	–	–	–	–	–	–	–	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

14. Associated companies

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

	Group 2019 $'000	Group 2018 $'000
Econolodge Co., Ltd	14,169	14,272
Unique Development Pte. Ltd.	1,180	1,500
Unique Capital Pte. Ltd.	2,731	2,912
Unique Rezi Pte. Ltd.	1,220	1,273
Other associated companies	1,956	6,236
	21,256	26,193

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 $5,624,000 (2018: $5,719,000), of which $95,000 (2018: $23,000) was the share of the current year's profit and 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 2019 %	Proportion of ownership interest 2018 %
	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 2019

(In Singapore dollars)

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest 2019 %	Proportion of ownership interest 2018 %
	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	–

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest 2019 %	Proportion of ownership interest 2018 %
	Held through associated companies			
**	Dalvey Park Co., Ltd. (Thailand)	Investment holding	49.00	49.00
######	G.E.T. Realty Co. Ltd. (Thailand)	Voluntarily liquidated	–	38.98
*	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
######	Dalvey Homes Co., Ltd. (Thailand)	Voluntarily liquidated	–	48.99
#	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 2019

(In Singapore dollars)

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest 2019 %	Proportion of ownership interest 2018 %
	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	–

*	Audited by member firm of Ernst & Young Global in Thailand.
**	Audited by Horwath (Thailand) Limited.
***	Audited by Ernst & Young LLP, Singapore.
****	Audited by Deloitte & Touche 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., Charted 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.
@@	Yet to appoint audit firm.

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

	Group 2019 $'000	Group 2018 $'000
Profit/(loss) after tax from continuing operations	754	(121)
Other comprehensive income	–	–
Total comprehensive income/(expense)	754	(121)

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

14. Associated companies (cont'd)

The summarised financial information in respect of the material investments in associated companies, based on its FRS 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.	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current assets	2,001	1,482	2,386	2,460	19	25	70	94
Non-current assets excluding goodwill	5,101	5,533	943	943	12,491	12,692	2,842	3,377
Total assets	7,102	7,015	3,329	3,403	12,510	12,717	2,912	3,471
Current liabilities	(940)	(1,035)	(707)	(70)	(103)	(61)	(7)	(7)
Non-current Liabilities	–	–	–	–	(5,580)	(5,377)	–	(434)
Total liabilities	(940)	(1,035)	(707)	(70)	(5,683)	(5,438)	(7)	(441)
Net assets	6,162	5,980	2,622	3,333	6,827	7,279	2,905	3,030
Net assets excluding goodwill	6,162	5,980	2,622	3,333	6,827	7,279	2,905	3,030
Proportion of the Group's ownership	86.74%	86.74%	45%	45%	40%	40%	42%	42%
Group's share of net assets	5,345	5,187	1,180	1,500	2,731	2,912	1,220	1,273
Negative goodwill on acquisition	(564)	(564)	–	–	–	–	–	–
Other adjustments(1)	9,388	9,649	–	–	–	–	–	–
Carrying amount of the investment	14,169	14,272	1,180	1,500	2,731	2,912	1,220	1,273

(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.	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Revenue	4,689	4,041	–	–	–	–	–	–
Share of results of associated companies	–	–	–	–	(425)	(224)	(86)	(227)
(Loss)/profit from continuing operations	(210)	(156)	(712)	419	(451)	(242)	(124)	(273)
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive (expense)/income	(210)	(156)	(712)	419	(451)	(242)	(124)	(273)

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For the financial year ended 31 December 2019

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15. Joint venture companies

The Company's investment in joint venture companies comprises:

	Company 2019 $'000	Company 2018 $'000
Unquoted equity shares, at cost	5,000	5,000

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

	Group 2019 $'000	Group 2018 $'000
Canberra Development Pte Ltd	93,959	86,840
Unique Residence Pte. Ltd.	17,725	29,524
Other joint venture companies	11	5
	111,695	116,369

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 2019 %	Proportion of ownership interest 2018 %
*	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

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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	
			2019	2018
			%	%
	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.

Summarised financial information in respect of the Group's material investments in joint venture companies, based on its FRS 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.	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash and cash equivalents	7,813	7,248	152	887
Other current assets	31,138	33,432	–	–
Trade receivables	124	62	–	–
Current assets	39,075	40,742	152	887
Non-current assets	373,194	360,039	35,680	158,643
Total assets	412,269	400,781	35,832	159,530
Current liabilities	(3,004)	(5,823)	(109)	(98)
Non-current liabilities (excluding trade, other payables and provision)	(217,000)	(217,000)	(273)	(100,384)
Other non-current liabilities	(4,347)	(4,277)	–	–
Total non-current liabilities	(221,347)	(221,277)	(273)	(100,384)
Total liabilities	(224,351)	(227,100)	(382)	(100,482)
Net assets	**187,918**	**173,681**	**35,450**	**59,048**
Net assets excluding goodwill	**187,918**	**173,681**	**35,450**	**59,048**
Proportion of the Group's ownership	50%	50%	50%	50%
Group's share of net assets	93,959	86,840	17,725	29,524
Carrying amount of the investment	93,959	86,840	17,725	29,524

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15. Joint venture companies (cont'd)

Summarised statement of comprehensive income

	Canberra Development Pte Ltd		Unique Residence Pte. Ltd.	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Revenue	24,841	24,467	–	–
Operating income, net	25,903	20,586	427	25,338
Interest income	826	–	2,813	3,978
Interest expense	(7,167)	(6,205)	(2,061)	(3,167)
Profit before tax	19,562	14,381	1,179	26,149
Income tax expense	(1,324)	(1,257)	(104)	(66)
Profit after tax, representing total comprehensive income	18,238	13,124	1,075	26,083

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

	Group	
	2019	2018
	$'000	$'000
Profit after tax from continuing operations	1,334	4,353
Other comprehensive expense	–	–
Total comprehensive income	1,334	4,353

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

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Amounts due from associated companies	78,087	85,482	–	–
Amounts due from joint venture companies	72,502	64,150	–	–
	150,589	149,632	–	–
Less: Allowance for impairment	(3,300)	–	–	–
	147,289	149,632	–	–
Amounts due to associated companies	8,927	11,244	–	–
Amounts due to joint venture companies	21,194	16,670	17,058	16,670
	30,121	27,914	17,058	16,670

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 2021 to 2022.

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

Amounts due from associated companies are interest free except for an amount of $24,207,000 (2018: $28,390,000) denominated in Thai Baht which bear interest at 4.50% (2018: 4.50%) per annum and an amount of $18,877,000 (2018: $30,421,000) denominated in Singapore Dollars which bear interest at rates ranging from 1.00% to 5.28% (2018: 1.00% to 5.35%) per annum.

Amounts due from joint venture companies are interest fee except for an amount of $64,559,000 (2018: $59,667,000) denominated in Singapore Dollars which bears interest at rates ranging from 2.30% to 5.28% (2018: 5.00% to 5.35%) per annum. Amounts due to joint venture companies of $15,508,000 (2018: 15,508,000) bear interest at 2.50% (2018: 2.50%) per annum.

Amounts due to associated companies are non-trade related and interest-free.

17. Intangible assets

	Goodwill $'000
Group	
Cost:	
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	175
Accumulated impairment:	
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	(66)
Net carrying amount:	
At 31 December 2018 and 31 December 2019	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 2019 $'000	Carrying amount as at 2018 $'000	Basis on which recoverable amount is determined	Pre-tax discount rate
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 2018 and 2019	109

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For the financial year ended 31 December 2019

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17. Intangible assets (cont'd)

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 2019 and 2018 as the amount of discounted net cash inflows attributable to the CGU was in excess of the carrying amount of the goodwill.

18. Development properties

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Comprise of:				
Development properties under construction				
- Unsold units	26,820	15,961	–	–
Completed development properties	7,986	16,109	7,986	16,109
	34,806	32,070	7,986	16,109

(i) Development properties amounting to $7,986,000 (2018: $16,109,000) under construction have been pledged as security for bank loans (Note 28).

The development properties held by the Group (excluding associated companies/joint venture companies) as at 31 December 2019 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 324 residential units	2,218	28,000	0% (to be confirmed)

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(In Singapore dollars)

19. Trade receivables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade receivables	1,698	1,284	31	261
Less: Allowance for expected credit losses/impairment	–	(17)	–	–
	1,698	1,267	31	261

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.

Receivables that are past due but not impaired

The Group and Company have trade receivables amounting to $514,000 (2018: $428,000) and $nil (2018: $nil) respectively that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period are as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade receivables past due but not impaired:				
Lesser than 30 days	424	239	–	–
30 to 60 days	48	124	–	–
61 to 90 days	4	51	–	–
91 to 120 days	19	1	–	–
More than 120 days	19	13	–	–
	514	428	–	–

Receivables that are impaired

	Group	
	2019	2018
	$'000	$'000
Trade receivables – nominal amounts	–	17
Less: Allowance for impairment	–	(17)
	–	–

Movements in allowance for expected credit losses / impairment during the year are as follows:

	Group		Company	
	2019	2018	2019	2018
At beginning of year	17	21	–	–
Reversal for year	–	(4)	–	–
Bad debt written off	(17)	–	–	–
At end of year	–	17	–	–

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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(In Singapore dollars)

20. Other receivables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Non-current portion:				
Senior notes receivables	4,000	–	4,000	–
Promissory notes receivables	14,000	18,000	14,000	–
	18,000	18,000	18,000	–
Current portion				
Other receivables	24,426	18,099	11,786	7,542
Less: Allowance for impairment	(1,000)	(1,000)	(1,000)	(1,000)
	23,426	17,099	10,786	6,542
Deposits	2,695	17,185	41	75
Senior notes receivables	–	4,000	–	4,000
Promissory notes receivables	18,000	14,000	–	14,000
	44,121	52,284	10,827	24,617

Non-current promissory notes receivables are unsecured, bear interest at 5.00% (2018: 5.00%) per annum and are repayable in 2021, or if extended, repayable in 2022.

Non-current senior notes receivables are unsecured, bear interest at 5.00% 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% (2018: 5.00%) per annum and are repayable in July 2020 or if extended, repayable in 2022.

Other receivables amounting to $5,800,000 (2018: $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 $11,266,000 (2018: $5,806,000) are unsecured, bear interest at 5.00% (2018: 5.00%) per annum and repayable on demand. The remaining current other receivables of $7,360,000 (2018: $6,493,000) are unsecured, non-interest bearing and repayable within the next 12 months.

Receivables that are impaired

At the end of the reporting period, the Group and the Company had provided an allowance of $1,000,000 (2018: $1,000,000) for impairment of other receivables.

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For the financial year ended 31 December 2019

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21. Amounts due from/to subsidiaries (non-trade)
Amounts due from related parties (trade)
Amounts due from associated companies and joint venture companies (non-trade) – current
Amounts due from associated companies and joint venture companies (non-trade) – non-current

These balances are unsecured, non-interest bearing and are repayable on demand except for amounts due from subsidiaries of $223,247,000 (2018: $225,857,000) and amounts due to subsidiaries of $130,949,000 (2018: $109,421,000) which bear interest at 4.50% (2018: 4.50%) per annum. These amounts are to be settled in cash.

	Company	
	2019	2018
	$'000	$'000
Amounts due from subsidiaries	319,187	311,419
Less: Allowance for impairment	(4,924)	(4,924)
	314,263	306,495

Receivables that are impaired

At the end of the reporting period, the Company has provided an allowance for impairment of $4,924,000 (2018: $4,924,000) of receivables from subsidiaries with a nominal amount of $15,725,000 (2018: $18,364,000). These subsidiaries have been suffering financial losses for the current and past financial years.

22. Fixed deposits

The fixed deposits of the Group and the Company have an average maturity of 48 days (2018: 18 days) and 44 days (2018: 12 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 2019 for the Group and the Company were 1.38% (2018: 1.56%) and 1.39% (2018: 1.58%) respectively.

23. Cash and bank balances

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash at bank	63,924	52,920	28,813	28,092

The Group's and Company's cash at bank includes nil (2018: $6,614,000) held under the Housing Developers' (Project Account) Rules 1985, withdrawals from which are specific to payments for expenditure incurred on specified projects.

24. Trade payables

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

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For the financial year ended 31 December 2019

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25. Other payables and accruals

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Current portion:				
Financial liabilities				
Accrued operating expenses	9,766	7,999	4,704	4,652
Rental deposits received	1,079	1,015	41	23
Other deposits received	1,037	1,146	–	570
Other payables	5,854	2,929	–	–
	17,736	13,089	4,745	5,245
Non-financial liabilities				
Advance rental received	21	32	3	–
Deferred lease income	143	135	–	–
Provision for interest support	121	175	121	175
	18,021	13,431	4,869	5,420
Non-current portion:				
Financial liabilities				
Rental deposits received	698	1,024	–	–

Provision for interest support arose from Group's guarantee to provide interest support for a period of 3 years relating to the purchasers' advances to its previously disposed subsidiary, Grange 1866 Pte. Ltd. (previously known as Grange Invesco Pte. Ltd.).

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

26. Bonds

Bonds with a face value of $75,000,000 were issued in 2017. The bonds are unsecured, bear interest at a fixed rate of 6.10% per annum and will mature in May 2020.

Bonds with a face value of $118,000,000 were issued in 2018. The bonds are unsecured, bear interest at a fixed rate of 6.08% per annum and will mature in July 2021. During the financial year ended 31 December 2019, the Company has redeemed $250,000 (2018: $nil) of the bonds.

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27. Derivative financial instruments

	Group and Company			
	2019		2018	
	Outstanding notional amounts $'000	Liabilities $'000	Outstanding notional amounts $'000	Liabilities $'000
Non-current:				
Interest rate swaps	52,959	146	–	–

The Group and the Company entered into interest rate swaps in Pound Sterling to manage its exposure to interest rate fluctuation on its floating rate loans and borrowings. As at 31 December 2019, the interest rate swaps receive floating rate interest equal to 3-month LIBOR ranged from 0.77% to 0.80% (2018: nil) and pay fixed rates of interest at 0.66% (2018: nil). The interest rate swaps will mature in July 2024.

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.

28. Bank term loans

Details of bank term loans are as follows:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Secured	310,159	130,964	–	–
Repayable:				
- not later than 1 year	19,547	104,131	–	–
- 1 year through 5 years	290,612	26,833	–	–
	310,159	130,964	–	–

Terms loans are generally secured by:

- first legal mortgage over the investment properties, development property and freehold and leasehold properties of the Group or Company;
- legal assignment of all sales and leasehold proceeds from the investment properties, development property and freehold and leasehold properties;
- legal assignment of tenancy, rental, lease and licence agreements;
- legal assignment of construction contract(s) and performance bonds;
- legal assignment of insurance policy; and
- corporate guarantee by the Company.

The Group's bank term loans bear interest at floating rates ranging from 1.02% to 4.07% (2018: 2.16% to 4.07%) above bank's borrowing rate per annum during the year.

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29. Reconciliation of liabilities arising from financing activities

	1.1.2019	Cash flow	Non-cash changes		31.12.2019
			Foreign exchange movement	Other[1]	
	$'000	$'000	$'000	$'000	$'000
Bank term loans (Note 28)					
- current	104,131	178,216	464	(263,264)	19,547
- non-current	26,833	–	515	263,264	290,612
Finance lease obligations (Note 34)					
- current	76	(71)	–	71	76
- non-current	119	–	–	(71)	48
Lease liabilities (Note 34)					
- current	289	(308)	–	332	313
- non-current	5,821	–	479	(332)	5,968
Bonds (Note 26)					
- current	–	–	–	75,000	75,000
- non-current	193,000	(250)	–	(75,000)	117,750
Amounts due to non-controlling interests (Note 30)					
- non-current	60,852	1,110	948	–	62,910

	1.1.2018	Cash flow	Non-cash changes		31.12.2018
			Foreign exchange movement	Other[1]	
	$'000	$'000	$'000	$'000	$'000
Short-term bank loans					
- current	11,500	(11,500)	–	–	–
Bank term loans (Note 28)					
- current	82,421	(72,059)	(564)	94,333	104,131
- non-current	122,655	–	(1,489)	(94,333)	26,833
Finance lease obligations (Note 34)					
- current	76	(73)	–	73	76
- non-current	192	–	–	(73)	119
Bonds (Note 26)					
- non-current	75,000	118,000	–	–	193,000
Amounts due to non-controlling interests (Note 30)					
- non-current	34,091	28,667	(1,906)	–	60,852

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

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

Amounts due to non-controlling interest amounting to $50,125,000 (2018: $50,946,000) are denominated in Pound Sterling, $2,744,000 (2018: $nil) are denominated in Australian Dollar and $4,307,000 (2018: $4,302,000) are denominated in Japanese Yen.

Amounts due to non-controlling interests of $36,211,000 (2018: $30,348,000) bear interest at 5.00% (2018: 5.00%) per annum. Amounts due to non-controlling interests of $26,699,000 (2018: $30,504,000) 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.

31. 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	
	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities						
Provisions	10	107	(97)	(46)	9	19
Tax depreciation	1,573	804	769	–	–	–
	1,583	911			9	19
Deferred tax expense			672	46		

As at 31 December 2019, the Group had unutilised tax losses of approximately $6,335,000 (2018: $4,697,000) 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 (2018: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 42).

Unrecognised temporary differences relating to investments in associates

At the end of the reporting period, no deferred tax liability (2018: 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 detained tax liability has been recognised aggregate to $15,000 (2018: $15,000).

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32. Share capital

	Group and Company			
	Number of shares issued			
	2019	2018	2019	2018
			$'000	$'000
Issued and fully paid:				
At beginning of year	325,156,492	325,156,492	86,624	86,624
Issue of bonus share	162,578,243	–	–	–
At end of year	487,734,735	325,156,492	86,624	86,624

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 on 31 December 2019. 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.

33. 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.

34. Leases

(a) ***Group as a lessee***

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. 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.

	Leasehold land
	$'000
Group	
At 1 January 2019 (restated)	6,110
Exchange differences	171
Depreciation charge for the year	–*
At 31 December 2019	6,281

* Denotes amount below $1,000

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34. Leases (cont'd)

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

Set out below are the carrying amounts of the lease liabilities and movements during the year:

	Group 2019 $'000
As at 1 January (restated)	6,110
Accretion of interest	308
Payments	(308)
Exchange differences	171
As at 31 December	6,281
Current	313
Non-current	5,968

The following are the amounts recognised in profit or loss:

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

* Denotes amount below $1,000

(b) ***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	
	2019 $'000	2018 $'000
Lease payments receivables		
- not later than 1 year	5,871	6,926
- 1 year through 5 years	4,040	4,297
	9,911	11,223

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34. Leases (cont'd)

(c) ***Finance lease commitments***

	Total minimum lease payments 2019 $'000	Present value of payments 2019 $'000	Total minimum lease payments 2018 $'000	Present value of payments 2018 $'000
Group				
Within one year	82	76	82	76
After one year but not more than five years	58	48	138	119
Total minimum lease payments	140	124	220	195
Less: Amounts representing finance charges	(16)	–	(25)	–
Present value of minimum lease payments	124	124	195	195

The Group has finance leases for motor vehicles. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. These leases also do not have terms of renewal, purchase options and escalation clauses. The finance lease obligations bear effective interest rate ranging from 2.48% to 2.78% (2018: 2.48% to 2.78%) per annum.

	Total minimum lease payments 2019 $'000	Present value of payments 2019 $'000	Total minimum lease payments 2018 $'000	Present value of payments 2018 $'000
Company				
Within one year	56	50	56	50
After one year but not more than five years	47	42	104	92
Total minimum lease payments	103	92	160	142
Less: Amounts representing finance charges	(11)	–	(18)	–
Present value of minimum lease payments	92	92	142	142

The Company has finance lease for a motor vehicle. Lease terms do not contain restrictions concerning dividend, additions debt as further leasing. The lease also does not have terms of renewal, purchase options and escalation clauses. The finance lease obligations bear effective interest rate ranging from 2.48% to 2.78% (2018: 2.48% to 2.78%) per annum.

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For the financial year ended 31 December 2019

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35. 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	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Income				
Interest income				
- subsidiaries	–	–	12,593	10,745
- associated companies	887	1,023	–	–
- joint venture companies	2,980	4,670	–	–
- related party	1,274	–	357	–
Management fee income				
- joint venture companies	2,721	2,437	2,000	2,200
- subsidiaries	–	–	450	573
- associated companies	606	1,538	120	120
- related party	105	44	–	–
Expenses				
Management fee paid to a subsidiary	–	–	1,254	1,140
Interest expenses				
- subsidiaries	–	–	7,170	6,734
- joint venture companies	388	566	388	388
Rental paid to a related party	130	130	–	–

(b) ***Compensation of key management personnel***

	Group	
	2019	2018
	$'000	$'000
Short-term employee benefits	2,029	2,276
Central Provident Fund contributions	91	85
Other short-term benefits	110	126
	2,230	2,487
Comprise amounts paid to:		
- Directors of the Company	1,062	1,241
- Other key management personnel	1,168	1,246
	2,230	2,487

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For the financial year ended 31 December 2019

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36. Contingencies

The Company has provided corporate guarantees to banks and financial institutions of $553,341,000 (2018: $474,802,000) for credit facilities (Note 28) 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.

37. 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	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Financial assets measured at amortised cost				
Amounts due from associated companies and joint venture companies (non-trade)	147,289	149,632	–	–
Trade receivables	1,698	1,267	31	261
Other receivables	62,121	70,284	28,827	24,617
Amounts due from subsidiaries (non-trade)	–	–	314,263	306,495
Amounts due from related parties (trade)	17	12	–	–
Amounts due from associated companies and joint venture companies (non-trade)	799	845	79	263
Fixed deposits	52,995	22,039	52,839	21,887
Cash and bank balances	63,924	52,920	28,813	28,092
	328,843	296,999	424,852	381,615

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(In Singapore dollars)

37. Classification of financial instruments (cont'd)

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Financial liabilities measured at amortised cost				
Trade and other payables (current)				
Trade payables	1,899	2,892	1,576	1,550
Other payables and accruals	17,736	13,089	4,745	5,245
	19,635	15,981	6,321	6,795
Other payables (non-current)				
Other payables and accruals	698	1,024	–	–
Total trade and other payables	20,333	17,005	6,321	6,795
Loans and borrowings (current)				
Amounts due to subsidiaries (non-trade)	–	–	135,980	111,022
Finance lease obligations	76	76	50	50
Lease liabilities	313	–	–	–
Bonds	75,000	–	75,000	–
Bank term loans	19,547	104,131	–	–
	94,936	104,207	211,030	111,072
Loans and borrowings (non-current)				
Amounts due to associated companies and joint venture companies (non-trade)	30,121	27,914	17,058	16,670
Amounts due to non-controlling interests (non-trade)	62,910	60,852	–	–
Finance lease obligations	48	119	42	92
Lease liabilities	5,968	–	–	–
Bonds	117,750	193,000	117,750	193,000
Bank term loans	290,612	26,833	–	–
Total loans and borrowings	602,345	412,925	345,880	320,834
Total finance liabilities measured at amortised cost	622,678	429,930	352,201	327,629
Financial liabilities at fair value throught profit or loss				
Derivative financial instruments	146	–	146	–

38. Fair value of assets and liabilities

(a) ***Fair value hierarchy***

The Group categories 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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

(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, short-term bank loans, 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 amounts due to/from associated companies, joint venture companies and non-controlling interests 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.

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

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair Value
	$'000	$'000	$'000	$'000
Group				
Financial liabilities:				
Finance lease obligations	124	140	195	220
Lease liabilities	6,281	118,858	–	–
Company				
Financial liabilities:				
Finance lease obligations	92	103	142	160

Fair value of the finance lease obligations has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of leasing arrangements.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

(e) ***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			
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)]
2018			
Investment properties:			
Retail and commercial	Market comparable approach	Yield adjustments*	10% to 20%[(1)]
	Income approach	Capitalisation rate	5.80%[(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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

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

(e) ***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.

		Effect of reasonably possible alternative assumptions	
	Carrying amount $'000	Profit or loss $'000	Other comprehensive income $'000
31 December 2019			
Recurring fair value measurements			
Investment properties:			
- Retail and commercial	171,976	5,159	–
31 December 2018			
Recurring fair value measurements			
Investment properties:			
- Retail and commercial	164,810	4,944	–

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 $6,478,000 (2018: $6,000,000) (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.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

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

(iii) *Valuation policies and procedures (cont'd)*

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.

39. 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 pupose 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 27.

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.

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 $553,341,000 (2018: $474,802,000) relating to corporate guarantees provided by the Company to the banks and financial institutions on subsidiaries, joint ventures and associated companies' credit facilities.

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

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

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

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, 17% (2018: 29%) of the Group's trade receivables were due from customers located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19 (Trade receivables) and Note 20 (Other receivables).

(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 16% (2018: 24%) of the Group's loans and borrowings (Note 37) will mature in less than one year based on the carrying amount reflected in the financial statements.

Notes to the Financial Statements

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(In Singapore dollars)

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

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

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			
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
Loans and borrowings	105,395	656,574	761,969
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 2019

(In Singapore dollars)

39. 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			
2018			
Non-derivative financial assets:			
Amounts due from associated companies and joint venture companies (non-trade)	–	149,632	149,632
Trade receivables	1,267	–	1,267
Other receivables	52,284	18,000	70,284
Amounts due from related parties (trade)	12	–	12
Amounts due from associated companies and joint venture companies (non-trade)	845	–	845
Fixed deposits	22,039	–	22,039
Cash and bank balances	52,920	–	52,920
Total undiscounted financial assets	129,367	167,632	296,999
Non-derivative financial liabilities:			
Trade payables	2,892	–	2,892
Other payables and accruals	13,089	1,024	14,113
Loans and borrowings	107,216	334,292	441,508
Total undiscounted financial liabilities	123,197	335,316	458,513
Total net undiscounted financial assets/(liabilities)	6,170	(167,684)	(161,514)

	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
Loans and borrowings	212,746	147,348	360,094
Total undiscounted financial liabilities	219,067	147,348	366,415
Total net undiscounted financial assets/(liabilities)	187,785	(129,348)	58,437

Notes to the Financial Statements

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(In Singapore dollars)

39. 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			
2018			
Non-derivative financial assets:			
Trade receivables	261	–	261
Other receivables	24,617	–	24,617
Amounts due from subsidiaries (non-trade)	306,495	–	306,495
Amounts due from associated companies and joint venture companies (non-trade)	263	–	263
Fixed deposits	21,887	–	21,887
Cash and bank balances	28,092	–	28,092
Total undiscounted financial assets	381,615	–	381,615
Non-derivative financial liabilities:			
Trade payables	1,550	–	1,550
Other payables and accruals	5,245	–	5,245
Loans and borrowings	122,578	238,734	361,312
Total undiscounted financial liabilities	129,373	238,734	368,107
Total net undiscounted financial assets/(liabilities)	252,242	(238,734)	13,508

The table below shows the contractual expiry by maturity of the Group 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	
	2019 $'000	2018 $'000
Financial guarantees	553,341	474,802

(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 (2018: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $1,409,000 (2018: $1,047,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

Notes to the Financial Statements

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

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

Sensitivity analysis for 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				
2019				
Floating rate				
Bank term loans	28	19,547	290,612	310,159
2018				
Floating rate				
Bank term loans	28	104,131	26,833	130,964
Company				
2019				
Floating rate				
Bank term loans	28	–	–	–
2018				
Floating rate				
Bank term loans	28	–	–	–

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 2.4(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.

Notes to the Financial Statements

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(In Singapore dollars)

39. 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	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Pound Sterling ("GBP")	43,943	21,567	19,981	12,271
Japanese Yen ("JPY')	1,643	1,756	60	653
Australian dollar ("AUD")	3,770	724	2,354	1
US dollar ("USD")	4,071	4	4,071	4
Bhutanese Ngultrum ("BTN")	6,959	88	–	–

Sensitivity analysis for foreign currency risk

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

		2019		2018	
		Profit net of tax	Equity	Profit net of tax	Equity
		$'000	$'000	$'000	$'000
AUD	- strengthened 3% (2018: 3%)	14	385	22	327
	- weakened 3% (2018: 3%)	(14)	(385)	(22)	(327)
CNY	- strengthened 3% (2018: 3%)	–	87	–	90
	- weakened 3% (2018: 3%)	–	(87)	–	(90)
GBP	- strengthened 3% (2018: 3%)	75	(1,510)	115	1,886
	- weakened 3% (2018: 3%)	(75)	1,510	(115)	(1,886)
THB	- strengthened 3% (2018: 3%)	–	770	6	783
	- weakened 3% (2018: 3%)	–	(770)	(6)	(783)
JPY	- strengthened 3% (2018: 3%)	2	88	2	374
	- weakened 3% (2018: 3%)	(2)	(88)	(2)	(374)
BTN	- strengthened 3% (2018: 3%)	9	203	–	–
	- weakened 3% (2018: 3%)	(9)	(203)	–	–

Notes to the Financial Statements

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(In Singapore dollars)

40. 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 2019 and 31 December 2018.

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.

	Note	Group	
		2019	2018
		$'000	$'000
Trade and other payables	37	20,333	17,005
Loans and borrowings	37	602,345	412,925
Less:			
Cash and cash equivalents		(116,919)	(74,959)
Net debt		505,759	354,971
Equity attributable to owners of the Company		434,737	419,187
Capital and net debt		940,496	774,158
Gearing ratio		54%	46%

41. 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.

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

Notes to the Financial Statements

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41. Segment information (cont'd)

Geographical information

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

	Revenue		Non-current assets	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	20,347	34,185	386,182	306,556
United Kingdom	43,172	20,301	384,000	336,671
Others	1,287	592	95,625	48,791
	64,806	55,078	865,807	692,018

Non-current assets information presented above consist of mainly 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 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	–
	12,043	11,016	6,376	48,154	(12,783)		64,806
Results:							
Finance income	–	–	34,317	–	(27,665)	A	6,652
Finance expenses	(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	19,575	4,023	(8,296)	(302)	(443)	B	14,557
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	182,445	162,239	1,093,574	594,950	(966,105)	C	1,067,103
Segment liabilities	119,572	35,335	1,100,746	274,510	(901,219)	D	628,944

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 2019

(In Singapore dollars)

41. Segment information (cont'd)

	Property investment $'000	Property development $'000	Corporate $'000	Hospitality $'000	Elimination $'000	Note	Consolidated $'000
31 December 2018							
Revenue:							
Sales to external customers	11,558	24,208	1,715	17,597	–		55,078
Inter-segment revenue	867	–	4,726	5,768	(11,361)	A	–
	12,425	24,208	6,441	23,365	(11,361)		55,078
Results:							
Finance income	–	–	31,109	–	(23,060)	A	8,049
Finance expenses	(2,600)	(246)	(34,819)	(2,734)	22,752	A	(17,647)
Gains from fair value adjustments of investment properties	6,000	–	–	–	–		6,000
Depreciation of property, plant and equipment	(98)	–	(324)	(1,932)	–		(2,354)
Share of results of associated companies/joint venture companies	6,465	7,762	–	(167)	–		14,060
Segment profit/(loss) before tax	18,513	10,019	(9,572)	559	(308)	B	19,211
Assets:							
Investment in associated companies/joint venture companies	89,889	38,598	–	14,075	–		142,562
Additions to non-current assets [1]	–	5	(53)	87,808	–		87,760
Segment assets	187,231	156,103	907,423	315,662	(710,793)	C	855,626
Segment liabilities	112,965	30,242	958,789	106,204	(773,457)	D	434,743

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

Notes:

A Inter-segment revenue, finance income and finance expenses are eliminated on consolidation.

B The following items are added to/(deducted from) segment profit to arrive at profit before tax presented in the consolidated statement of comprehensive income:

	2019	**2018**
	$'000	**$'000**
Finance expenses	27,222	22,752
Finance income	(27,665)	(23,060)
	(443)	(308)

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

41. 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.

	2019 $'000	2018 $'000
Investment in subsidiaries	(188,141)	(53,630)
Intangible assets	109	109
Property, plant and equipment	13,073	4,111
Development properties	1,734	(1,696)
Intra-group loans	(792,880)	(659,687)
	(966,105)	(710,793)

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

	2019 $'000	2018 $'000
Intra-group loans	(901,219)	(773,457)

42. Dividend

	Group and Company	
	2019 $'000	2018 $'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2018: 0.60 cents (2017: 0.60 cents) per share	1,952	1,952
- Special dividend for 2018: nil (2017: 0.40 cents) per share	–	1,300
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2019: 0.45 cents (2018: 0.60 cents) per share	2,195	1,952

Notes to the Financial Statements

For the financial year ended 31 December 2019

(In Singapore dollars)

43. Events occurring after the reporting period

Subsequent to the outbreak of the Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, it is expected to negatively impact many aspects of the global economy, in particular, tourism, travel for leisure and corporate segment. The operating environment will become challenging as the spread of the COVID-19 outbreak runs its course. This may also affect the fair value of investment properties after the reporting period. A series of measures to curb the COVID-19 outbreak have been and continues to be implemented in the countries where the Group operates. Up to the date on which this set of financial statements were authorised for issue, the Group is still in the process of assessing the impact of these relief measures and is currently unable to estimate the financial impact to the Group's results for the year ending 31 December 2020.

44. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 31 March 2020.

综合全面收益表

截至2019年12月31日之财政年度

(以新元表示)

	注释	2019 $'000	2018 $'000
营业额	4	64,806	55,078
出售房地产成本		(8,123)	(21,080)
其他营业收入	5	2,954	7,617
人员费用	6	(17,328)	(11,203)
固定资产折旧及摊销	11	(4,453)	(2,354)
其他营业费用		(23,054)	(19,383)
财务费用	7(a)	(20,938)	(17,647)
财务收入	7(b)	6,652	8,049
资产减值损失	8	(3,300)	–
衍生金融工具的公允价值损益	8	(146)	74
应占联营公司和合营公司收益		11,009	14,060
投资产业公允价值变动收益	12	6,478	6,000
税前利润	8	14,557	19,211
税项	9	(2,922)	(3,006)
本年税后利润		11,635	16,205
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		4,037	(5,254)
其他综合(费用)收入，税后		4,037	(5,254)
年度综合收入总额		15,672	10,951
年度利润(亏损)			
归属于:			
公司权益持有人		13,184	17,625
非控制性权益		(1,549)	(1,420)
		11,635	16,205
年度综合收入总额			
归属于:			
公司权益持有人		17,502	12,706
非控制性权益		(1,830)	(1,755)
		15,672	10,951
持续经营业务每股收益 (分) 归属于公司权益持有人			
基本	10	2.70	3.61
摊薄	10	2.70	3.61

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2019年12月31日之财政年度

(以新元表示)

	注释	本集团 2019 $'000	本集团 2018 $'000	本公司 2019 $'000	本公司 2018 $'000
非流动资产					
固定资产	11	395,482	216,905	405	396
投资产业	12	171,976	164,810	–	–
子公司	13	–	–	24,082	24,583
联营公司	14	21,256	26,193	–	–
合营公司	15	111,695	116,369	5,000	5,000
联营公司和合营公司应收欠款（非贸易）	16	147,289	149,632	–	–
无形资产	17	109	109	–	–
其他应收账款	20	18,000	18,000	18,000	–
		865,807	692,018	47,487	29,979
流动资产					
发展产业	18	34,806	32,070	7,986	16,109
应收账款	19	1,698	1,267	31	261
其他应收账款	20	44,121	52,284	10,827	24,617
预付款项		2,936	2,171	768	1,526
子公司应收欠款（非贸易）	21	–	–	314,263	306,495
关联方应收欠款（贸易）	21	17	12	–	–
联营公司和合营公司应收欠款（非贸易）	21	799	845	79	263
定期存款	22	52,995	22,039	52,839	21,887
现金及银行结存	23	63,924	52,920	28,813	28,092
		201,296	163,608	415,606	399,250
流动负债					
应付账款	24	1,899	2,892	1,576	1,550
其他应付款项及应计项目	25	18,021	13,431	4,869	5,420
应付子公司款项（非贸易）	21	–	–	135,980	111,022
租赁负债	34	313	–	–	–
债券	26	75,000	–	75,000	–
定期银行贷款	28	19,547	104,131	–	–
融资租赁负债	34	76	76	50	50
应交税费		4,252	3,560	461	431
		119,108	124,090	217,936	118,473
净流动资产		82,188	39,518	197,670	280,777
非流动负债					
其他应付款项及应计项目	25	698	1,024	–	–
衍生金融工具	27	146	–	146	–
融资租赁负债	34	48	119	42	92
租赁负债	34	5,968	–	–	–
应付联营公司及合营公司款项（非贸易）	16	30,121	27,914	17,058	16,670
应付非控制性权益款项（非贸易）	30	62,910	60,852	–	–
债券	26	117,750	193,000	117,750	193,000
定期银行贷款	28	290,612	26,833	–	–
递延税项负债	31	1,583	911	9	19
		509,836	310,653	135,005	209,781
净资产		438,159	420,883	110,152	100,975
归属于本公司股权持有人的权益					
股本	32	86,624	86,624	86,624	86,624
外币兑换储备	33	326	(3,992)	–	–
累计利润		347,787	336,555	23,528	14,351
		434,737	419,187	110,152	100,975
非控制性权益	13	3,422	1,696	–	–
总权益		438,159	420,883	110,152	100,975

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 10 March 2020

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 10 March 2020, approximately 24.05% 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 10 MARCH 2020

(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)	33,126,588	6.79	216,766,438	44.45
4.	Toh Giap Eng(3)	60,644,373	12.43	135,981,838	27.89
5.	Toh Gap Seng(4)	26,652,555	5.46	1,783,200	0.37
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 1,558,200 ordinary shares held by his spouse and 225,000 ordinary shares held by his 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 10 March 2020

ANALYSIS OF SHAREHOLDINGS AS AT 10 MARCH 2020

Range of Shareholdings	Number of Shareholders	Percentage	No of Shares	Percentage
1 - 99	8	1.04	74	0.00
100 - 1,000	13	1.69	4,368	0.00
1,001 - 10,000	177	23.02	1,058,541	0.22
10,001 - 1,000,000	541	70.35	42,108,429	8.63
1,000,001 and above	30	3.90	444,563,323	91.15
TOTAL	769	100.00	487,734,735	100.00

MAJOR SHAREHOLDERS AS AT 10 MARCH 2020

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	60,644,373	12.43
4	Sing Investments & Finance Nominees Pte Ltd	37,500,000	7.69
5	Toh Khai Cheng	33,126,588	6.79
6	Kim Seng Holdings Pte Ltd	27,000,000	5.54
7	Toh Gap Seng	26,652,555	5.46
8	Maybank Kim Eng Securities Pte Ltd	18,428,850	3.78
9	Phillip Securities Pte Ltd	13,822,200	2.83
10	United Overseas Bank Nominees Pte Ltd	6,620,250	1.36
11	OCBC Securities Private Limited	5,865,199	1.20
12	DBS Nominees Pte Ltd	5,001,239	1.02
13	Citibank Nominees Singapore Pte Ltd	3,743,400	0.77
14	CGS-CIMB Securities (Singapore) Pte Ltd	3,592,151	0.74
15	Ng Wee Chu	2,878,215	0.59
16	Tan Swee Lang	1,865,685	0.38
17	DBS Vickers Securities (Singapore) Pte Ltd	1,740,150	0.36
18	Morph Investments Ltd	1,590,000	0.33
19	Tan Hee Nam	1,564,200	0.32
20	Toh Bee Lian	1,559,385	0.32
		432,460,878	88.67

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, 19 June 2020 at 10.30 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 2019 and the Directors' Statement and the Auditors' Report thereon. **Resolution 1**

2. To declare a 1-tier tax exempt final dividend of 0.30 Singapore cents per share in respect of the financial year ended 31 December 2019. *(See Explanatory Note)* **Resolution 2**

3. To approve Directors' fees of S$253,000 for the financial year ended 31 December 2019. (2018: S$245,000) **Resolution 3**

4. To re-elect Mr. Tan Chuan Lye, a Director retiring pursuant to Article 77 of the Company's Constitution. *(See Explanatory Note)* **Resolution 4**

5. To note the retirement of the following Directors, who are retiring pursuant to Article 95(2) of the Company's Constitution and would not be seeking re-election:-

   (i) Chew Chin Hua
   (ii) Teng Heng Chew Eric

6. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following Ordinary Resolution: -

7. 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 6**

   (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,

Notice of Annual General Meeting

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 which are outstanding or subsisting at the time this Resolution is passed; and

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

(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)*

8. To transact any other business.

BY ORDER OF THE BOARD

TOH GIAP ENG
Executive Deputy Chairman

Singapore
1 June 2020

Notice of Annual General Meeting

Explanatory Notes:

Resolution 2

As announced by the Company on 1 June 2020 the proposed rate of the final tax exempt (one-tier) dividend was revised from 0.45 Singapore cents per share to 0.30 Singapore cents per share.

Resolution 4

Mr. Tan Chuan Lye, a member of the Nominating Committee and the Audit Committee, will continue to serve in these capacities if 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.

Resolution 6

The Ordinary Resolution no. 6, 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 per cent (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 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;

(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 10.30 a.m. on 10 June 2020.

Notice of Annual General Meeting

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.

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HEETON HOLDINGS LIMITED

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

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 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 10.30 a.m. on 10 June 2020.

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/proxies to attend and to 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, on Friday, 19 June 2020 at 10.30 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 in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

	Ordinary Resolutions	**No. of votes For**	**No. of votes Against**	**No. of votes Abstain**
1.	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2019 and the Directors' Statement and the Auditors' Report thereon.			
2.	To declare a 1-tier tax exempt final dividend of 0.30 Singapore cents per share in respect of the financial year ended 31 December 2019.			
3.	To approve Directors' fees of S$253,000 for the financial year ended 31 December 2019. (2018: S$245,000)			
4.	To re-elect Mr Tan Chuan Lye retiring pursuant to Article 77 of the Company's Constitution.			
5.	To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.			
6.	To authorise the Directors to allot and issue new shares.			

Dated this ________ day of ______________ 2020

Total number of Shares

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

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.

   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 10.30 a.m. on 10 June 2020.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.

4. 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.

5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointer or of his attorney duly authorised 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.

6. 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 holding the meeting and/or any adjournment thereof.

7. 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.

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CORPORATE INFORMATION

Board of Directors
Executive
Toh Giap Eng (Deputy Chairman)

Non-executive
Toh Khai Cheng
Toh Gap Seng (alternate to Toh Khai Cheng)
Tan Tiong Cheng (Lead Independent)
Chew Chin Hua (Independent)
Chia Kwok Ping (Independent)
Tan Chuan Lye (Independent)
Teng Heng Chew Eric

Audit Committee
Chew Chin Hua (Chairman)
Tan Chuan Lye
Tan Tiong Cheng
Toh Khai Cheng

Nominating Committee
Chia Kwok Ping (Chairman)
Chew Chin Hua
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
(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

Principal Bankers
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

HEETON

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60 Sembawang Road
#01-02 Hong Heng Mansions
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