



**CULTIVATING
GROWTH AND
SUSTAINABILITY**

CORPORATE PROFILE

Heeton Holdings Limited is a real estate company focused on property development, investment and management. Established in 1976, the Company was listed on the Singapore Exchange in September 2003, and has since extended its business frontiers beyond Singapore to the United Kingdom, Thailand, China, Japan, Malaysia, and Vietnam. As a boutique property developer, Heeton enjoys a reputation for distinctive and high quality developments in 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 portfolio of real estate assets that includes commercial properties (shopping malls and serviced offices) and hotels. Heeton entered the hospitality sector in 2011 with the acquisition of the Mercure Hotel Pattaya, Thailand, launching its own hospitality brand, Heeton Concept Hotel, in 2015. The Group has 14 hotels in operation worldwide as at December 2023.



The cover design is an elegant configuration of leaf-inspired picture frames, a theme that recurs throughout the editorial, echoing the organisation's proactive pursuit of sustainable growth opportunities.

*Holiday Inn Express
Manchester*



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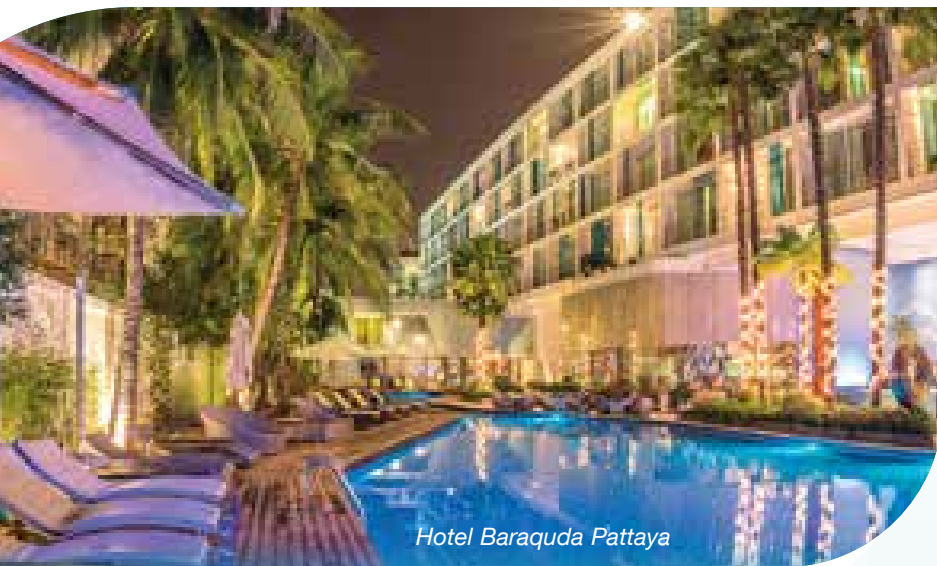
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Hotel Baraquda Pattaya

CHAIRMAN'S MESSAGE



Dear Shareholders,

I am delighted to present to you the annual report for Heeton Holdings Limited for the financial year ended 31 December 2023 ("FY2023").

PERFORMANCE

The 2023 presented formidable hurdles primarily attributable to elevated costs in the post-COVID era. Our property investment, property development, and hospitality segments, which collectively define our business, were not immune to the disruptions caused by the global pandemic, reduced fiscal support, low productivity growth and geopolitical tensions.

However, I am pleased to share positive developments on multiple fronts. The recovery from the COVID-19 pandemic is underway, especially evident in the hospitality sector. The normalisation of pre-COVID tourism numbers and the anticipated rebound in Chinese international tourists in 2024 bode well for our industry.

Our strategic focus on key markets, including Japan, the UK, and Thailand, has proven prescient. The rebound in business and leisure travel in these regions is evident, with significant increases in international arrivals. Japan experienced an almost eight-fold jump from 3.83 million in 2022 to 25.07 million in 2023. Similarly, the UK and Thailand witnessed substantial growth in overseas visitors, setting the stage for continued expansion in 2024.

BUSINESS OUTLOOK

Looking ahead, we are optimistic about the improving prospects for the coming year. The stabilising global economy and the positive trajectory in our key markets position us for growth. The ongoing development of our 5-star hilltop hotel in Paro, Bhutan, and our pursuit of strategic acquisitions underscore our commitment to enhancing our hotel portfolio and seizing opportunities in dynamic markets.

In response to the economic challenges and the muted outlook in Singapore, we are implementing proactive measures to reduce costs. Operational efficiency, increased automation initiatives, prudent capital management, and a focus on lowering borrowings will be key components of our strategy.

Our Singapore retail malls continue to provide a stable income stream, and we remain vigilant in exploring new avenues, including industrial developments, build-to-rent concepts, and other accommodation projects. The resilience of our diversified portfolio positions us well in navigating uncertainties.

CHAIRMAN'S MESSAGE

POSITIONED FOR LONG TERM GROWTH

As we move forward, the Group is committed to disciplined cost controls, enhanced marketing effectiveness, and continuous improvement in our hotels' operating efficiencies. The global economic landscape remains uncertain, and our proactive approach, streamlined global assets, and increased digitalising and automation processes will fortify our resilience.

In conclusion, while challenges persist, we are cautiously optimistic about the year ahead. The Group's strategic positioning, focus on growth markets, and commitment to operational excellence lay the foundation for sustained success. We appreciate your continued trust and support as we navigate the evolving landscape and strive for long-term growth.

GIVING THANKS

I would like to thank all our employees for their hard work and dedication in 2023. I also want to express my deep appreciation to our business partners, shareholders, and stakeholders for their continued trust and support in the Group.

Finally, I want to thank my fellow Board members for their invaluable guidance, and I look forward to working with every one of you in 2024 as we drive Heeton to greater heights.

Sincerely,
TOH GIAP ENG
Executive Chairman

*DoubleTree by Hilton
London Kensington*



CEO'S MESSAGE



Dear Shareholders,

As we reflect on the financial performance of our Group throughout 2023, I would like to provide you with a comprehensive overview of our operations, the challenges faced, and the strategies we are implementing for the future.

FY2023 FINANCIAL PERFORMANCE: A BALANCED PERSPECTIVE

In a year marked by the ongoing recovery of the global travel and hospitality industry, our Group encountered both triumphs and challenges. The revenue from our three core business segments - property investment, development, and hospitality - increased by 7.8% to \$67.9 million.

However, despite the increase in revenue, the Group reported a net loss of \$2.0 million before tax for FY2023, a deviation from the net profit before tax of \$6.7 million in FY2022. This dip was primarily attributable to an increase in expenses owing to higher interest rates on bank borrowings, rising operating costs, and persistent inflation. The economic uncertainty brought about by the Russia-Ukraine war, Israel-Hamas conflict, and a subdued Chinese economy, further impacted the global macro-economy.

Nonetheless, our balance sheet remains positive, with cash and cash equivalents of \$62.3 million as of 31 December 2023, a 4.2% increase from the previous year. This financial strength positions us strategically to capitalise on attractive acquisitions and investments as opportunities arise.

FY2023 OPERATIONAL PERFORMANCE: FOCUSED GROWTH AND ADAPTABILITY

The operational landscape witnessed varied performances across our segments. The property investment segment demonstrated resilience, with revenue increasing to \$11.4 million and profit before tax reaching \$8.6 million, mainly owing to gains from fair value recognition and foreign currency exchange gains.

While property development did not register revenue in FY2023 and FY2022, the hospitality segment showcased a robust rebound, contributing \$56.0 million or 82.5% of total Group revenue in FY2023. Despite this, a net loss after tax of \$6.6 million was incurred due to heightened operating costs and financing expenses.

STAYING AHEAD OF CHALLENGES: STRATEGIC APPROACHES FOR 2024

As we tread into 2024, potential risks loom; rising manpower costs and high interest rates threaten to persist, geopolitical tensions may worsen, affecting economic recovery.

Despite near-term challenges, we approach 2024 with quiet confidence. Our growth strategy includes expanding into new markets, and tactical acquisition and disposal of real estate assets. It involves leveraging our revamped management team, and aligning with global digitalising and ESG initiatives.

CSR AND SUSTAINABILITY DRIVE: A COMMITMENT TO EXCELLENCE

Heeton remains committed to its corporate social responsibility and sustainability mission. Operational enhancements and curated programs, such as integrating energy-saving appliances and community outreach, reflect our dedication to ESG initiatives. Regular engagement with stakeholders and employees ensures ongoing improvement of Heeton's best practices, driving long-term sustainable growth.

IN APPRECIATION: ACKNOWLEDGING COLLECTIVE EFFORTS

I am pleased to announce a dividend of 0.375 cents per share for FY2023, unchanged from FY2022, reflecting our confidence in the medium-term outlook and appreciation of our loyal shareholders. I extend my deepest gratitude to our dedicated employees, whose perseverance and efforts have shaped our journey. The Board of Directors deserves recognition for their unwavering support throughout the challenges of 2023.

To our shareholders, customers, and associates, thank you for your continued trust and partnership. Your presence and contribution inspire confidence as we collectively work towards our 2024 goals.

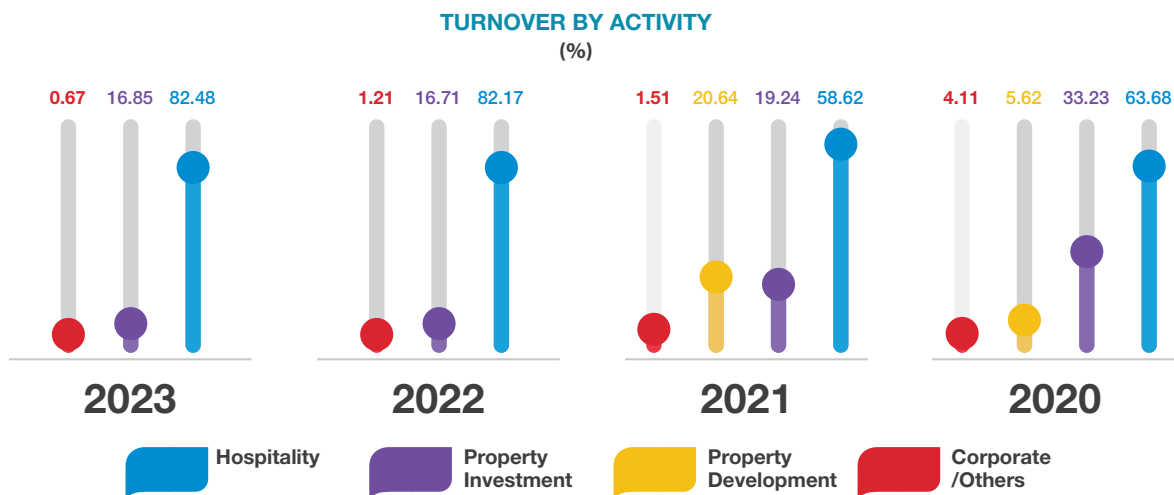
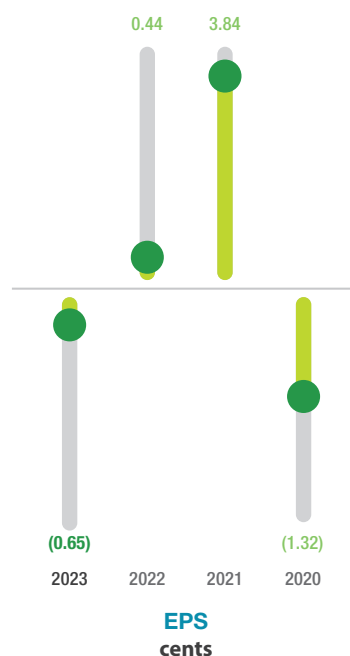
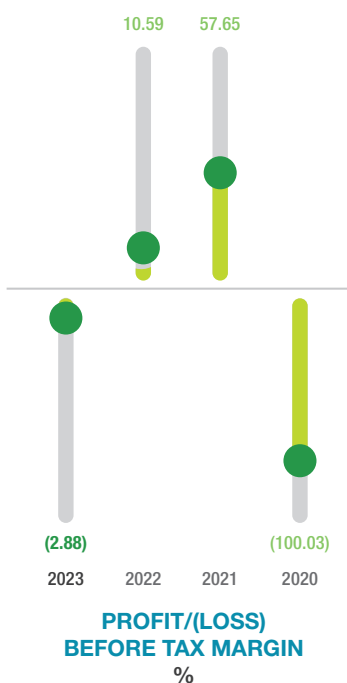
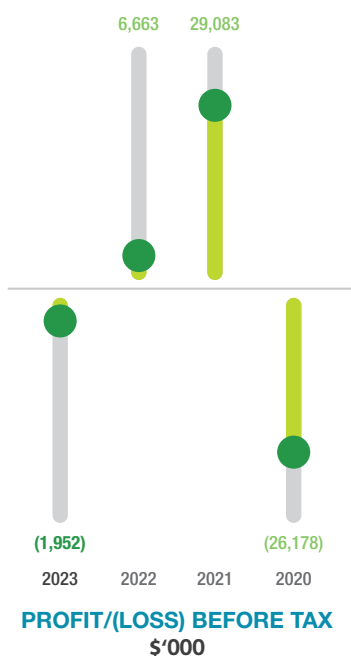
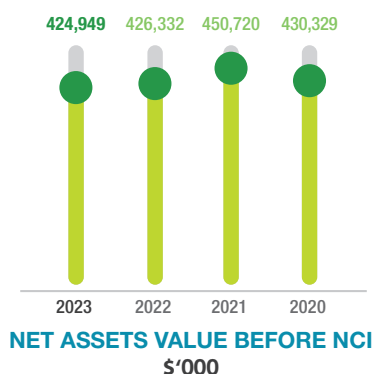
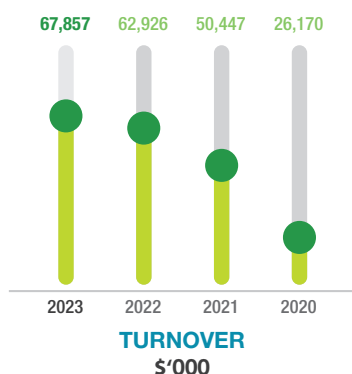
In closing, we remain focused on building a stronger tomorrow and look forward to your continued support.

Sincerely,
HOH CHIN YIEP
Chief Executive Officer



*Hampton By Hilton
Leeds City Centre*

FINANCIAL HIGHLIGHTS



CORPORATE SOCIAL RESPONSIBILITY

Heeton's CSR activities in 2024 showcased a diverse range of initiatives, emphasizing community engagement and support for various charitable causes.



In June, the company participated in the Assisi Fun Day 2023, a charity event held to raise funds for Assisi Hospice which provides support and respite for the terminally ill and their caregivers. Volunteers from the staff and management of Heeton organised and operated two fun fair stalls on the grounds of St Joseph's Institution (International) School where the full day event was held. The company received a certificate of appreciation from Madam Ho Ching, a patron of the charity.



In September, Heeton personnel signed up for a Snowskin Mooncake making workshop at the METTA school, a training facility of the METTA Association, affirming the Company's commitment to the organisation and its mission to support individuals with special needs. Through hands-on engagement, volunteers not only experienced the art of creating a heritage staple from scratch but also built connections with METTA members, fostering a sense of inclusivity.



To close the year, the Company sponsored a Christmas lunch event for 30 attendees, hosted by Heeton personnel. Seniors from the Thye Hua Kwan charity and accompanying staff members were treated to a three-course Christmas themed lunch at the APSN Café, a food and beverage outlet operated by members of the disabled community. The event allowed all parties to interact meaningfully and share in the festive spirit.

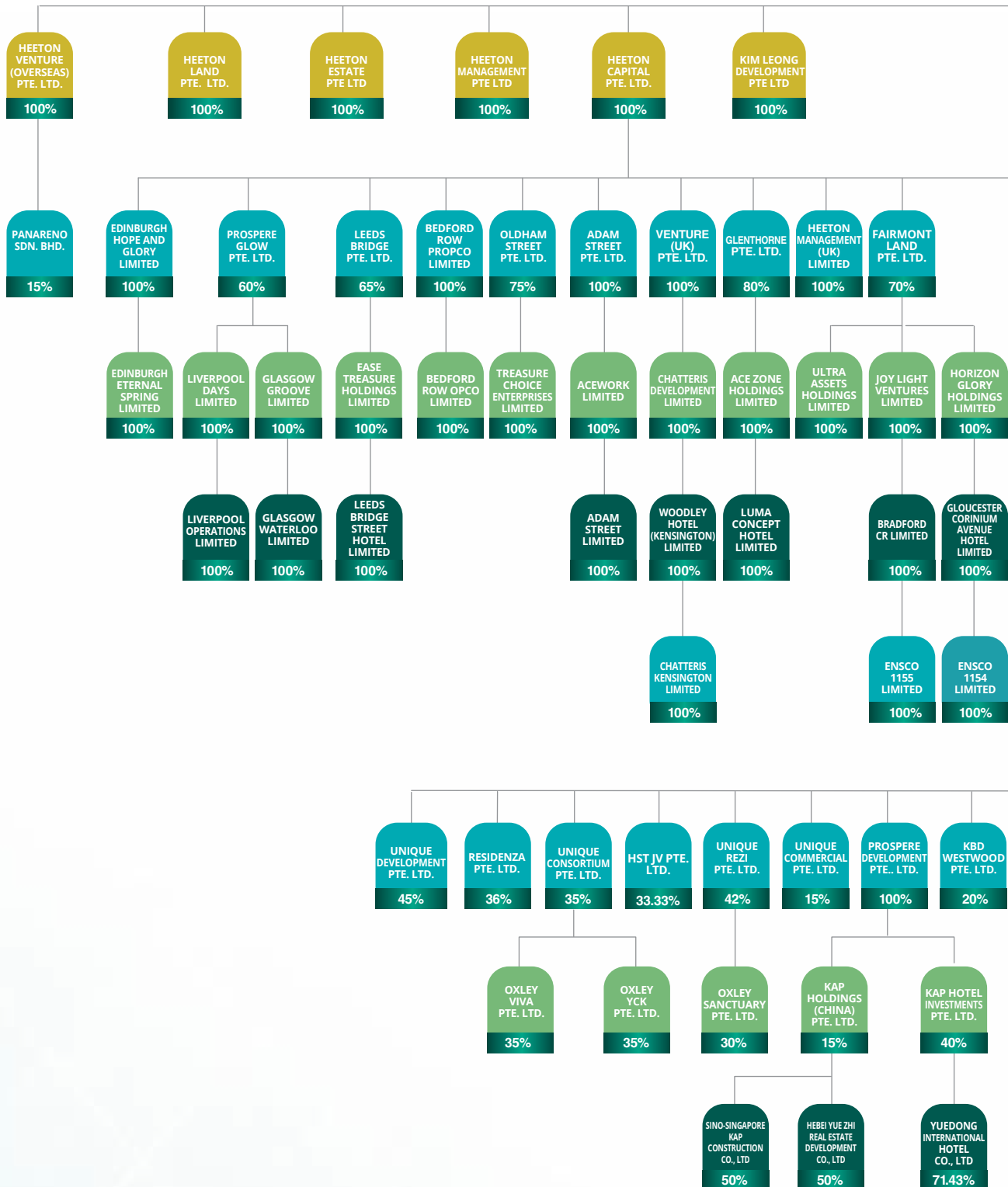
Overall, the company's CSR initiatives in 2023 reflected a well-rounded approach to community involvement, encompassing healthcare, special needs support, and festive celebrations with a focus on creating positive and lasting impacts.

GROUP STRUCTURE

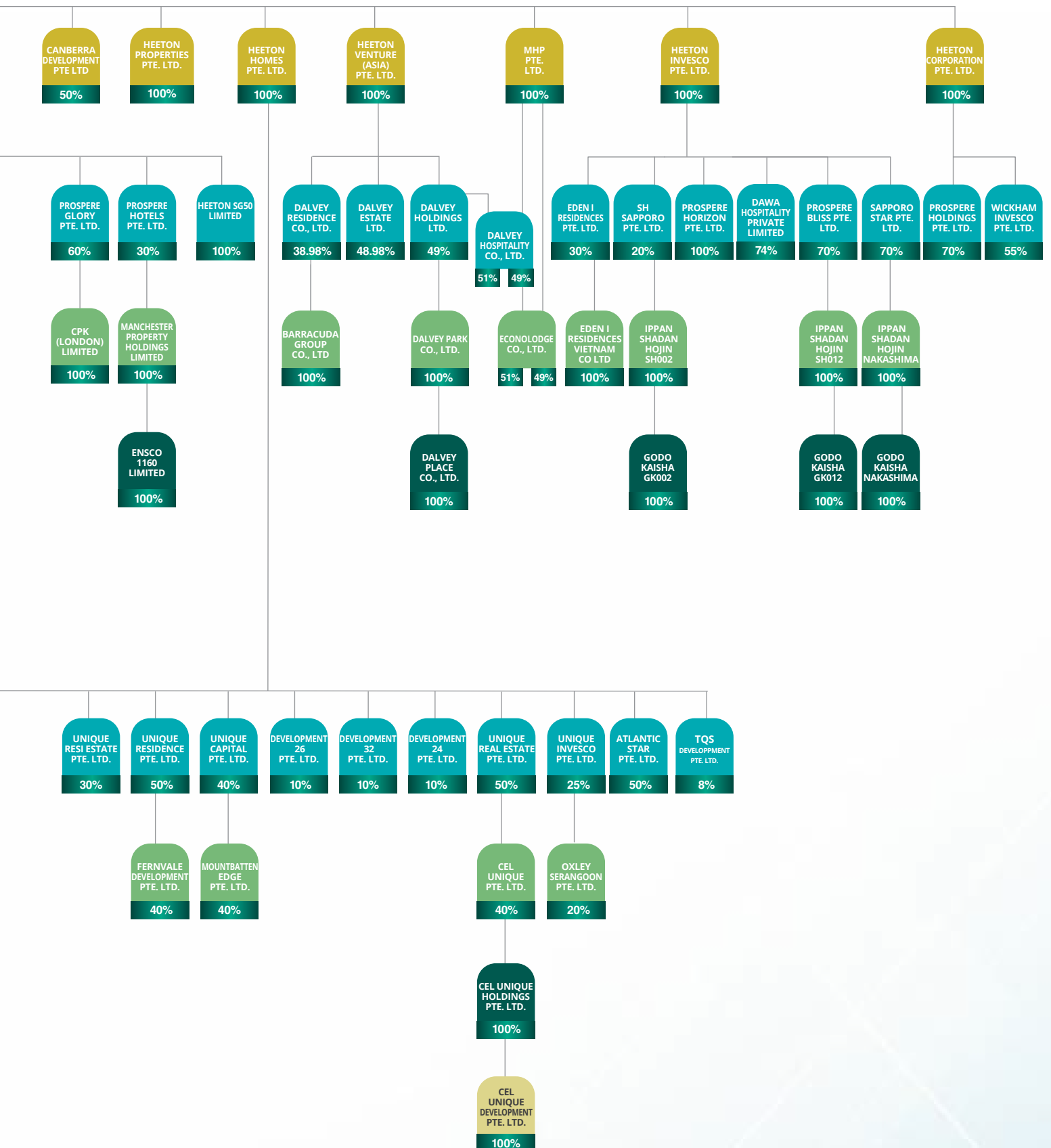
AS AT 31 DECEMBER 2023



HEETON HOLDINGS LIMITED



GROUP STRUCTURE



BOARD OF DIRECTORS



From left to right:

Richard Tan Chuan Lye, Toh Gap Seng, Toh Giap Eng Vince, Hoh Chin Yiep Ivan, Lee Bee Wah, Li Hiaw Ho

1. TOH GIAP ENG VINCE

Executive Chairman

Formerly the Executive Deputy Chairman of the Group, Mr Toh was appointed Executive Chairman with effect from 1 January 2022. 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 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.

2. HOH CHIN YIEP IVAN

Executive Director & Chief Executive Officer

Mr Hoh was appointed the Executive Director of the Group on 19 June 2020. He is also the Chief Executive Officer where he oversees the Group's businesses and implements the directions, strategies and plans of the Board. Mr Hoh co-founded and was previously the Managing Director at PropNex International - the project marketing arm of PropNex. He is a veteran in both the local and overseas property scenes and possesses immense experience in the fields of real estate and project marketing over the span of 30 years. Prior to joining Heeton, Mr Hoh was Executive Director, Director and Head of Department of various agencies and real estate development consultancies including Knight Frank, HSR and OrangeTee.

3. TOH GAP SENG

Alternate Director to Mr Toh Giap Eng

Mr Toh was appointed Alternate Director to Mr Toh Giap Eng on 1 January 2022. 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.

4. RICHARD TAN CHUAN LYE

Non-executive, Lead Independent Director

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

5. LEE BEE WAH

Non-executive Independent Director

Dr Lee Bee Wah was appointed Independent Director of the Company on 27 April 2022 where she is the Chairman of the Nominating and a member of the Remuneration Committee and Audit Committee. A Licensed Professional Engineer who served as a Member of Parliament from 2006 to 2020, she holds a Master of Science (Engineering) from the University of Liverpool, UK and a Bachelor of Civil Engineering from Nanyang Technological University, Singapore. She became the first woman President of the Institution of Engineers Singapore in 2008 and was conferred an Honorary Doctorate by The University of Liverpool in July 2011. In addition to her current role as Group Director of Meinhardt (Singapore) Pte. Ltd, Dr Lee is a lead independent non-executive Director of Amcorp Global Limited, Koh Brothers Group Limited and sits on the Board of Park Holdings Pte. Ltd, Building and Construction Authority and the Hong Lai Huat Group Limited. She also chairs the Nanyang Technological University School of Civil & Environmental Engineering Advisory Committee.

6. LI HIAW HO

Non-executive, Independent Director

Mr Li Hiaw Ho was appointed independent Director of the Company on 6 June 2022. He is a member of the Audit Committee and Remuneration Committee. Mr Li graduated with a Diploma in Urban Valuation from the University of Auckland, New Zealand. After working for the Inland Revenue Department of Singapore's Property Tax Division he joined CBRE where he was at various times Head of Valuation, Head of Asset Services and Head of Research. Over his 34 years with CBRE he built up its Valuation and Advisory Services as one of the leading real estate valuation teams in Singapore. Since his retirement in 2016 Mr Li has continued his association with CBRE as Consultant Advisor.

KEY MANAGEMENT



1. TOH GIAP ENG VINCE

Executive Chairman

Vince is the Executive Chairman of the Group. He is responsible for exploring new business products, markets and opportunities, and the overall stewardship and governance of the Group. Vince started his career in the banking and finance industry and holds a Bachelor of Arts (Business) from the United Kingdom. He has been in the property development and investment business for over 3 decades, and was the Group's CEO and Deputy Chairman before his appointment as Chairman in January 2022.



2. HOH CHIN YIEP IVAN

Executive Director & Chief Executive Officer

Ivan was appointed the Chief Executive Officer of the Group on 1 January 2021. He is responsible for the management of the Group's businesses and implements the directions, strategies and plans of the Board. As the Group's Chief Operating Officer previously, he oversaw the daily operations of the business. Mr Hoh co-founded and was previously the Managing Director at PropNex International - the project marketing arm of PropNex. He is a veteran in both the local and overseas property scenes and possesses immense experience in the fields of real estate and project marketing over the span of 30 years. Prior to joining Heeton, Mr Hoh was Executive Director, Director and Head of Department of various agencies and real estate development consultancies including Knight Frank, HSR and OrangeTee.



3. 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 treasury 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.



4. LIU CHUN BONG EDWIN

Chief Investment Officer, Managing Director, United Kingdom and Europe

Edwin joined the Group in 2012. He oversees property development and investment matters in the UK and Europe. He was appointed as the Chief Investment Officer in January 2023. 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.



5. SING SEET WEI JERYL

Group General Manager

Jeryl joined the Heeton Group as the Group General Manager in January 2023. He will be assisting the CEO in business development, investment and acquisition, overseeing all aspects of property development and managing the Group's commercial properties. Jeryl graduated from the University of Melbourne with a Bachelor of Commerce, double majoring in finance and marketing. He has been involved in property development for over 12 years. Before joining Heeton he was the General Manager for BBR Development.



6. 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 matters, 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.



7. EEMIN LOH YI XUAN

Manager, Human Resources and Administration

Eemin joined the Group in March 2001 as Personal Assistant to the Executive 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

Tenet
(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 2023 (%)	Group's stake (%)	Launched / Expected Launch Date	Targeted Completion / Completion Date
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
Trio	7 to 19 Sam Leong Road / Commercial	Freehold	3,445	-	43	41.9	15	May-14	Jan-18
Tenet	Tampines Street 62 / Residential	Leasehold	64,020	618	-	99.4	8	Dec-22	2025

(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 2023 (%)	Group's stake (%)	Launched / Expected Launch Date	Targeted Completion / Completion Date
Haus ²³	Ladprao 23 Road, Ladyarw (Bangsae-nuar) Bangkok Thailand / Residential	Freehold	17,214	236	N/A	97.0%	49	Sep-11	May-14
To be confirmed	New York Road, Leeds as registered at the Land Registry under title number WYK592211 / Hotel and Residential	Freehold	70,667	To be confirmed	N/A	-	70	To be confirmed	To be confirmed



PROPERTY PORTFOLIO

(C) Investment Properties (Singapore)

Name of development	Location / Type of development	Tenure	Approximate Lettable Area (sq m)	Number of units	Group's stake (%)
Tampines Mart	Blocks 5, 7, 9 and 11 Tampines Street 32 / Retail and Commercial	Leasehold term of 99 years from 1 May 1993	7,900	97 shops and 58 wet market stalls	100
62 Sembawang Road	62 Sembawang Road / Transport Facilities	Estate in Perpetuity	1,239	1	100
Sun Plaza	30 Sembawang Drive / Retail and Commercial	Leasehold term of 99 years from 26 June 1996	14,573	131	50
223@Mountbatten	223 Mountbatten Road / Commercial	15 years from 20 February 2012	10,447	90	16

Sun Plaza



(D) Hotels and Investment Properties (Overseas)

Name of development	Location / Type of development	Tenure	Number of units	Group's stake (%)
Heeton Concept Hotel Pattaya (previously known as Mercure Hotel Pattaya)	484 Moo 10, Soi Pattaya Sai Song 15 off Pattaya Sai Song Road, Nongprue Subdistrict Banglamung District, Choburi Province, Thailand / Hotel	Freehold	247 hotel rooms	86.74
Hotel Baraquada Pattaya (previously known as Hotel Baraquada Pattaya, MGallery Collection)	485/1 Moo 10, Pattaya Sai Song Road, Nongprue Subdistrict, Banglamung District, Choburi Province, Thailand / Hotel	Freehold	72 hotel rooms	38.98
Heeton Concept Hotel Kensington London	15 – 25 Hogarth Road, Kensington, London, United Kingdom / Hotel	Freehold	118 hotel rooms	100.00
Heeton Concept Luma Hammersmith London	28 - 36 Glenthorne Road, Hammersmith, London, United Kingdom / Hotel	Freehold	89 hotel rooms	80.00
Holiday Inn Express Manchester City Centre Arena	2-4 Oxford Road, Manchester, United Kingdom / Hotel	Freehold	147 hotel rooms	30.00
Ibis Hotel Gloucester	Sawmills End, Corinium Ave A471, Gloucester, United Kingdom / Hotel	125 years leasehold from 19 Oct 2009	127 hotel rooms	70.00
Hampton By Hilton Leeds City Centre	1 Gower St, Leeds, United Kingdom / Hotel	Freehold	121 hotel rooms	65.00
Hotel Indigo Glasgow	74 Waterloo Street, Glasgow, Scotland / Hotel	175 years leasehold from 1 Oct 2018	94 hotel rooms	60.00
Stewart by Heeton Concept Aparthotel	10 Young Street, Edinburgh, Scotland / Hotel	Freehold	31 apartment	100.00
DoubleTree London Kensington	100 Cromwell Road, London, United Kingdom / Hotel	Freehold	163 hotel rooms	60.00
Heeton Concept Hotel City Centre Liverpool	James Street, Liverpool, England / Hotel	Freehold	154 hotel rooms	60.00
Super Hotel Sapporo Susukino	2-8-7 Minami, Sapporo, Japan / Hotel	Freehold	164 hotel rooms*, 66 residential and 4 Retail units	20.00
Smile Hotel Asakusa Tokyo	6-35-8 Asakusa, Taito-ward, Tokyo, Japan / Hotel	Freehold	96 hotel rooms*	70.00
Smile Hotel Sapporo	Sapporo, Japan / Hotel	Freehold	123 hotel rooms	70.00
To be confirmed	Gewog Lungmi, Paro, Bhutan / Hotel	Freehold	Proposed 85 hotel rooms	74.00
Adam House	7 – 10 Adam Street, London, United Kingdom / Serviced office	Freehold	35 office units and 175 desks	100.00

* Leased out to third party to operate



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General Meeting

Proxy form

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 the Group’s performance. The Board approves the Group’s corporate and strategic direction, the appointment of Directors and key managerial personnel, major funding and investment proposals, and reviews the financial performance of the Group. Where a director has a conflict or potential conflict of interest in relation to any matter, he shall declare his interest when the conflict-related matter is discussed, unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he shall abstain from voting in relation to the conflict-related matters.

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

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

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

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

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

REPORT ON CORPORATE GOVERNANCE

Table 1: Attendance of Directors, who held office at the end of the financial year, at Board and Board Committee Meetings held in the financial year ended 31 December 2023

Name of Director	Board Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		Audit Committee Meetings	
	No. Held*	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Toh Giap Eng	2	1	1	1	–	–	–	–
Hoh Chin Yiep	2	2	–	–	–	–	–	–
Tan Chuan Lye	2	2	1	1	1	1	2	2
Lee Bee Wah	2	2	1	1	1	1	2	2
Li Hiaw Ho	2	2	–	–	1	1	2	2

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

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

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

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

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 five members, with the details set out at Table 2. Two executive Directors, namely Mr Toh Giap Eng, Executive Chairman, and Mr Hoh Chin Yiep, Chief Executive Officer ("CEO") and three independent non-executive Directors, namely, Mr Tan Chuan Lye, Er Dr Lee Bee Wah and Mr Li Hiaw Ho. The independent non-executive Directors make up a majority of the Board.

REPORT ON CORPORATE GOVERNANCE

The Board is of the view that its size, and that of the Board Committees, and level of independence is appropriate for effective decision making. As a group, the Directors have an appropriate balance and mix (as well as breadth and depth) of skills, knowledge and experience, and diversity of thought, so as to foster constructive and robust debate and avoid “groupthink”.

The Nominating Committee is of the view that no individual or small group of individuals dominate the Board's decision-making process and that the current Board consists of the appropriate mix of expertise and experience to meet the Group's targets. Directors comprise professionals with financial, accounting and industry backgrounds who are able to tap on their area of expertise in leading the Group. Key information regarding the Directors can be found under the Board of Directors section in this annual report.

In the interests of maintaining a collaborative corporate culture, Heeton endorses the benefits of diversity at staff, management and Board level. Diversity in the composition of the Board will allow the Company to draw on different skill sets, experience, backgrounds and perspectives, which can be expected to deliver the following benefits:

- greater competitive advantage;
- wider understanding of opportunities, issues and risks;
- expanded range of concepts, ideas, and relationships;
- enhanced decision-making and dialogue; and
- heightened capacity for oversight of the organisation and its governance.

All Board appointments aim to collectively reflect the diverse nature of the business environment in which the organisation operates. Appointments are to be made on merit, in the context of the skills, experience, independence and knowledge which the Board requires in order to be effective.

For purposes of Board composition, diversity includes but is not limited to business skills, industry experience, gender and age. The Board will make good use of these differences and distinctions among individuals in determining the optimum composition of the Board.

While all director appointments are based on merit, the Board recognises gender as an important aspect of diversity. In 2022, Heeton appointed a female candidate, Er Dr Lee Bee Wah to join the Board.

The Company's target of achieving Board diversity in the three categories of Gender, Age and Experience within a year of inception of its board diversity policy has largely been achieved to date. The Board will regularly review its diversity policy to ensure it remains compliant and relevant as the Company and business evolve.

The independence of each Director is reviewed 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 the 2018 Code in its review of who can be considered as an independent Director.

The Directors of the Company monitor and review 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.

REPORT ON CORPORATE GOVERNANCE

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 and nine-year tenure limit for independent directors	Due for re-election at next AGM
Toh Giap Eng	Member of Nominating Committee	1 July 1996/ 26 April 2023	Executive	Not applicable
Hoh Chin Yiep	–	19 June 2020/ 30 April 2021	Executive	Retirement by rotation pursuant to Article 95(2)
Tan Chuan Lye	Lead Independent Director, Chairman of Audit Committee and Remuneration Committee and Member of Nominating Committee	9 September 2019/ 27 April 2022	Non-executive/ Independent (9 September 2028)	Retirement by rotation pursuant to Article 95(2)
Lee Bee Wah	Chairman of Nominating Committee, Member of Remuneration Committee and Audit Committee	27 April 2022/ 26 April 2023	Non-executive/ Independent (27 April 2031)	Not applicable
Li Hiaw Ho	Member of Remuneration Committee and Audit Committee	6 June 2022/ 26 April 2023	Non-executive/ Independent (6 June 2031)	Not applicable

Table 3: Information on Director nominated for re-election

Name of Director	Hoh Chin Yiep
Date of Initial Appointment	19 June 2020
Date of last re-appointment (if applicable)	30 April 2021
Age	54
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The re-election of Mr Hoh Chin Yiep as the Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Hoh Chin Yiep's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer
Professional qualifications	Real estate salesperson licence Certified International Property Specialist Diploma in Business Studies

REPORT ON CORPORATE GOVERNANCE

Name of Director	Hoh Chin Yiep
Working experience and occupation(s) during the past 10 years	<p>Chief Executive Officer, Heeton Holdings Limited (1 January 2021 to present)</p> <p>Chief Operating Officer, Heeton Holdings Limited (14 October 2019 to 31 December 2020)</p> <p>Managing Partner, Investment & Advisory of PropNex Realty Pte Ltd (April 2018 to September 2020)</p> <p>Managing Director of PNI Investment Pte Ltd (May 2017 to March 2018)</p> <p>Managing Director, PropNex International Pte Ltd (January 2007 to April 2017)</p>
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
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* including Directorships#	
* “Principal Commitments” has the same meaning as defines in the Code.	
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9).	
Past (for the past 5 years)	None
Present	Non-Executive Director - Emerald Capital Sdn Bhd Director and Shareholder - 7-Iron Investment Pte Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to the following question is “Yes”, full details must be provided.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time 2 years from the date he ceased to be a director or an equivalent person or , key executive of that entity, or winding up or dissolution of that entity or, where that entity is a trustee of a business trust, that trust, on the ground of insolvency?	No

REPORT ON CORPORATE GOVERNANCE

Name of Director	Hoh Chin Yiep
(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
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

REPORT ON CORPORATE GOVERNANCE

Name of Director	Hoh Chin Yiep
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p style="margin-left: 20px;">(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p style="margin-left: 20px;">(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p style="margin-left: 20px;">(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p style="margin-left: 20px;">(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that related to the securities or futures industry in Singapore or elsewhere,</p> <p>In connection with any matter occurring or arising during the period when you were so concerned with the entity or business trust?</p>	No
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings or have been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No
Disclosure applicable to appointment of Director only	
<p>Any prior experience as a director of an issuer listed on the Exchange? (Yes/No)</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p>	<p>Yes</p> <p>Director of the Company</p>
<p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	Not applicable, this is a re-election of a director.

REPORT ON CORPORATE GOVERNANCE

Name of Director	Tan Chuan Lye
Date of Initial Appointment	9 September 2019
Date of last re-appointment (if applicable)	27 April 2022
Age	67
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, 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's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive Independent
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of Audit Committee, Member of Nominating Committee and Remuneration Committee
Professional qualifications	Fellow Member, Institute of Chartered Singapore Accountants Senior Accredited Director, Singapore Institute of Directors Master of Business Administration, Henley Management College/University of Brunel London Fellow Member, Association of Chartered Certified Accountants
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
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* including Directorships#	
* "Principal Commitments" has the same meaning as defines in the Code.	
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9).	

REPORT ON CORPORATE GOVERNANCE

Name of Director	Tan Chuan Lye
Past (for the past 5 years)	None
Present	<p>Independent Non-Executive Director - Isetan (Singapore) Limited</p> <p>Independent Director - First REIT Management Limited</p> <p>Independent Member of the Asia Advisory Board - EFG Bank AG</p> <p>Independent Non - Executive Director - Synapxe Pte Ltd (formerly known as Integrated Health Information System Pte Ltd)</p> <p>Independent Non-Executive Director - Sompo Insurance Singapore Pte. Ltd.</p> <p>Independent Non-Executive Director - Berjaya Sompo Insurance Berhad</p> <p>Non-Executive Director - Meranti Power Pte. Ltd.</p> <p>Non-Executive Director - All Saints Home</p> <p>Non-Executive Director - Science Centre Board</p> <p>Chairman, Board of Trustees - The Brash Trust</p> <p>Member of the Audit Committee - Agency for Science, Technology & Research (A*Star)</p> <p>Member, Governance & Audit Committee - Singapore Heart Foundation</p> <p>Member, School Advisory Committee - Crescent Girls' School Advisory Committee</p>
<p>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.</p>	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time 2 years from the date he ceased to be a director or an equivalent person or , key executive of that entity, or winding up or dissolution of that entity or, where that entity is a trustee of a business trust, that trust, on the ground of insolvency?	No

REPORT ON CORPORATE GOVERNANCE

Name of Director	Tan Chuan Lye
(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
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

REPORT ON CORPORATE GOVERNANCE

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

REPORT ON CORPORATE GOVERNANCE

Role of Executive Chairman and Chief Executive Officer

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

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

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

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

The Board has appointed Mr Tan Chuan Lye, an independent non-executive Director as the Lead Independent Director in view that the Chairman is non-independent and 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 Chairman, CEO, or Chief Financial Officer ("CFO") have failed to resolve or is inappropriate, are able to contact the Lead Independent Director.

Board Membership

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

The Nominating Committee ("NC") comprises two independent non-executive Directors, namely Er Dr Lee Bee Wah (Chairman), 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. the 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.

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 three independent non-executive Directors, namely, Mr Tan Chuan Lye (Chairman), Er Dr Lee Bee Wah and Mr Li Hiaw Ho.

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.

Level and Mix of Remuneration

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 Executive Chairman and CEO:

- 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.

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

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

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

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 comprise 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.

The Company has chosen not to set out the full disclosure of individual Board members' remuneration due to the commercial sensitivity surrounding Directors' earnings, particularly in the Company's highly competitive field of business. Instead, the Company has disclosed the individual Directors' earnings in salary bands of S\$250,000 that give an indication of the levels of remuneration for each Director. The Company believes that its practices are sufficiently compliant and aligned with the intent of Principle 8 of the Code. However, going forward, under Provision 8.1 of Code of Corporate Governance 2018, it will become mandatory to disclose fully the remuneration package paid to each individual director and CEO on a named basis and the Company will comply for reports on financial year ending on or after 31 December 2024.

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 2023 is as follows:

Remuneration bands	Salary %	Bonus %	Fees %	Other Benefits %	Total %
Below S\$250,000					
Tan Chuan Lye	–	–	100	–	100
Lee Bee Wah	–	–	100	–	100
Li Hiaw Ho	–	–	100	–	100
Between S\$500,000 to S\$750,000					
Hoh Chin Yiep	75	18	–	7	100
Between S\$750,000 to S\$1,000,000					
Toh Giap Eng	79	20	–	1	100

The remuneration of the key executives of the Group who are not Directors for the financial year ended 31 December 2023 is shown in the following bands:

Remuneration bands	Salary %	Bonus %	Other Benefits %	Total %
Below S\$250,000				
Eemin Loh Yi Xuan	89	10	1	100
Adrian Koh Seng Hui	89	10	1	100
Between S\$250,000 to S\$500,000				
Heng Lee Cheng	72	25	3	100
Edwin Liu Chun Bong	90	10	0	100
Jeryl Sing Seet Wei	78	15	7	100

The Group has five key executives who are not Directors during the financial year ended 31 December 2023. Key information regarding the current 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 2023 is S\$1,538,000.

Immediate Family Member of Director

Executive Chairman, Mr Toh Giap Eng is a substantial shareholder of the Company and the son of Mr Toh Khai Cheng and brother of Mr Toh Gap Seng, both substantial shareholders of the Company. His salary has been disclosed above. Other than Mr Toh Giap Eng, currently there are no employees in the Group who are immediate family members of Directors, CEO and other substantial shareholders of the Company with remuneration exceeding S\$100,000 during the financial year ended 31 December 2023 ("FY2023").

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 Listing Rules 720(7) requires all Directors to undergo training on sustainability matters. During the year under review, Directors completed the prescribed sustainability training. The Board and AC have reviewed the adequacy and effectiveness of the Group's internal controls systems and risks management systems that address the Group's financial, operational and compliance and information technology controls risks. In compliance with new Listing Rules that take effect from 1 January 2022, the sustainability reporting process was subjected to internal review by the internal auditors, in accordance with the approved internal audit plan. 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 opinion 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 2023. 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 Chairman, CEO and CFO to assist it in carrying out its responsibility of overseeing the Company's risk management framework and policies. The Risk Management Committee regularly reviews the Group's business and operations to identify areas of significant business risks, and put in place appropriate measures to address these risks and reports to the Board on areas of significant risks to the Group's operations, if any.

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

For more information relating to the Group's risks factors, please refer to Note 42 of the audited financial statements in this annual report.

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 Tan Chuan Lye (Chairman), Er Dr Lee Bee Wah and Mr Li Hiaw Ho.

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

For FY2023, the AC has held 2 meetings. Details of members and their attendance at meetings are provided in Table 1.

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

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

REPORT ON CORPORATE GOVERNANCE

The duties of the AC include:

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

Whistleblowing Policy

- a. The Company has a whistleblowing policy ("Policy") whereby concerns about possible corporate improprieties may be reported. As a public listed company, Heeton adopts a zero tolerance approach towards workplace malpractices, statutory non-compliance, chronic impropriety and abuse within the organisation. In this regard the Policy is intended to encourage and facilitate the raising of any major concerns or legitimate complaints against the Company or its subsidiaries by employees, directors, contractors, suppliers, vendors, customers and other stakeholders ("interested parties"), without fear of reprisal, discrimination or adverse consequences, permitting the Company to address such reports by taking appropriate action.
- b. The intended aims of this Policy are: to deter wrongdoing and abuse within the Group; to establish high standards of working practices and corporate governance; to encourage interested parties, especially employees, to act on relevant concerns without fear of reprisals; to create a standard operating procedure for interested parties to raise these concerns; to demonstrate the Company's commitment towards the welfare of its employees; and to develop a culture of openness, accountability and integrity.
- c. An external third party approved by the Board will be the Receiving Officer responsible for the processing of whistleblowing complaints. The Receiving Officer will report to Audit Committee and maintain a centralised repository of all reported cases. He or she will ensure that every concern is investigated and taken to its conclusion. Investigations into any complaints made by whistleblowers will be conducted sensitively and speedily by an internal panel coordinated by the Receiving Officer. The investigation may involve the Company's auditors, in case of a financial irregularity, company lawyers in the case of allegations of crime or serious breach, and external consultants where technical knowledge is required. The Company's policy is to report any criminal act to local law enforcement.
- d. The contact details of the Receiving Officer are as follows:

Email: TAT@AQT.SG
Address: Aequitas Law LLP
28 Maxwell Road
#04-05 Maxwell Chambers Suites
Singapore 069120
- e. The identity of the whistleblower and all concerns or irregularities raised will be held in confidence throughout the investigation process. The whistleblower shall receive no detrimental or unfair treatment for reporting a concern in good faith. Retaliation, discrimination or any other form or reprisal against the whistleblower will be subject to discipline, including termination of employment.
- f. This Policy is featured on the Heeton website as well as the Company's Employee Resource Folder, and shall be included in the training materials or induction packs for all new employees. The Policy shall be reviewed regularly and may be modified to maintain compliance with applicable laws and regulations or accommodate organisational changes within the Group. The Audit Committee is responsible for the overall oversight and monitoring of the Policy and its implementation.

REPORT ON CORPORATE GOVERNANCE

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.

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 independently, effectively and adequately based on the following considerations:

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

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

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

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

REPORT ON CORPORATE GOVERNANCE

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

Unless unforeseen circumstances dictate otherwise, the respective Chairmen of the AC, RC and NC are present at the Company's AGMs to answer 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. The attendance of each Director at general meetings held in FY2023 is set out as follows:

	AGM (26 April 2023)	Extraordinary General Meeting (26 April 2023)
Name of Director	Attended	Attended
Toh Giap Eng	✓	✓
Hoh Chin Yiep	✓	✓
Tan Chuan Lye	✓	✓
Lee Bee Wah	✓	✓
Li Hiaw Ho	✓	✓

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

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

The Company Secretary prepares minutes of annual general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and management. The Company shall publish the minutes of general meetings of shareholders on its corporate website and on the SGX website as soon as practicable, in any event within one month after the date of the general meeting.

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

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

REPORT ON CORPORATE GOVERNANCE

ENGAGEMENT WITH SHAREHOLDERS

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

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

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

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

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

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

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

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

The Company strives to maintain open and fair communication with its key stakeholders, to understand their views, concerns, and objectives in order to work towards more sustainable growth. With the support of an external consultant, the Company has identified stakeholder groups which have a significant influence and interest in the Group's operations and business, and engaged these stakeholders to understand their Environmental, Social, and Governance expectations; the Company's ESG strategies are outlined in its Sustainability Report which will be published together with the Annual Report.

The key stakeholders include investors, tenants, employees, communities, government and regulators and business partners. The Company maintains a corporate website at www.heeton.com and updates it on a timely basis to communicate and engage with them. In this way, the Company hopes to have good communication and engagement with all its material stakeholders.

REPORT ON CORPORATE GOVERNANCE

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 FY2023.

DEALINGS IN SECURITIES

The Company has complied with Rule 1207(19) in FY2023. It has been highlighted to the Directors and staff of the Company and the Group 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.

The Company's internal policy based on Listing Rule 1207(19) is manifested through regular notices sent to its Directors and officers highlighting the guidelines for dealing in securities. These notices are timed to remind Directors and officers of the prohibition on dealing in the Company's shares during the black-out periods set out in Listing Rule 1207(19)(c), and that it is an offence under the Securities and Futures Act 2001 for the Company's directors and employees to buy or sell company shares, either in their own capacity or on behalf of the Company, when they are in possession of unpublished material information that is likely to impact the Company's share price. It reiterates that the law on insider trading is applicable at all times, and not just to the specific black-out periods.

Directors and key senior executives of the Group are prohibited from trading in the Company's shares during the period commencing one month before the announcement of the Company's half-year and full-year financial statements, both on their own behaves and on behalf of the Company.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Heeton Holdings Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company for the financial year ended 31 December 2023.

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 2023 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 Giap Eng	–	Executive Chairman
Hoh Chin Yiep	–	Executive Director
Tan Chuan Lye	–	Independent Director
Lee Bee Wah	–	Independent Director
Li Hiaw Ho	–	Independent Director
Toh Gap Seng	–	Alternate to Toh Giap Eng

Arrangements to enable directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967 (the "Act"), an interest in shares or debentures of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest		Deemed interest	
	1 January 2023	31 December 2023	1 January 2023	31 December 2023
The Company				
Heeton Holdings Limited				
Number of Ordinary shares				
Toh Giap Eng	63,519,373	63,519,373	135,981,838	135,981,838
Toh Gap Seng	26,652,555	26,652,555	1,883,200	1,883,200
6.80% fixed rate Notes due November 2023				
Toh Giap Eng	\$7,380,000	–	–	–
Toh Gap Seng	\$1,260,000	–	–	–
Hoh Chin Yiep	\$540,000	–	–	–
7.00% fixed rate Notes due November 2026				
Toh Giap Eng	–	\$8,400,000	–	–
Toh Gap Seng	–	\$2,000,000	–	–
Hoh Chin Yiep	–	\$600,000	–	–
Lee Bee Wah	–	\$200,000	–	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2024.

By virtue of Section 7 of the Companies Act 1967, Messrs Toh Giap Eng is 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.

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

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

DIRECTORS' STATEMENT

Audit committee

The Audit Committee (AC) carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, including the following:

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

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

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

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

Auditor

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

On behalf of the board of directors,

Toh Giap Eng
Executive Chairman
Singapore

Hoh Chin Yiep
Executive Director

21 March 2024

INDEPENDENT AUDITOR'S REPORT

For The Financial Year Ended 31 December 2023

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 2023, 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 material accounting policy information.

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 1967 (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 2023 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.

Valuation of investment properties

As at 31 December 2023, the carrying amount of the Group's investment properties was \$222,882,000 which accounted for 23% of total assets. The Group carries its investment properties at fair value, with changes in fair values recognised in profit or loss. The Group also invests in investment properties through its joint venture company and associated companies.

The Group engaged independent valuation specialists to determine the fair values of its investment properties as at 31 December 2023. The valuation of the investment properties is a significant judgemental area and is underpinned by a number of assumptions including, but not limited to, yield adjustments made for any difference in nature, location or condition of the specific property. In addition, there was an increase in the level of estimation uncertainty and significant management judgement is required in determining the valuation of investment properties arising from rapid changes in market and economic conditions. Accordingly, we have identified this as a key audit matter.

As part of our audit procedures, we evaluated the independence, competence and objectivity of the external valuation specialists. With the assistance of our internal property valuation specialist, we held discussions with selected external valuation specialists to understand the valuation methodologies used in the valuation and the results of their work, including key valuation adjustments made in light of the increased estimation uncertainty. We assessed the reasonableness of the key inputs and assumptions underlying the valuation, such as adjusted recent sale prices, or estimated annual net rental income after deduction of expenses, capitalised at an appropriate rate of return. We also assessed the adequacy of the disclosures in the financial statements in Note 3 *Significant accounting estimates and judgements*, Note 12 *Investment properties* and Note 41 *Fair value of assets and liabilities* of the financial statements.

INDEPENDENT AUDITOR'S REPORT

For The Financial Year Ended 31 December 2023

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Impairment assessment on carrying value of hotel properties

As at 31 December 2023, the carrying value of property, plant and equipment (collectively, "properties") mainly relating to the Group's portfolio of hotel properties, amounted to \$401,193,000 and accounted for 41% of the Group's total assets. These properties are carried at cost less accumulated depreciation and impairment losses and are subject to an annual review to assess if there are indicators of impairment. The changes in market and economic conditions has resulted in significant amount of uncertainty in the current and future environment in which the Group operates. Accordingly, the Group undertook an impairment assessment to determine the recoverable amounts of its hotel properties.

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

For The Financial Year Ended 31 December 2023

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

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

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

We also assessed the adequacy of the disclosures in the financial statements in Note 3 *Significant accounting estimates and judgements*, Note 13 *Subsidiaries*, Note 14 *Associated companies*, Note 15 *Joint ventures companies*, Note 17 *Amounts due from associated companies and joint venture companies*, and Note 23 *Amounts due from subsidiaries* of the financial statements.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

For The Financial Year Ended 31 December 2023

Report on the Audit of the Financial Statements (cont'd)

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 Financial Year Ended 31 December 2023

Report on other legal and regulatory requirements

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

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

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

21 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
Revenue	4	67,857	62,926
Other operating income	5	2,318	3,253
Personnel expenses	6	(21,560)	(18,736)
Depreciation of property, plant and equipment	11	(5,233)	(5,012)
Other operating expenses		(25,843)	(24,840)
Finance expenses	7(a)	(27,392)	(18,709)
Finance income	7(b)	2,891	3,845
Reversal of impairment losses/(impairment) on financial assets	8	2,176	(4,220)
Fair value (losses)/gains on derivative financial instruments	8	(135)	432
Fair value gain on investment security	8	3,198	1,111
(Impairment)/Reversal of impairment of property, plant and equipment	11	(1,927)	5,071
Impairment on investment in associated company	8	(1,660)	–
Share of results of associated companies and joint venture companies		(1,139)	3,800
Gains/(Losses) from fair value adjustments of investment properties	12	4,497	(2,847)
Losses on disposal of property, plant and equipment		–	(42)
Gains on disposal of assets held for sale		–	631
(Loss)/Profit before tax	8	(1,952)	6,663
Income tax expense	9	(4,625)	(2,260)
(Loss)/Profit for the year		(6,577)	4,403
Other comprehensive income/(loss):			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		2,290	(19,780)
Other comprehensive income/(loss) for the year, net of tax		2,290	(19,780)
Total comprehensive loss for the year		(4,287)	(15,377)
(Loss)/Profit for the year			
Attributable to:			
Owners of the Company		(3,180)	2,140
Non-controlling interests		(3,397)	2,263
		(6,577)	4,403
Total comprehensive income/(loss) for the year:			
Attributable to:			
Owners of the Company		509	(22,559)
Non-controlling interests		(4,796)	7,182
		(4,287)	(15,377)
Earnings per share attributable to owners of the Company			
(cents per share)			
Basic	10	(0.65)	0.44
Diluted	10	(0.65)	0.44

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

BALANCE SHEETS

For The Financial Year Ended 31 December 2023

	Note	Group		Company	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	11	401,913	372,975	371	89
Investment properties	12	222,882	217,324	–	–
Subsidiaries	13	–	–	41,237	24,037
Associated companies	14	16,570	21,193	–	–
Joint venture companies	15	93,306	96,766	5,000	5,000
Investment security	16	4,629	1,431	–	–
Amounts due from associated companies and joint venture companies (non-trade)	17	59,535	72,397	–	–
Derivative financial instruments	29	107	331	107	331
Intangible assets	18	109	109	–	–
Other receivables	22	12,871	60,959	–	18,000
Deferred tax assets	33	1,557	–	–	–
		813,479	843,485	46,715	47,457
Current assets					
Development property	19	19,188	17,389	–	–
Trade receivables	21	1,054	683	–	–
Other receivables	22	56,781	3,232	22,210	547
Prepayments		2,621	1,655	877	381
Amounts due from subsidiaries (non-trade)	23	–	–	277,420	313,237
Amounts due from related parties (trade)	23	65	45	1	–
Amounts due from associated companies and joint venture companies (non-trade)	17	4,683	32,742	2,205	2,186
Derivative financial instruments	29	89	–	89	–
Treasury Bills	20	10,586	–	10,586	–
Fixed deposits	24	23,371	20,160	22,506	19,852
Cash and bank balances	25	40,707	39,631	7,946	9,736
		159,145	115,537	343,840	345,939
Current liabilities					
Trade payables	26	3,572	2,744	1,607	1,452
Other payables and accruals	27	18,648	14,746	1,125	1,338
Amounts due to subsidiaries (non-trade)	23	–	–	189,206	181,178
Lease liabilities	37(b)	78	297	39	–
Bonds	28	–	62,730	–	62,730
Bank term loans	30	100,338	21,334	1,176	1,176
Income tax payable		5,474	3,525	88	213
		128,110	105,376	193,241	248,087
Net current assets		31,035	10,161	150,599	97,852

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

BALANCE SHEETS

For The Financial Year Ended 31 December 2023

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Non-current liabilities					
Other payables and accruals	27	1,553	1,012	–	–
Lease liabilities	37(b)	6,334	4,640	137	–
Amounts due to associated companies and joint venture companies (non-trade)	17	46,147	47,243	37,135	39,610
Amounts due to non-controlling interests (non-trade)	32	69,142	61,127	–	–
Bonds	28	53,800	–	53,800	–
Bank term loans	30	247,303	314,687	770	2,019
Deferred tax liabilities	33	2,133	656	154	143
		426,412	429,365	91,996	41,772
Net assets		418,102	424,281	105,318	103,537
Equity attributable to owners of the Company					
Share capital	34	86,624	86,624	86,624	86,624
Treasury Shares	35	(63)	–	(63)	–
Foreign currency translation reserve	36	(15,538)	(19,227)	–	–
Retained earnings		353,926	358,935	18,757	16,913
		424,949	426,332	105,318	103,537
Non-controlling interests	13	(6,847)	(2,051)	–	–
Total equity		418,102	424,281	105,318	103,537

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2023

Note	Attributable to owners of the Company						Total equity \$'000
	Share capital (Note 34) \$'000	Treasury Shares (Note 35) \$'000	Foreign currency translation reserve (Note 36) \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	
Balance at 1 January 2022	86,624	–	5,472	358,624	450,720	(9,233)	441,487
Profit for the year	–	–	–	2,140	2,140	2,263	4,403
Other comprehensive (loss)/income	–	–	–	–	–	–	–
- Foreign currency translation	–	–	(24,699)	–	(24,699)	4,919	(19,780)
Total comprehensive (loss)/income for the year	–	–	(24,699)	2,140	(22,559)	7,182	(15,377)
Dividends on ordinary shares	–	–	–	(1,829)	(1,829)	–	(1,829)
At 31 December 2022	86,624	–	(19,227)	358,935	426,332	(2,051)	424,281
Balance at 1 January 2023	86,624	–	(19,227)	358,935	426,332	(2,051)	424,281
Loss for the year	–	–	–	(3,180)	(3,180)	(3,397)	(6,577)
Other comprehensive income/(loss)	–	–	–	–	–	–	–
- Foreign currency translation	–	–	3,689	–	3,689	(1,399)	2,290
Total comprehensive income/(loss) for the year	–	–	3,689	(3,180)	509	(4,796)	(4,287)
Treasury Shares	–	(63)	–	–	(63)	–	(63)
Dividends on ordinary shares	–	–	–	(1,829)	(1,829)	–	(1,829)
At 31 December 2023	86,624	(63)	(15,538)	353,926	424,949	(6,847)	418,102

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
(Loss)/Profit before tax		(1,952)	6,663
Adjustments:			
Depreciation of property, plant and equipment	11	5,233	5,012
Loss on disposal of property, plant and equipment		–	42
Fair value losses/(gains) on derivative financial instruments	8	135	(432)
Fair value gain on investment security	8	(3,198)	(1,111)
Impairment/(Reversal of impairment) of property, plant and equipment	11	1,927	(5,071)
Impairment on investment in associated company	8	1,660	–
(Gains)/losses from fair value adjustments of investment properties	12	(4,497)	2,847
Gain on disposal of asset held for sale		–	(631)
(Reversal of impairment)/Impairment on financial assets	8	(2,176)	4,220
Share of results of associated companies and joint venture companies		1,139	(3,800)
Interest expense	7(a)	27,392	18,709
Interest income	7(b)	(2,891)	(3,845)
Unrealised exchange differences		(2,421)	(1,428)
Total adjustments		22,303	14,512
Operating cash flows before changes in working capital		20,351	21,175
Changes in working capital:			
(Increase)/decrease in development property		(1,038)	409
(Increase)/decrease in trade receivables		(333)	960
Increase in other receivables		(5,424)	(1,594)
(Increase)/decrease in prepayments		(906)	152
Increase/(decrease) in trade payables		777	(1,770)
Increase in other payables and accruals		4,147	1,797
(Increase)/decrease in amounts due from related parties, net		(19)	12
Total changes in working capital		(2,796)	(34)
Cash flows from operations		17,555	21,141
Interest received		2,891	3,845
Interest paid, excluding amounts capitalised		(26,694)	(18,709)
Income taxes paid		(2,582)	(788)
Net cash flows (used in)/generated from operating activities		(8,830)	5,489

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from investing activities			
Additions to property, plant and equipment	11	(25,160)	(4,089)
Proceeds from disposal of assets held for sale		–	17,892
Dividend income from associated companies and joint venture companies		6,300	4,002
Net repayment of loan to associated companies and joint venture companies		41,534	23,333
Purchase of treasury bills		(10,586)	–
Net cash flows from investing activities		<u>12,088</u>	<u>41,138</u>
Cash flows from financing activities			
Proceeds from bank loans		14,201	9,970
Repayment of bank loans		(8,672)	(22,809)
Repayment of bond		(8,930)	(7,570)
Purchase of treasury shares		(63)	–
Payments of principal portion of lease liabilities		(339)	(338)
Loan from/(to) non-controlling interests		5,917	(5,476)
Dividends paid on ordinary shares of the Company	45	(1,829)	(1,829)
Restricted cash – fixed deposits pledge for bank facility	24	(1,755)	1,465
Net cash used in financing activities		<u>(1,470)</u>	<u>(26,587)</u>
Net increase in cash and cash equivalents		1,788	20,040
Effect of exchange rate changes on cash and cash equivalents		744	(4,095)
Cash and cash equivalents at beginning of year		59,791	43,846
Cash and cash equivalents at end of year		<u>62,323</u>	<u>59,791</u>
Cash and cash equivalents			
Cash and cash equivalents consist of fixed deposits and cash and bank balances, as follows:			
Fixed deposits	24	23,371	20,160
Cash and bank balances	25	40,707	39,631
Total cash and bank balances		64,078	59,791
Restricted cash – fixed deposits pledge for bank facility	24	(1,755)	–
Cash and cash equivalents at end of year		<u>62,323</u>	<u>59,791</u>

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 2023

1. Corporate information

Heeton Holdings Limited (the “Company”) is a limited liability company domiciled and incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business is located at 60 Paya Lebar Road #08-36, Paya Lebar Square, Singapore 409051.

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

2. Material accounting policies

2.1 Basis of preparation

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

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

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

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 Jan 2024
Amendments to SFRS(I) 16: <i>Lease Liability in a Sale and Leaseback</i>	1 Jan 2024
Amendments to SFRS(I) 1-1: <i>Non-current Liabilities with Covenants</i>	1 Jan 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7: <i>Supplier Finance Arrangements</i>	1 Jan 2024
Amendments to SFRS(I) 1-21: <i>Lack of Exchangeability</i>	1 Jan 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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 2023

2. Material accounting policies (cont'd)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

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

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

(b) Business combinations and goodwill

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

2. Material accounting policies (cont'd)

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

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

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

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

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

2.5 Subsidiaries

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

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

2.6 Transactions with non-controlling interests

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

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

2.7 Joint ventures and associates

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

2. Material accounting policies (cont'd)

2.7 *Joint ventures and associates (cont'd)*

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

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

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

The financial statements of the joint venture and associate are prepared as of the same reporting date as the Company unless it is impracticable to do so. When the financial statements of a joint venture and associate used in applying the equity method are prepared as of a different reporting date from that of the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Company. In any case, the difference between the end of the reporting period of the joint venture and associate, and that of the investor shall be no more than three months. The length of the reporting periods and any difference between the ends of the reporting periods shall be the same from period to period. When the financial statements of a joint venture and associate used in applying the equity method are as of a reporting date or for a period that is different from that of the Company, the reporting date of the financial statements of the joint venture and associate, and the reason for using a different reporting date or different period shall be disclosed.

2.8 *Foreign currency*

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

(a) *Transactions and balances*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

2. Material accounting policies (cont'd)

2.8 Foreign currency (cont'd)

(b) Consolidated financial statements

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

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

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

2. Material accounting policies (cont'd)

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.

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

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

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

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

2.11 *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 *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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

2. Material accounting policies (cont'd)

2.12 *Impairment of non-financial assets (cont'd)*

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.

2.13 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

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

Subsequent measurement

Investments in debt instruments

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

(i) Amortised cost

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

(ii) Fair value through 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 instrument 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.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

2. Material accounting policies (cont'd)

2.13 *Financial instruments (cont'd)*

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

Regular way purchases and sales

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

b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

Derecognition

A financial liability is derecognised 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.

2.14 *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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

2. Material accounting policies (cont'd)

2.14 *Impairment of financial assets (cont'd)*

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.

2.15 *Cash and cash equivalents*

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

2.16 *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 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.17 *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.

2.18 *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.

2.19 *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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

2. Material accounting policies (cont'd)

2.19 *Employee benefits (cont'd)*

(b) *Employment leave entitlement*

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

2.20 *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 *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.

II *Hotel operation income*

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

III *Interest income*

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

IV *Rendering of services*

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

V *Dividend income*

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

2.21 *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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

2. Material accounting policies (cont'd)

2.21 Taxes (cont'd)

(b) *Deferred tax*

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

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

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

2. Material accounting policies (cont'd)

2.21 Taxes (cont'd)

(c) Sales tax

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

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

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

2.22 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 44, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 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.

2.24 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected.

Information about significant areas of estimation that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Property, plant and equipment (Note 11)
- Determination of fair value of investment properties (Note 12)

3.1 Key sources of estimation uncertainty

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

(a) Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 31 December 2023. 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 sensitivity analysis are provided in Note 41.

The carrying amount of the Group's investment properties as at 31 December 2023 was \$222,882,000 (2022: \$217,324,000).

(b) Income taxes

The Group's exposure to income taxes mainly arises from Singapore and United Kingdom. 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.

As at 31 December 2023, the carrying amount of the Group's income tax payable amounted to \$5,474,000 (2022: \$3,525,000). The carrying amount of deferred tax assets and deferred tax liabilities are disclosed in Note 33.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

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

3.1 Key sources of estimation uncertainty (cont'd)

(c) Impairment assessment of property, plant and equipment

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

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

Certain valuation reports obtained from the external specialists have highlighted that a combination of global inflationary pressures, rising interest rates, geopolitical tensions and tightened lending conditions, has heightened the potential for greater volatility in property markets over the short to medium term. Due to the challenging economic outlook and financial market instability and future impact that these might have on the real estate market, the external specialists have also recommended to keep the valuation of these properties under frequent review.

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

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

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

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

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

(e) Fair value measurement of unquoted equity security

The Group has investment in unquoted equity security which is measured at FVTPL. The fair value of unquoted equity security measured at FVTPL is estimated based on the net asset value (NAV) of the investee entity adjusted for the fair value of the underlying development property. This requires the Group to engage external valuation expert to perform the valuation. The information about the fair value measurement is disclosed in Note 41 to the financial statements.

As at 31 December 2023, the carrying amount of the unquoted equity security amounted to \$4,629,000 (2022: \$1,431,000).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

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.

(g) Impairment assessment of other receivables

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

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

The carrying amounts of the Group's interests in other receivables are disclosed in Note 22 to the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

4. Revenue

	Group	
	2023	2022
	\$'000	\$'000
Revenue from contracts with customers	55,220	51,719
Rental income from investment properties	11,468	10,552
Other rental income	1,169	655
	67,857	62,926

Disaggregation of revenue from contracts with customers

Segments	Hospitality		Corporate		Total Revenue	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets						
Singapore	–	–	232	332	232	332
United Kingdom	54,662	51,056	326	331	54,988	51,387
	54,662	51,056	558	663	55,220	51,719
Major product or service line						
Hotel operation income	54,662	51,056	–	–	54,662	51,056
Management fee income	–	–	558	663	558	663
	54,662	51,056	558	663	55,220	51,719
Timing of transfer of goods or services						
At a point in time	54,662	51,056	558	663	55,220	51,719

5. Other operating income

	Group	
	2023	2022
	\$'000	\$'000
Tentage and other rental	123	145
Management fee income from associated companies and joint venture companies	2,120	2,197
Others	75	911
	2,318	3,253

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

6. Personnel expenses

	Group	
	2023	2022
	\$'000	\$'000
Salaries and bonuses	20,522	17,854
Central Provident Fund contributions	430	359
Other staff costs	608	523
	21,560	18,736

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

7. Finance expenses/(income)

	Note	Group	
		2023	2022
		\$'000	\$'000
(a) Finance expenses			
Interest expense on:			
- bank loans		19,171	10,717
- lease liabilities	37c	699	329
- bonds		4,666	4,710
- advances from associated companies/joint venture companies		525	548
- advances from non-controlling interests		1,903	1,874
- others		428	531
		27,392	18,709

	Group	
	2023	2022
	\$'000	\$'000
(b) Finance income		
Interest income from financial assets measured at amortised cost:		
- treasury bills	(120)	–
- fixed deposits	(1,191)	(235)
- loans to associated companies	(293)	(661)
- loans to joint venture companies	(380)	(886)
- promissory notes and other receivables	(907)	(2,063)
	(2,891)	(3,845)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

8. (Loss)/Profit before tax

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

	Note	Group	
		2023 \$'000	2022 \$'000
Audit fees paid to:			
- auditor of the Company		359	334
- other auditors		261	267
Non-audit fees paid to:			
- auditor of the Company		51	44
Directors' remuneration		1,665	1,481
Directors' fees		157	154
Impairment on investment in associated company	14	1,660	–
(Reversal of impairment losses)/Impairment on financial assets		(2,176)	4,220
- Amount due from associated companies and joint venture companies (non-trade)	17	(2,176)	1,960
- Other receivables	22	–	2,260
Impairment/(Reversal of impairment) of property, plant and equipment	11	1,927	(5,071)
Depreciation of property, plant and equipment	11	5,233	5,012
Property tax*		2,763	2,463
Fair value losses/(gains) on derivative financial instruments		135	(432)
Fair value gain on investment security		(3,198)	(1,111)
Repairs and maintenance on investment properties		1,373	1,281

* In 2023, government grants relating to COVID-19 property tax rebate available to the Group entities amounted to \$883,000 (2022: \$1,488,000) have been deducted from property tax reported for the year.

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	Group	
	2023 \$'000	2022 \$'000
<i>Statement of comprehensive income:</i>		
Current income tax:		
- Current year	3,890	1,743
- Under provision in respect of previous years	835	501
	4,725	2,244
Deferred income tax:		
- Origination and reversal of temporary differences	(119)	(3)
- Under provision in respect of previous years	19	19
	(100)	16
Income tax expense recognised in profit or loss	4,625	2,260

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

9. Income tax expense (cont'd)

Relationship between tax expense and accounting (loss)/profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2023 and 2022 are as follows:

	Group	
	2023	2022
	\$'000	\$'000
(Loss)/Profit before tax	(1,952)	6,663
Tax at the domestic rates applicable to profits in the countries where the Group operates	(353)	1,272
Adjustments:		
Non-deductible expenses	5,115	1,794
Income not subject to taxation	(1,945)	(1,376)
Effect of tax rebate and partial tax exemption	(87)	(66)
Benefits from previously unrecognised deferred tax assets	(143)	–
Deferred tax assets not recognised	454	215
Under provision in respect of previous years	854	520
Share of results of associated companies and joint venture companies	194	(646)
Tax losses not allowed to be carried forward	533	516
Others	3	31
Income tax expense recognised in profit or loss	<u>4,625</u>	<u>2,260</u>

10. Earnings per share

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

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

The following tables reflect the (loss)/profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December 2023 and 2022:

	Group	
	2023	2022
	\$'000	\$'000
(Loss)/profit for the year attributable to owners of the Company used in the computation of basic earnings per share and diluted earnings per share	(3,180)	2,140
	No. of shares	No. of shares
	'000	'000
Weighted average number of ordinary shares for basic earnings per share and diluted earnings per share computation	<u>487,595</u>	<u>487,735</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

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 2022	271,269	163,588	3,700	610	619	743	6,163	1,306	447,998
Additions	-	2,407	-	376	-	147	1,076	83	4,089
Exchange differences	(30,860)	(15,310)	-	-	-	(55)	(654)	(64)	(46,943)
At 31 December 2022 and 1 January 2023	240,409	150,685	3,700	986	619	835	6,585	1,325	405,144
Additions	3,421	19,299	-	14	279	10	616	1,719	25,358
Write off/Disposal	-	-	-	-	(111)	-	-	(29)	(140)
Exchange differences	9,016	2,429	-	-	2	21	232	18	11,718
At 31 December 2023	252,846	172,413	3,700	1,000	789	866	7,433	3,033	442,080

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

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

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
Accumulated depreciation:									
At 1 January 2022	8	14,993	3,700	610	451	659	4,004	1,023	25,448
Charge for the year (Note 8)	-	3,749	-	46	56	52	954	155	5,012
Exchange differences	-	(1,680)	-	-	-	(45)	(413)	(41)	(2,179)
At 31 December 2022 and January 2023	8	17,062	3,700	656	507	666	4,545	1,137	28,281
Charge for the year (Note 8)	-	3,816	-	76	86	52	561	642	5,233
Write off/Disposal	-	-	-	-	(111)	-	-	(29)	(140)
Exchange differences	-	786	-	-	-	15	158	19	978
At 31 December 2023	8	21,664	3,700	732	482	733	5,264	1,769	34,352
Impairment:									
At 1 January 2022	-	(8,959)	-	-	-	-	-	-	(8,959)
Reversal for the year (Note 8)	-	5,071	-	-	-	-	-	-	5,071
At 31 December 2022 and January 2023	-	(3,888)	-	-	-	-	-	-	(3,888)
Impairment for the year (Note 8)	-	(1,927)	-	-	-	-	-	-	(1,927)
At 31 December 2023	-	(5,815)	-	-	-	-	-	-	(5,815)
Net carrying amount:									
At 31 December 2022	240,401	129,735	-	330	112	169	2,040	188	372,975
At 31 December 2023	252,838	144,934	-	268	307	133	2,169	1,264	401,913

⁽¹⁾ As at 31 December 2023, included in freehold and leasehold buildings is an amount of \$17.3 million (2022: \$15.7 million) which relates to expenditure for a hotel in the course of construction.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

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 2022	12	177	71	18	714	992
Additions	–	–	–	–	3	3
At 31 December 2022 and 1 January 2023	12	177	71	18	717	995
Addition	–	279	–	–	106	385
Write off/Disposal	–	–	–	–	(29)	(29)
At 31 December 2023	12	456	71	18	794	1,351
Accumulated depreciation:						
At 1 January 2022	12	84	71	18	642	827
Charge for the year	–	35	–	–	44	79
At 31 December 2022 and 1 January 2023	12	119	71	18	686	906
Charge for the year	–	66	–	–	37	103
Write off/Disposal	–	–	–	–	(29)	(29)
At 31 December 2023	12	185	71	18	694	980
Net carrying amount:						
At 31 December 2022	–	58	–	–	31	89
At 31 December 2023	–	271	–	–	100	371

Impairment of property, plant and equipment

During the year, management assessed the recoverable amounts of the property, plant and equipment of the hospitality segment in the United Kingdom. The recoverable amount was assessed based on independent valuation and management's value-in-use calculation using the discounted cash flow method. The Group recognised an impairment of \$1,927,000 (2022: reversal of impairment of \$5,071,000) for the year ended 31 December 2023.

The fair value measurement is categorised as Level 3 of the fair value hierarchy.

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

Valuation method	Key unobservable inputs	Operating Segments United Kingdom	Inter-relationship between unobservable inputs and fair value measurement
Discounted cash flow method	Discount rate	7.0% to 13.5% (2022: 6.5% to 12.5%)	The estimated fair value varies inversely against the discount rate and terminal yield rate
	Terminal yield rate	4.5% to 11.0% (2022: 4.0% to 10.0%)	

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

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

Assets held under finance leases

As at 31 December 2023, the Group and the Company have motor vehicles held under finance leases with a net carrying amount of approximately \$206,000 (2022: \$39,000) and \$176,000 (2022: \$Nil) respectively. The Group and Company have entered a finance lease for motor vehicle amounting \$198,000 during the year.

Assets pledged as security

The Group's freehold and leasehold land and buildings with carrying amount totalling \$335.6 million (2022: \$307.4 million) are mortgaged to banks to secure banking facilities granted to the Group (Note 30).

Acquisition of property, plant and equipment

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

Capital commitments

Capital expenditure contracted for as at the end of reporting period but not recognised in the financial statements are as follow:

	Group	
	2023	2022
	\$'000	\$'000
Capital commitments in respect of:		
- Leasehold land and building	112	-

12. Investment properties

	Group	
	2023	2022
	\$'000	\$'000
Balance sheet:		
<u>Investment properties</u>		
Balance at beginning of year	217,324	223,809
Exchange differences	1,061	(3,638)
Gains/(Losses) from fair value adjustments recognised in profit or loss	4,497	(2,847)
Balance at end of year	<u>222,882</u>	<u>217,324</u>
Statement of comprehensive income:		
Rental income from investment properties:		
- Minimum lease payments	<u>11,468</u>	<u>10,552</u>
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	<u>2,161</u>	<u>1,929</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

12. Investment properties (cont'd)

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2023 and 31 December 2022. The valuations were performed by Savills Valuation and Professional Services (S) Pte. Ltd., Knight Frank LLP and Knight Frank Pte. Ltd., independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. Details of valuation technique and inputs used are disclosed in Note 41.

Properties pledged as security

All investment properties are mortgaged to banks to secure banking facilities granted to the Group (Note 30).

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

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

13. Subsidiaries

(a) Investment in subsidiaries comprises:

	Company	
	2023	2022
	\$'000	\$'000
Unquoted equity shares, at cost	44,617	27,417
Less: Impairment losses	(3,380)	(3,380)
Carrying amounts of investments	<u>41,237</u>	<u>24,037</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

13. Subsidiaries (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group	
			2023	2022
			%	%
	Held by the Company			
*	Heeton Estate Pte Ltd (Singapore)	Property investment holding	100	100
*	Heeton Venture (Overseas) Pte. Ltd. (Singapore)	Investment holding	100	100
*	Heeton Land Pte. Ltd. (Singapore)	Property investment holding	100	100
*	Heeton Management Pte Ltd (Singapore)	Provision of administrative and management services	100	100
*	Heeton Properties Pte. Ltd. (Singapore)	Dormant	100	100
*	Heeton Venture (Asia) Pte. Ltd. (Singapore)	Investment holding	100	100
*	Heeton 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)	Dormant	100	100
*	Kim Leong Development Pte Ltd (Singapore)	Dormant	100	100
	Held through subsidiaries			
*	Prosperre Development Pte. Ltd. (Singapore)	Investment holding	100	100
*	Prosperre Holdings Pte. Ltd. (Singapore)	Dormant	70	70
**	Fortitude Valley (Hotels) Pty Ltd (Australia)	Liquidated	–	70
*	Wickham Invesco Pte. Ltd. (Singapore)	Dormant	55	55
**	Wickham 186 Pty Ltd (Australia)	Liquidated	–	55

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

13. Subsidiaries (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group	
			2023 %	2022 %
	Held through subsidiaries (cont'd)			
**	186 Wickham Street (Residential) Pty Ltd (Australia)	Liquidated	–	55
*	Adam Street Pte. Ltd. (Singapore)	Investment holding	100	100
**	Acework Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property investment holding	100	100
****	Adam Street Limited (England & Wales)	Property management	100	100
*	Venture (UK) Pte. Ltd. (Singapore)	Investment holding	100	100
**	Chatteris Development Limited (British Virgin Islands)	Investment holding	100	100
****	Woodley Hotels (Kensington) Limited (England & Wales)	Property investment holding	100	100
****	Chatteris Kensington Limited (England & Wales)	Hotel operation	100	100
**	Ace Zone Holdings Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property investment holding	80	80
*	Glenthorne Pte. Ltd. (Singapore)	Investment holding	80	80
*	Fairmont Land Pte. Ltd. (Singapore)	Investment holding	70	70
**	Ultra Assets Holdings Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property development and property investment holding	70	70
**	Horizon Glory Holdings Limited (British Virgin Islands)	Investment holding	70	70
****	Gloucester Corinium Avenue Hotel Limited (England & Wales)	Property investment holding	70	70
****	Ensko 1154 Limited (England & Wales)	Hotel operation	70	70

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

13. Subsidiaries (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group	
			2023	2022
			%	%
	Held through subsidiaries (cont'd)			
**	Joy Light Ventures Limited (British Virgin Islands)	Investment holding	70	70
****	Bradford CR Limited (England & Wales)	Dormant	70	70
****	Ensco 1155 Limited (England & Wales)	Dormant	70	70
****	Heeton SG50 Limited (England & Wales)	Provision of administrative and management services	100	100
****	Luma Concept Hotel Limited (England & Wales)	Hotel operation	80	80
**	Hoxton One Limited (British Virgin Islands)	Liquidated	–	100
**	Hoxton Five Limited (British Virgin Islands)	Liquidated	–	100
**	Hoxton Eight Limited (British Virgin Islands)	Liquidated	–	100
*	Oldham Street Pte. Ltd. (Singapore)	Investment holding	75	75
**	Treasure Choice Enterprises Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Dormant	75	75
*	Leeds Bridge Pte. Ltd. (Singapore)	Investment holding	65	65
**	Ease Treasure Holdings Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property investment holding	65	65
****	Leeds Bridge Street Hotel Limited (England & Wales)	Hotel operation	65	65
*	Prospere Horizon Pte. Ltd. (Singapore)	Investment holding	100	100
*****	Dawa Hospitality Private Limited (Bhutan)	Property investment holding	74	74

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

13. Subsidiaries (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group	
			2023 %	2022 %
	Held through subsidiaries (cont'd)			
*	Prosperre Bliss Pte. Ltd. (Singapore)	Investment holding	70	70
**	Ippan Shadan Hojin SH012 (Japan)	Investment holding	70	70
**	Godo Kaisha GK012 (Japan)	Property investment holding	70	70
*****	Edinburgh Hope and Glory Limited (England & Wales)	Property investment holding	100	100
*****	Edinburgh Eternal Spring Limited (England & Wales)	Hotel operation	100	100
*	Prosperre Glow Pte. Ltd. (Singapore)	Investment holding	60	60
****	Liverpool Days Limited (England & Wales)	Property Investment holding	60	60
****	Liverpool Operation Limited (England & Wales)	Hotel operation	60	60
*****	Glasgow Groove Limited (England & Wales)	Property investment holding	60	60
*****	Glasgow Waterloo Limited (England & Wales)	Hotel operation	60	60
*	Prosperre Glory Pte. Ltd. (Singapore)	Investment holding	60	60
*****	CPK (London) Limited (England & Wales)	Hotel operation and property investment holding	60	60
****	Heeton Management (UK) Limited (England & Wales)	Provision of management services	100	100
****	Bedford Row Propco Limited (England & Wales)	Investment holding	100	100
****	Bedford Row Opco Limited (England & Wales)	Dormant	100	100
*	Sapporo Star Pte. Ltd. (Singapore)	Investment holding	70	–

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

13. Subsidiaries (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group	
			2023 %	2022 %
Held through subsidiaries (cont'd)				
**	Ippan Shadan Hojin Nagashima (Japan)	Investment holding	70	–
**	Godo Kaisha Nagashima (Japan)	Property investment holding	70	–
*	Audited by Ernst & Young LLP, Singapore.			
**	Not required to be audited in the respective country of incorporation.			
****	Audited by LB Group, United Kingdom.			
*****	Audited by Tshechu & Associates.			
*****	Audited by Ferguson Maidment & Co., United Kingdom.			

In the engagement of auditing firms for the Company, its subsidiary companies, significant joint venture companies and significant associated companies, the Company has complied with Rules 712 and 715 of the Listing Manual of SGX-ST.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

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 2023:					
CPK (London) Limited	England & Wales	40%	(1,766)	(3,924)	–
Glasgow Groove Limited	England & Wales	40%	(389)	(1,466)	–
Ace Zone Holdings Limited	England & Wales	20%	(359)	(1,451)	–
Liverpool Days Limited	England & Wales	40%	(499)	(980)	–
Gloucester Corinium Avenue Hotel Limited	England & Wales	30%	122	1,708	–
Leeds Bridge Street Hotel Limited	England & Wales	35%	262	657	–
Liverpool Operations Limited	England & Wales	40%	439	815	–
Ensco 1154 Limited	England & Wales	30%	422	(435)	–
31 December 2022					
CPK (London) Limited	England & Wales	40%	146	(2,158)	–
Glasgow Groove Limited	England & Wales	40%	1,059	(1,077)	–
Ace Zone Holdings Limited	England & Wales	20%	362	(1,092)	–
Liverpool Days Limited	England & Wales	40%	471	(481)	–
Gloucester Corinium Avenue Hotel Limited	England & Wales	30%	105	1,586	–
Leeds Bridge Street Hotel Limited	England & Wales	35%	208	395	–
Liverpool Operations Limited	England & Wales	40%	476	376	–
Ensco 1154 Limited	England & Wales	30%	308	(857)	–

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 2023

13. Subsidiaries (cont'd)

(c) Summarised financial information about subsidiaries with material NCI

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

Summarised balance sheets

	CPK (London) Limited		Glasgow Groove Limited		Ace Zone Holdings Limited		Liverpool Days Limited		Corinium Avenue Hotel Limited		Leeds Bridge Street Hotel Limited		Liverpool Operations Limited		Ensco 1154 Limited	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current																
Assets	60,091	64,228	2,440	2,726	3,478	4,024	139	618	2,751	2,787	2,841	2,148	4,018	1,938	1,754	512
Liabilities	(10,025)	(3,857)	(13,991)	(12,553)	(55,830)	(28,374)	(12,980)	(11,629)	(5,326)	(5,934)	(1,067)	(1,127)	(2,236)	(1,172)	(3,588)	(3,679)
Net current assets/(liabilities)	50,066	60,371	(11,551)	(9,827)	(52,352)	(24,350)	(12,841)	(11,011)	(2,575)	(3,147)	1,774	1,021	1,782	766	(1,834)	(3,167)
Non-current																
Assets	142,089	132,188	14,665	14,492	46,034	44,825	23,700	23,387	8,190	8,194	68	26	341	175	373	395
Liabilities	(101,042)	(100,546)	(6,106)	(6,532)	-	(24,823)	(13,192)	(13,363)	(48)	(27)	(7)	(4)	(45)	(1)	(88)	(84)
Net non-current assets	41,047	31,642	8,559	7,960	46,034	20,002	10,508	10,024	8,142	8,167	61	22	296	174	285	311
Net assets/(liabilities)	91,113	92,013	(2,992)	(1,867)	(6,318)	(4,348)	(2,333)	(987)	5,567	5,020	1,835	1,043	2,078	940	(1,549)	(2,856)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

13. Subsidiaries (cont'd)

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

Summarised statement of comprehensive income

	CPK (London) Limited		Glasgow Groove Limited		Ace Zone Holdings Limited		Liverpool Days Limited		Gloucester Corinium Avenue Hotel Limited		Leeds Bridge Street Hotel Limited		Liverpool Operations Limited		Ensco 1154 Limited	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	16,080	17,245	802	813	1,604	1,627	1,504	1,657	1,404	1,423	6,581	5,859	6,892	6,299	5,232	4,661
(Loss)/profit before income tax	(3,533)	1,155	(875)	(922)	(1,797)	(971)	(619)	(68)	923	536	661	688	1,561	1,190	2,051	1,040
Income tax (expense)/credit	(881)	(791)	(97)	-	-	-	(629)	-	(516)	(193)	88	(92)	(463)	-	(644)	(15)
(Loss)/profit after tax	(4,414)	364	(972)	(922)	(1,797)	(971)	(1,248)	(68)	407	343	749	596	1,098	1,190	1,407	1,025
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income	(4,414)	364	(972)	(922)	(1,797)	(971)	(1,248)	(68)	407	343	749	596	1,098	1,190	1,407	1,025
Other summarised information																
Net cash flows generated from/(used in) operations	(2,300)	1,534	177	1,482	(936)	807	(727)	577	921	1,048	689	489	1,565	1,079	1,496	1,545
Net cash flows from/(used in) financing	5,291	-	199	(882)	1,430	(537)	(2)	(1,457)	(1,117)	(1,033)	(108)	(458)	(281)	(862)	(686)	(1,251)

(d) Acquisition of additional interest in a subsidiary

On 27 February 2023, the Group, through a wholly-owned subsidiary, Heeton Invesco, incorporated a 70%-owned subsidiary, Sapporo Star Pte. Ltd.. Ippan Shadan Hojin Nagashima and Godo Kaisha Nagashima are GK-TK structure held through Sapporo Star Pte. Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

14. Associated companies

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

	Group	
	2023 \$'000	2022 \$'000
Econolodge Co., Ltd.	12,666	13,086
Unique Development Pte. Ltd.	862	1,656
Unique Rezi Pte. Ltd.	1,174	1,177
Unique Invesco Pte. Ltd.	1,532	1,871
Other associated companies	1,996	3,403
Less: Impairment loss	(1,660)	–
	16,570	21,193

Movements of impairment loss:

	Group	
	2023 \$'000	2022 \$'000
At beginning of year	–	–
Charge for the year	1,660	–
At end of year	1,660	–

The Group assessed the carrying amount of its investments in associated companies for indicators of impairment. Based on the assessment, the Group recognised an impairment loss of \$1,660,000 (2022: \$Nil) on its investments in associated companies, following a decline in their financial position. The recoverable amount was estimated taking into account the fair values of the underlying assets and the liabilities of the associates. The fair value measurement was categorised as a Level 3 in the fair value hierarchy as it is derived from unobservable inputs.

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
<u>Fair value of underlying significant asset:</u>			
Hotel	Income approach	Capitalisation rate	7% ⁽¹⁾

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

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 \$6,730,000 (2022: \$6,363,000), of which \$367,000 (2022: \$339,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

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For The Financial Year Ended 31 December 2023

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest	
			2023	2022
			%	%
	Held through subsidiaries			
**	Dalvey Estate Ltd. (Thailand)	In liquidation	48.98	48.98
**	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)	Liquidated	–	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
***	Unique Rezi Pte. Ltd. (Singapore)	Investment holding	42.00	42.00
***	Unique Resi Estate Pte. Ltd. (Singapore)	In liquidation	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)	In liquidation	20.00	20.00
####	Eden I Residences Pte. Ltd. (Singapore)	Investment holding	30.00	30.00

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest	
			2023 %	2022 %
Held through subsidiaries (cont'd)				
***	Prosperre Hotels Pte. Ltd. (Singapore)	Investment holding	30.00	30.00
***	SH Sapporo Pte. Ltd. (Singapore)	Investment holding	20.00	20.00
***	Development 24 Pte. Ltd. (Singapore)	Property development	10.00	10.00
***	Development 26 Pte. Ltd. (Singapore)	Property development	10.00	10.00
***	Development 32 Pte. Ltd. (Singapore)	Property development	10.00	10.00
#	KAP Holdings (China) Pte. Ltd. (Singapore)	Investment holding	15.00	15.00
*****	Unique Commercial Pte. Ltd. (Singapore)	Property development	15.00	15.00
#####	Panareno Sdn. Bhd. (Malaysia)	Property development	15.00	15.00
***	KAP Hotel (Investments) Pte. Ltd. (Singapore)	Investment holding	40.00	40.00
**	Dalvey Park Co., Ltd. (Thailand)	Investment holding	49.00	49.00
*	Barracuda Group Co., Ltd (Thailand)	Hotel operation and property investment holding	38.98	38.98
**	Dalvey Place Co., Ltd. (Thailand)	Property development and property investment holding	49.00	49.00
#	Oxley Viva Pte. Ltd. (Singapore)	Property development	12.25	12.25
#	Oxley YCK Pte. Ltd. (Singapore)	Property development and property investment holding	12.25	12.25

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest	
			2023 %	2022 %
Held through subsidiaries (cont'd)				
#	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
***	HST JV Pte. Ltd (Singapore)	Dormant	33.33	33.33
Held through associated companies				
*****	Sino-Singapore KAP Construction Co., Ltd (People's Republic of China)	Property development	7.50	7.50
*****	Hebei Yue Zhi Real Estate Development Co., Ltd. (People's Republic of China)	Property development	7.50	7.50
*****	Yuedong International Hotel Co., Ltd. (People's Republic of China)	Dormant	28.57	28.57
*	Audited by member firm of Ernst & Young Global in Thailand.			
**	Audited by Horwath (Thailand) Limited.			
***	Audited by Ernst & Young LLP, Singapore.			
****	Audited by LB Group, United Kingdom.			
*****	Audited by Baker Tilly TFW LLP, Singapore.			
*****	Audited by Hebei Lantian 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.			

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

14. Associated companies (cont'd)

Audited by CK Lee PAC Certified Public Accountants, Singapore.

Audited by Cherng & Co., Chartered Accountants (M), Malaysia.

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.

There is no significant restriction in the ability of the Group's associated companies to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

The associated companies have no contingent liabilities or capital commitments as at 31 December 2023 and 2022.

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

	Group	
	2023	2022
	\$'000	\$'000
(Loss)/profit after tax from continuing operations, representing total comprehensive (loss)/income	(4,882)	472

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

14. Associated companies (cont'd)

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

Summarised balance sheet

	Econolodge Co., Ltd		Unique Development Pte. Ltd.		Unique Rezi Pte. Ltd.		Unique Invesco Pte. Ltd.	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets	2,805	1,808	426	2,243	44	16	4,702	5,580
Non-current assets excluding goodwill	3,083	2,408	1,500	1,500	2,826	2,815	7,658	8,907
Total assets	5,888	4,216	1,926	3,743	2,870	2,831	12,360	14,487
Current liabilities	(1,280)	(352)	(11)	(63)	(4)	(28)	(6,234)	(5,861)
Non-current liabilities	(1,390)	-	-	-	(71)	-	-	(1,141)
Total liabilities	(2,670)	(352)	(11)	(63)	(75)	(28)	(6,234)	(7,002)
Net assets	3,218	3,864	1,915	3,680	2,795	2,803	6,126	7,485
Net assets excluding goodwill	3,218	3,864	1,915	3,680	2,795	2,803	6,126	7,485
Proportion of the Group's ownership	86.74%	86.74%	45%	45%	42%	42%	25%	25%
Group's share of net assets	2,791	3,352	862	1,656	1,174	1,177	1,532	1,871
Negative goodwill on acquisition	(564)	(564)	-	-	-	-	-	-
Other adjustments ⁽¹⁾	10,439	10,298	-	-	-	-	-	-
Carrying amount of the investment	12,666	13,086	862	1,656	1,174	1,177	1,532	1,871

⁽¹⁾ Other adjustments comprise of fair value adjustments to the assets of the associated company, currency realignment and share of losses arising from the indirect shareholding of Econolodge through Dalvey Hospitality and Dalvey Holdings. The Group has not recognised additional losses as its share of result has exceeded the Group's indirect interest in Econolodge through the associated companies.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

14. Associated companies (cont'd)

Summarised statement of comprehensive income

	Econolodge Co., Ltd		Unique Development Pte. Ltd.		Unique Rezi Pte. Ltd.		Unique Invesco Pte. Ltd.	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	-	-	-	-	-	-	-	-
Share of results of associated companies (Loss)/profit from continuing operations, representing total comprehensive (loss)/ income	-	-	-	-	-	3	(1,249)	9,067
	(585)	(691)	(1,765)	124	(8)	(18)	(1,359)	6,763

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

15. Joint venture companies

The Company's investment in joint venture companies comprises:

	Company	
	2023	2022
	\$'000	\$'000
Unquoted equity shares, at cost	5,000	5,000

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

	Group	
	2023	2022
	\$'000	\$'000
Canberra Development Pte Ltd	91,928	92,124
Unique Residence Pte. Ltd.	300	1,100
Unique Real Estate Pte. Ltd.	1,086	4,594
Other joint venture companies	(8)	(1,052)
	<u>93,306</u>	<u>96,766</u>

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	
			2023	2022
			%	%
*	Canberra Development Pte Ltd (Singapore)	Property investment holding	50	50
	Held through subsidiaries			
*	Phileap Pte. Ltd. (Singapore)	Liquidated	–	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 services	50	50
	Held through joint venture companies			
*	Fernvale Development Pte. Ltd. (Singapore)	Property development	20	20
*	CEL Unique Pte. Ltd. (Singapore)	Investment holding	20	20
*	CEL Unique Holdings Pte. Ltd. (Singapore)	Investment holding	20	20
*	CEL Unique Development Pte. Ltd. (Singapore)	Property development	20	20
*	Audited by Ernst & Young LLP, Singapore.			

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

15. Joint venture companies (cont'd)

There is no significant restriction in the ability of the Group's joint venture companies to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

There were dividends of \$6,300,000 (2022: \$4,002,000) received from joint venture companies during the financial year.

The joint venture companies have no contingent liabilities or capital commitments as at 31 December 2023 and 2022.

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

Summarised balance sheet

	Canberra Development Pte Ltd		Unique Residence Pte. Ltd.		Unique Real Estate Pte. Ltd.	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash and cash equivalents	4,695	4,731	83	106	54	524
Other current assets	74,311	79,249	–	–	–	53,446
Trade receivables	216	147	–	–	–	–
Current assets	79,222	84,127	83	106	54	53,970
Non-current assets	379,356	372,193	522	2,105	2,125	12,483
Total assets	458,578	456,320	605	2,211	2,179	66,453
Current liabilities	(9,987)	(9,101)	(6)	(12)	(3)	(57,266)
Non-current liabilities (excluding trade, other payables and provision)	(262,177)	(260,172)	–	–	(4)	–
Other non-current liabilities	(2,558)	(2,800)	–	–	–	–
Total non-current liabilities	(264,735)	(262,972)	–	–	(4)	–
Total liabilities	(274,722)	(272,073)	(6)	(12)	(7)	(57,266)
Net assets	183,856	184,247	599	2,199	2,172	9,187
Net assets excluding goodwill	183,856	184,247	599	2,199	2,172	9,187
Proportion of the Group's ownership	50%	50%	50%	50%	50%	50%
Group's share of net assets	91,928	92,124	300	1,100	1,086	4,594
Carrying amount of the investment	91,928	92,124	300	1,100	1,086	4,594

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

15. Joint venture companies (cont'd)

Summarised statement of comprehensive income

	Canberra Development Pte Ltd		Unique Residence Pte. Ltd.		Unique Real Estate Pte. Ltd.	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue	23,790	22,363	–	–	–	–
Operating income/ (expense), net	17,876	11,834	–	(5)	(512)	(1,566)
Interest income	1,166	1,138	–	–	457	1,473
Interest expense	(13,362)	(7,811)	–	–	(760)	(1,771)
Profit/(loss) before tax	5,680	5,161	–	(5)	(815)	(1,864)
Income tax expense	(72)	(837)	–	–	–	–
Profit/(loss) after tax, representing total comprehensive income/(loss)	5,608	4,324	–	(5)	(815)	(1,864)

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

	Group	
	2023 \$'000	2022 \$'000
Profit/(loss) after tax from continuing operations, representing total comprehensive income/(loss)	32	(71)

16. Investment security

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<i>At fair value through profit or loss (FVTPL)</i>				
Unquoted equity security	4,629	1,431	–	–

The fair value of unquoted equity security measured at FVTPL is estimated based on the net asset value (NAV) of the investee entity adjusted for the fair value of the underlying development property.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

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

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<i>Non-current portion:</i>				
Amounts due from associated companies	70,761	85,684	–	–
Amounts due from joint venture companies	–	115	–	–
	70,761	85,799	–	–
Less: Allowance for expected credit loss	(11,226)	(13,402)	–	–
	59,535	72,397	–	–
<i>Current portion:</i>				
Amounts due from associated companies	2,229	1,960	46	46
Amounts due from joint venture companies	2,454	30,782	2,159	2,140
	4,683	32,742	2,205	2,186
<i>Non-current portion:</i>				
Amounts due to associated companies	9,012	7,633	–	–
Amounts due to joint venture companies	37,135	39,610	37,135	39,610
	46,147	47,243	37,135	39,610

Amount due from associated companies (current and non-current)

Amounts due from associated companies are non-trade related, unsecured and are to be settled in cash. These amounts are expected to be repaid from 2024 to 2028. These amounts are interest free except for an amount of \$22,530,000 (2022: \$22,247,000) denominated in Thai Baht which bear interest at 4.50% (2022: 4.50%) per annum and an amount of \$6,256,000 (2022: \$19,449,000) denominated in Singapore Dollars which bear interest at rates ranging from 1.00% to 5.28% (2022: 1.00% to 5.28%) per annum.

Amounts due from joint venture companies (current and non-current)

Amounts due from joint venture companies are non-trade related, unsecured, interest-free and are to be settled in cash. These amounts are expected to be repaid from 2024 to 2025.

Amounts due to associated companies (non-current)

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

Amounts due to joint venture companies (non-current)

Amounts due to joint venture companies are non-trade related, unsecured and are to be settled in cash. These amounts are not expected to be repaid within the next twelve months. These amounts are interest free except for an amount of \$33,500,000 (2022: \$36,500,000) bear interest at 1.50% (2022: 1.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

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

Expected credit loss

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

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
At 1 January	13,402	11,442	–	–
(Reversal of)/Provision for expected credit losses (Note 8)	(2,176)	1,960	–	–
At 31 December	11,226	13,402	–	–

18. Intangible assets

	Goodwill \$'000
Group	
Cost:	
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	175
Accumulated impairment:	
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	(66)
Net carrying amount:	
At 31 December 2022 and 31 December 2023	109

Impairment testing of goodwill

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

Allocated goodwill based on the CGU is as follows:

	Carrying amount as at		Basis on which recoverable amount is determined	Pre-tax discount rate
	2023	2022		
	\$'000	\$'000		
Heeton Estate Pte Ltd	109	109	Value-in-use	10%

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

	Property investment \$'000
Net carrying amount:	
At 31 December 2022 and 2023	109

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For The Financial Year Ended 31 December 2023

18. 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 2023 and 2022 as the amount of discounted net cash inflows attributable to the CGU was in excess of the carrying amount of the goodwill.

19. Development property

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Comprise of:				
Development property under construction	19,188	17,389	–	–

The development property held by the Group (excluding associated companies/joint venture companies) as at 31 December 2023 and 2022 is as follows:

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)
New York Road, Leeds, United Kingdom	70	Freehold	Commercial and residential	Proposed commercial and residential units to be confirmed	8,409	70,667	Development has yet to commence

20. Treasury bills

The treasury bills of the Group and the Company are purchased from Monetary Authority of Singapore and have an average maturity of 6-months. The treasury bills bear interest at between 3.73% and 3.87% per annum.

21. Trade receivables

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade receivables	1,054	683	–	–

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

22. Other receivables

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

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

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

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

Other receivables are unsecured, with \$8,300,000 which bear interest at 3.5% per annum and \$33,246,000 which are non-interest bearing and are repayable within the next 12 months. The non-current other receivables of \$299,000 are unsecured, non-interest bearing and are not expected to be repaid within the next 12 months (2022: Other receivables amounting to \$8,300,000 are unsecured, bear interest at 3.5% per annum and are not expected to be repaid within the next 12 months. The other receivables amounting to \$4,546,000 are unsecured, non-interest bearing and are not expected to be repaid within the next 12 months. The remaining current other receivables of \$23,997,000 are unsecured, non-interest bearing and repayable within the next 12 months)

Expected credit loss

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At 1 January	20,765	18,505	20,765	18,505
Provision for expected credit losses (Note 8)	–	2,260	–	2,260
At 31 December	20,765	20,765	20,765	20,765

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

23. Amounts due from/to subsidiaries (non-trade) Amounts due from related parties (trade)

These balances are unsecured, non-interest bearing and are repayable on demand except for amounts due from subsidiaries of \$180,847,000 (2022: \$213,350,000) and amounts due to subsidiaries of \$158,834,000 (2022: \$162,712,000) which bear interest at 4.50% (2022: 4.50%) per annum. These amounts are to be settled in cash.

	Company	
	2023	2022
	\$'000	\$'000
Amounts due from subsidiaries	294,845	326,713
Less: Allowance for expected credit loss	(17,425)	(13,476)
	<u>277,420</u>	<u>313,237</u>

Expected credit loss

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

	Company	
	2023	2022
	\$'000	\$'000
At 1 January	13,476	3,088
Provision for expected credit losses	3,949	10,388
At 31 December	<u>17,425</u>	<u>13,476</u>

24. Fixed deposits

The fixed deposits of the Group and the Company have an average maturity of 93 days (2022: 96 days) and 93 days (2022: 101 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 2023 for the Group and the Company were 5.04% (2022: 3.29%) and 5.03% (2022: 3.29%) respectively.

Included in fixed deposits comprises restricted cash of \$1,755,000 (2022: \$Nil) pledge to banks for facilities granted to a subsidiary.

25. Cash and bank balances

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash at bank	40,707	39,631	7,946	9,736

26. Trade payables

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

27. Other payables and accruals

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current portion:				
<i>Financial liabilities:</i>				
Accrued operating expenses	9,384	7,818	1,121	636
Accrued capital expenditures	1,509	–	–	–
Rental deposits received	520	940	–	–
Other deposits received	232	178	–	–
Other payables	5,305	5,065	4	–
	16,950	14,001	1,125	636
<i>Non-financial liabilities:</i>				
Advance rental received	119	88	–	–
Provision for interest support	734	657	–	702
Other deposits received	845	–	–	–
	18,648	14,746	1,125	1,338
Non-current portion:				
<i>Financial liabilities</i>				
Rental deposits received	1,553	1,012	–	–

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

28. Bonds

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

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

29. Derivative financial instruments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

30. Bank term loans

Details of bank term loans are as follows:

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

Terms loans are generally secured by:

- first legal mortgage over the investment properties and freehold and leasehold properties of the Group or Company;
- legal assignment of all sales and leasehold proceeds from the investment properties 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 fire insurance policy; and
- corporate guarantee by the Company.

The Group's bank term loans generally bear interest at floating rates ranging from 3.00% to 7.59% (2022: 2.03% to 5.34%) above bank's fixed rates per annum during the year.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

31. Reconciliation of liabilities arising from financing activities

	1.1.2023	Cash flow	Non-cash changes			31.12.2023
			Foreign exchange movement	Interest expense	Other ⁽¹⁾	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank term loans (Note 30)						
- current	21,334	5,529	–	–	73,475	100,338
- non-current	314,687	–	6,091	–	(73,475)	247,303
Lease liabilities (Note 37(b))						
- current	297	(339)	–	–	120	78
- non-current	4,640	–	186	699	809	6,334
Bonds (Note 28)						
- current	62,730	(8,930)	–	–	(53,800)	–
- non-current	–	–	–	–	53,800	53,800
Amounts due to non-controlling interests (Note 32)						
- non-current	61,127	5,917	2,098	–	–	69,142

	1.1.2022	Cash flow	Non-cash changes		31.12.2022
			Foreign exchange movement	Other ⁽¹⁾	
	\$'000	\$'000	\$'000	\$'000	\$'000
Bank term loans (Note 30)					
- current	32,215	(12,839)	–	1,958	21,334
- non-current	343,961	–	(27,316)	(1,958)	314,687
Lease liabilities (Note 37(b))					
- current	333	(338)	(40)	342	297
- non-current	5,555	–	(573)	(342)	4,640
Bonds (Note 28)					
- current	7,030	(7,030)	–	62,730	62,730
- non-current	63,270	(540)	–	(62,730)	–
Amounts due to non-controlling interests (Note 32)					
- non-current	74,219	(5,476)	(7,616)	–	61,127

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

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

Amounts due to non-controlling interest amounting to \$61,914,000 (2022: \$55,951,000) are denominated in Pound Sterling and \$5,547,000 (2022: \$3,530,000) are denominated in Japanese Yen.

Amounts due to non-controlling interests of \$48,134,000 (2022: \$42,669,000) bear interest at 5.00% (2022: 5.00%) per annum. Amounts due to non-controlling interests of \$21,008,000 (2022: \$18,458,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

33. Deferred tax assets and liabilities

Deferred tax assets and liabilities arose as a result of:

	Group				Company	
	Consolidated statement of financial position		Consolidated statement of comprehensive income		Statement of financial position	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax assets						
Lease liabilities	1,577	–	(1,577)	–	–	–
Deferred tax liabilities						
Provisions	154	146	8	(3)	154	143
Tax depreciation	530	510	20	19	–	–
Right-of-use assets	1,449	–	1,449	–	–	–
	<u>2,133</u>	<u>656</u>			<u>154</u>	<u>143</u>
Deferred tax (credit)/ expense			<u>(100)</u>	<u>16</u>		

As at 31 December 2023, the Group had unutilised tax losses of approximately \$12,518,000 (2022: \$10,419,000) 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.

Unrecognised temporary differences relating to investments in subsidiaries, joint ventures and associates

At the end of the reporting period, no deferred tax liability (2022: \$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's overseas subsidiaries, joint ventures and associates as:

- The Group has determined that either the undistributed earnings of its overseas subsidiaries will not be distributed in the foreseeable future or the undistributed earnings have been subjected to tax at a headline tax rates of more than 15% in the respective jurisdictions and are therefore tax exempted in accordance with Section 13(8) of the Singapore Income Tax Act 1947; and
- There are no overseas joint ventures and associates with material undistributed earnings.

34. Share capital

	Group and Company			
	Number of shares issued			
	2023	2022	2023	2022
			\$'000	\$'000
Issued and fully paid:				
At the beginning and end of year	487,734,735	487,734,735	86,624	86,624
Shares buyback ¹	(250,000)	–	–	–
	<u>487,484,735</u>	<u>487,734,735</u>	<u>86,624</u>	<u>86,624</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

35. Treasury Shares

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

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

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

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

36. 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.

37. Leases

Group as a lessee

(a) Right-of-use assets

The Group has lease contracts for the rental of leasehold lands. These leases have an average tenure of 125 and 175 years respectively. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

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

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

	Leasehold land	
	2023	2022
	\$'000	\$'000
Group		
As at 1 January	4,738	5,709
Additions	751	–
Depreciation charge for the year	(38)	(160)
Exchange differences	344	(811)
As at 31 December	5,795	4,738

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

37. Leases (cont'd)

Group as a lessee (cont'd)

(b) Lease liabilities

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Lease liabilities				
- current	78	297	39	–
- non-current	6,334	4,640	137	–
	<u>6,412</u>	<u>4,937</u>	<u>176</u>	<u>–</u>

The movements of lease liabilities during the year are disclosed in Note 31 and the maturity analysis is disclosed in Note 42(b).

(c) Amounts recognised in profit or loss

	Group	
	2023	2022
	\$'000	\$'000
Depreciation of right-of-use assets	38	160
Interest expense on lease liabilities (Note 7)	699	329
Total amount recognised in profit or loss	<u>737</u>	<u>489</u>

(d) Total cash outflow

The Group had total cash outflows for leases of \$357,000 (2022: \$338,000).

Group as a lessor

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

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

	Group	
	2023	2022
	\$'000	\$'000
Lease payments receivables		
- not later than 1 year	8,118	5,205
- 1 year through 5 years	11,630	7,408
	<u>19,748</u>	<u>12,613</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

38. 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Income				
Interest income				
- subsidiaries	–	–	10,878	12,580
- associated companies	293	661	–	–
- joint venture companies	380	886	–	–
Management fee income				
- subsidiaries	–	–	366	351
- associated companies	602	684	120	120
- joint venture companies	2,076	2,176	2,000	2,000
- related party	–	60	–	–
Expenses				
Management fee paid to a subsidiary	–	–	1,440	1,152
Interest expenses				
- subsidiaries	–	–	9,434	9,600
- joint venture companies	525	548	525	548
Rental paid to a related party	–	29	–	–
Rental paid to a subsidiary	–	–	283	236

(b) *Compensation of key management personnel*

	Group	
	2023 \$'000	2022 \$'000
Short-term employee benefits	2,963	2,538
Central Provident Fund contributions	137	123
Other short-term benefits	103	98
	3,203	2,759
Comprise amounts paid to:		
- Directors of the Company	1,665	1,481
- Other key management personnel	1,538	1,277
	3,203	2,758

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

39. Contingencies

The Company has provided corporate guarantees to banks and financial institutions of \$406,296,000 (2022: \$426,758,000) for credit facilities (Note 30) 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.

40. 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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<i>Financial assets measured at amortised cost</i>				
Amounts due from associated companies and joint venture companies (non-trade)	64,218	105,139	2,205	2,186
Trade receivables	1,054	683	–	–
Other receivables	69,652	64,191	22,210	18,547
Amounts due from subsidiaries (non-trade)	–	–	277,420	313,237
Amounts due from related parties (trade)	65	45	1	–
Treasury bills	10,586	–	10,586	–
Fixed deposits	23,371	20,160	22,506	19,852
Cash and bank balances	40,707	39,631	7,946	9,736
	209,653	229,849	342,874	363,558

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

40. Classification of financial instruments (cont'd)

Classification (cont'd)

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Financial liabilities measured at amortised cost				
<i>Trade and other payables (current)</i>				
Trade payables	3,572	2,744	1,607	1,452
Other payables and accruals	16,950	14,001	1,125	636
	20,522	16,745	2,732	2,088
<i>Other payables (non-current)</i>				
Other payables and accruals	1,553	1,012	–	–
Total trade and other payables	22,075	17,757	2,732	2,088
<i>Loans and borrowings (current)</i>				
Amounts due to subsidiaries (non-trade)	–	–	189,206	181,178
Lease liabilities	78	297	39	–
Bonds	–	62,730	–	62,730
Bank term loans	100,338	21,334	1,176	1,176
	100,416	84,361	190,421	245,084
<i>Loans and borrowings (non-current)</i>				
Amounts due to associated companies and joint venture companies (non-trade)	46,147	47,243	37,135	39,610
Amounts due to non-controlling interests (non-trade)	69,142	61,127	–	–
Lease liabilities	6,334	4,640	137	–
Bonds	53,800	–	53,800	–
Bank term loans	247,303	314,687	770	2,019
Total loans and borrowings	523,142	512,058	282,263	286,713
Total finance liabilities measured at amortised cost	545,217	529,815	284,995	288,801
Financial asset at fair value through profit or loss				
Derivative financial instruments	196	331	196	331

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

41. 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.

(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, treasury bills, current trade and other receivables (including amounts due from subsidiaries, related parties, associated companies and joint venture companies), current trade and other payables (including amounts due to subsidiaries) and accruals, current bank term loans and current bonds, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

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

- (d) *Fair value of financial instruments by classes that are not carried at fair value and for which fair value is disclosed*

The fair value of security deposits is calculated based on the present value of future cash outflows, discounted at the market interest rate at the reporting date.

The following table shows an analysis of the Group's non-current liabilities not measured at fair value for which fair value is disclosed.

	Fair value determined using significant unobservable inputs (Level 3)	Carrying amount
	Total	Total
	\$'000	\$'000
2023		
<i>Liabilities</i>		
Rental deposits	1,456	1,553
	<hr/>	<hr/>
2022		
<i>Liabilities</i>		
Rental deposits	755	1,012
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

41. 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			
2023			
<u>Investment properties:</u>			
Retail and commercial	Market comparable approach	Yield adjustments*	10% to 20% ⁽¹⁾
	Income approach	Capitalisation rate	4.75% to 5.5% ⁽²⁾
<u>Investment security</u>			
Unquoted equity security	Net asset valuation		Note 1
2022			
<u>Investment properties:</u>			
Retail and commercial	Market comparable approach	Yield adjustments*	10% to 20% ⁽¹⁾
	Income approach	Capitalisation rate	4.65% to 5.25% ⁽²⁾
<u>Investment security</u>			
Unquoted equity security	Net asset valuation		Note 1

* 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.

Note 1 – Unquoted equity investment

The fair value of unquoted equity security measured at FVTPL is estimated based on the net asset value (NAV) of the investee entity adjusted for the fair value of the underlying development property.

The estimated fair value would increase/(decrease) if NAV was higher/(lower).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

41. 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	Profit or loss	Other comprehensive income
	\$'000	\$'000	\$'000
2023			
Recurring fair value measurements			
<u>Investment properties:</u>			
- Retail and commercial	222,882	6,686	–
2022			
Recurring fair value measurements			
<u>Investment properties:</u>			
- Retail and commercial	217,324	6,520	–

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, 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 \$4,497,000 (2022: losses of \$2,847,000) (Note 12). The disclosure of the movement in investment properties 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

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

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

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

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.

42. Financial risk management objectives and policies

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

The Group also had an interest rate swap facility. The purpose is to manage the interest rate risks arising from the Group's operations and sources of financing. Details of the derivative financial instruments are disclosed in Note 29.

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 \$406,296,000 (2022: \$426,758,000) 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 2023

42. 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, 20% and 80% (2022: 58% and 42%) of the Group's trade receivables were due from customers located in Singapore and United Kingdom respectively and they are generally settled on cash basis.

Financial guarantees and cash and cash equivalents

There is no allowance for expected credit loss on the Group's and Company's financial guarantees and cash and cash equivalents as at 31 December 2023 and 31 December 2022 as the expected credit loss is not material.

Trade receivables

The Group has applied the simplified approach to provide for impairment for ECLs prescribed by SFRS(I) 9, which permits the use of the lifetime expected loss provision for impairment of all trade receivables. To measure the ECLs, trade receivables have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Since the Group's historical credit loss experience on trade receivables balances were minimal, the loss allowance for these receivable balances as a result of applying the ECL model was therefore immaterial.

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

The Group manages its credit risk from amount due from associated companies and joint venture companies (non-trade) by assessing the profitability of hotel properties operating performance and the profitability of development properties of its associated companies and joint venture companies on an ongoing basis. The ECL allowance in respect of these balances are disclosed in Note 17.

Other receivables

The Group's other receivables mainly comprised of senior notes and promissory notes where the Group manages its credit risk based the profitability of the underlying investments on an ongoing basis. Based on the current market condition, the Group have assessed that there is a significant increase in credit risk since the initial recognition and have applied a lifetime expected loss provision for the impairment of these other receivables. The ECL allowance in respect of these balances are disclosed in Note 22.

Amount due from subsidiaries (non-trade)

These balances represent amounts lent to its subsidiaries to satisfy their long and short-term funding requirements. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposure. The ECL allowance in respect of these balances are disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

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

(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 19% (2022: 17%) of the Group's loans and borrowings (Note 40) will mature in less than one year based on the carrying amount reflected in the financial statements.

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

	1 year or less	1 to 5 years	Total
	\$'000	\$'000	\$'000
Group			
2023			
Non-derivative financial assets:			
Amounts due from associated companies and joint venture companies (non-trade)	4,670	66,026	70,696
Trade receivables	1,054	–	1,054
Other receivables	56,781	14,249	71,030
Amounts due from related parties (trade)	65	–	65
Treasury bills	10,586	–	10,586
Fixed deposits	23,371	–	23,371
Cash and bank balances	40,707	–	40,707
Total undiscounted financial assets	137,234	80,275	217,509
Non-derivative financial liabilities:			
Trade payables	3,572	–	3,572
Other payables and accruals	16,950	1,553	18,503
Lease liabilities	349	112,736	113,085
Loans and borrowings	110,886	449,126	560,012
Total undiscounted financial liabilities	131,757	563,415	695,172
Total net undiscounted financial assets/(liabilities)	5,477	(483,140)	(477,663)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

42. 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			
2022			
Non-derivative financial assets:			
Amounts due from associated companies and joint venture companies (non-trade)	33,651	73,133	106,784
Trade receivables	683	–	683
Other receivables	3,232	63,825	67,057
Amounts due from related parties (trade)	45	–	45
Fixed deposits	20,160	–	20,160
Cash and bank balances	39,631	–	39,631
Total undiscounted financial assets	<u>97,402</u>	<u>136,958</u>	<u>234,360</u>
Non-derivative financial liabilities:			
Trade payables	2,744	–	2,744
Other payables and accruals	14,001	1,012	15,013
Lease liabilities	322	114,546	114,868
Loans and borrowings	98,236	449,874	548,110
Total undiscounted financial liabilities	<u>115,303</u>	<u>565,432</u>	<u>680,735</u>
Total net undiscounted financial liabilities	<u>(17,901)</u>	<u>(428,474)</u>	<u>(446,375)</u>
	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Company			
2023			
Non-derivative financial assets:			
Other receivables	22,210	–	22,210
Amounts due from subsidiaries (non-trade)	282,884	–	282,884
Amounts due from associated companies and joint venture companies (non-trade)	2,205	–	2,205
Amounts due from related parties (trade)	1	–	1
Treasury bills	10,586	–	10,586
Fixed deposits	22,506	–	22,506
Cash and bank balances	7,946	–	7,946
Total undiscounted financial assets	<u>348,338</u>	<u>–</u>	<u>348,338</u>
Non-derivative financial liabilities:			
Trade payables	1,607	–	1,607
Other payables and accruals	1,125	–	1,125
Lease liabilities	39	137	176
Loans and borrowings	197,899	94,649	292,548
Total undiscounted financial liabilities	<u>200,670</u>	<u>94,786</u>	<u>295,456</u>
Total net undiscounted financial assets/(liabilities)	<u>147,668</u>	<u>(94,786)</u>	<u>52,882</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

42. 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			
2022			
Non-derivative financial assets:			
Other receivables	547	18,945	19,492
Amounts due from subsidiaries (non-trade)	322,693	–	322,693
Amounts due from associated companies and joint venture companies (non-trade)	2,186	–	2,186
Fixed deposits	19,852	–	19,852
Cash and bank balances	9,736	–	9,736
Total undiscounted financial assets	355,014	18,945	373,959
Non-derivative financial liabilities:			
Trade payables	1,452	–	1,452
Other payables and accruals	636	–	636
Loans and borrowings	256,708	44,518	301,226
Total undiscounted financial liabilities	258,796	44,518	303,314
Total net undiscounted financial assets/(liabilities)	96,218	(25,573)	70,645

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

	Group and Company	
	1 year or less	
	2023	2022
	\$'000	\$'000
Financial guarantees	406,296	426,758

(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 (2022: 75) basis points lower/higher with all other variables held constant, the Group's loss net of tax would have been \$2,128,000 lower/higher (2022: profit net of tax would have been \$2,217,000 higher/lower), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

42. 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				
2023				
<i>Floating rate</i>				
Bank term loans	30	100,338	247,303	347,641
2022				
<i>Floating rate</i>				
Bank term loans	30	21,334	314,687	336,021
Company				
2023				
<i>Floating rate</i>				
Bank term loans	30	1,176	770	1,946
2022				
<i>Floating rate</i>				
Bank term loans	30	1,176	2,019	3,195

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 the United Kingdom, Thailand, Japan and Bhutan. The results and financial position of foreign operations are translated into SGD as disclosed under Note 2.8(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

For The Financial Year Ended 31 December 2023

42. 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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Pound Sterling ("GBP")	24,583	25,103	1,538	4,639
Japanese Yen ("JPY")	3,301	1,971	186	247
Australian dollar ("AUD")	855	859	219	189
US dollar ("USD")	38	49	38	49
Bhutanese Ngultrum ("BTN")	4,036	967	-	-

Sensitivity analysis for foreign currency risk

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

	2023		2022	
	Profit/ (loss) net of tax	Equity	Profit/ (loss) net of tax	Equity
	\$'000	\$'000	\$'000	\$'000
AUD - strengthened 3% (2022: 3%)	-	26	131	116
- weakened 3% (2022: 3%)	-	(26)	(131)	(116)
GBP - strengthened 3% (2022: 3%)	(186)	(5,961)	67	(4,202)
- weakened 3% (2022: 3%)	186	5,961	(67)	4,202
THB - strengthened 3% (2022: 3%)	-	78,362	-	782
- weakened 3% (2022: 3%)	-	(78,362)	-	(782)
JPY - strengthened 3% (2022: 3%)	2	(598)	(3)	(533)
- weakened 3% (2022: 3%)	(2)	598	3	533
BTN - strengthened 3% (2022: 3%)	28	128	-	168
- weakened 3% (2022: 3%)	(28)	(128)	-	(168)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

43. 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 2023 and 31 December 2022.

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	
		2023 \$'000	2022 \$'000
Trade and other payables	40	22,075	17,757
Loans and borrowings	40	523,142	512,058
Less:			
Cash and cash equivalents		(40,707)	(39,631)
Net debt		504,510	490,184
Equity attributable to owners of the Company		424,949	426,332
Capital and net debt		929,459	916,516
Gearing ratio		54%	53%

44. 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

44. Segment information (cont'd)

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.

Geographical information

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

	Revenue		Non-current assets	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Singapore	9,472	8,672	363,009	413,229
United Kingdom	57,216	53,599	408,046	348,927
Japan	1,169	651	42,553	–
Others	–	4	44,436	80,997
	<u>67,857</u>	<u>62,926</u>	<u>858,044</u>	<u>843,153</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

44. Segment information (cont'd)

	Property investment \$'000	Property development \$'000	Corporate \$'000	Hospitality \$'000	Elimination \$'000	Note	Consolidated \$'000
31 December 2023							
Revenue:							
Sales to external customers	11,433	–	458	55,966	–		67,857
Inter-segment revenue	802	–	6,686	8,755	(16,243)	A	–
	<u>12,235</u>	<u>–</u>	<u>7,144</u>	<u>64,721</u>	<u>(16,243)</u>		<u>67,857</u>
Results:							
Finance income	–	–	31,235	–	(28,344)	A	2,891
Finance expense	(6,391)	–	(29,525)	(18,916)	27,440	A	(27,392)
Fair value loss on derivative financial instruments	–	–	(135)	–	–		(135)
Fair value gain on investment security	–	3,198	–	–	–		3,198
Reversal of impairment of property, plant and equipment	–	–	–	(1,927)	–		(1,927)
Impairment on investment in associated company	–	–	–	(1,660)	–		(1,660)
Gain from fair value adjustments of investment properties	4,497	–	–	–	–		4,497
Depreciation of property, plant and equipment	(21)	–	(272)	(4,940)	–		(5,233)
Impairment losses on financial assets	–	–	–	2,176	–		2,176
Share of results of associated companies/joint venture companies	2,419	(1,271)	32	(2,319)	–		(1,139)
Segment profit/(loss) before tax	<u>8,573</u>	<u>1,922</u>	<u>(6,226)</u>	<u>(5,317)</u>	<u>(904)</u>	B	<u>(1,952)</u>
Assets:							
Investment in associated companies/joint venture companies	92,297	1,525	–	16,054	–		109,876
Additions to non-current assets ¹	–	–	746	24,612	–		25,358
Segment assets	<u>246,174</u>	<u>43,046</u>	<u>1,097,312</u>	<u>564,636</u>	<u>(978,544)</u>	C	<u>972,624</u>
Segment liabilities	<u>161,714</u>	<u>22,571</u>	<u>999,312</u>	<u>306,202</u>	<u>(935,277)</u>	D	<u>554,522</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

44. Segment information (cont'd)

	Property investment \$'000	Property development \$'000	Corporate \$'000	Hospitality \$'000	Elimination \$'000	Note	Consolidated \$'000
31 December 2022							
Revenue:							
Sales to external customers	10,516	–	703	51,707	–		62,926
Inter-segment revenue	813	–	5,976	8,995	(15,784)	A	–
	<u>11,329</u>	<u>–</u>	<u>6,679</u>	<u>60,702</u>	<u>(15,784)</u>		<u>62,926</u>
Results:							
Finance income	–	–	34,083	–	(30,238)	A	3,845
Finance expense	(3,812)	–	(31,642)	(13,228)	29,973	A	(18,709)
Fair value gain on derivative financial instruments	–	–	432	–	–		432
Fair value gain on investment security	–	1,111	–	–	–		1,111
Reversal of impairment of property, plant and equipment	–	–	–	5,071	–		5,071
Loss from fair value adjustments of investment properties	(2,847)	–	–	–	–		(2,847)
Depreciation of property, plant and equipment	(20)	–	(210)	(4,782)	–		(5,012)
Impairment losses on financial assets	–	–	(4,220)	–	–		(4,220)
Share of results of associated companies/joint venture companies	2,078	2,206	(71)	(413)	–		3,800
Segment profit/(loss) before tax	<u>2,927</u>	<u>3,875</u>	<u>(7,096)</u>	<u>7,222</u>	<u>(265)</u>	B	<u>6,663</u>
Assets:							
Investment in associated companies/joint venture companies	92,879	5,803	1,549	17,728	–		117,959
Additions to non-current assets ¹	–	–	685	3,404	–		4,089
Segment assets	<u>241,676</u>	<u>96,580</u>	<u>1,055,950</u>	<u>534,874</u>	<u>(970,058)</u>	C	<u>959,022</u>
Segment liabilities	<u>169,142</u>	<u>26,316</u>	<u>1,007,241</u>	<u>273,980</u>	<u>(941,938)</u>	D	<u>534,741</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

44. Segment information (cont'd)

Notes:

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

	2023	2022
	\$'000	\$'000
Finance expenses	27,440	29,973
Finance income	(28,344)	(30,238)
	<u>(904)</u>	<u>(265)</u>

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

	2023	2022
	\$'000	\$'000
Investment in subsidiaries	(184,424)	(174,795)
Intangible assets	109	109
Property, plant and equipment	18,572	19,736
Development property	(1,993)	(1,773)
Intra-group loans	(810,808)	(813,335)
	<u>(978,544)</u>	<u>(970,058)</u>

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

	2023	2022
	\$'000	\$'000
Intra-group loans	(935,277)	(941,938)

45. Dividends

Group and Company

2023	2022
\$'000	\$'000

Declared and paid during the financial year:

Dividends on ordinary shares:

- Final exempt (one-tier) dividend for 2022: 0.375 cents (2021: 0.375 cents) per share

1,829	1,829
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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 2023: 0.375 cents (2022: 0.375 cents) per share

1,829	1,829
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46. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 21 March 2024.

STATISTICS OF SHAREHOLDERS

As at 15 March 2024

SHARE CAPITAL

Number of Issued shares	:	487,734,735
Number of Issued shares (excluding treasury shares)	:	487,484,735
Issued and fully paid-up capital	:	\$ 87,032,525.674
Class of Shares	:	Ordinary shares
Number of Treasury Shares held	:	250,000
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 15 March 2024, approximately 23.17% 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 15 MARCH 2024

(According to Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interest	%	Deemed Interest	%
1 New Paradigm Legacies Pte. Ltd.	134,781,838	27.65	–	–
2 Hong Heng Company Private Limited	81,984,600	16.82	–	–
3 Toh Khai Cheng ⁽¹⁾	34,126,588	7.00	216,766,438	44.47
4 Toh Giap Eng ⁽²⁾	63,519,373	13.03	136,361,838	27.97
5 Toh Gap Seng ⁽³⁾	26,652,555	5.47	1,883,200	0.39
6 Kim Seng Holdings Pte Ltd	27,000,000	5.54	–	–
7 Tan Fuh Gih ⁽⁴⁾	–	–	27,000,000	5.54
8 Tan Hoo Lang ⁽⁴⁾	–	–	27,000,000	5.54
9 Tan Kim Seng ⁽⁴⁾	–	–	27,000,000	5.54

Notes:

- (1) Toh Khai Cheng is deemed to be interested in the 134,781,838 ordinary shares held by New Paradigm Legacies Pte. Ltd. and the 81,984,600 ordinary shares held by Hong Heng Company Private Limited.
- (2) Toh Giap Eng is deemed to be interested in the 134,781,838 ordinary shares held by New Paradigm Legacies Pte. Ltd. and 1,580,000 ordinary shares held by his children.
- (3) Toh Gap Seng is deemed to be interested in the 1,883,200 ordinary shares held by his spouse and children.
- (4) 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 15 March 2024

ANALYSIS OF SHAREHOLDINGS AS AT 15 MARCH 2024

Range of Shareholdings	No. of Shareholders	Percentage	No. of Shares	Percentage
1 - 99	13	1.61	371	0.00
100 - 1,000	19	2.35	8,318	0.00
1,001 - 10,000	206	25.53	1,296,444	0.26
10,001 - 1,000,000	544	67.41	41,465,580	8.51
1,000,001 & ABOVE	25	3.10	444,714,022	91.23
TOTAL	807	100.00	487,484,735	100.00

MAJOR SHAREHOLDERS AS AT 15 MARCH 2024

No	Name of Shareholder	No. of Shares Held	Percentage
1	NEW PARADIGM LEGACIES PTE LTD	134,781,838	27.65
2	HONG HENG COMPANY PTE LTD	81,984,600	16.82
3	TOH GIAP ENG	63,519,373	13.03
4	TOH KHAI CHENG	34,126,588	7.00
5	KIM SENG HOLDINGS PTE LTD	27,000,000	5.54
6	TOH GAP SENG	26,652,555	5.47
7	PHILLIP SECURITIES PTE LTD	23,327,500	4.78
8	JUSTIN TEO ZHIWEI	9,472,200	1.94
9	MAYBANK SECURITIES PTE. LTD.	8,331,350	1.71
10	DBS NOMINEES PTE LTD	6,547,700	1.34
11	CITIBANK NOMINEES SINGAPORE PTE LTD	4,042,000	0.83
12	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	3,158,400	0.65
13	NG WEE CHU	2,878,215	0.59
14	MORPH INVESTMENTS LTD	2,310,000	0.47
15	OCBC SECURITIES PRIVATE LTD	2,143,199	0.44
16	TAN SWEE LANG	1,865,685	0.38
17	LIM AND TAN SECURITIES PTE LTD	1,804,000	0.37
18	TOH BEE LIAN	1,559,385	0.32
19	LIM POH SUAN (LIN BAOXUAN)	1,558,200	0.32
20	RAFFLES NOMINEES (PTE) LIMITED	1,496,189	0.31
		438,558,977	89.96

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at The Emerald Suite, Orchid Country Club, 1 Orchid Club Road, Singapore 769162, on Wednesday, 24 April 2024 at 10.00 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 2023 and the Directors' Statement and the Auditor's Report thereon. | Resolution 1 |
| 2. | To declare a 1-tier tax exempt final dividend of 0.375 Singapore cents per share in respect of the financial year ended 31 December 2023. | Resolution 2 |
| 3. | To approve Directors' fees of S\$157,000 for the financial year ended 31 December 2023. (2022: S\$154,000). | Resolution 3 |
| 4. | To re-elect Mr Tan Chuan Lye, a Director retiring by rotation pursuant to Article 95(2) of the Company's Constitution and who, being eligible, offer himself for re-election. (See <i>Explanatory Note</i>) | Resolution 4 |
| 5. | To re-elect Mr Hoh Chin Yiep, a Director retiring by rotation pursuant to Article 95(2) of the Company's Constitution and who, being eligible, offer himself for re-election. | Resolution 5 |
| 6. | To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. | Resolution 6 |

SPECIAL BUSINESS

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

- | | | |
|-----|--|--------------|
| 7. | That pursuant to Section 161 of the Companies Act 1967 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 7 |
| (a) | (i) allot and issue shares in the capital of the Company (" shares ") whether by way of rights, bonus or otherwise; and/or | |
| | (ii) make or grant offers, agreements or options (collectively, " Instruments ") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, | |
| | at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and | |
| (b) | (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, | |

PROVIDED THAT

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% 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), 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);

NOTICE OF ANNUAL GENERAL MEETING

(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 were issued and are outstanding or subsisting at the time this Resolution is passed; and
- (ii) any subsequent bonus issue, consolidation or subdivision of the shares,

and, in sub-paragraph (1) above and this sub-paragraph (2), “**subsidiary holdings**” has the meaning given to it in the Listing Manual of the SGX-ST;

(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. That:

Resolution 8

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore (“**Companies Act**”), the listing rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and such other laws and regulations as may for the time being be applicable, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (“**Shares**”) not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) on-market purchase(s) (each a “**On-Market Purchase**”) on the SGX-ST; and/or
- (ii) off-market purchase(s) (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Listing Rules of the SGX-ST (“**Listing Rules**”) and the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act, the Constitution of the Company and the Listing Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally

(the “**Share Buy-Back Mandate**”);

(b) the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the Relevant Period and expiring on the earliest of:

- (i) the conclusion of the next annual general meeting of the Company is held or date by which such annual general meeting is required by law to be held; or

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate; or
 - (iii) the date on which the authority conferred in the Share Buy-Back Mandate is varied or revoked by the Company in a general meeting;
- (c) for purposes of this ordinary resolution:

“**Maximum Limit**” means ten per cent. (10%) of the total number of issued ordinary shares of the Company as at the date of the passing of this resolution, unless the Company has effected a reduction of the share capital of the Company (other than a reduction by virtue of a share buy-back) in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined) in which event the issued ordinary shares of the Company shall be taken to be the total number of the issued ordinary shares of the Company as altered by such capital reduction (the total number of ordinary shares shall exclude any ordinary shares that may be held as Treasury Shares by the Company from time to time);

“**Relevant Period**” means the period commencing from the date of the passing of this resolution and expiring on the earliest of the date the next annual general meeting of the Company is held or is required by law to be held, or the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate, or the date the said mandate is revoked or varied by the Company in a general meeting;

“**Maximum Price**”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

in either case, excluding related expenses of the purchase or acquisition of Shares (the “**Maximum Price**”);

“**Average Closing Price**” means the average of the closing market prices of the Shares traded on the SGX-ST over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed adjusted for any corporate action that occurs during the relevant five (5)-day period and the day on which the purchases are made;

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

- (d) the number of Shares which may in aggregate be purchased or acquired by the Company during the Relevant Period shall be subject to the Maximum Limit;
- (e) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Buy-Back Mandate in any manner as they think fit, which is permitted under the Companies Act; and

NOTICE OF ANNUAL GENERAL MEETING

- (f) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this resolution. *(See Explanatory Note)*

9. To transact any other business.

BY ORDER OF THE BOARD

TOH GIAP ENG
Executive Chairman

Singapore
9 April 2024

Explanatory Notes:

Resolution 4

Mr Tan Chuan Lye, Chairman of the Audit Committee, a member of Nominating Committee and a member of Remuneration Committee, will continue to serve in these capacities if re-elected as a Director of the Company. Mr Tan is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Detailed information of Mr Tan can be found under "Board of Directors" and "Report on Corporate Governance" in the Company's Annual Report 2023.

Resolution 7

Resolution 7, if passed, 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 fifty per cent. (50%) 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 issues 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 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 were issued and are outstanding or subsisting at the time that this resolution is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Resolution 8

This Ordinary Resolution is to renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in Resolution 8. Please refer to the Appendix to the Notice of AGM in relation to the proposed renewal of the Share Buy-Back Mandate dated 9 April 2024 for more details.

Notes:

1. The Annual General Meeting ("AGM") is being convened, and will be held, in a wholly physical format, at The Emerald Suite, Orchid Country Club, 1 Orchid Club Road, Singapore 769162, on Wednesday, 24 April 2024 at 10.00 a.m. (Singapore time). **There will be no option for shareholders to participate in the AGM virtually.** Printed copies of this Notice, the accompanying Proxy form and the Request Form will be sent by post to shareholders. These documents will also be published on the Company's website at the URL <http://www.heeton.com/investor-relations/announcements/> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. (a) A member of the Company (other than a member who is a relevant intermediary) entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf.
(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

NOTICE OF ANNUAL GENERAL MEETING

A member can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory.

CPF and SRS investors unable to attend but who wish to vote by proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 15 April 2024.

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 the resolution will be treated as invalid.

3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies 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 to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company 60 Paya Lebar Road, #08-36 Paya Lebar Square, Singapore 409051; or
 - (b) if submitted electronically, be submitted, via email to main@zicoholdings.com,

in each case, not less than 72 hours before the time set for holding the meeting.

5. Shareholders, including CPF and SRS investors, physically attending the AGM will be able to put questions relevant to the proceedings to the Board of Directors during the AGM. Shareholders, including CPF and SRS investors, who will not be attending the AGM and who wish to raise questions relevant to the resolutions to be tabled for approval at the AGM may do so by submitting such questions in advance:
 - (a) by email to ir@heeton.com; or
 - (b) by post to Heeton Holdings Limited, 60 Paya Lebar Road, #08-36 Paya Lebar Square, Singapore 409051.

All questions must be submitted by 10.00 a.m., on **Tuesday, 16 April 2024** and every effort will be made to address them. Responses to questions will be uploaded onto SGX website at the URL <http://sgx.com/securities/company-announcements> and on our corporate website at the URL <http://www.heeton.com/investorrelations/announcements/> on **Thursday, 18 April 2024**. The Company will also address any subsequent clarifications sought, or follow-up questions, at the AGM in respect of substantial and relevant matters.

We will publish the minutes of the AGM on the Company's website and on SGX website, and the minutes will include the responses to substantial and relevant questions from shareholders which are addressed during the AGM.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request, and (iv) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

HEETON HOLDINGS LIMITED

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

PROXY FORM – ANNUAL GENERAL MEETING

IMPORTANT

- The Annual General Meeting (“AGM”) is being convened, and will be held, in a wholly physical format, at The Emerald Suite, Orchard Country Club, 1 Orchard Club Road, Singapore 769162, on Wednesday, 24 April 2024 at 10.00 a.m. (Singapore time). **There will be no option for shareholders to participate in the AGM virtually.**
- Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies).**
- This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF and SRS investors who wish to attend and vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 15 April 2024.
- By submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 April 2024.

I/We, _____ NRIC/ Passport/ Co. Reg. No. _____

of _____ (Address)

being a member/members of HEETON HOLDINGS LIMITED (the “Company”) hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
and/or failing him/her (delete as appropriate)			

or failing him/her, 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 The Emerald Suite, Orchard Country Club, 1 Orchard Club Road, Singapore 769162, on Wednesday, 24 April 2024 at 10.00 a.m., and at any adjournment thereof.

(Voting will be conducted by poll. Please indicate with an “X” in the relevant spaces provided if you wish to cast all your shares “For” or “Against” or “Abstain” from voting on the resolutions as set out in the notice of the AGM. If you wish to vote some of your shares “For” and some of your shares “Against”, or “Abstain” from voting some of your shares on the relevant resolution, please insert the relevant number of shares in the relevant spaces. **In the absence of specific directions of a resolution, the appointment of the Chairman of the AGM as proxy for the resolution will be treated as invalid.**)

Ordinary Resolutions		No. of votes For	No. of votes Against	No. of votes Abstain
Ordinary Business				
1.	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2023 and the Directors’ Statement and the Auditor’s Report thereon.			
2.	To declare a 1-tier tax exempt final dividend of 0.375 Singapore cents per share in respect of the financial year ended 31 December 2023.			
3.	To approve Directors’ fees of S\$157,000 for the financial year ended 31 December 2023 (2022: S\$154,000).			
4.	To re-elect Mr Tan Chuan Lye, a Director retiring by rotation pursuant to Article 95(2) of the Company’s Constitution.			
5.	To re-elect Mr Hoh Chin Yiep, a Director retiring by rotation pursuant to Article 95(2) of the Company’s Constitution.			
6.	To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.			
Special Business				
7.	To authorise the Directors to allot and issue new shares, and to make or grant convertible instruments.			
8.	To authorise the Proposed Renewal of the Share Buy-Back Mandate.			

Dated this _____ day of _____ 2024

Total number of Shares Held:

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 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), 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. (a) A member of the Company (other than a member who is a relevant intermediary) entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf.

(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

“**Relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act 1967.

A member can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory.

3. CPF and SRS investors unable to attend but who wish to vote by proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 15 April 2024.
4. 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 the resolution will be treated as invalid.
5. A proxy need not be a member of the Company.
6. The instrument appointing a proxy or proxies 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 to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company at 60 Paya Lebar Road, #08-36 Paya Lebar Square, Singapore 409051; or
 - (b) if submitted electronically, be submitted via email to main@zicoholdings.com,in each case, not less than 72 hours before the time appointed for the holding of the meeting.
7. The instrument appointing a proxy(ies) must be under the hand of appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
8. Where the instrument appointing a proxy(ies) 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.
9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act 1967.
10. In the case of joint holders of shares, any one of such persons may vote, but if more than one of such persons is present at the AGM, the person whose name stands first on the Register of Members or (as the case may be) in the Depository Register shall alone be entitled to vote.
11. Any alteration made to the instrument appointing a proxy(ies) should be initialled by the person who signs it.

General: The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the meeting if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked. The Company shall be entitled to reject an instrument appointing a proxy or proxies 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 appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies lodged 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 a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of AGM.

CORPORATE INFORMATION

Board of Directors

Executive

Toh Giap Eng (Executive Chairman)

Hoh Chin Yiep (Chief Executive Officer)

Non-executive

Toh Gap Seng (alternate to Toh Giap Eng)

Tan Chuan Lye (Lead Independent)

Lee Bee Wah (Independent)

Li Hiaw Ho (Independent)

Audit Committee

Tan Chuan Lye (Chairman)

Lee Bee Wah

Li Hiaw Ho

Nominating Committee

Lee Bee Wah (Chairman)

Tan Chuan Lye

Toh Giap Eng

Remuneration Committee

Tan Chuan Lye (Chairman)

Lee Bee Wah

Li Hiaw Ho

Registered Office

60 Paya Lebar Road

#08-36 Paya Lebar Square

Singapore 409051

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 Secretary

Chew Bee Leng

Share Registrar

B.A.C.S. Private Limited

77 Robinson Road, #06-03 Robinson 77

Singapore 068896



HEETON

HEETON HOLDINGS LIMITED

60 Paya Lebar Road

#08-36 Paya Lebar Square

Singapore 409051

Tel: (65) 6456 1188

Fax: (65) 6455 5478

www.heeton.com