



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

Heeton Holdings Limited and its Subsidiaries

Condensed Interim Financial Statements
For the six months ended 30 June 2022

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Heeton Holdings Limited and its Subsidiaries

Condensed interim consolidated statement of comprehensive income
For the six months ended 30 June 2022

	Group		
	6 months ended 30 June 2022 "HY2022" S\$'000	6 months ended 30 June 2021 "HY2021" S\$'000	Increase / (Decrease) %
Revenue	28,482	17,525	62.5
Cost of properties sold	-	(2,734)	n.m.
Other operating income	1,332	2,447	(45.6)
Personnel expenses	(8,982)	(5,396)	66.5
Depreciation of property, plant and equipment	(2,440)	(2,385)	2.3
Other operating expenses	(11,441)	(7,922)	44.4
Profit from operations	6,951	1,535	352.8
Finance expenses	(8,173)	(9,739)	(16.1)
Finance income	1,818	1,927	(5.7)
Fair value gain on derivative financial instruments	483	1,214	(60.2)
Share of results of associated companies/joint venture companies	3,328	5,773	(42.4)
Loss from fair value adjustments of investment properties	(2,000)	(200)	900.0
Gain on disposal of assets held for sale	631	-	n.m.
Profit before tax	3,038	510	495.7
Income tax expense	(1,564)	(477)	227.9
Profit for the period, net of tax	1,474	33	4,366.7
Other comprehensive income/(expense):			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	(13,727)	5,055	n.m.
Other comprehensive (expense)/income for the period, net of tax	(13,727)	5,055	n.m.
Total comprehensive (expense)/income for the period	(12,253)	5,088	n.m.
Profit/(loss) for the period attributable to:			
Owners of the Company	684	1,716	(60.1)
Non-controlling interests	790	(1,683)	n.m.
	1,474	33	4,366.7
Total comprehensive income/(expense) attributable to:			
Owners of the Company	(13,311)	8,932	n.m.
Non-controlling interests	1,058	(3,844)	n.m.
	(12,253)	5,088	n.m.

n.m. : not meaningful

The accompanying notes form an integral part of these condensed interim financial statements.

Heeton Holdings Limited and its Subsidiaries

Condensed Interim Balance Sheets As at 30 June 2022

	Group		Company	
	30/6/2022 \$'000	31/12/2021 \$'000	30/6/2022 \$'000	31/12/2021 \$'000
Non-current assets				
Property, plant and equipment	381,747	413,591	128	165
Investment properties	219,355	223,809	-	-
Subsidiaries	-	-	24,037	24,037
Associated companies	19,392	18,760	-	-
Joint venture companies	100,651	98,738	8,000	5,000
Investment security	320	320	-	-
Amounts due from associated companies and joint venture companies (non trade)	88,007	88,579	-	-
Intangible assets	109	109	-	-
Other receivables	47,881	47,480	18,000	18,000
	857,462	891,386	50,165	47,202
Current assets				
Development properties	17,800	20,215	-	-
Assets held for sale	-	17,261	-	-
Trade receivables	1,835	1,679	-	-
Other receivables	16,555	17,233	1,530	916
Derivative financial instruments	382	-	382	-
Prepayments	3,050	1,968	536	716
Amounts due from subsidiaries (non-trade)	-	-	335,285	359,020
Amounts due from related parties (trade)	175	58	-	-
Amounts due from associated companies and joint venture companies (non-trade)	32,075	44,135	1,129	2,178
Fixed deposits	8,731	202	8,543	-
Cash and bank balances	50,571	45,109	17,713	13,667
	131,174	147,860	365,118	376,497
Current liabilities				
Trade payables	2,442	4,624	1,510	1,644
Other payables and accruals	17,799	14,222	1,222	1,499
Amounts due to subsidiaries (non-trade)	-	-	180,453	184,041
Lease liabilities	304	333	-	-
Bonds	13,360	7,030	13,360	7,030
Bank term loans	21,017	32,215	1,176	5,176
Income tax payable	3,503	3,928	400	475
	58,425	62,352	198,121	199,865
Net current assets	72,749	85,508	166,997	176,632
Non-current liabilities				
Other payables and accruals	760	1,096	-	-
Derivative financial instruments	-	101	-	101
Lease liabilities	4,992	5,555	-	-
Amounts due to associated companies and joint venture companies (non-trade)	46,829	46,498	39,334	39,063
Amounts due to non-controlling interests (non-trade)	62,574	74,219	-	-
Bonds	56,940	63,270	56,940	63,270
Bank term loans	329,361	343,961	2,630	3,231
Deferred tax liabilities	1,350	707	145	147
	(502,806)	(535,407)	(99,049)	(105,812)
Net assets	427,405	441,487	118,113	118,022
Share capital and reserves				
Share capital	86,624	86,624	86,624	86,624
Foreign currency translation reserve	(8,523)	5,472	-	-
Retained earnings	357,479	358,624	31,489	31,398
	435,580	450,720	118,113	118,022
Non-controlling interests	(8,175)	(9,233)	-	-
Total equity	427,405	441,487	118,113	118,022

The accompanying notes form an integral part of these condensed interim financial statements.

**Condensed interim consolidated statement of changes in equity
For the six months ended 30 June 2022**

Group	Attributable to equity holders of the Company				Non-controlling Interests S\$'000	Total Equity S\$'000
	Share Capital S\$'000	Foreign Currency Translation	Retained Earnings S\$'000	Total S\$'000		
		Reserve S\$'000				
Balance at 1 January 2021	86,624	3,833	339,872	430,329	(17,448)	412,881
Profit/(loss) for the period	-	-	1,716	1,716	(1,683)	33
Other comprehensive income/(expense)						
- Foreign currency translation	-	7,216	-	7,216	(2,161)	5,055
Total comprehensive income/(expense) for the period	-	7,216	1,716	8,932	(3,844)	5,088
Balance at 30 June 2021	86,624	11,049	341,588	439,261	(21,292)	417,969
Balance at 1 January 2022	86,624	5,472	358,624	450,720	(9,233)	441,487
Profit/(loss) for the period	-	-	684	684	790	1,474
Other comprehensive income/(expense)						
- Foreign currency translation	-	(13,995)	-	(13,995)	268	(13,727)
Total comprehensive income/(expense) for the period	-	(13,995)	684	(13,311)	1,058	(12,253)
Dividend on ordinary shares	-	-	(1,829)	(1,829)	-	(1,829)
Balance at 30 June 2022	86,624	(8,523)	357,479	435,580	(8,175)	427,405
Company	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000			
Balance at 1 January 2021	86,624	14,030	100,654			
Total comprehensive income for the period	-	621	621			
Balance at 30 June 2021	86,624	14,651	101,275			
Balance at 1 January 2022	86,624	31,398	118,022			
Total comprehensive income for the period	-	1,920	1,920			
Dividend on ordinary shares	-	(1,829)	(1,829)			
Balance at 30 June 2022	86,624	33,318	118,113			

The accompanying notes form an integral part of these condensed interim financial statements.

Heeton Holdings Limited and its Subsidiaries

Condensed interim consolidated statement of cash flows For the six months ended 30 June 2022

	Group	
	HY2022 \$'000	HY2021 \$'000
Cash flows from operating activities		
Profit before tax	3,038	510
Adjustments:		
Depreciation of property, plant and equipment	2,440	2,385
Fair value gain of derivative financial instruments	(483)	(1,214)
Share of results of associated companies/joint venture companies	(3,328)	(5,773)
(Gain)/loss on disposal of assets held for sale	(631)	161
Loss from fair value adjustments of investment properties	2,000	200
Finance expense	8,173	9,739
Finance income	(1,818)	(1,927)
Unrealised exchange differences	(1,419)	2,925
Operating cash flows before changes in working capital	7,972	7,006
Decrease in development properties	832	2,324
Increase in trade receivables	(270)	(634)
Decrease/(increase) in other receivables	500	(4,238)
Increase in prepayments	(1,291)	(366)
(Increase)/decrease in amounts due from related parties	(118)	2
(Decrease)/increase in trade payables	(2,133)	1,589
Increase in other payables and accruals	4,370	1,306
Cash flows generated from operations	9,862	6,989
Interest received	1,818	1,927
Interest paid, excluding amounts capitalised	(8,173)	(9,739)
Income taxes paid	(47)	(3,064)
Net cash flows generated from/(used in) operating activities	3,460	(3,887)
Cash flows from investing activities		
Additions to property, plant and equipment	(4,400)	(459)
Proceeds from disposal of assets held for sale	17,812	1,981
Dividend income from associated companies and joint ventures companies	3,000	-
Net repayment from/(net loan to) associated companies and joint venture companies	9,040	(4,721)
Net cash flows generated from/(used in) investing activities	25,452	(3,199)
Cash flows from financing activities		
Repayment of finance lease obligations	(4)	(5)
Proceeds from bank loans	10,049	36,890
Repayment of bank loans	(14,519)	(2,111)
Repayment of bonds	-	(5,250)
(Decrease)/increase in loan from non-controlling interests	(5,733)	1,128
Dividends paid on ordinary shares of the Company	(1,829)	-
Net cash flows (used in)/generated from financing activities	(12,036)	30,652
Net increase in cash and cash equivalents	16,876	23,566
Effect of exchange rate changes on cash and cash equivalents	(2,885)	523
Cash and cash equivalents at beginning of period	43,846	63,975
Cash and cash equivalents at end of period	57,837	88,064
Note: Cash and cash equivalents		
Fixed deposits	8,731	11,206
Cash and bank balances	50,571	76,858
Restricted cash-fixed deposits pledge for bank facility	(1,465)	-
Cash and cash equivalents	57,837	88,064

The accompanying notes form an integral part of these condensed interim financial statements.

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the six months ended 30 June 2022

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.

These condensed interim consolidated financial statements as at and for the half year ended 30 June 2022 comprised the Company and its subsidiaries (collectively, the Group). The Company's and the Group's principal activities are in property development, hotel operations and investment holding.

2. Basis of preparation

The unaudited condensed interim consolidated financial statements of the Group and the statement of changes in equity and balance sheet of the Company have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standard Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

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

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

2.1 New and amended standards adopted by the Group

The accounting policies adopted by the Group in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Report for the financial year ended 31 December 2021, except for the adoption of new and revised standards effective as of 1 January 2022.

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

- Amendments to FRS 103 – Reference to the Conceptual Framework
- Amendments to SFRS(I) 1-16 Property, Plant and Equipment – Proceeds before Intended Use
- Amendment to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to SFRS(I)s 2018-20

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

2.2 Use of judgements and estimates

The preparation of the Group's condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

a) Impact of COVID-19 on the Group

The World Health Organization declared a global pandemic in March 2020 as a result of COVID-19. The effects of this health crisis are continuing to unfold and the ultimate extent of the social, medical and economic impacts worldwide are unknown. The Group has considered the impact of COVID-19 in preparing its financial report for HY2022.

The critical accounting estimates and key judgement areas of the Group have required additional consideration and analysis due to the impact of COVID-19. Given the uncertainty of the extent of the pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Group's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of HY2022, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

The impact of COVID-19 increases the level of judgement required across a number of key areas for the Group, in particular the recognition and measurement of the assets of the Group. The COVID-19 assumptions and considerations for the critical accounting estimates and key judgement areas of the Group are outlined in further detail in the following sections of this financial report:

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

2.3 Key sources of estimation uncertainty

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

(a) Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 30 June 2022 for investment properties that are likely to differ materially from the fair values recognised at the end of the previous financial year. The two valuation techniques adopted were the Market Comparable Approach Method and Income Approach Method. The former involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the market value of the property. The latter involves the conversion of the net income of the property into a capital sum at a suitable rate of return which reflects the quality of the investment. The net income is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The value of the property is arrived at by capitalising the net rent at a suitable rate of return.

2. Basis of preparation (cont'd)

2.3 Key sources of estimation uncertainty (cont'd)

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

The independent valuers have considered available information as at 30 June 2022 relating to COVID-19 and have made necessary adjustments due to the COVID-19 pandemic to the valuation. The valuation reports also highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

(b) Impairment assessment of property, plant and equipment

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

Management assesses whether there are trigger events indicating potential impairment at each reporting date. Where applicable, the Group considers independent valuation reports of valuation specialists to support the recoverable amounts of certain property, plant and equipment. The fair values are determined by external specialists using valuation techniques which involve the use of estimates and assumptions which are reflective of current market conditions. Certain valuation reports obtained from the external specialist also highlighted that given the unprecedented set of circumstances due to the COVID-19 pandemic on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review. The key assumptions used to determine the recoverable amount for the hotel properties are disclosed and further explained in Note 9.

(c) Impairment assessment of interest in associates and joint ventures

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

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

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

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the six months ended 30 June 2022

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- I. The property investment segment is engaged in the leasing of residential, retail and commercial properties.
- II. The property development segment is involved in the development and sale of private residential properties.
- III. The corporate segment is involved in Group-level corporate services and treasury functions.
- IV. The hospitality segment is involved in hotel operations and related services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing and income taxes are managed on a group basis and are not allocated to operating segments.

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

	Group	
	HY2022	HY2021
	\$'000	\$'000
Revenue from contracts with customers	23,030	12,666
Rental income from investment properties	5,145	4,537
Other rental income	307	322
	28,482	17,525
	28,482	17,525

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements
For the six months ended 30 June 2022

4. Segment and revenue information (cont'd)

(a) Reportable segments

<u>Six months ended 30 June 2022</u>	Property Investment \$'000	Property Development \$'000	Corporate \$'000	Hospitality \$'000	Elimination \$'000	Consolidated \$'000
Revenue:						
Sales to external customers	5,151	-	365	22,966	-	28,482
Intersegment revenue	422	-	2,810	4,320	(7,552)	-
Total revenue	<u>5,573</u>	<u>-</u>	<u>3,175</u>	<u>27,286</u>	<u>(7,552)</u>	<u>28,482</u>
Results:						
Interest income	-	-	17,269	-	(15,451)	1,818
Interest expense	(1,419)	-	(16,163)	(5,907)	15,315	(8,174)
Fair value gain on derivative financial instruments	-	-	483	-	-	483
Gain on disposal of assets held for sale	-	631	-	-	-	631
Loss from fair value adjustment of investment properties	(2,000)	-	-	-	-	(2,000)
Depreciation of property, plant and equipment	(12)	-	(89)	(2,339)	-	(2,440)
Share of results of associated companies/joint venture companies	1,372	2,206	(54)	(196)	-	3,328
Segment profit/(loss) before tax	<u>1,483</u>	<u>2,784</u>	<u>(1,642)</u>	<u>549</u>	<u>(136)</u>	<u>3,038</u>
Assets:						
Investment in associated companies and joint venture companies	95,172	6,883	65	17,923	-	120,043
Additions to non-current assets	-	-	479	3,921	-	4,400
Segment assets	<u>245,790</u>	<u>113,428</u>	<u>1,080,374</u>	<u>551,760</u>	<u>(1,002,716)</u>	<u>988,636</u>
Segment liabilities	<u>171,723</u>	<u>27,347</u>	<u>1,041,407</u>	<u>288,090</u>	<u>(967,336)</u>	<u>561,231</u>

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements
For the six months ended 30 June 2022

4. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

Six months ended 30 June 2021

	Property investment	Property development	Corporate	Hospitality	Elimination	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue:						
Sales to external customers	4,536	5,902	367	6,720	–	17,525
Inter-segment revenue	444	–	2,180	4,300	(6,924)	–
	4,980	5,902	2,547	11,020	(6,924)	17,525
Results:						
Finance income	–	–	16,923	–	(14,996)	1,927
Finance expense	(971)	–	(17,622)	(5,986)	14,840	(9,739)
Fair value gain on derivative financial instruments	–	–	1,214	–	–	1,214
Loss from fair value adjustments of investment properties	(200)	–	–	–	–	(200)
Depreciation of property, plant and equipment	(14)	–	(82)	(2,289)	–	(2,385)
Share of results of associated companies/joint venture companies	1,004	5,480	(39)	(672)	–	5,773
Segment profit/(loss) before tax	1,791	7,777	(764)	(8,138)	(156)	510
Assets:						
Investment in associated companies/joint venture companies	99,633	5,995	(59)	11,577	–	117,146
Addition of non-current assets	–	–	459	–	–	459
Segment assets	220,042	170,826	1,212,681	591,462	(1,114,665)	1,080,346
Segment liabilities	178,586	39,766	1,196,313	321,471	(1,073,759)	662,377

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Notes to the condensed interim consolidated financial statements
For the six months ended 30 June 2022

4. Segment and revenue information (cont'd)

(b) Disaggregation of revenue from contracts with customers

Segments	Property development		Hospitality		Corporate		Total Revenue	
	HY2022	HY2021	HY2022	HY2021	HY2022	HY2021	HY2022	HY2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets								
Singapore	-	5,908	-	-	178	222	178	6,130
United Kingdom	-	-	22,685	6,399	167	137	22,852	6,536
	-	5,908	22,685	6,399	345	359	23,030	12,666
Major product or service line								
Residential properties	-	-	-	-	-	-	-	-
Commercial properties	-	5,908	-	-	-	-	-	5,908
Hotel operation income	-	-	22,685	6,399	-	-	22,685	6,399
Management fee income	-	-	-	-	345	359	345	359
	-	5,908	22,685	6,399	345	359	23,030	12,666
Timing of transfer of goods or services								
At a point in time	-	5,908	22,685	6,399	345	359	23,030	12,666
Over time	-	-	-	-	-	-	-	-
	-	5,908	22,685	6,399	345	359	23,030	12,666

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the six months ended 30 June 2022

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021.

	Group		Company	
	30/6/2022	31/12/2021	30/6/2022	31/12/2021
	\$'000	\$'000	\$'000	\$'000
Financial assets measured at amortised cost:				
Amounts due from associated companies and joint venture companies (non-trade)	120,082	132,714	1,129	2,178
Trade receivables	1,835	1,679	–	–
Other receivables	64,335	64,713	19,429	18,916
Amounts due from subsidiaries (non-trade)	–	–	335,285	359,020
Amounts due from related parties (trade)	175	58	–	–
Fixed deposits	8,731	202	8,543	–
Cash and bank balances	50,571	45,109	17,713	13,667
	245,729	244,475	382,099	393,781
Financial liabilities measured at amortised cost:				
<i>Trade and other payables (current)</i>				
Trade payables	2,442	4,624	1,510	1,644
Other payables and accruals	17,799	14,222	1,222	1,499
	20,241	18,846	2,732	3,143
<i>Other payables (non-current)</i>				
Other payables and accruals	760	1,096	–	–
Total trade and other payables	21,001	19,942	2,732	3,143
<i>Loans and borrowings (current)</i>				
Amounts due to subsidiaries (non-trade)	–	–	180,453	223,104
Lease liabilities	304	333	–	–
Bonds	13,360	7,030	13,360	7,030
Bank term loans	21,017	106,715	1,176	5,176
	34,681	114,078	194,989	235,310
<i>Loans and borrowings (non-current)</i>				
Amounts due to associated companies and joint venture companies (non-trade)	46,829	46,498	39,334	–
Amounts due to non-controlling interests (non-trade)	62,574	74,219	–	–
Lease liabilities	4,992	5,851	–	–
Bonds	56,940	63,270	56,940	63,270
Bank term loans	329,361	269,461	2,630	3,231
Total loans and borrowings	533,377	573,377	293,893	301,811
Total finance liabilities measured at amortised cost	556,378	593,319	296,625	304,954

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the six months ended 30 June 2022

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

	Group		Company	
	30/6/2022	31/12/2021	30/6/2022	31/12/2021
	\$'000	\$'000	\$'000	\$'000
Financial asset/(liabilities) at fair value through profit or loss:				
Derivative financial instruments	382	(101)	382	(101)

6. Profit before tax

(a) Significant items

	Group	
	HY2022	HY2021
	\$'000	\$'000
Finance income	1,818	1,927
Finance expenses	(8,173)	(9,739)
Depreciation of property, plant and equipment	(2,440)	(2,385)
Fair value gains on derivative financial instruments	483	1,214

(b) Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

Sale and purchase of goods and services

The following significant transactions between the Group and Company and their related parties took place during the period at terms agreed between the parties:

	Group		Company	
	HY2022	HY2021	HY2022	HY2021
	\$'000	\$'000	\$'000	\$'000
Income				
Interest income				
- subsidiaries	–	–	6,513	6,411
- associated companies	345	340	–	–
- joint venture companies	315	346	–	–
Management fee income				
- subsidiaries	–	–	180	180
- associated companies	108	90	60	42
- joint venture companies	1,100	1,121	1,000	1,000
- related party	30	52	–	–
Expenses				
Management fee paid to a subsidiary	–	–	528	558
Interest expenses				
- subsidiaries	–	–	4,809	4,290
- joint venture companies	272	272	272	272
Rental paid to a related party	29	65	–	–

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the six months ended 30 June 2022

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	HY2022	HY2021
	\$'000	\$'000
Income tax expense recognised in profit or loss	1,564	477

8. Derivative financial instruments

	Group and Company			
	30/6/2022		31/12/2021	
	Outstanding notional amounts \$'000	Assets/ (Liabilities) \$'000	Outstanding notional amounts \$'000	Assets/ (Liabilities) \$'000
Non-current:				
Interest rate swaps	84,320	382	94,135	(101)

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.

9. Property, plant and equipment

As at 30 June 2022, the carrying value of property, plant and equipment (collectively, "properties") mainly relating to the Group's portfolio of hotel properties amounted to \$381,747,000 and accounted for 39% of the Group's total assets. These properties are carried at cost less accumulated depreciation and impairment losses and are subject to an impairment assessment to assess if there are any indicators of impairment at each reporting date.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the six months ended 30 June 2022

10. Investment properties

The Group's investment properties are held for long-term rental yields and/or capital appreciation and are not substantially occupied by the Group. They are mainly leased to third parties under operating leases.

The Group's investment properties as at 30 June 2022 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	70 years
62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity
Adam House (7-10 Adam Street, London, United Kingdom)	Serviced office	Freehold	Freehold

	Group	
	30/6/2022	31/12/2021
	\$'000	\$'000
<i>Cost</i>		
Balance at beginning of period/year	223,809	223,977
Exchange differences	(2,454)	1,092
Loss from fair value adjustments recognised in profit or loss during the period/year ended	(2,000)	(1,260)
Balance at end of period/year	219,355	223,809

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the six months ended 30 June 2022

10. Investment properties (cont'd)

Valuation of investment properties

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

The fair value of the Group's investment properties is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy. Level 3 fair value has been derived using the income capitalisation approach where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth over the unexpired lease term. The most significant input into the income capitalisation valuation approach is the capitalisation rate of 4.50% to 5.25% (31 December 2021: 4.50% to 5.25%) per annum.

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

11. Assets held for sale

	31/12/2021		
	Development properties	Freehold land	Total
	\$'000	\$'000	\$'000
Group			
Cost:			
Reclassification from Development properties	11,903	-	11,903
Reclassification from Property, plant and equipment	-	5,909	5,909
Impairment charge for the year	-	(551)	(551)
	11,903	5,358	17,261

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

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

In accordance with SFRS(I)5 *Non-current Assets Held for Sale and Discontinued Operations*, the above-mentioned development property and property, plant and equipment were classified as assets held for sale at December 2021.

The sales were completed on 28 March 2022.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the six months ended 30 June 2022

12. Bank term loans

The following sets out the aggregate amount of the Group's borrowings as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	Group		Company	
	30/6/2022	31/12/2021	30/6/2022	31/12/2021
	\$'000	\$'000	\$'000	\$'000
Unsecured	3,806	8,407	3,806	8,407
Secured	346,572	367,769	–	–
	<u>350,378</u>	<u>376,176</u>	<u>3,806</u>	<u>8,407</u>
Repayable:				
- not later than 1 year	21,017	32,215	1,176	5,176
- 1 year through 5 years	329,361	343,961	2,630	3,231
	<u>350,378</u>	<u>376,176</u>	<u>3,806</u>	<u>8,407</u>

13. Bonds

The Group has bond issue outstanding as at 30 June 2022 of \$70,300,000 which is unsecured and bears interest at a fixed rate of 6.8% per annum with \$7.03 million due November 2022, \$6.33 million due May 2023 and balance \$56.94 million due November 2023.

14. Share capital

	Group and Company			
	Number of shares issued		30/6/2022	31/12/2021
	30/6/2022	31/12/2021	\$'000	\$'000
At the beginning and end of financial year	487,734,735	487,734,735	86,624	86,624

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

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the six months ended 30 June 2022

Other information Required by Listing Rule Appendix 7.2

1. Share capital

- i) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There is no change in the Company's share capital for the period from 1 January 2022 to 30 June 2022. There are no outstanding convertible securities as at 30 June 2022 and 31 December 2021.

- ii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.**

The Company did not hold any treasury shares as at 30 June 2022 and 31 December 2021. The total number of issued ordinary shares (excluding treasury shares) as at 30 June 2022 and 31 December 2021 was 487,734,735. The Company did not issue any preference shares as at 30 June 2022 and 31 December 2021.

- iii) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

There are no sales, transfers, disposal, cancellation and / or use of treasury shares during the six months ended 30 June 2022.

2. **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies adopted by the Group in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Report for the financial year ended 31 December 2021, except for the adoption of new and revised standards effective as of 1 January 2022.

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

- Amendments to FRS 103 – Reference to the Conceptual Framework
- Amendments to SFRS(I) 1-16 Property, Plant and Equipment – Proceeds before Intended Use

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the six months ended 30 June 2022

- Amendment to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to SFRS(I)s 2018-20

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

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons, and the effect of, the change**

Not applicable.

- 6. Earnings per share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group		
	HY2022	HY2021	Increase/ (decrease)
	Cents	Cents	%
Earnings per ordinary share from continuing operations attributable to equity holders of the Company for the period			
(a) On a basic basis	0.14	0.35	(60.0)
(b) On a fully diluted basis	0.14	0.35	(60.0)

The above have been computed based on 487,734,735 ordinary shares in issue as at 30 June 2022 and 31 December 2021.

- 7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the: -**
- Current period reported on; and
 - Immediately preceding financial year.

	Group		Company	
	30/6/2022	31/12/2021	30/6/2022	31/12/2021
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	89.31	92.45	24.22	24.20

The above have been computed based on 487,734,735 ordinary shares in issue as at 30 June 2022 and 31 December 2021.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the six months ended 30 June 2022

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Commentary on the Consolidated Income Statements

Turnover comprises rental income from investment properties, hotel operation income and management fee as well as proceeds from the sales of the Group's residential projects.

The Group's turnover for the six months ended 30 June 2022 ("HY2022") increased by 62.5% to \$28.48 million compared to \$17.53 million for the previous corresponding period ended 30 June 2021 ("HY2021"). The increase is attributed to following significant items:

- (i) increase in hotel operation income by \$16.25 million due to the easing of COVID-19 around the world. As a result of the lifting of movement and travel restrictions, our hotels have experienced increases in room occupancies and rates and corresponding revenue across locations worldwide which the Group operates in;
- (ii) increase in rental revenue of \$0.60 million mainly due to higher occupancies; offset by
- (iii) decrease in sale revenue of \$5.91 million from residential project, Onze@Tanjong Pagar as there was no sales recorded in HY2022. The project was 100% sold in 2021.

Cost of properties sold in HY2021 relates to residential project, Onze@Tanjong Pagar.

Personnel expenses increased by \$3.59 million to \$8.98 million in HY2022 are in line with the gradual re-opening and ramp up of hotel operations and lesser job support grants received from governments.

Other operating expenses increased to \$11.44 million in HY2022 from \$7.92 million in HY2021 mainly due to increase in operating activities as a result of re-opening of our Group's hotels post the lockdown period.

Finance expenses comprised mainly interest on the bond and bank loans. It decreased by \$1.57 million to \$8.17 million mainly due to the repayment of the \$66 million bond in July 2021.

Fair value gains on derivative financial instruments amounting to \$0.48 million in HY2022 arose from the interest rate swaps in Pound Sterling. The fair values of interest rate swaps are determined by marked-to-market values provided by counterparties.

Share of results from associated companies/joint venture companies decreased by \$2.45 million to \$3.33 million in HY2022 from \$5.77 million in HY2021. The decrease was mainly due to the following relating to associated companies/joint venture companies:

- i) Lower profit recognised for a development project after obtaining TOP; offset by
- ii) Higher profits recognised for some development projects.

The Group recorded a net loss from fair value adjustment of investment properties of \$2.0 million in HY2022 mainly from 62 Sembawang Road offset by fair value gains from Tampines Mart.

Income tax expense increased by \$1.09 million in HY2022 mainly due to higher profits for the period.

Taking into account all the above factors, the Group recorded a net profit after tax of \$1.47 million for HY2022, compared to a net profit after tax of \$33,000 recorded in HY2021.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the six months ended 30 June 2022

Commentary on the Consolidated Balance Sheets

Property, plant and equipment amounting to \$381.75 million comprised mainly hotel properties. The decrease of \$31.84 million in HY2022 was mainly due to the effect of the depreciation of Sterling Pound as well as depreciation charges recognised.

Investment properties decrease from \$223.81 million to \$219.36 million mainly due to the net fair value loss of \$2 million recognised and the effect of foreign currency exchange losses.

Investment in associated and joint venture companies increased to \$120.04 million in HY2022 from \$117.50 million mainly due to the share of the results of associated companies and joint venture companies during HY2022 offset by dividends received from associated companies and joint venture companies.

Amount due from associated and joint venture companies decreased from \$132.71 million in FY2021 to \$120.08 million in HY2022 mainly due to repayment of loans.

Included in other receivables are Senior and Promissory Notes receivables totalling \$36 million and \$11.48 million arises from the Group's loan to an investment security.

Fixed deposits, cash and bank balances totalled \$59.30 million in HY2022 compared to \$45.31 million in FY2021. The increase is mainly due to proceeds from disposal of assets held for sale.

The Group has bond issue outstanding at HY2022 of \$70.3 million which is unsecured and bears interest at a fixed rate 6.8% per annum with \$7.03 million due November 2022, \$6.33 million due May 2023 and balance \$56.94 million due November 2023.

The decrease in amounts due to non-controlling interests of \$11.65 million to \$62.57 million in HY2022 is mainly attributable to repayments to non-controlling interests post disposal of assets held for sale.

Total bank term loans and short-term bank loans decreased from \$376.18 million in FY2021 to \$350.38 million in HY2022 mainly as a result of repayments of term loan.

The Group recorded a significant foreign currency translation difference of \$14.00 million mainly from its United Kingdom-based investments as a result of the depreciation of the Sterling Pound during the period.

Commentary on the Cashflow Statement

The increase in cash and cash equivalents of \$16.88 million in HY2022 can be attributed to the following major cash inflows and outflows:

Cash inflows:

- net cash inflow of \$17.81 million from the proceeds from disposal of assets held for sale;
- net cash flows generated from operating activities of \$3.46 million;
- net repayment of loans from associated and joint venture companies of \$9.04 million; and
- dividend received from associated and joint venture companies of \$3.00 million.

Cash outflows:

- payment of purchase of property, plant and equipment of 4.40 million;
- net payment of bank loans of \$4.47 million.
- decrease in loan from non-controlling interest of \$5.73 million; and
- payment of dividend of \$1.83 million in May 2022.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the six months ended 30 June 2022

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The actual results for the six months ended 30 June 2022 of the Group are in line with the statement made in paragraph 10 of the results announcement for the year ended 31 December 2021.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months –

After two years of grappling with Covid-19, the global economy find itself beset with fresh causes of disruption and instability. While the pandemic remains an on-going concern for the governments of the world, the Russian-Ukraine conflict and China's strict zero-Covid measures have aggravated supply issues and higher commodity prices world-wide. Analysts predict that the second half of 2022 will remain volatile as markets navigate inflation and higher interest rates.

In Singapore, the current growth forecast for 2022 for the domestic economy is within a range of 3% and 5%. Policymakers rules out the likelihood of recession and 'stagflation' but cautions to continue to monitor the global and domestic environment closely.

In the face of such uncertainty, the Group is adopting a conservative approach to its investments and expansion programme, focusing on streamlining its portfolio, enhancing its assets and undertaking the necessary measures to meet and mitigate business challenges.

Heeton's hospitality investments are mainly located in the UK, where businesses were supported through the worst of the pandemic by the UK authorities. In line with global travel and tourism industry trends and indicators, the sector is still underperforming pre-pandemic trading levels.

Heeton's principal business in Singapore is real estate development, management and investment. While the Group's two retail complexes continue to perform to expectations, the development landscape remains highly competitive. The Group's development projects in Leeds, UK; Paro, Bhutan and Gao Bei Dian, China continue to be subjected to sporadic delays due to planning factors and shortages in manpower and raw materials.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the six months ended 30 June 2022

12. If no dividend has been declared/recommended, a statement to that effect and the reasons for the decision.

No dividend has been declared by the Board of the Company in respect of HY2022 (HY2021 - Nil). It is not the Company's practise to pay dividend in the first half of the financial year.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii)

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable. Please refer to paragraph 8 above.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has obtained undertakings from all its directors and executive officers.

16. Confirmation pursuant to Rule 705(5)

We, Toh Giap Eng and Hoh Chin Yiep, being two of the Directors of Heeton Holdings Limited (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Company and of the Group for the six months ended 30 June 2022 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Toh Giap Eng
Executive Chairman
5 August 2022

Hoh Chin Yiep
Executive Director and CEO