



## HEETON HOLDINGS LIMITED

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

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### RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

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The Board of Directors (the “**Board**”) of Heeton Holdings Limited (the “**Company**”) wishes to inform that the Company has received the following queries raised by the Singapore Exchange Securities Trading Limited on 25 April 2022 with regard to the Company’s annual report for the financial year ended 31 December 2021 (the “**Annual Report**”):

The Board wishes to provide the following information:

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

With reference to the audited consolidated statement of cash flows on page 51 of the Company’s Annual Report, please provide an explanation for the material difference in the amounts of the following items, as compared to the unaudited financial results announcement of the Company for the year ended 31 December 2021:-

- (i) Net cash used in financing activities of \$(22,789,000) as compared to net cash used in financing activities of \$(29,174,000).

#### **Our Response:**

The difference in the net cash used in financing activities of \$6.4m is mainly due to the incorrect classification of the movement in restricted cash balances as part of the opening cash balance as at 1.1.2021, where it should be classified under net cash used in financing activities. For the annual report, the Company has ensured that the restricted cash balances and the opening cash balance were disclosed correctly. The result is a reclassification between the restricted cash balance and the opening cash balance, and there is no change in the final cash position of the Company as at 31.12.2021.

#### **Query no. 2**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provision 2.4 of the Code as non-executive directors do not make up a majority of your Board and you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your Annual Report on how it is consistent with the intent of Principle 2 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have 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.

### **Our Response:**

The Board currently comprises five (5) Directors, three (3) of whom are Independent Directors. The independent non-executive Directors make up a majority of the Board, as disclosed on page 22 of the Annual Report.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group. The Nominating Committee is of the view that no individual or small group of individuals dominate the Board's decision-making process.

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

As disclosed in page 22 of the Annual Report, the Company has not yet implemented a formal board diversity policy. The Board will be exploring further aspects of diversity and a compliance statement will be formally articulated in accordance with SGX-ST reporting guidelines. While, at this point, the Board has not implemented a specific board diversity policy, in the interests of maintaining a collaborative corporate culture, the Company endorses the benefits of diversity at staff, management and Board levels. While all director appointments are based on merit, the Board recognises gender as an important aspect of diversity and is expected to appoint a female candidate to join the ranks of the current directors in 2022.

Accordingly, the Board believes that its current composition has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Company, consistent with the intent of Principle 2 of the Code.

### **Query no. 3**

**We note that the Company had not complied with Provision 8.1(a) and 8.2 of the Code with regards to the disclosure of remuneration, and there were no explanations provided for in your Annual Report on how it is consistent with the intent of Principle 8 of the Code.**

**It is noted that page 31 of Annual Report states amongst others:- "For confidential reasons, the Board has not disclosed the remuneration of each individual Director and the Group's key executives in full. The Board is of the belief that full disclosure of the Directors' remuneration may have a negative impact on the Company, taking into consideration the competitive business environment in which the Company operates and the sensitivity and confidential nature of such disclosure."**

**Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.**

### **Our Response:**

As disclosed on pages 31 and 32 of the Annual Report, the breakdown shows the level and mix of the remuneration of each individual Director and the top five key management personnel based on types of compensation in percentage terms and in bands of S\$250,000. While the practice in relation to the Directors varies from Provision 8.1 of the Code which requires companies to disclose the specific remuneration of each director and chief executive officer, as disclosed in the Annual Report, for confidential reasons, the Board has not disclosed the remuneration of each individual Director and the Group's key executives in full. The Board is of the belief that full disclosure of the Directors' remuneration may have a negative impact on the Company, taking into consideration the competitive business environment in which the Company operates and the sensitivity and confidential nature of such disclosure.

The Company has also given detailed disclosure on its remuneration policies, the procedure for setting remuneration and the relationship between remuneration, performance and value creation on page 30 of the Annual Report. The Board therefore believes that, taken as a whole, the disclosures provided are meaningful and sufficiently transparent in giving an understanding of the remuneration of its Directors and key management personnel, consistent with the intent of Principle 8 of the Code.

The Company has disclosed the following on page 32 of the Annual Report in respect of Provision 8.2 of the Code:

**Immediate Family Member of Director**

*The remuneration of Mr Toh Giap Eng, Chairman who is the son of Mr Toh Khai Cheng and brother of Mr Toh Gap Seng (both substantial shareholders), has been disclosed above. Other than Mr Toh Giap Eng and Ms Toh Yan Jun Jermaine, there are no employees in the Group who are immediate family members of other Directors, CEO and other substantial shareholders of the Company. Except for Mr Toh Giap Eng, there were no employees of the Company or its subsidiaries who were immediate family members of any Director or the CEO and whose remuneration exceeded S\$100,000 during the financial year ended 31 December 2021.*

Based on the above, the Board is of the view that its practices are consistent with the intent of Principle 8 of the Code.

By order of the Board

Hoh Chin Yiep  
Executive Directors and CEO  
27 April 2022