



HEETON HOLDINGS LIMITED
Co. Reg. No. 197601387M

HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SIX MONTHS ENDED 30 JUNE 2021

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED RESULTS FOR HALF-YEAR ENDED 30 JUNE 2021

	Group		
	HY2021 S\$'000	HY2020 S\$'000	Increase / (Decrease) %
Revenue	17,525	12,663	38.4
Cost of properties sold	(2,734)	-	n.m.
Other operating income	2,447	1,115	119.5
Personnel expenses	(5,396)	(5,867)	(8.0)
Depreciation of property, plant and equipment	(2,385)	(2,858)	(16.6)
Other operating expenses	(7,922)	(6,442)	23.0
Profit/loss from operations	1,535	(1,389)	n.m.
Finance expenses	(9,739)	(9,730)	0.1
Finance income	1,927	2,720	(29.2)
Fair value gain/(loss) on derivative financial instruments	1,214	(2,169)	n.m.
Share of results of associated companies/joint venture companies	5,773	2,234	158.4
Loss from fair value adjustments of investment properties	(200)	(594)	(66.3)
Profit/(loss) before tax	510	(8,928)	n.m.
Income tax expense	(477)	(3)	15,800.0
Profit/(loss) for the period, net of tax	33	(8,931)	n.m.
Other comprehensive income/(expense):			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	5,055	(4,361)	n.m.
Other comprehensive income/(expense) for the period, net of tax	5,055	(4,361)	n.m.
Total comprehensive income/(expense) for the period	5,088	(13,292)	n.m.
Profit/(loss) for the period attributable to:			
Owners of the Company	1,716	(8,063)	n.m.
Non-controlling interests	(1,683)	(868)	93.9
	33	(8,931)	n.m.
Total comprehensive income/(expense) attributable to:			
Owners of the Company	8,932	(12,490)	n.m.
Non-controlling interests	(3,844)	(802)	379.3
	5,088	(13,292)	n.m.

n.m. : not meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

UNAUDITED BALANCE SHEETS

	Group		Company	
	30/6/2021 \$'000	31/12/2020 \$'000	30/6/2021 \$'000	31/12/2020 \$'000
Non-current assets				
Property, plant and equipment	395,294	386,983	183	192
Investment properties	225,239	223,977	-	-
Subsidiaries	-	-	24,082	24,082
Associated companies	15,924	16,164	-	-
Joint venture companies	101,222	97,409	5,000	5,000
Amounts due from associated companies and joint venture companies (non trade)	156,754	157,975	-	-
Intangible assets	109	109	-	-
Other receivables	29,767	29,412	18,000	-
	924,309	912,029	47,265	29,274
Current assets				
Development properties	34,007	35,741	3,477	7,067
Assets held for sale	2,403	4,503	-	-
Trade receivables	1,160	512	-	-
Other receivables	24,114	19,877	2,335	18,347
Prepayments	3,090	2,654	908	1,216
Amounts due from subsidiaries (non-trade)	-	-	348,043	337,599
Amounts due from related parties (trade)	15	17	-	-
Amounts due from associated companies and joint venture companies (non-trade)	3,184	3,174	1,217	1,170
Fixed deposits	11,206	14,925	11,000	14,765
Cash and bank balances	76,858	49,050	51,240	22,134
	156,037	130,453	418,220	402,298
Current liabilities				
Trade payables	5,511	3,822	1,981	1,726
Other payables and accruals	14,035	12,103	3,930	3,974
Amounts due to subsidiaries (non-trade)	-	-	181,938	142,207
Lease liabilities	453	443	-	-
Bonds	60,750	66,000	60,750	66,000
Bank term loans	26,457	22,627	1,000	-
Income tax payable	3,388	5,066	358	819
	110,594	110,061	249,957	214,726
Net current assets	45,443	20,392	168,263	187,572
Non-current liabilities				
Other payables and accruals	1,231	1,280	-	-
Derivative financial instruments	1,152	2,366	1,152	2,366
Lease liabilities	6,258	6,237	-	-
Amounts due to associated companies and joint venture companies (non-trade)	43,143	49,976	38,787	38,515
Amounts due to non-controlling interests (non-trade)	75,970	73,080	-	-
Bonds	70,300	70,300	70,300	70,300
Bank term loans	352,708	314,904	4,000	5,000
Deferred tax liabilities	1,021	1,397	14	11
	(551,783)	(519,540)	(114,253)	(116,192)
Net assets	417,969	412,881	101,275	100,654
Share capital and reserves				
Share capital	86,624	86,624	86,624	86,624
Foreign currency translation reserve	11,049	3,833	-	-
Retained earnings	341,588	339,872	14,651	14,030
	439,261	430,329	101,275	100,654
Non-controlling interests	(21,292)	(17,448)	-	-
Total equity	417,969	412,881	101,275	100,654

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30/06/2021		As at 31/12/2020	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
26,457	60,750	22,627	66,000

Amount repayable after one year

As at 30/06/2021		As at 31/12/2020	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
352,708	70,300	314,904	70,300

Details of any collateral

All secured borrowings of the Group are secured by first legal mortgages and assignment of rental and sales proceeds of property, plant and equipment, investment properties and development properties of the borrowing companies. Lease obligations are secured on the assets purchased under lease financing.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED HALF-YEAR CASH FLOW STATEMENTS

	Group	
	HY2021 \$'000	HY2020 \$'000
Cash flows from operating activities		
Profit/(loss) before tax	510	(8,928)
Adjustments:		
Depreciation of property, plant and equipment	2,385	2,858
Gain on disposal of property, plant and equipment	-	(50)
Fair value (gain)/loss of derivative financial instruments	(1,214)	2,169
Share of results of associated companies/joint venture companies	(5,773)	(2,234)
Loss on disposal of assets held for sale	161	-
Loss from fair value adjustments of investment properties	200	594
Finance expense	9,739	9,730
Finance income	(1,927)	(2,720)
Unrealised exchange differences	2,925	(377)
Operating cash flows before changes in working capital	7,006	1,042
Decrease in development properties	2,324	213
(Increase)/decrease in trade receivables	(634)	630
Increase in other receivables	(4,238)	(3,488)
(Increase)/decrease in prepayments	(366)	365
Decrease in amounts due from related parties	2	8
Increase in trade payables	1,589	616
Increase/(decrease) in other payables and accruals	1,306	(4,631)
Cash flows generated from/(used in) operations	6,989	(5,245)
Interest received	1,927	2,720
Interest paid, excluding amounts capitalised	(9,739)	(9,730)
Income taxes paid	(3,064)	(100)
Net cash flows used in operating activities	(3,887)	(12,355)

UNAUDITED HALF-YEAR CASH FLOW STATEMENTS (CONT'D)

Group

	HY2021 \$'000	HY2020 \$'000
Cash flows from investing activities		
Additions to property, plant and equipment	(459)	(4,150)
Proceeds from sales of property, plant and equipment	-	83
Proceeds from disposal of assets held for sale	1,981	-
Dividend income from associated companies and joint ventures companies	-	16,630
Net loan to associated companies and joint venture companies	(4,721)	(10,241)
Net cash flows (used in)/generated from investing activities	(3,199)	2,322
Cash flows from financing activities		
Repayment of finance lease obligations	(5)	(56)
Proceeds from bank loans	36,890	25,862
Repayment of bank loans	(2,111)	(1,744)
Repayment of bonds	(5,250)	(75,000)
Increase in loan from non-controlling interests	1,128	3,697
Net cash flows generated from/(used in) financing activities	30,652	(47,241)
Net increase/(decrease) in cash and cash equivalents	23,566	(57,274)
Effect of exchange rate changes on cash and cash equivalents	523	(1,076)
Cash and cash equivalents at beginning of period	63,975	116,919
Cash and cash equivalents at end of period	88,064	58,569

Note: Cash and cash equivalents

Group

	HY2021 \$'000	HY2020 \$'000
Fixed deposits	11,206	6,301
Cash and bank balances	76,858	52,268
Cash and cash equivalents	88,064	58,569

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED STATEMENT OF CHANGES IN EQUITY

Group	Attributable to equity holders of the Company					Non-controlling Interests S\$'000	Total Equity S\$'000
	Share Capital	Foreign Currency Translation Reserve	Retained Earnings	Total			
	S\$'000	S\$'000	S\$'000	S\$'000			
Balance at 1 January 2020	86,624	326	347,787	434,737		3,422	438,159
Loss for the period	-	-	(8,063)	(8,063)		(868)	(8,931)
Other comprehensive expense							
- Foreign currency translation	-	(4,427)	-	(4,427)		66	(4,361)
Total comprehensive expense for the period	-	(4,427)	(8,063)	(12,490)		(802)	(13,292)
Balance at 30 June 2020	86,624	(4,101)	339,724	422,247		2,620	424,867
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							
- Foreign currency translation	-	7,216	-	7,216		(2,161)	5,055
Total comprehensive income 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
Company	Share Capital	Retained Earnings	Total Equity				
	S\$'000	S\$'000	S\$'000				
Balance at 1 January 2020	86,624	23,528	110,152				
Total comprehensive income for the period	-	12,111	12,111				
Balance at 30 June 2020	86,624	35,639	122,263				
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				

1(d)(ii) 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 2021 to 30 June 2021.

There are no outstanding convertible securities as at 30 June 2021 and 31 December 2020.

1(d)(iii) 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 2021 and 31 December 2020.

The total number of issued ordinary shares (excluding treasury shares) as at 30 June 2021 and 31 December 2020 was 487,734,735.

The Company did not issue any preference shares as at 30 June 2021 and 31 December 2020.

1(d)(iv) 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 were no sales, transfers, disposal, cancellation and/or use of treasury shares during the period ended 30 June 2021.

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 have been consistently applied by the Company and the Group, and are consistent with those used in the previous financial year except for the adoption of new or revised SFRS(I) that are mandatory for financial years beginning on or after 1 January 2021.

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 SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: Interest Rate Benchmark Reform - Phase 2
- Amendment to SFRS(I) 16 Leases - Covid-19-Related Rent Concessions beyond 30 June 2021

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 for, and the effect of, the change

Not applicable.

6 Earnings per ordinary 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

EARNINGS PER SHARE

	Group		
	HY2021 Cents	HY2020 Cents	Decrease %
Earnings per ordinary share attributable to equity holders of the Company for the			
(a) On a basic basis	0.35	-1.65	n.m.
(b) On a fully diluted basis	0.35	-1.65	n.m.

The above have been computed based on 487,734,735 ordinary shares for the 6 months ended 30 June 2021 and 6 months ended 30 June 2020.

**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:-
(a) current period reported on; and
(b) immediately preceding financial year**

	Group		Company	
	30/6/2021 Cents	31/12/2020 Cents	30/6/2021 Cents	31/12/2020 Cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	90.06	88.23	20.76	20.64

The above have been computed based on 487,734,735 ordinary shares in issue as at 30 June 2021 and 31 December 2020.

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 6 months period ended 30 June 2021 ("1H2021") increased by 38.4% to \$17.53 million compared to \$12.66 million for the previous corresponding period ended 30 June 2020 ("1H2020"). The increase is attributed to following significant items:

- (i) increase in sale revenue of \$5.91 from residential project, Onze@Tanjong Pagar as there was no sales recorded in 1H2020;
- (ii) increase in rental revenue of \$0.72 million mainly due to lower rental rebates given to tenants in 1H2021; offset by a decrease in hotel operation income by \$1.35 million.

Cost of properties sold in 1H2021 relates to residential project, Onze@Tanjong Pagar.

Other operating income increased by \$1.33 million to \$2.45 million in 1H2021 mainly due to grants received from governments in the countries that the Group operates in.

Personnel expenses decreased by \$0.47 million to \$5.40 million in 1H2021 mainly due to the continued job support grants received from governments and other cost rationalisation measures undertaken by the Group during COVID-19.

Depreciation of fixed assets decreased by \$0.47 million to \$2.39 million in 1H2021 mainly due to lower net book value of the property, plant equipment.

Other operating expenses increased to \$7.92 million in 1H2021 from \$6.44 million in 1H2020 mainly due to increase in operating expenses as a result of re-opening of our Group's hotels after the lockdown period.

Finance expenses comprised mainly interest on bonds and bank loans.

Finance income decreased by \$0.79 million to \$1.93 million in 1H2021 mainly due to decrease in interest bearing loans made to associated companies and joint venture companies and lower interest income earned on fixed deposit.

Fair value gain on derivative financial instruments amounting to \$1.21 million arose from the interest rate swaps in Pound Sterling and Singapore Dollars and due to increase in interest rates. 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 increased by 158.4% to \$5.77 million in 1H2021 from \$2.23 million in 1H2020. The increase was mainly due to the following relating to associated companies/joint venture companies:

- i) Increase in rental and corresponding profits; and
- ii) Higher profits recognised for development projects as a result of the resumption in construction work after COVID-19 in Singapore.

Income tax expense amounted to \$0.48 million in 1H2021 mainly due to profit before tax for 1H2021.

Taking into account all the above factors, the Group recorded a net profit after tax of \$33,000 for 1H2021, compared to a net loss after tax of \$8.93 million recorded in 1H2020.

Commentary on the Consolidated Balance Sheets

Fixed assets amounting to \$395.29 million comprised mainly hotel properties. The increase of \$8.31 million in 1H2021 was mainly due to the effect of exchange differences offset by depreciation charges recognised.

Investment in associated and joint venture companies increased to \$117.15 million in 1H2021 from \$113.57 million mainly due to the share of the results of associated companies and joint venture companies during 1H2021.

Fixed deposits, cash and bank balances totalled \$88.06 million in 1H2021 compared to \$63.98 million in FY2020. The increase is mainly due to additional bank borrowings.

The Group has two bond issues outstanding at the end of 1H2021, \$70.30 million bonds due November 2023 and \$60.75 million bond due July 2021. The latter was fully redeemed on 19 July 2021.

Total bank term loans and short-term bank loans increased from \$337.53 million in FY2020 to \$379.17 million in 1H2021 mainly as a result of additional loans.

Foreign currency translation reserve increased from \$3.83 million in FY2020 to \$11.05 million mainly as a result of the strengthening of Pound Sterling during 1H2021.

Commentary on the Cash Flow Statements

The increase in cash and cash equivalents of \$23.57 million in 1H2021 can be attributed to the following major cash inflows and outflows during 1H2021:

Cash inflows:

- net proceeds from bank loan of \$34.78 million; and
- proceeds from disposal of assets held for sale of \$1.98 million.

Cash outflows:

- net cash flows used in operating activities of \$3.89 million;
- net loans to associated and joint venture companies of \$4.72 million; and
- partial redemption of the \$5.25 million bond that was due in July 2021.

The Board has assessed that the Group's current assets and expected cash inflows, bearing any unforeseen circumstances, are adequate to meet its short-term liabilities. The Company has fully redeemed the \$60.75 million bond due on 19 July 2021.

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

Not applicable.

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 -

Halfway through Year 2 of the Global Pandemic, economic prospects for the countries of the world remain uncertain as new virus mutations and increasing mortality statistics hold back business recovery even as growing vaccine coverage encourages optimism. Global economic growth has been averagely projected at 6% in 2021, moderating to 4.4% in 2022, with ASEAN projected to hit 4.9% in 2021 and 6.1% in 2022.

Travel and Hospitality remain the worst hit sectors and although rates and occupancies have turned the corner, Heeton's 14 world-wide hotels are many months away from returning to their pre-pandemic trading levels. However, with the global vaccination now gaining momentum across the globe, it is anticipated that international tourism and business travel will resume commencing from Q4.

The residential segment of our portfolio remained resilient throughout the pandemic. Our three condominium projects - Park Colonial, Affinity @ Serangoon and Rezi24 - are now slated for completion by Q3 2022, and will be eligible for a six-month extension in respect of deadlines for the completion of residential developments, as well as a remission of the Additional Buyer's Stamp Duty. The Group's view on the residential sector remains positive, and we will continue to selectively participate in land tenders.

Elsewhere, our development projects in Paro Bhutan, Gao Bei Dian China and Leeds UK had been suspended at the height of the pandemic, but have since recommenced. We remain committed to the completion of these projects and optimistic of their eventual success.

Nevertheless, the Group continues to remain cautiously optimistic about its long-term prospects. The road to a full recovery will be a rocky one, but while we navigate our way through the challenges of the pandemic, we will remain focused on maintaining our overall viability.

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

No.

(d) Books closure date

No.

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

No dividend has been declared by the Board of the Company in respect of 1H2021 (1H2020 - 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 Negative assurance on interim financial results

The board of directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the financial results for the first half year ended 30 June 2021 to be false or misleading in any material respect.

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

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

BY ORDER OF THE BOARD

Toh Giap Eng
Executive Deputy Chairman
6 August 2021

Hoh Chin Yiep
CEO & Executive Director