HEETON

Towards New Horizons

Annual Report
2021

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 Thailand, China, Japan, Malaysia, Vietnam and the United Kingdom.

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. The Group has 13 hotels in operation worldwide as at December 2021.

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CHAIRMAN'S MESSAGE

Dear Shareholders,

I would like to present to you the annual report for Heeton Holdings Limited for the financial year ended 31 December 2021 ("FY2021").

FINANCIAL PERFORMANCE

The COVID-19 global pandemic which started in 2020 continued right through the whole of 2021, prolonging its impact across all countries including Asia and the United Kingdom ("UK"), where Heeton's real estates are located. The spread of different strains of the virus, restrictions on overseas travel and domestic movements as well as uncertain business sentiments continued to weigh down on the hospitality sector, commercial ventures and returns on property investments.

Despite the challengin circumstances, however, the Group saw a positive year-on-year turnaround in financial performance, recording a net profit before tax of $29.1 million in FY2021 compared to a net loss before tax of $26.2 million in FY2020. As a result, I am pleased to announce that we will be declaring a dividend of 0.375 cents per share for FY2021.

HOSPITALITY INVESTMENT AND DEVELOPMENT

In another bleak year for global tourism, the British Tourist Authority ("BTA") reported a 31% decline in tourist arrivals in 2021 compared to 2020. The silver lining was robust aggregate spending by inbound tourists of £6.9 billion, which represented a growth of 11% from 2020, driven largely by a much higher average length of stay.

Outside of the UK, Heeton owns hotels in Thailand and Japan. Thailand had an estimated 427,800 international tourists in 2021, a precipitous decline from 2020's 6.7 million arrivals, owing to strict enforcement of border controls. The situation was similar in Japan, which saw its lowest ever tourist arrivals of 245,900 in 2021.

These challenges notwithstanding, the Group's hospitality division surpasse performance expectations, contributing close to 60% of total revenue in FY2021. Looking ahead to 2022, we are cautiously optimistic about further business recovery. While COVID-19 has not been eradicated, it is gradually moving towards endemic status. As more people get vaccinated and countries become more resourceful in managing the health, social and economic impacts of the pandemic, leisure and business travel will return to former heights.

According to UK tourism reports compiled by Statista in February 2022, inbound visits to the UK are expected to rise from 7.1 million in 2021 to 21 million in 2022 with a relaxation of travel restrictions and a gradual return of travellers' confidence, while the International Air Transport Association has predicted travel rebound in Asia in 2022 from pent-up demand, negotiated arrangements between countries, and nations learning to better manage new variants of the COVID-19 virus.

Beyond the UK, Thailand and Japan, our hotel developments in Gaobeidian, Hebei and Bhutan continue to progress. While both countries are still in the throes of the pandemic, in the next one to two years, we should see increasing vaccination rates and natural immunity becoming effective shields against current and future strains of the virus, and ultimately the flourishing return of leisure and business visitors from abroad.

NEW CHALLENGES AHEAD

The pandemic triggered a seismic societal shift towards digitalisation, virtualisation as well as elevated safety and hygiene standards. Many innovative business practices have helped us improve our operational efficiency and will continue to do so when the global economy recovers from the pandemic. Furthermore, new ways of engaging customers – such as virtual showrooms and contactless hotel check-in – can unlock more business opportunities.

The pandemic has forced companies round the world to review the inherent strengths and long-term viability of their various businesses. Although Heeton will remain focused on our core business of real estate investment, we will be cautiously exploring opportunities in other business sectors, and looking to develop new core competencies.

In March 2022, the Group moved its Headquarters from its former home in the northern suburbs to the downtown hotspot of Paya Lebar, marking the start of a new corporate chapter.

APPRECIATION

On behalf of the Board of Directors, I would like to express our heartfelt appreciation to Mr Toh Khai Cheng, who retired as a Director and Chairman of the Board on 31 December 2021. Mr Toh is the company's Founder and has been Director of Heeton Holdings since 1976, dedicating more than four decades of hard work to growing Heeton to its current status as an international property development and investment player.

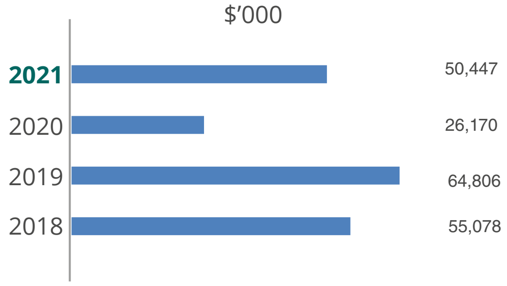
I would also like to thank our directors for their advice and support during a very difficult year, in particular Mr Chia Kwok Ping and Mr Tan Tiong Cheng who have been on the Heeton Board for many years, and will now be retiring in accordance with SGX's policy guidelines for independent directors who have been on the board for more than 9 years. We wish them every success in their future endeavours.

Finally, I would like to express my appreciation to our business partners for their loyalty and commitment, our shareholders for supporting the Group amidst unprecedented and difficult market conditions, and our staff for their effort and dedication in helping the company become more resilient this past year, to better position us for the challenges in the year ahead.

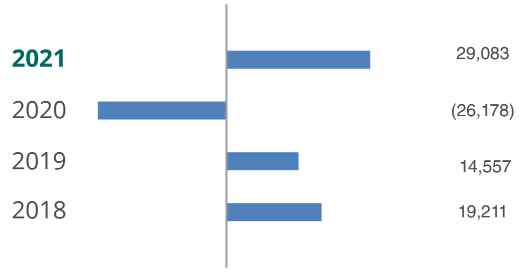
TOH GIAP ENG
Executive Chairman

FINANCIAL HIGHLIGHTS

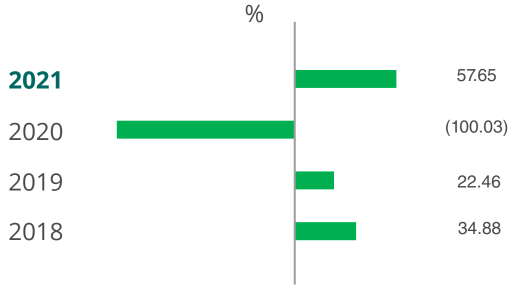
TURNOVER
$'000



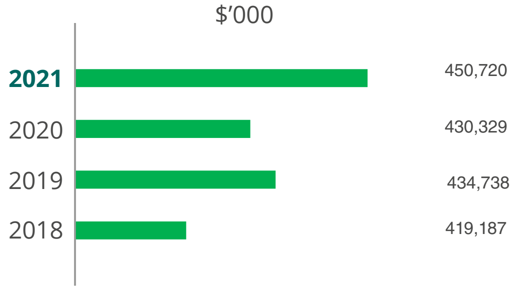
(LOSS) / PROFIT BEFORE TAX
$'000



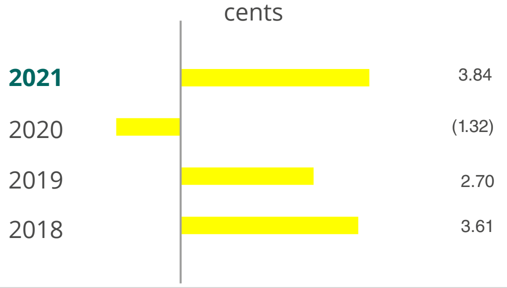
(LOSS) / PROFIT BEFORE TAX MARGIN
%



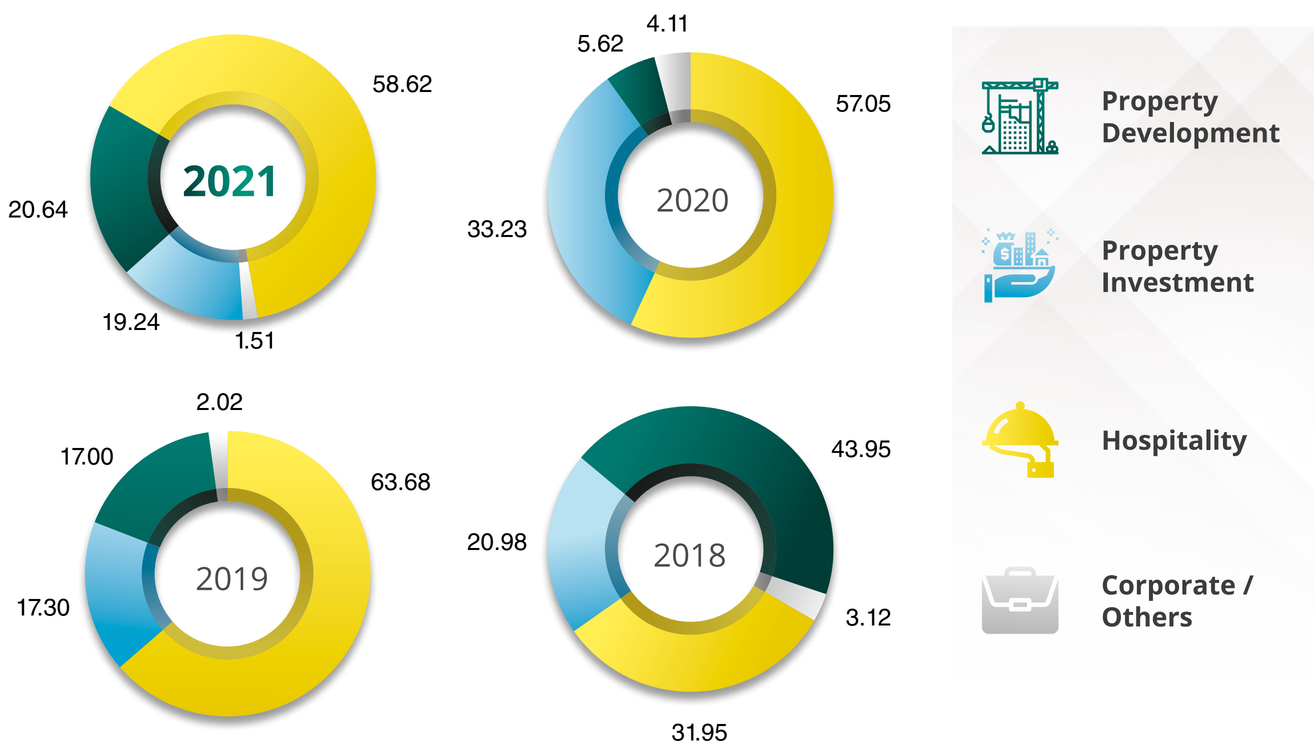
NET ASSET VALUE BEFORE NCI
$'000



EPS
cents



TURNOVER BY ACTIVITY
(%)



CEO'S MESSAGE

Dear Shareholders,

The world economy improved in 2021, and with it, the Group's annual performance figures. According to the International Monetary Fund ("IMF"), the global economy rebounded, growing 5.9% in 2021 following a contraction of -4.9% in 2020.

Our core business segments of property development, property investment and hospitality benefited from the overall pick-up in business activities, more positive consumer sentiments and a gradual resumption of travel and hospitality activities. The global air passenger market recovered in 2021 with domestic travel leading the way as travel restrictions relaxed. The traditionally busy year-end period saw an especially strong demand for air travel, notwithstanding Omicron variant-related disruptions.

The Singapore residential market was resilient with new private home sales totaling 13,118 units in 2021, the highest number since 2013. This was the result of a strong run in the local property market from July 2020 right through 2021.

GROUP'S RESPONSE TO COVID-19

While 2020 was a year of coming to grips with COVID-19 and minimising disruption to operations, Heeton's management, staff and business partners stepped up in 2021 by taking measures to restore business normalcy. Protecting the health, safety and wellness of our staff, partners and customers continued to be the top priority. We adhered strictly to government regulations and guidelines in all the countries where we operated, encouraging staff to be vaccinated, following testing and quarantine protocols, enhancing cleaning and sanitation regimes, as well as implementing safe distancing measures in all our hotels, commercial and mixed-use properties.

Throughout 2021 we continued asset enhancement initiatives and invested in staff training so as to be ready and equipped with the hardware and "heartware" to meet the pent-up demand for leisure and hospitality services as countries recover and open up. We watched our operating costs and capital expenditure very carefully to safeguard the health of our balance sheet. After paying off the Fixed Rate Notes in July 2021, we had sufficient assets to cover all short-term debt obligations.

While the global economy and Heeton's key markets performed better in 2021 compared to 2020, it will still be some time before business performance recovers to pre-pandemic levels. A World Economic Forum report in January 2022 cites the World Tourism Organisation as stating that the tourism sector is not expected to return to pre Covid levels till 2024, with the leisure travel market likely to recover more quickly than the business travel market. This will influence how hospitality operators position and market their offerings. For real estate development and investment, the pandemic has disrupted global labour movements and supplies of building materials. This is exerting upward pressure on construction costs, which may temporarily affect the financial viability of and investors' appetite for future developments.

HOSPITALITY

In the UK, England started its third national lockdown on 6 January 2021 and a hotel quarantine was implemented on 15 February 2021 for travelers arriving from 35 high-risk countries. It was only from 17 May 2021 onwards that hotels throughout the UK reopened as part of a four-stage easing of restrictions. These measures affected the Group's hotels in the country, although the full financial impact was mitigated through various government assistance schemes that our UK Subsidiaries have been tapping on since 2020.

During this period, we also took the opportunity to review the brand positioning of our UK hotels. We are pleased to confirm that the Group's London flagship, the Crowne Plaza London Kensington, has been successfully converted into the Doubletree Kensington under a franchise arrangement with the Hilton Group. We are excited to be furthering our association with the world's largest hospitality organization.

Our hotels in Thailand and Japan were badly affected by weak tourist arrivals in both countries. Thailand reopened to fully vaccinated travelers only at the start of November 2021 after 18 months of border closures and quarantine requirements that devastated its tourism industry. However, the financial impact was mitigated by the resourceful efforts on the part of local management that saw our Pattaya properties repurposed as quarantine facilities under the Government's Self-Quarantine (SQ) programme, as well as field hospitals under the Hospitel programme for COVID19 patients able to recuperate outside a full-service hospital.

For Japan, our hotel investments were buffered financially in 2021 as both our hotels were leased to local operators who have continued to pay their rental payments since the pandemic started in early 2020. The retail and residential component of the Sapporo asset performed well above expectations, achieving in excess of 90% occupancy.

The Group's development of a 236-room hotel in the Sino-Singapore Health City Project in Gaobeidian, Hebei, and an 85-room hotel resort on freehold land in Paro, Bhutan are at an advanced stage of construction. When completed, the Bhutanese resort will be one of the country's largest, situated on a 3-acre hilltop site with panoramic views of the countryside, and located close to Bhutan's international airport.

DEVELOPMENT AND INVESTMENT PROPERTIES

Construction at our three condominium projects in Singapore – Park Colonial, Affinity @ Serangoon and Rezi24 – had been delayed by the government's Circuit Breaker measures and labour crunch in the construction sector. The works picked up pace in 2021 and we are confident these residential projects will be completed by end of 2022.

We are pleased to announce that Park Colonial obtained TOP in December 2021, Rezi24 has been 100% sold and Affinity is close to being 100% sold.

As part of a consortium with two other partners, the Group was successful in a tender for the development of an Executive Condominium Housing Development project in Tampines, with a proposed configuration of 616 apartments housed in 11 Blocks of 15-storey apartments and a multi-storeyed carpark. The Group will continue to look out for development opportunities

Tampines Mart and Sun Plaza, the two Singapore-based commercial properties in our investment portfolio, proved to be resilient revenue contributors in 2021. Despite the impact on the consumer spending, both remained close to 100% occupied throughout the year, helped in no small way by the government's Jobs Support Scheme, which continues to provide wage support to employers in order to retain jobs and businesses through the COVID crisis, and the Rental Support Scheme which has helped tenants to reduce their overall operating expenses.

As part of our commitment to streamline our real estate portfolio, the Group made various strategic divestments during FY2021. The sale of the Ibis Budget Bradford Hotel was followed by the disposal of the Dry Bar, a hotel development project located in Manchester. Both properties are in the UK. Also, in May 2021, the Group together with joint venture partners entered into a put and call option agreement for sale and purchase of two development sites in Fortitude Valley, Brisbane, Australia, with a completion date in March 2022.

FINANCIAL PERFORMANCE

The Group posted a net profit before tax of $29.1 million in FY2021 on revenue of $50.4 million, compared to a net loss before tax of $26.2 million and revenue of $26.2 million in FY2020.

The hospitality segment remained the biggest contributor to the Group with revenue of $29.6 million, or 58.6% of total revenue in FY2021, as compared to $14.9 million, or 57.0% of total revenue in FY2020. Contribution from property investment was $9.7 million, up from $8.7 million in the previous year, while property development contributed $10.4 million in revenue, a significant increase compared to the $1.5 million revenue in the previous year. Collectively, the hospitality and property investment segments contributed 77.9% of the Group's revenue in FY2021, highlighting our continued strategic focus on recurring income.

APPRECIATION

We started 2021 with hopes that the COVID-19 pandemic would end or ease off quickly, but instead, it got worse as the world was hit first by the new Delta variant followed by the Omicron strain of the virus. Like most other businesses, our operations and financial performance were affected by the pandemic, particularly by the worldwide travel restrictions. However, I am confident that our team members will continue to stand by one another and adapt to the evolving environment as we had done in the past year, so that our Group emerges stronger and for the better in 2022.

I would like to offer my heartfelt thanks to the Board of Directors for their guidance through the uncharted waters of the pandemic, and in particular our pioneer Chairman, Mr Toh Khai Cheng for his long-term contributions. In addition, I would like to express my gratitude to our long-serving Independent Directors Mr Tan Tiong Cheng and Mr Chia Kwok Ping, who will be retiring this year. Their invaluable guidance over the years has helped Heeton reach where we are today.

Finally, I would also like to express my gratitude to our shareholders, customers, business associates and partners for their invaluable and unstinting support, and to our staff for their commitment and hard work during a most challenging time.

IVAN HOH
Chief Executive Officer

CORPORATE SOCIAL RESPONSIBILITY

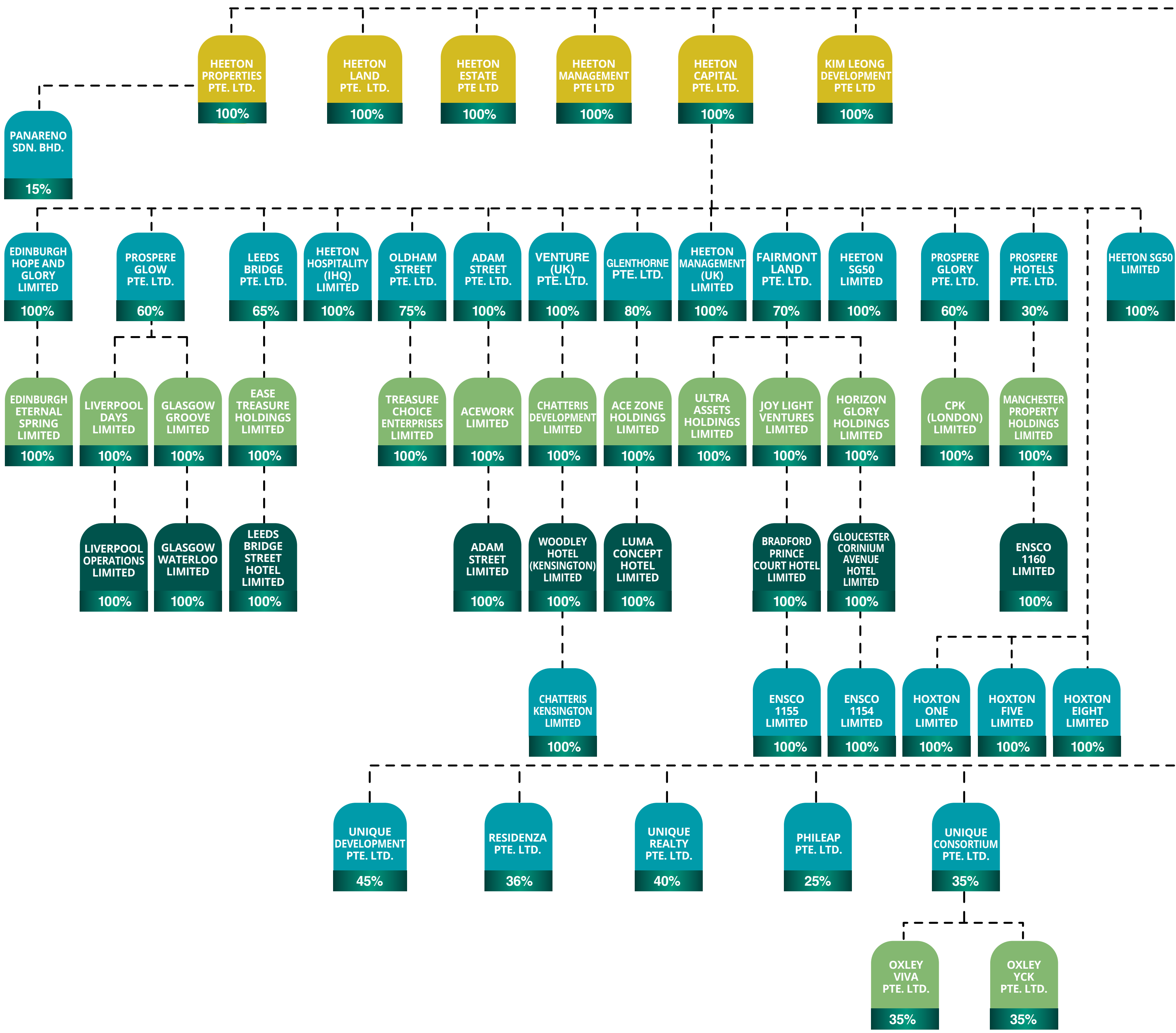
2021 remained a challenging year for many, with the continued imposition of movement restrictions and safe distancing measures arising from the Covid-19 pandemic. Nevertheless, Heeton managed to persist with its CSR efforts as part of the Group's sustainability programme, renewing its commitment to the Metta Association for the second year after the decision to adopt and support the organisation in 2020, with the aim of making a lasting and meaningful impact on its beneficiaries.

The Metta Café is an instructional facility for Metta School graduates aged 18 years and above, providing vocational training in baking, meal preparation, kitchen and customer service. In December 2021, Heeton personnel participated in a baking workshop where Metta School apprentices led attendees through the process of cupcake making. The experience gave the Metta apprentices the opportunity to practise and demonstrate teaching and baking abilities, as well as hone their social interaction skills.

On behalf of the Heeton Group, CEO Ivan Hoh took part in the 22nd Metta Charity Golf tournament held at Laguna National Golf Resort Club Group in October 2021. At this annual event participants pit their skills against each other in a friendly tournament, raising funds that will go towards supporting Metta's social causes and initiatives.

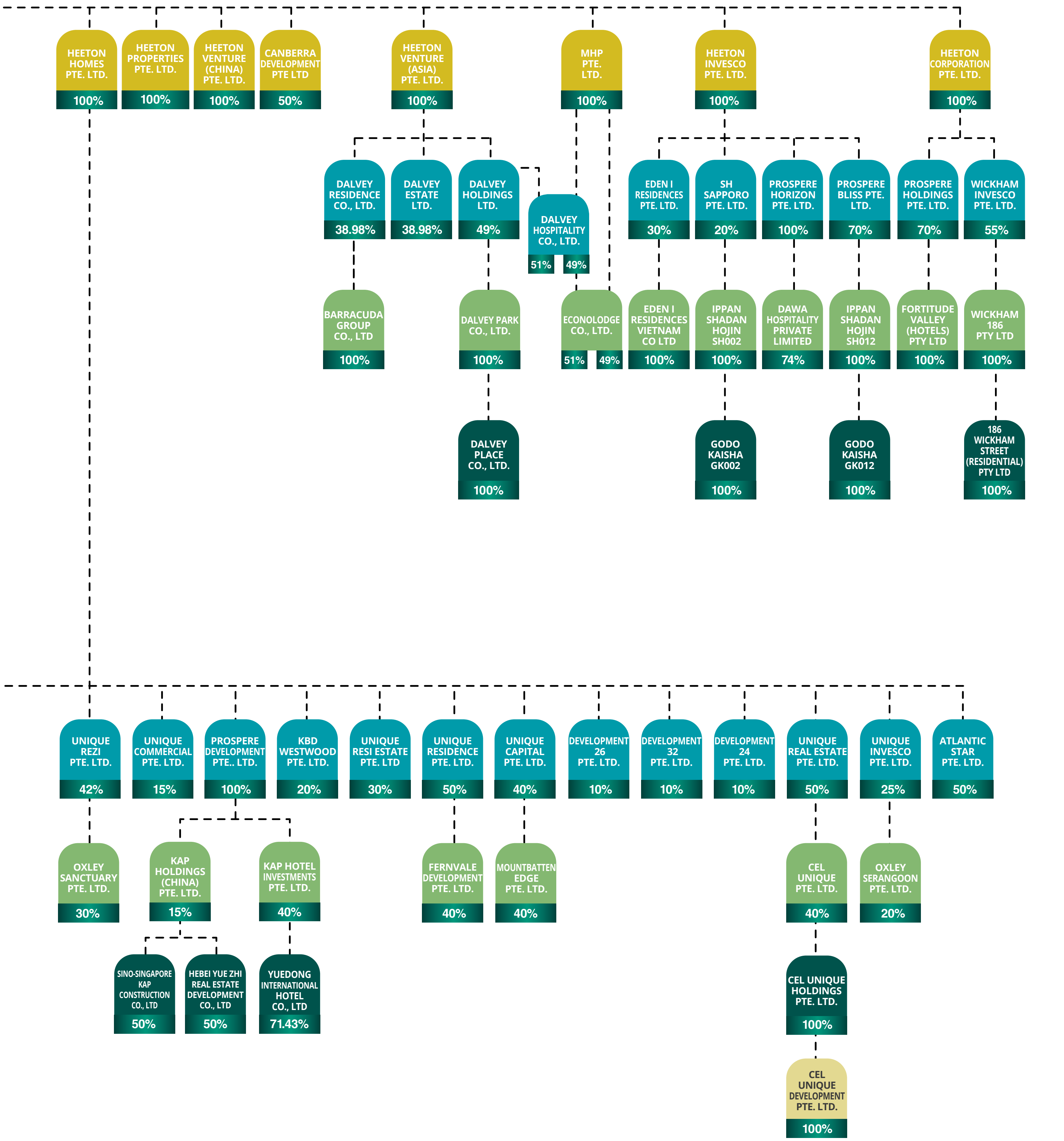
GROUP STRUCTURE

(As At 31 December 2021)



HEETON

HEETON HOLDINGS LIMITED



BOARD OF DIRECTORS

TOH GIAP ENG VINCE

Chairman, Executive Director

Formerly the Executive Deputy Chairman of the Group, Mr Toh was appointed 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.

HOH CHIN YIEP IVAN

Executive Director & Chief Executive Officer

Mr Hoh was appointed the Executive Director of the Group in 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 27 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.

TAN TIONG CHENG

Non-executive, Lead Independent Director

Mr Tan joined the Board as an independent director in April 2009. He now serves as the lead independent director. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. Mr Tan retired as Senior Adviser to Knight Frank Asia Pacific in April 2020. He has amassed an extensive and in-depth knowledge of real estate, both in the public and private sectors in the last four decades. Mr Tan also holds the role of independent director and is the Chairman of the Remuneration Committee of Straits Trading Company Limited, UOL Group Limited and Amara Holdings Limited. A Colombo Plan Scholar, he graduated top of his class with a Diploma in Urban Valuation from the University of Auckland , New Zealand. Mr Tan is also a fellow of the Singaporean Institute of Surveyors and Valuers, a fellow of the Association of Property and Facility Managers, and an associate of the New Zealand Institute of Valuers .

CHIA KWOK PING

Non-executive, Independent Director

Mr Chia was appointed independent director of Heeton Holdings Limited on 15 October 2012. He is also the Chairman of the Nominating Committee and a member of the Remuneration Committee and Audit Committee. Mr Chia brings with him over 20 years of experience in the hospitality industry, and has held senior positions in various hospitality and property investment companies. He is also currently an independent director of Amara Holdings Limited.

Richard Tan Chuan Lye

Non-executive, Independent Director

Mr Tan was appointed independent director of the Company on 9 September 2019. He is also the Chairman of the Audit Committee and a member of the Nominating Comittee and 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.

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.

KEY MANAGEMENT

TOH GIAP ENG VINCE

Executive Chairman, Executive Director

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 2 decades, and was the Group's CEO and Deputy Chairman before his appointment as Chairman in January 2022.

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 27 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.

HENG LEE CHENG CHERYL

Chief Financial Officer

Cheryl is the Chief Financial Officer of the Group. Appointed in July 2012, she is responsible for the Group's accounting, finance and leasing activities. Cheryl had several years of experience in the auditing and accounting profession before she joined the Group in April 2000. She holds a Bachelor of Accountancy from the Nanyang Technological University of Singapore and is a Chartered Accountant of Singapore.

LIU CHUN BONG EDWIN

Managing Director, United Kingdom and Europe

Edwin joined the Group in 2012. He oversees property development and investment matters in the UK and Europe. Working closely with the Singapore head office, Edwin assists the executive board in identifying opportunities in the region. He manages the operation of the Heeton UK office in London and spearheads the implementation of development projects. Edwin is a Chartered Architect of the UK with two Bachelor degrees in Architecture who has practiced for over 10 years in the UK and in South East Asia.

KOH SENG HUI ADRIAN

General Manager, Corporate

Adrian has worked in the field of asset management and investment since 1995. He joined Heeton in 2014 as part of the international operations team. As GM Corporate he oversees the Group's corporate communications and assists the Directors with acquisitions, legal proceedings, brand development and investor relations. Adrian has a law degree from King's College London University. Prior to joining Heeton he worked for two other Singaporean PLCs representing their interests overseas.

EEMIN LOH YI XUAN

Manager, Human Resources and Administration

Eemin joined the Group in March 2001 as Personal Assistant to the Deputy Chairman. In July 2010, she was appointed Manager, Human Resources and Administration. She is responsible for formulating HR and administration policies, overseeing payroll as well as staff welfare and development. Eemin holds a Graduate Diploma in Business Management from University of Bradford (UK) and Master of Social Science from Swinburne University of Technology (Australia).

(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 2021	Group's stake (%)	Launched / Expected Launch Date	Targeted Completion / Completion Date
Park Colonial	Woodleigh Lane / Residential	Leasehold	58,640	805	-	100	20	Jul-18	Dec-21
Affinity at Serangoon	Serangoon North Ave 1 / Residential and Shops	Leasehold	84,935	1,052	5	97.2	5	Jun-18	2023
REZI 24	31-51 Lorong 24 Geylang / Residential	Freehold	6,812	110	-	100	10	Mar-19	2022
Lincoln Suites	1/3 Khiang Guan Avenue / Residential	Freehold	16,826	175	N/A	99.4	25	Oct-09	Apr-14
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
To be confirmed	Tampines Street 62 / Residential	Leasehold	59,498	616	-	0	8	End 2022	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 2021	Group's stake (%)	Launched / Expected Launch Date	Targeted Completion / Completion Date
Haus[23]	Ladprao 23 Road, Ladyarw (Bangsae-nuar) Bangkhen Bangkok Thailand / Residential	Freehold	17,214	236	N/A	90.7	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	77,749	To be confirmed	N/A	-	70	To be confirmed	To be confirmed
Zhongxin Yuelang	Yongle Road, Gaobeidian City, Hebei Province, China / Residential	Freehold	341,606	To be confirmed	N/A	-	7.5	To be confirmed	To be confirmed

Onze @ Tanjong Pagar

Haus[23]

PROPERTY PORTFOLIO

Sun Plaza

Tampines Mart

(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	100.00
62 Sembawang Road	62 Sembawang Road / Transport Facilities	Estate in Perpetuity	1,239	1	100.00
Sun Plaza	30 Sembawang Drive / Retail and Commercial	Leasehold term of 99 years from 26 June 1996	14,573	131	50.00
223@Mountbatten	223 Mountbatten Road / Commercial	15 years from 20 February 2012	10,447	90	16.00

(D) Hotels and Investment Properties (Overseas)

Name of development	Location / Type of development	Tenure	Number of units	Group's stake (%)
Mercure Hotel Pattaya	484 Moo 10, Soi Pattaya Sai Song 15 off Pattaya Sai Song Road, Nongprue Subdistrict Banglamung District, Cholburi Province, Thailand / Hotel	Freehold	247 hotel rooms	86.70
Hotel Baraquda Pattaya, MGallery Collection	485/1 Moo 10, Pattaya Sai Song Road, Nongprue Subdistrict, Banglamung District, Cholburi Province, Thailand / Hotel	Freehold	72 hotel rooms	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

DoubleTree London Kensington

PROPERTY PORTFOLIO

(D) Hotels and Investment Properties (Overseas) (Cont'd)

Name of development	Location / Type of development	Tenure	Number of units	Group's stake (%)
Hampton By Hilton Leeds City Centre	1 Gower St, Leeds, United Kingdom / Hotel	Freehold	121 hotel rooms	65.00
Super Hotel Sapporo - Susukino	2-8-7 Minami , Sapporo, Japan / Hotel	Freehold	164 hotel rooms*, 66 residential & 4 retail units	20.00
Smile Hotel Asakusa Tokyo	6-35-8 Asakusa, Taito-ward, Tokyo, Japan / Hotel	Freehold	96 hotel rooms*	70.00
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 rooms	60.00
Heeton Concept Hotel – City Centre Liverpool	James Street, Liverpool, England / Hotel	Freehold	154 hotel rooms	60.00
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
To be confirmed	Yongle Road, Gaobeidian City, Hebei Province, China / Hotel	Leasehold	236 rooms	23.12

* Leased out to third party to operate

FINANCIAL CONTENTS

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 of 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 2021

	Board Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		Audit Committee Meetings	
Name of Director	**No. Held**	**No. Attended**	**No. Held**	**No. Attended**	**No. Held**	**No. Attended**	**No. Held**	**No. Attended**
Toh Khai Cheng	3	2	–	–	1	1	3	2
Toh Giap Eng	3	3	2	2	–	–	–	–
Hoh Chin Yiep	3	3	–	–	–	–	–	–
Tan Tiong Cheng	3	2	2	2	1	1	3	3
Chia Kwok Ping	3	3	2	2	1	1	–	–
Tan Chuan Lye	3	3	2	2	–	–	3	3

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.

REPORT ON CORPORATE GOVERNANCE

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 Tiong Cheng, Mr Chia Kwok Ping and Mr Tan Chuan Lye. The independent non-executive Directors make up a majority of the Board.

The Board is of the view that its size, and that of the Board Committees, and level of independence are 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 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. While the Company has not yet implemented a formal board diversity policy, during the coming year, the Board will be exploring further aspects of diversity and a compliance statement will be formally articulated in accordance with SGX-ST reporting guidelines.

The independence of each Director is reviewed annually by the Nominating Committee. Each independent Director is required to complete an independent Director's declaration form annually to confirm his independence. The Nominating Committee adopts the provisions of the Listing Rules and of the 2018 Code in its review of who can be considered as an independent Director.

The independence of any director who has served on the Board beyond nine years from the date of his appointment would be subject to particularly rigorous review. In respect of Mr Tan Tiong Cheng and Mr Chia Kwok Ping who have served the Board for more than nine (9) years, the Company obtained the approvals for the continued appointments of Mr Tan Tiong Cheng and Mr Chia Kwok Ping as Directors of the Company at the Company's Annual General Meeting ("AGM") held on 30 April 2021. In accordance with Rule 210(5)(d)(iii) of the Listing Rules, such approvals will remain valid until the earlier of their retirement or resignation, or the conclusion of the third (3rd) AGM following such approvals.

The Board noted that both Mr Tan Tiong Cheng and Mr Chia Kwok Ping will be retiring at the upcoming AGM on 27 April 2022.

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	Due for re-election at next AGM
Toh Khai Cheng[(1)]	Member of Audit Committee and Member of Remuneration Committee	7 July 1976/ 23 April 2019	Non–executive	Not applicable
Toh Giap Eng	Member of Nominating Committee	1 July 1996/ 30 April 2021	Executive	Not applicable
Tan Tiong Cheng	Chairman of Remuneration Committee, Member of Nominating Committee and Audit Committee	28 April 2009/ 30 April 2021	Non–executive/ Independent	Not applicable
Chia Kwok Ping	Chairman of Nominating Committee, Member of Remuneration Committee and Audit Committee	15 October 2012/ 30 April 2021	Non–executive/ Independent	Not applicable
Tan Chuan Lye	Chairman of Audit Committee, Member of Nominating Committee and Remuneration Committee	9 September 2019/ 19 June 2020	Non–executive/ Independent	Retirement by rotation pursuant to Article 95(2)
Hoh Chin Yiep	–	19 June 2020/ 30 April 2021	Executive	Not applicable

(1) Mr Toh Khai Cheng has retired and resigned as a Director with effect from 31 December 2021.

REPORT ON CORPORATE GOVERNANCE

Table 3: Information on Director nominated for re-election

Name of Director	**Tan Chuan Lye**
Date of Initial Appointment	9 September 2019
Date of last re-appointment (if applicable)	19 June 2020
Age	64
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
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 Master of Business Administration, Henley Management College/University of Reading Fellow Member, Association of Chartered Certified Accountants Associate Member, Institute of Chartered Management Accountants Certified Internal Auditor
Working experience and occupation(s) during the past 10 years	Adjunct Associate Professor, National University of Singapore - January 2016 to Present Partner, KPMG Singapore – April 2008 to September 2015 (retired)
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
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

Past (for the past 5 years)	None
Present	• Heeton Holdings Limited – Independent Non-Executive Director (September 2019 to Present) • Bowsprit Capital Corporation, Manager of First REIT – Independent Non-Executive Director (April 2017 to Present) • Isetan Singapore Limited – Independent Non-Executive Director (February 2019 to Present) • EFG Bank – Independent Member of the Asia Pacific Advisory Board (January 2018 to Present) • Sompo Insurance Singapore Limited – Independent Director (February 2019 to Present) • A*Star – Member, Audit Committee (February 2017 to Present)
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to the following question is "Yes", full details must be provided.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(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
(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

REPORT ON CORPORATE GOVERNANCE

(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
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that related to the securities or futures industry in Singapore or elsewhere, In connection with any matter occurring or arising during the period when you were so concerned with the entity or business trust?	No

REPORT ON CORPORATE GOVERNANCE

(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings or have been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to appointment of Director only	
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Yes First REIT, Isetan Singapore Limited
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable, this is a re-election of a director.

Role of 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 Chairman and CEO respectively. There is a clear division of responsibilities between the 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 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 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.

REPORT ON CORPORATE GOVERNANCE

The Board has appointed Mr Tan Tiong Cheng, 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 three independent non-executive Directors, namely Mr Chia Kwok Ping (Chairman), Mr Tan Tiong Cheng and Mr Tan Chuan Lye and an executive Director, Mr Toh Giap Eng. The NC has written terms of reference approved by the Board and is responsible for making recommendations to the Board on all appointments and re-appointments to the Board. The NC reviews and assesses candidates before making recommendations to the Board for appointment as Directors of the Company. In recommending new directors for appointment to the Board, the NC takes into consideration the skills and experience required to support the Group's business activities or strategies, the current composition of the Board and the size of the Board, and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skill, attributes and ability.

The NC may have recourse to both internal sources as well as external sources to draw up a list of potential candidates. Shortlisted candidates will be required to furnish their curriculum vitae, stating in detail their qualifications, working experience and employment history, and to complete certain prescribed forms to enable the NC to assess the candidate's independence status and compliance with the Company's established internal guidelines.

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 Director (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.

REPORT ON CORPORATE GOVERNANCE

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.

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 Tiong Cheng (Chairman), Mr Chia Kwok Ping and Mr Tan Chuan Lye.

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

REPORT ON CORPORATE GOVERNANCE

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.

The Company ensures that the RC has access to expert advice on the human resource matter whenever there is a need to consult externally. During the financial year under review, the Company did not appoint any external consultant. In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual employee. No Director or officer of the Company will be involved in deciding his own remuneration.

Remuneration Level and Mix

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Pursuant to the respective service contracts of the 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.

REPORT ON CORPORATE GOVERNANCE

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The compensation packages for employees including the executive Directors and the key executives comprised a fixed component, a variable component and benefits-in kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices. When determining the fixed and variable components, the individual performance is taken into consideration in the light of any annual guidance from the National Wages Council, competitive market practices and information gathered from market surveys.

For confidential reasons, the Board has not disclosed the remuneration of 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.

A breakdown, showing the level and mix of each individual Director's remuneration payable for the financial year ended 31 December 2021 is as follows:

Remuneration bands	Salary	Bonus	Fees	Other Benefits	Total
	%	%	%	%	%
Below $250,000					
Toh Khai Cheng[(1)]	–	–	100	–	100
Tan Tiong Cheng	–	–	100	–	100
Chia Kwok Ping	–	–	100	–	100
Tan Chuan Lye	–	–	100	–	100
Between S$250,000 to S$500,000					
Hoh Chin Yiep	70	17	–	13	100
Between S$500,000 to S$750,000					
Toh Giap Eng	90	8	–	2	100

(1) *Mr Toh Khai Cheng has retired and resigned as a Director with effect from 31 December 2021.*

The remuneration of the key executives of the Group who are not Directors for the financial year ended 31 December 2021 is shown in the following bands:

Remuneration bands	Salary	Bonus	Other Benefits	Total
	%	%	%	%
Below S$250,000				
Eemin Loh Yi Xuan	80	19	1	100
Adrian Koh Seng Hui	85	14	1	100
Between S$250,000 to S$500,000				
Heng Lee Cheng	68	27	5	100
Edwin Liu Chun Bong	100	–	–	100

REPORT ON CORPORATE GOVERNANCE

The Group currently only has 4 key executives who are not Directors. Key information regarding the key executives can be found under the Key Management section in this annual report. The total remuneration paid to the above key executives (who are not Directors) of the Group for the financial year ended 31 December 2021 is S$1,054,000.

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 ("FY2021").

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board and AC have reviewed the adequacy and effectiveness of the Group's internal controls systems and risks management systems that address the Group's financial, operational and compliance and information technology controls risks. Based on the internal controls established and maintained by the Group, work performed by the outsourced internal auditors and external auditors, and reviews performed by management, the AC and the Board are of the opinions that the Group's internal controls, addressing financial, operational and compliance, information technology controls risks and risk management systems, were adequate and effective as at 31 December 2021. 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.

The following have been identified as significant risk factors relevant to the Group's operations:

Interest rate risk

The Group's interest rate exposure relates primarily to the outstanding amounts of long-term debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate bank financing.

Surplus funds are placed with reputable banks.

Information relating to the Group's interest rate exposure is also disclosed in the notes to the financial statements on the Group's borrowings, including lease obligations.

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Short-term funding is from banking facilities.

REPORT ON CORPORATE GOVERNANCE

Credit risk

The carrying amount of cash and cash equivalents, trade debtors and other debtors represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risks.

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), Mr Tan Tiong Cheng and Mr Chia Kwok Ping.

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 the financial year ended 2021, the AC has held 3 meetings. Details of members and their attendance at meetings are provided in Table 1.

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

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

b. The Chairman of the AC shall be appointed by the Board and shall be an independent Director; and

c. The Board shall appoint a new member so that the number of members does not fall below three if a member, for any reason, ceases to be a member.

The duties of the AC include:

a. reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the Company's financial performance;

b. reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;

c. reviewing the assurance from the 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 whistle-blowing policy and procedures for raising such concerns.

REPORT ON CORPORATE GOVERNANCE

Whistleblowing Policy

a. The Company has a whistle-blowing 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 centralized 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 co-ordinated 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 retribution 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 organizational changes within the Group. The Audit Committee is responsible for the overall oversight and monitoring of the Policy and its implementation.

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.

REPORT ON CORPORATE GOVERNANCE

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.

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.

The Chairman of the AC, RC and NC are present at the Company's AGMs to answer those questions relating to the work of these committees. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders about the conduct of audit and the preparation and content of the auditors' report on the financial statements of the Company. All the Directors of the Company were present at the last AGM.

In view of the COVID-19 situation, the AGM in respect of the financial period ended 31 December 2020, was convened and held on 27 April 2021 ("2021 General Meeting") by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meeting for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. All Directors who were in office had attended the 2021 General Meeting. Save for the 2021 General Meeting, there were no other general meetings held in FY2021.

REPORT ON CORPORATE GOVERNANCE

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.

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.

REPORT ON CORPORATE GOVERNANCE

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 (ESG) expectations. 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 stakeholders.

In this way, the Company hopes to have good communication and engagement with all its material stakeholders.

INTERESTED PERSON TRANSACTIONS

There were no interested person transactions entered into by the Company that required disclosure under the SGX-ST's Listing Manual exceeding S$100,000 during the financial year ended 2021.

DEALINGS IN SECURITIES

The Company has adopted and implemented Rule 1207(19) of the Listing Manual issued by SGX-ST on dealings in securities. This has been made known to Directors, officers, and staff of the Company and the Group. In particular, it has been highlighted that to deal in the Company's securities as well as securities of other listed companies when the officers (Directors and employees) are in possession of unpublished material price sensitive information in relation to those securities is an offence. The officers are also discouraged from dealing in the Company's securities on short-term considerations.

Directors and key senior executives of the Group are prohibited from trading in the Company's shares during the period commencing one month before the announcement of the Company's half-year and full-year financial statements. The Company has complied with Rule 1207(19) in the financial year ended 31 December 2021.

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 2021.

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 2021 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 Tiong Cheng	–	Independent Director
Chia Kwok Ping	–	Independent Director
Tan Chuan Lye	–	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' 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:

	Direct interest		**Deemed interest**	
Name of director	**1 January 2021**	**31 December 2021**	**1 January 2021**	**31 December 2021**
The Company				
Heeton Holdings Limited				
Number of Ordinary shares				
Toh Giap Eng	62,144,373	63,519,373	135,981,838	135,981,838
Toh Gap Seng	26,652,555	26,652,555	1,883,200	1,883,200
Tan Tiong Cheng	18,000	18,000	–	–
6.80% fixed rate Notes due on November 2023				
Toh Giap Eng	\$8,200,000	\$8,200,000	\$3,600,000	–
Toh Gap Seng	\$1,400,000	\$1,400,000	–	–
Tan Tiong Cheng	\$1,400,000	\$1,400,000	–	–
Hoh Chin Yiep	\$600,000	\$600,000	–	–

DIRECTORS' STATEMENT

Directors' interests in shares or debentures (cont'd)

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2022.

By virtue of Section 7 of the Companies Act 1967, Mr 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.

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.

DIRECTORS' STATEMENT

Audit committee (cont'd)

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

Hoh Chin Yiep
Executive Director

Singapore

30 March 2022

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2021

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 2021, the consolidated statement of changes in equity, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 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 2021 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 2021, the carrying amount of the Group's investment properties was $223,809,000 which accounted for 22% 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 2021. 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 changes in market and economic conditions brought on by the COVID-19 pandemic. 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 40 *Fair value of assets and liabilities of the financial statements*.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2021

Key Audit Matters (cont'd)

Impairment assessment on carrying value of hotel properties

As at 31 December 2021, the carrying value of property, plant and equipment (collectively, "properties") mainly relating to the Group's portfolio of hotel properties, amounted to $413,591,000 and accounted for 40% 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 COVID-19 pandemic has resulted in significant amount of economic uncertainty in the current and future environment in which the Group operates. The Group's hospitality sector has been negatively impacted as a result of movement and travel restrictions. 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 brought on by the COVID-19 pandemic. 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 judgements and estimates* 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 COVID-19 pandemic. 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 heighten level of estimation uncertainty arising from the volatility in market and current economic conditions.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2021

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 conditions, the status and the impact of COVID-19 pandemic 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 heighten 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 23 *Amounts due from subsidiaries,* and Note 17 *Amounts due from associated companies and joint venture companies* 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 year ended 31 December 2021

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2021

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

30 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Revenue	4	50,447	26,170
Cost of properties sold		(5,286)	(891)
Other operating income	5	3,641	2,788
Personnel expenses	6	(14,012)	(12,970)
Depreciation of property, plant and equipment	11	(5,242)	(5,990)
Other operating expenses		(19,184)	(15,717)
Finance expenses	7(a)	(17,726)	(19,119)
Finance income	7(b)	3,868	4,555
Impairment losses on financial assets	8	(8,230)	(17,417)
Fair value gains/(losses) on derivative financial instruments	8	2,265	(2,220)
Reversal of impairment/(Impairment) of property, plant and equipment	11	32,801	(41,760)
Impairment of asset held for sale	20	(551)	–
Share of results of associated companies and joint venture companies		10,446	1,685
(Losses)/Gains from fair value adjustments of investment properties	12	(1,260)	54,584
(Loss)/Gain on disposal of property, plant and equipment		(3,306)	124
Gain on disposal of assets held for sale		412	–
Profit/(Loss) before tax	8	29,083	(26,178)
Income tax expense	9	(672)	(1,469)
Profit/(Loss) for the year		28,411	(27,647)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation		195	3,832
Other comprehensive income for the year, net of tax		195	3,832
Total comprehensive income/(loss) for the year		28,606	(23,815)
Profit/(Loss) for the year			
Attributable to:			
Owners of the Company		18,752	(6,452)
Non-controlling interests		9,659	(21,195)
		28,411	(27,647)
Total comprehensive income/(loss) for the year:			
Attributable to:			
Owners of the Company		20,391	(2,945)
Non-controlling interests		8,215	(20,870)
		28,606	(23,815)
Earnings/(Losses) per share attributable to owners of the Company (cents per share)			
Basic	10	3.84	(1.32)
Diluted	10	3.84	(1.32)

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

BALANCE SHEETS

As at 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Non-current assets					
Property, plant and equipment	11	413,591	386,983	165	192
Investment properties	12	223,809	223,977	–	–
Subsidiaries	13	–	–	24,037	24,082
Associated companies	14	18,760	16,164	–	–
Joint venture companies	15	98,738	97,409	5,000	5,000
Investment security	16	320	–	–	–
Amounts due from associated companies and joint venture companies (non-trade)	17	88,579	157,975	–	–
Intangible assets	18	109	109	–	–
Other receivables	22	47,480	29,412	18,000	–
		891,386	912,029	47,202	29,274
Current assets					
Development properties	19	20,215	35,741	–	7,067
Assets held for sale	20	17,261	4,503	–	–
Trade receivables	21	1,679	512	–	–
Other receivables	22	17,233	19,877	916	18,347
Prepayments		1,968	2,654	716	1,216
Amounts due from subsidiaries (non-trade)	23	–	–	359,020	337,599
Amounts due from related parties (trade)	23	58	17	–	–
Amounts due from associated companies and joint venture companies (non-trade)	17	44,135	3,174	2,178	1,170
Fixed deposits	24	202	14,925	–	14,765
Cash and bank balances	25	45,109	49,050	13,667	22,134
		147,860	130,453	376,497	402,298
Current liabilities					
Trade payables	26	4,624	3,822	1,644	1,726
Other payables and accruals	27	14,222	12,103	1,499	3,974
Amounts due to subsidiaries (non-trade)	23	–	–	184,041	142,207
Lease liabilities	36(b)	333	443	–	–
Bonds	28	7,030	66,000	7,030	66,000
Bank term loans	30	32,215	22,627	5,176	–
Income tax payable		3,928	5,066	475	819
		62,352	110,061	199,865	214,726
Net current assets		85,508	20,392	176,632	187,572

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

BALANCE SHEETS

As at 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Non-current liabilities					
Other payables and accruals	27	1,096	1,280	–	–
Derivative financial instruments	29	101	2,366	101	2,366
Lease liabilities	36(b)	5,555	6,237	–	–
Amounts due to associated companies and joint venture companies (non-trade)	17	46,498	49,976	39,063	38,515
Amounts due to non-controlling interests (non-trade)	32	74,219	73,080	–	–
Bonds	28	63,270	70,300	63,270	70,300
Bank term loans	30	343,961	314,904	3,231	5,000
Deferred tax liabilities	33	707	1,397	147	11
		535,407	519,540	105,812	116,192
Net assets		441,487	412,881	118,022	100,654
Equity attributable to owners of the Company					
Share capital	34	86,624	86,624	86,624	86,624
Foreign currency translation reserve	35	5,472	3,833	–	–
Retained earnings		358,624	339,872	31,398	14,030
		450,720	430,329	118,022	100,654
Non-controlling interests	13	(9,233)	(17,448)	–	–
Total equity		441,487	412,881	118,022	100,654

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 2021

	Note	Attributable to owners of the Company					
		Share capital (Note 34)	Foreign currency translation reserve (Note 35)	Retained earnings	Total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2021		86,624	3,833	339,872	430,329	(17,448)	412,881
Profit for the year		–	–	18,752	18,752	9,659	28,411
Other comprehensive income/(loss)							
- Foreign currency translation		–	1,639	–	1,639	(1,444)	195
Total comprehensive income for the year		–	1,639	18,752	20,391	8,215	28,606
At 31 December 2021		86,624	5,472	358,624	450,720	(9,233)	441,487
Balance at 1 January 2020		86,624	326	347,787	434,737	3,422	438,159
Loss for the year		–	–	(6,452)	(6,452)	(21,195)	(27,647)
Other comprehensive income							
- Foreign currency translation		–	3,507	–	3,507	325	3,832
Total comprehensive income/(loss) for the year		–	3,507	(6,452)	(2,945)	(20,870)	(23,815)
Dividend on ordinary shares	44	–	–	(1,463)	(1,463)	–	(1,463)
At 31 December 2020		86,624	3,833	339,872	430,329	(17,448)	412,881

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 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Profit/(Loss) before tax		29,083	(26,178)
Adjustments:			
Depreciation of property, plant and equipment	11	5,242	5,990
Loss/(Gain) on disposal of property, plant and equipment		3,306	(124)
Fair value (gain)/losses on derivative financial instruments	8	(2,265)	2,220
(Reversal of impairment)/Impairment of property, plant and equipment	11	(32,801)	41,760
Impairment of asset held for sale	20	551	–
Losses/(Gains) from fair value adjustments of investment properties	12	1,260	(54,584)
Gain on disposal asset held for sale		(412)	–
Impairment losses on financial assets	8	8,230	17,417
Share of results of associated companies and joint venture companies		(10,446)	(1,685)
Interest expense	7(a)	17,381	19,119
Interest income	7(b)	(3,868)	(4,555)
Unrealised exchange differences		1,717	322
Total adjustments		(12,105)	25,880
Operating cash flows before changes in working capital		16,978	(298)
Changes in working capital:			
Decrease in development properties		3,877	303
(Increase)/decrease in trade receivables		(1,198)	1,161
Increase in other receivables		(11,097)	(2,328)
Decrease in prepayments		697	317
Increase in trade payables		774	1,869
Decrease in other payables and accruals		(4,762)	(5,391)
(Decrease)/increase in amounts due from related parties, net		(41)	1
Total changes in working capital		(11,750)	(4,068)
Cash flows from/(used in) operations		5,228	(4,366)
Interest received		3,868	4,555
Interest paid, excluding amounts capitalised		(17,381)	(18,782)
Income taxes paid		(2,711)	(1,185)
Net cash flows used in operating activities		(10,996)	(19,778)

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 2021

	Note	2021 $'000	2020 $'000
Cash flows from investing activities			
Additions to property, plant and equipment	11	(13,889)	(33,162)
Proceeds from disposal of property, plant and equipment		5,951	83
Proceeds from disposal of investment property		–	1,140
Proceeds from disposal of assets held for sale		4,643	–
Dividend income from associated companies and joint venture companies		6,486	17,336
Net repayment of loan to associated companies and joint venture companies		16,906	8,231
Addition to investment security		(320)	–
Net cash flows from/(used in) investing activities		19,777	(6,372)
Cash flows from financing activities			
Proceeds from bank loans		45,171	29,152
Repayment of bank loans		(7,183)	(6,744)
Repayment of bond		(66,000)	(75,000)
Proceeds from bond issuance		–	18,550
Payments of principal portion of lease liabilities		(462)	(337)
Increase in loan from non-controlling interests		848	8,639
Dividends paid on ordinary shares of the Company	44	–	(1,463)
Restricted cash – fixed deposits pledge for bank facility	24	4,837	(6,302)
Net cash used in financing activities		(22,789)	(33,505)
Net decrease in cash and cash equivalents		(14,008)	(59,655)
Effect of exchange rate changes on cash and cash equivalents		181	409
Cash and cash equivalents at beginning of year		57,673	116,919
Cash and cash equivalents at end of year		43,846	57,673

A. Cash and cash equivalents

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

	Note	2021 $'000	2020 $'000
Fixed deposits	24	202	14,925
Cash and bank balances	25	45,109	49,050
Cash and cash equivalents per balance sheet		45,311	63,975
Restricted cash – fixed deposits pledge for bank facility	24	(1,465)	(6,302)
Cash and cash equivalents at end of year		43,846	57,673

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 2021

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 Note 13 to 15 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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 2021. 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) 3: *Reference to the Conceptual Framework*	1 Jan 2022
Amendments to SFRS(I) 1 - 16: *Property, Plant and Equipment -Proceeds before Intended Use*	1 Jan 2022
Amendments to SFRS(I) 1 - 37: *Onerous Contracts - Cost of Fulfilling a Contract*	1 Jan 2022
Annual Improvements to SFRS(I)s 2018-2020	1 Jan 2022
Amendments to SFRS(I) 1 - 1: *Classification of Liabilities as Current or Non-current*	1 Jan 2023
Amendments to SFRS(I) 10 and SFRS(I) 1 - 28 *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2. Summary of significant 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:

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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

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

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

2.5 **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. Summary of significant accounting policies (cont'd)

2.7 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

(a) *Joint operations*

The Group recognises in relation to its interest in a joint operation,

(a) its assets, including its share of any assets held jointly;

(b) its liabilities, including its share of any liabilities incurred jointly;

(c) its revenue from the sale of its share of the output arising from the joint operation;

(d) its share of the revenue from the sale of the output by the joint operation; and

(e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) *Joint ventures*

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.8.

2.8 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

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

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 associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.9 **Foreign currency**

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

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

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

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, these items are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	–	Over the remaining lease period
Freehold and leasehold buildings	–	50 years or over the remaining lease period, whichever is shorter
Plant and equipment	–	10 years
Renovations	–	5 to 6 years
Motor vehicles	–	5 to 10 years
Equipment and fixtures	–	3 to 10 years
Furniture and fittings	–	5 to 10 years
Computers	–	3 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.11 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

2.12 **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.

2.13 **Assets held for sale**

The Group classifies current and non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Current and non-current assets and disposal groups classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Investment property held for sale continues to be measured at fair value. Property, plant and equipment once classified as held for sale are not depreciated. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

2.14 **Intangible assets**

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

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

2.15 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.16 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

2.16 Financial instruments (cont'd)

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

Subsequent measurement

Investments in debt instruments

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

(i) Amortised cost

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

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt 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.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases and sales

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

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

2.16 Financial instruments (cont'd)

(b) *Financial liabilities*

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs. 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 de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.17 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.18 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

2.19 **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 2.16 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.20 **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.

2.21 **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.

2.22 **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises representing the obligations to make to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land – Over the remaining lease period

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

2.22 **Leases (cont'd)**

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

i) Right-of-use assets (cont'd)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.15.

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

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed in Note 36.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(b) *Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for rental income is set out in Note 2.24.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

2.23 **Employee benefits**

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employment leave entitlement*

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

2.24 **Revenue**

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

I *Sale of completed development property*

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

II *Sale of development property under construction*

The Group develops and sells residential and commercial properties before completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

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

2.24 **Revenue (cont'd)**

II *Sale of development property under construction (cont'd)*

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

III *Rental income*

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

IV *Hotel operation income*

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

V *Interest income*

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

VI *Rendering of services*

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

VII *Dividend income*

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

2.25 **Taxes**

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

2.25 **Taxes (cont'd)**

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

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

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

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

2.26 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 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 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.

2.28 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.29 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. Where the grant relates to income, it is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. Significant accounting estimates and judgements

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

(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 the year.

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 the financial year, 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 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 and investment property held for sale at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 31 December 2021. 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 independent valuers have considered available information as at 31 December 2021 relating to COVID-19 and have made necessary adjustments due to the COVID-19 pandemic to the valuation. Certain valuation reports also highlighted that COVID-19 pandemic may continue to affect the real estate market, and the valuation of properties should be kept under continuous review.

The key assumptions used to determine the fair value of these investment properties and sensitivity analysis are provide in Note 40.

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

3.1 Key sources of estimation uncertainty (cont'd)

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

The carrying amount of the Group's investment properties as at 31 December 2021 was $223,809,000 (2020: $223,977,000).

(b) *Revenue recognition on development properties under construction*

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar development properties, analysed by different property types and geographical areas for the past 3 to 5 years.

(c) *Income taxes*

The Group's exposure to income taxes mainly arises from Singapore. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

The carrying amount of the Group's income tax payable and deferred tax liabilities at 31 December 2021 was $3,928,000 (2020: $5,066,000) and $707,000 (2020: $1,397,000) respectively.

(d) *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, on an annual basis, whether there are trigger events indicating potential impairment. 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 COVID-19 pandemic may continue to affect the real estate market, and the valuation of properties should be kept under continuous review.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

3.1 ***Key sources of estimation uncertainty*** **(cont'd)**

(e) *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 associate companies and joint ventures companies are disclosed in Notes 14 and 15 to the financial statements respectively.

(f) *Leases - Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates such as the Group's stand-alone credit rating.

3.2 **Judgements made in applying accounting policies**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) *Classification of property*

The Group determines whether a property is classified as investment property, development property or property, plant and equipment as follows:

- Investment property comprises land and buildings (principally offices, commercial and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income or for capital appreciation, or both.

- Development property comprises property that is held for sale in the ordinary course of business. Principally, this is residential and commercial property that the Group develops and intends to sell before or on completion of construction.

- Property, plant and equipment comprises land and buildings (principally hotel properties) which are held for use in the supply of services to earn hotel operation income.

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

3.2 Judgements made in applying accounting policies (cont'd)

(b) *Classification of investments as associated companies*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

Management has determined that it does not have control or joint control over its associated companies. The Group's associated companies are disclosed in Note 14 to the financial statements.

4. Revenue

	Group	
	2021	**2020**
	$'000	$'000
Revenue from contracts with customers	40,075	17,497
Rental income from investment properties	9,704	8,047
Other rental income	668	626
	50,447	26,170

Disaggregation of revenue from contracts with customers

Segments	**Property development**		**Hospitality**		**Corporate**		**Total Revenue**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical markets								
Singapore	10,479	1,502	–	–	365	903	10,844	2,405
United Kingdom	–	–	28,913	14,934	318	158	29,231	15,092
	10,479	1,502	28,913	14,934	683	1,061	40,075	17,497
Major product or service line								
Residential properties	2,460	1,470	–	–	–	–	2,460	1,470
Commercial properties	8,019	32	–	–	–	–	8,019	32
Hotel operation income	–	–	28,913	14,934	–	–	28,913	14,934
Management fee income	–	–	–	–	683	1,061	683	1,061
	10,479	1,502	28,913	14,934	683	1,061	40,075	17,497
Timing of transfer of goods or services								
At a point in time	10,479	1,502	28,913	14,934	683	1,061	40,075	17,497

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For the financial year ended 31 December 2021

5. Other operating income

	Group 2021 $'000	Group 2020 $'000
Tentage and other rental	200	60
Management fee income from associated companies and joint venture companies	2,084	2,111
Others	1,357	617
	3,641	2,788

6. Personnel expenses

	Group 2021 $'000	Group 2020 $'000
Salaries and bonuses*	13,188	12,158
Central Provident Fund contributions	310	392
Other staff costs	514	420
	14,012	12,970

* Government grants relating to the various COVID-19 related wage support schemes available to the Group entities amounting to $291,000 (2020: $1,368,000) have been deducted from the respective staff costs reported for the year.

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

7. Finance expenses/(income)

	Note	Group 2021 $'000	Group 2020 $'000
(a) ***Finance expenses***			
Interest expense on:			
- bank loans		6,862	6,963
- lease liabilities	36c	345	337
- bonds		7,457	9,003
- advances from associated companies/joint venture companies		548	464
- advances from non-controlling interests		1,993	1,813
- others		521	539
		17,726	19,119
(b) ***Finance income***			
Interest income from financial assets measured at amortised cost:			
- fixed deposits		(65)	(254)
- loans to associated companies		(247)	(645)
- loans to joint venture companies		(1,059)	(1,251)
- promissory notes and other receivables		(2,497)	(2,405)
		(3,868)	(4,555)

8. Profit/(loss) before tax

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

	Note	Group 2021 $'000	Group 2020 $'000
Audit fees paid to:			
- auditor of the Company		328	328
- other auditors		288	284
Non-audit fees paid to:			
- auditor of the Company		42	42
- other auditors		–	92
Directors' remuneration		1,188	904
Directors' fees		364	293
Impairment losses on financial assets			
- Amount due from associated companies and joint venture companies (non-trade)	17	5,925	2,217
- Other receivables	22	2,305	15,200
(Reversal of impairment)/Impairment of property, plant and equipment	11	(32,801)	41,760
Impairment of asset held for sale	20	551	–
Property tax*		1,044	663
Lease expenses	36c	–	6
Fair value (gains)/losses on derivative financial instruments		(2,265)	2,220
Repairs and maintenance on investment properties		1,116	858

* In 2021, government grants relating to COVID-19 property tax rebate available to the Group entities amounted to $2,446,000 (2020: $2,271,000) have been deducted from property tax reported for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	Group	
	2021	**2020**
	$'000	$'000
Statement of comprehensive income:		
Current income tax:		
- Current year	2,229	1,733
- Over provision in respect of previous years	(1,669)	(78)
	560	1,655
Deferred income tax:		
- Reversal and origination of temporary differences	1	2
- Under/(Over) provision in respect of previous years	111	(188)
	112	(186)
Income tax expense recognised in profit or loss	672	1,469

Relationship between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 are as follows:

	Group	
	2021	**2020**
	$'000	$'000
Profit/(Loss) before tax	29,083	(26,178)
Tax at the domestic rates applicable to profits in the countries where the Group operates	3,968	(4,850)
Adjustments:		
Non-deductible expenses	6,057	17,244
Income not subject to taxation	(7,398)	(13,969)
Effect of tax rebate and partial tax exemption	(72)	(72)
Deferred tax assets not recognised	649	2,858
Over provision in respect of previous years	(1,558)	(266)
Share of results of associated companies and joint venture companies	(1,151)	(286)
Tax losses not allowed to be carried forward	163	786
Others	14	24
Income tax expense recognised in profit or loss	672	1,469

10. Earnings/(Losses) per share

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

Diluted earnings/(losses) per share is calculated by dividing profit/(loss) 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 profit/(loss) and share data used in the computation of basic and diluted earnings/(losses) per share for the years ended 31 December:

	Group	
	2021	**2020**
	$'000	$'000
Profit/(Loss) for the year attributable to owners of the Company used in the computation of basic earnings per share and diluted earnings per share	18,752	(6,452)
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings/(losses) per share and diluted earnings/(losses) per share computation	487,735	487,735

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For the financial year ended 31 December 2021

11. Property, plant and equipment

	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
Group									
Cost:									
At 1 January 2020	235,401	162,392	3,700	610	1,079	732	5,329	1,037	410,280
Additions	27,449	4,969	–	–	–	–	553	191	33,162
Transfer to assets held for sale (Note 20)	–	(2,623)	–	–	–	–	–	–	(2,623)
Exchange differences	5,401	3,119	–	–	1	9	70	8	8,608
At 31 December 2020 and 1 January 2021	268,251	167,857	3,700	610	1,080	741	5,952	1,236	449,427
Additions	–	13,638	–	–	103	–	91	57	13,889
Disposal	–	(9,413)	–	–	(564)	–	–	–	(9,977)
Transfer to assets held for sale (Note 20)	–	(5,909)	–	–	–	–	–	–	(5,909)
Exchange differences	3,018	(2,585)	–	–	–	2	120	13	568
At 31 December 2021	271,269	163,588	3,700	610	619	743	6,163	1,306	447,998

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

	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
Group									
Accumulated depreciation:									
At 1 January 2020	8	6,289	3,674	573	652	559	2,331	712	14,798
Charge for the year	–	4,739	26	28	138	33	837	189	5,990
Transfer to assets held for sale (Note 20)	–	(263)	–	–	–	–	–	–	(263)
Exchange differences	–	125	–	–	–	3	28	3	159
At 31 December 2020 and January 2021	8	10,890	3,700	601	790	595	3,196	904	20,684
Charge for the year (Note 8)	–	4,295	–	9	56	62	711	109	5,242
Disposal	–	(325)	–	–	(395)	–	–	–	(720)
Exchange differences	–	133	–	–	–	2	97	10	242
At 31 December 2021	8	14,993	3,700	610	451	659	4,004	1,023	25,448
Impairment:									
At 1 January 2020, 31 December 2020 and 1 January 2021	–	(41,760)	–	–	–	–	–	–	(41,760)
Reversal for the year (Note 8)	–	32,801	–	–	–	–	–	–	32,801
At 31 December 2021	–	(8,959)	–	–	–	–	–	–	(8,959)
Net carrying amount:									
At 31 December 2020	268,243	115,207	–	9	290	146	2,756	332	386,983
At 31 December 2021	271,261	139,636	–	–	168	84	2,159	283	413,591

[1] As at 31 December 2021, included in freehold and leasehold buildings is an amount of $Nil (2020: $10,130,000) which relates to expenditure for hotels in the course of construction.

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For the financial year ended 31 December 2021

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 2020	12	675	71	18	603	1,379
Additions	–	–	–	–	72	72
Disposal	–	(498)	–	–	(10)	(508)
At 31 December 2020 and 1 January 2021	12	177	71	18	665	943
Addition	–	–	–	–	49	49
At 31 December 2021	12	177	71	18	714	992
Accumulated depreciation:						
At 1 January 2020	12	326	71	18	547	974
Charge for the year	–	118	–	–	64	182
Disposal	–	(395)	–	–	(10)	(405)
At 31 December 2020 and 1 January 2021	12	49	71	18	601	751
Charge for the year	–	35	–	–	41	76
At 31 December 2021	12	84	71	18	642	827
Net carrying amount:						
At 31 December 2020	–	128	–	–	64	192
At 31 December 2021	–	93	–	–	72	165

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 a reversal of impairment of $32,801,000 (2020: impairment of $41,760,000) for the year ended 31 December 2021.

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 2021	6.5% to 11.8% (2020: 7.0% to 11.8%)	The estimated fair value varies inversely against the discount rate and terminal yield rate
	Terminal yield rate 2021	4.5% to 9.8% (2020: 5.0% to 9.8%)	

Assets held under finance leases

As at 31 December 2021, the Group and Company have motor vehicles held under finance leases with a net carrying amount of approximately $50,000 and $Nil (2020: $64,000 and $Nil) respectively.

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

Assets pledged as security

The Group's freehold and leasehold land and buildings are generally mortgaged to banks to secure banking facilities granted to the Group (Note 30).

Assets held for sale

The Group intends to dispose certain freehold and leasehold buildings and has engaged an external consultant to assist in the sale during the year. The sale is expected to be completed within a year from the reporting date. In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, a net carrying amount of approximately $5,909,000 (2020: $2,360,000) was classified as assets held for sale (Note 20).

Disposal of property, plant and equipment

In 2021, the Group sold a hotel property with a total net carrying amount of approximately $9,257,000 for a cash consideration of $5,951,000. The net loss on this disposal was recognized as part of loss on disposal of property, plant and equipment in the statement of comprehensive income.

12. Investment properties

	Group	
	2021	**2020**
	$'000	$'000
Balance sheet		
Investment properties		
Balance at beginning of year	223,977	171,976
Exchange differences	1,092	699
(Losses)/Gains from fair value adjustments recognised in profit or loss	(1,260)	54,584
Disposal of investment property	–	(1,139)
Transfer to assets held for sale (Note 20)	–	(2,143)
Balance at end of year	223,809	223,977
Statement of comprehensive income:		
Rental income from investment properties and investment property held for sale:		
- Minimum lease payments	9,704	8,047
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	2,433	597

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

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2021 and 31 December 2020. 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 40.

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For the financial year ended 31 December 2021

12. Investment properties (cont'd)

Properties pledged as security

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

The Group's investment properties as at 31 December 2021 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	71 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	
	2021	**2020**
	$'000	$'000
Unquoted equity shares, at cost	26,417	26,417
Less: Impairment losses	(2,380)	(2,335)
Carrying amount of investments	24,037	24,082
Movements of impairment losses:		
At beginning of year	2,335	2,335
Charge for the year	45	–
At end of year	2,380	2,335

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13. Subsidiaries (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2021 %	2020 %
	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 Venture (China) Pte. Ltd. (Singapore)	Dormant	100	100
*	Heeton Homes Pte. Ltd. (Singapore)	Investment holding	100	100
*	Heeton Capital Pte. Ltd. (Singapore)	Investment holding	100	100
*	MHP Pte. Ltd. (Singapore)	Investment holding	100	100
*	Heeton Invesco Pte. Ltd. (Singapore)	Investment holding	100	100
*	Heeton Corporation Pte. Ltd. (Singapore)	Investment holding	100	100
*	Kim Leong Development Pte Ltd (Singapore)	Dormant	100	100
	Held through subsidiaries			
*	Prospere Development Pte. Ltd. (Singapore)	Investment holding	100	100
*	Prospere Holdings Pte. Ltd. (Singapore)	Investment holding	70	70
**	Fortitude Valley (Hotels) Pty Ltd (Australia)	Property investment holding	70	70
*	Wickham Invesco Pte. Ltd. (Singapore)	Investment holding	55	55

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13. Subsidiaries (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2021 %	2020 %
	Held through subsidiaries (cont'd)			
**	Wickham 186 Pty Ltd (Australia)	Investment holding	55	55
**	186 Wickham Street (Residential) Pty Ltd (Australia)	Property Development	55	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
****	Ensco 1154 Limited (England & Wales)	Hotel operation	70	70

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13. Subsidiaries (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2021 %	2020 %
	Held through subsidiaries (cont'd)			
**	Joy Light Ventures Limited (British Virgin Islands)	Investment holding	70	70
****	Bradford CR Limited (previously known as Bradford Prince Court Hotel Limited) (England & Wales)	Dormant	70	70
****	Ensco 1155 Limited (England & Wales)	Hotel operation	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)	Dormant	100	100
**	Hoxton Five Limited (British Virgin Islands)	Dormant	100	100
**	Hoxton Eight Limited (British Virgin Islands)	Dormant	100	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
*****	Heeton Hospitality (IHQ) Limited (Thailand)	In liquidation	100	100
*	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

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For the financial year ended 31 December 2021

13. Subsidiaries (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2021 %	Equity interest held by the Group 2020 %
	Held through subsidiaries (cont'd)			
*	Prospere 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
*	Prospere 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
*	Prospere 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

* Audited by Ernst & Young LLP, Singapore.

** Not required to be audited in the respective country of incorporation.

*** Audited by a member firm of EY Global.

**** Audited by LB Group, United Kingdom.

***** Audited by Horwath (Thailand) Limited.

****** Audited by Brandon Kinzang and Associates, Bhutan.

******* Audited by Ferguson Maidment & Co., United Kingdom.

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.

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For the financial year ended 31 December 2021

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	(Loss)/profit allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
			$'000	$'000	$'000
31 December 2021:					
CPK (London) Limited	England & Wales	40%	(314)	(9,526)	–
Glasgow Groove Limited	England & Wales	40%	167	(456)	–
Ace Zone Holdings Limited	England & Wales	20%	(135)	(1,710)	–
Liverpool Days Limited	England & Wales	40%	(252)	(1,529)	–
Gloucester Corinium Avenue Hotel Limited	England & Wales	30%	377	1,483	–
Leeds Bridge Street Hotel Limited	England & Wales	35%	320	187	–
31 December 2020:					
CPK (London) Limited	England & Wales	40%	(9,918)	(9,212)	–
Glasgow Groove Limited	England & Wales	40%	(171)	(623)	–
Ace Zone Holdings Limited	England & Wales	20%	(1,104)	(1,575)	–
Liverpool Days Limited	England & Wales	40%	(1,277)	(1,277)	–

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 2021

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		Gloucester Corinium Avenue Hotel Limited		Leeds Bridge Street Hotel Limited	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current												
Assets	70,458	48,763	2,377	1,635	4,616	4,099	1,769	1,259	3,137	2,673	2,354	1,001
Liabilities	(3,761)	(2,091)	(10,569)	(10,614)	(30,901)	(26,796)	(14,260)	(13,709)	(7,734)	(8,290)	(1,377)	(1,228)
Net current assets/ (liabilities)	66,697	46,672	(8,192)	(8,979)	(26,285)	(22,697)	(12,491)	(12,450)	(4,597)	(5,617)	977	(227)
Non-current												
Assets	148,913	148,195	16,904	16,998	50,993	43,572	26,769	24,290	9,542	9,292	18	24
Liabilities	(112,381)	(111,950)	(9,908)	(9,607)	(28,560)	(28,810)	(15,407)	(15,040)	–	(67)	(460)	–
Net non-current assets	36,532	36,245	6,996	7,391	22,433	14,762	11,362	9,250	9,542	9,225	(442)	24
Net assets/(liabilities)	103,229	82,917	(1,196)	(1,588)	(3,852)	(7,935)	(1,129)	(3,200)	4,945	3,608	535	(203)

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	7,232	4,609	887	851	1,773	1,699	1,087	521	1,552	1,487	4,220	2,004
(Loss)/profit before income tax	(2,609)	(24,956)	383	(428)	(667)	(5,519)	(630)	(3,192)	1,010	922	918	30
Income tax expense	1,823	160	34	–	–	–	–	–	248	(185)	(5)	–
(Loss)/profit after tax	(786)	(24,796)	417	(428)	(667)	(5,519)	(630)	(3,192)	1,258	737	913	30
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive (loss)/profit	(786)	(24,796)	417	(428)	(667)	(5,519)	(630)	(3,192)	1,258	737	913	30
Other summarised information												
Net cash flows generated from/(used in) operations	207	(4,924)	1,333	1,235	(96)	1,101	(483)	(731)	654	727	969	(57)
Net cash flows (used in)/generated from financing	–	–	(1,270)	(275)	42	–	471	–	(770)	(617)	286	189
Acquisition of significant property, plant and equipment	–	–	–	–	–	–	–	27,258	–	–	–	–

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For the financial year ended 31 December 2021

14. Associated companies

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

	Group	
	2021	2020
	$'000	$'000
Econolodge Co., Ltd	12,904	13,588
Unique Development Pte. Ltd.	1,600	1,608
Unique Capital Pte. Ltd.	1,241	1,608
Unique Rezi Pte. Ltd.	1,185	1,211
Other associated companies	1,830	(1,851)
	18,760	16,164

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 $6,024,000 (2020: $5,797,000), of which $227,000 (2020: $173,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest	
			2021	2020
			%	%
	Held through subsidiaries			
**	Dalvey Estate Ltd. (Thailand)	Dormant	38.98	38.98
**	Dalvey Residence Co., Ltd. (Thailand)	Investment holding	38.98	38.98
**	Dalvey Holdings Ltd. (Thailand)	Investment holding	49.00	49.00
***	Residenza Pte. Ltd. (Singapore)	Property development	36.00	36.00
***	Unique Realty Pte. Ltd. (Singapore)	Property development	40.00	40.00
***	Unique Consortium Pte. Ltd. (Singapore)	Investment holding	35.00	35.00
***	Unique Capital Pte. Ltd. (Singapore)	Investment holding	40.00	40.00
***	Unique Development Pte. Ltd. (Singapore)	Property development	45.00	45.00

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For the financial year ended 31 December 2021

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest 2021 %	2020 %
	Held through subsidiaries (cont'd)			
***	Unique Invesco Pte. Ltd. (Singapore)	Investment holding	25.00	25.00
***	Unique Rezi Pte. Ltd. (Singapore)	Investment holding	42.00	42.00
##	Jiujiang Heeton Enterprise Limited (People's Republic of China)	Dormant	30.00	30.00
***	Unique Resi Estate Pte. Ltd. (Singapore)	Property development	30.00	30.00
** @	Dalvey Hospitality Co., Ltd. (Thailand)	Investment holding	73.99	73.99
* @	Econolodge Co., Ltd. (Thailand)	Hotel operation and property investment holding	86.74	86.74
###	KBD Westwood Pte. Ltd. (Singapore)	In liquidation	20.00	20.00
####	Eden I Residences Pte. Ltd. (Singapore)	Investment holding	30.00	30.00
***	Prospere Hotels Pte. Ltd. (Singapore)	Investment holding	30.00	30.00
***	SH Sapporo Pte. Ltd. (Singapore)	Investment holding	20.00	20.00
***	Development 24 Pte. Ltd. (Singapore)	Property development	10.00	10.00
***	Development 26 Pte. Ltd. (Singapore)	Property development	10.00	10.00
***	Development 32 Pte. Ltd. (Singapore)	Property development	10.00	10.00
#	KAP Holdings (China) Pte. Ltd. (Singapore)	Investment holding	15.00	15.00
*****	Unique Commercial Pte. Ltd. (Singapore)	Property development	15.00	15.00
#####	Panareno Sdn. Bhd. (Malaysia)	Property development	15.00	15.00
***	KAP Hotel (Investments) Pte. Ltd. (Singapore)	Investment holding	40.00	40.00

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Proportion of ownership interest 2021 %	2020 %
	Held through subsidiaries (cont'd)			
**	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
#	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
	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

14. Associated companies (cont'd)

*	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 Baoding Jiahe Certified Public Accountants Co., Ltd, People's Republic of China
#	Audited by RSM Chio Lim LLP, Singapore.
##	Not required to be audited in the respective country of incorporation.
###	Audited by Pricewaterhousecoopers LLP, Singapore.
####	Audited by CPA Link Certified Public Accountants, Singapore.
#####	Audited by Cherng & Co., Charted Accountants (M), Malaysia.
######	Audited by Orbis Legal Advisory LLP, Thailand.
#######	Audited by DFK Vietnam Auditing Company, Vietnam.
@	Classified as associated companies based on agreed terms in the shareholders agreement that the Group does not have control.
@@	Audited by Baoding Fung biao Certified Public Accountants Co., People's Republic of China

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 2021 and 2020.

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

	Group	
	2021	**2020**
	$'000	$'000
Profit/(Loss) after tax from continuing operations, representing total comprehensive income/(loss)	1,096	(1,592)

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For the financial year ended 31 December 2021

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 Capital Pte. Ltd.		Unique Rezi Pte. Ltd.	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	2,038	1,864	4,317	4,303	44	18	34	55
Non-current assets excluding goodwill	3,132	4,189	–	–	7,160	9,231	2,812	2,855
Total assets	5,170	6,053	4,317	4,303	7,204	9,249	2,846	2,910
Current liabilities	(466)	(561)	(70)	(730)	(208)	(136)	(25)	(27)
Non-current Liabilities	–	–	(691)	–	(3,893)	(5,092)	–	–
Total liabilities	(466)	(561)	(761)	(730)	(4,101)	(5,228)	(25)	(27)
Net assets	4,704	5,492	3,556	3,573	3,103	4,021	2,821	2,883
Net assets excluding goodwill	4,704	5,492	3,556	3,573	3,103	4,021	2,821	2,883
Proportion of the Group's ownership	86.74%	86.74%	45%	45%	40%	40%	42%	42%
Group's share of net assets	4,080	4,764	1,600	1,608	1,241	1,608	1,185	1,211
Negative goodwill on acquisition	(564)	(564)	–	–	–	–	–	–
Other adjustments[(1)]	9,388	9,388	–	–	–	–	–	–
Carrying amount of the investment	12,904	13,588	1,600	1,608	1,241	1,608	1,185	1,211

(1) Other adjustments comprise of fair value adjustments to the assets of the associated company.

Summarised statement of comprehensive income

	Econolodge Co., Ltd		Unique Development Pte. Ltd.		Unique Capital Pte. Ltd.		Unique Rezi Pte. Ltd.	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	1,929	2,611	–	–	–	–	–	–
Share of results of associated companies	–	–	–	–	(891)	(2,787)	(43)	(9)
Loss from continuing operations, representing total comprehensive loss	(355)	(581)	(16)	(90)	(918)	(2,814)	(62)	(23)

15. Joint venture companies

The Company's investment in joint venture companies comprises:

	Company	
	2021	**2020**
	$'000	$'000
Unquoted equity shares, at cost	5,000	5,000

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

	Group	
	2021	**2020**
	$'000	$'000
Canberra Development Pte Ltd	92,962	93,668
Unique Residence Pte. Ltd.	1,052	4,361
Unique Real Estate Pte. Ltd.	5,526	722
Other joint venture companies	(802)	(1,342)
	98,738	97,409

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	
			2021	**2020**
			%	%
*	Canberra Development Pte Ltd (Singapore)	Property investment holding	50	50
	Held through subsidiaries			
*	Phileap Pte. Ltd. (Singapore)	Property development	25	25
*	Unique Residence Pte. Ltd. (Singapore)	Investment holding	50	50
*	Unique Real Estate Pte. Ltd. (Singapore)	Investment holding	50	50
*	Atlantic Star Pte. Ltd. (Singapore)	Provision of property management 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 2021

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.

The joint venture companies have no contingent liabilities or capital commitments as at 31 December 2021 and 2020.

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.	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	6,971	8,106	16	43	240	224
Other current assets	78,211	77,148	–	–	137,538	–
Trade receivables	150	126	–	–	–	–
Current assets	85,332	85,380	16	43	137,778	224
Non-current assets	372,609	373,390	2,092	8,965	13,545	135,734
Total assets	457,941	458,770	2,108	9,008	151,323	135,958
Current liabilities	(8,536)	(8,597)	(4)	(13)	(60,042)	(3)
Non-current liabilities (excluding trade, other payables and provision)	(260,043)	(262,033)	–	(273)	(80,229)	(134,511)
Other non-current liabilities	(3,439)	(804)	–	–	–	–
Total non-current liabilities	(263,482)	(262,837)	–	(273)	(80,229)	(134,511)
Total liabilities	(272,018)	(271,434)	(4)	(286)	(140,271)	(134,514)
Net assets	**185,923**	**187,336**	**2,104**	**8,722**	**11,052**	**1,444**
Net assets excluding goodwill	**185,923**	**187,336**	**2,104**	**8,722**	**11,052**	**1,444**
Proportion of the Group's ownership	50%	50%	50%	50%	50%	50%
Group's share of net assets	92,962	93,668	1,052	4,361	5,526	722
Carrying amount of the investment	92,962	93,668	1,052	4,361	5,526	722

Summarised statement of comprehensive income

	Canberra Development Pte. Ltd.		Unique Residence Pte. Ltd.		Unique Real Estate Pte. Ltd.	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	20,628	20,320	–	–	–	–
Operating income, net	9,091	10,827	354	57	9,447	7,176
Interest income	–	–	–	–	1,386	2,491
Interest expense	(3,612)	(4,408)	–	–	(1,224)	(2,501)
Profit before tax	5,479	6,419	354	57	9,609	7,166
Income tax expense	(892)	(1,002)	–	15	–	–
Profit after tax, representing total comprehensive income	4,587	5,417	354	72	9,609	7,166

15. Joint venture companies (cont'd)

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

	Group	
	2021	**2020**
	$'000	$'000
Profit/(Loss) after tax from continuing operations, representing total comprehensive income/(loss)	2,101	(783)

16. Investment security

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
At fair value through other comprehensive income (FVTOCI)				
Unquoted equity security	320	–	–	–

The fair value of unquoted equity security measured at FVTOCI is estimated based on the net asset value disclosed in financial statements of the entity. The Group management has determined that the net asset value of this investment approximate its fair value.

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Non-current portion:				
Amounts due from associated companies	84,641	80,055	–	–
Amounts due from joint venture companies	15,380	83,437	–	–
	100,021	163,492	–	–
Less: Allowance for expected credit loss	(11,442)	(5,517)	–	–
	88,579	157,975	–	–
Current portion:				
Amounts due from associated companies	578	877	38	100
Amounts due from joint venture companies	43,557	2,297	2,140	1,070
	44,135	3,174	2,178	1,170
Amounts due to associated companies	7,435	7,325	–	–
Amounts due to joint venture companies	39,063	42,651	39,063	38,515
	46,498	49,976	39,063	38,515

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For the financial year ended 31 December 2021

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

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 2022 to 2025. These amounts are interest free except for an amount of $22,085,000 (2020: $23,744,000) denominated in Thai Baht which bear interest at 4.50% (2020: 4.50%) per annum and an amount of $20,032,000 (2020: $18,794,000) denominated in Singapore Dollars which bear interest at rates ranging from 1.00% to 5.28% (2020: 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 and are to be settled in cash. These amounts are expected to be repaid from 2022 to 2025. These amounts are interest free except for an amount of $40,712,000 (2020: $64,015,000) denominated in Singapore Dollars which bears interest at rates ranging from 1.00% to 2.30% (2020: 1.00% to 5.28%) per annum.

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 $36,500,000 (2020: $36,500,000) bear interest at 2.50% (2020: 2.50%) per annum.

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	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
At 1 January	5,517	3,300	–	–
Provision for expected credit losses (Note 8)	5,925	2,217	–	–
At 31 December	11,442	5,517	–	–

18. Intangible assets

	Goodwill
	$'000
Group	
Cost:	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	175
Accumulated impairment:	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	(66)
Net carrying amount:	
At 31 December 2020 and 31 December 2021	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
	2021	2020		
	$'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 2020 and 2021	109

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 2021 and 2020 as the amount of discounted net cash inflows attributable to the CGU was in excess of the carrying amount of the goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

19. Development properties

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Comprise of:				
Development properties under construction	20,215	28,674	–	–
Completed development properties	–	7,067	–	7,067
	20,215	35,741	–	7,067

The development properties held by the Group (excluding associated companies/joint venture companies) as at 31 December 2021 are:

Name and Location	Percentage held (%)	Tenure	Proposed Development	Development	Approximate Land Area (sq m)	Approximate Gross Floor Area (sq m)	Estimated stage of completion as at date of annual report (%) (Expected year of completion)
New York Road, Leeds, United Kingdom	70	Freehold	Commercial and residential	Proposed commercial and residential units to be confirmed	8,409	77,749	0% (to be confirmed)
186 Wickham Street Fortitude Valley, Queensland*	55	Freehold	Residential	Not applicable	2,218	28,000	0% (to be confirmed)

* In September 2021, the Group 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 sale is expected to be completed within a year from reporting date. In accordance with SFRS(I)5 *Non-current Assets Held for Sale and Discontinued Operations*, this development property and property were classified as assets held for sale at the end of the reporting period (Note 20).

20. Assets held for sale

	2021		
	Development properties	**Freehold land**	**Total**
	$'000	$'000	$'000
Group			
Cost:			
Reclassification from Development properties (Note 19)	11,903	–	11,903
Reclassification from Property, plant and equipment (Note 11)	–	5,909	5,909
Impairment:			
Charge for the year (Note 8)	–	(551)	(551)
At 31 December 2021	11,903	5,358	17,261

20. Assets held for sale (cont'd)

	2020		
	Investment properties	**Freehold and leasehold buildings**	**Total**
	$'000	$'000	$'000
Group			
Cost:			
Reclassification from Investment properties (Note 12)	2,143	–	2,143
Reclassification from Property, plant and equipment (Note 11)	–	2,623	2,623
Accumulated depreciation:			
Reclassification from Property, plant and equipment (Note 11)	–	(263)	(263)
At 31 December 2020	2,143	2,360	4,503

In 2020, the Group's wholly-owned subsidiaries, Hoxton One Limited and Hoxton Eight Limited entered into agreements for the sale of their investment properties. The sale of these investment properties were completed in 2021.

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 the end of the reporting period.

The sales were completed on 28 March 2022.

Write-down of freehold land

Immediately before the classification of the freehold land as assets held for sale, the recoverable amount was estimated, and no impairment loss was identified. Following the classification, a write-down of $551,000 was recognised to reduce the carrying amount of the assets to their fair value less costs to sell. This was recognised as impairment loss in the statement of profit or loss.

21. Trade receivables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Trade receivables	1,679	512	–	–

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.

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22. Other receivables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Non-current portion:				
Senior notes receivables	4,000	–	4,000	–
Promissory notes receivables	32,000	20,500	14,000	–
Other receivables	–	8,912	–	–
Amount due from investee company	11,480	–	–	–
	47,480	29,412	18,000	–
Current portion:				
Other receivables	35,738	17,808	19,421	16,540
Senior notes receivables	–	4,000	–	4,000
Promissory notes receivables	–	14,000	–	14,000
Less: Allowance for expected credit loss	(18,505)	(16,200)	(18,505)	(16,200)
	17,233	19,608	916	18,340
Deposits	–	269	–	7
	17,233	19,877	916	18,347

Promissory notes receivables are unsecured, with $14,000,000 which bear interest at 3.0% per annum and are repayable in 2023, or if extended, repayable in 2024 and $18,000,000 which bear interest at 3.5% repayable in 2023 (2020: $14,000,000 unsecured, bear interest at 5.0% repayable in 2021 and $20,500,000 unsecured, bear interest at 3.5% per annum and are repayable in 2022).

Senior notes receivables are unsecured, bear interest at 3% per annum and are repayable in 2023, or if extended, repayable in 2024 (2020: Unsecured, bear interest at 5% per annum and are repayable in 2021, or if extended, repayable in 2022).

Other receivables (non-current) amounting to $11,480,000 (2020: $Nil) relating to shareholder's loan to an investee company are unsecured, bear interest at 4% per annum, and are not expected to be repaid within the next 12 months, and are to be settled in cash.

Other receivables amounting to $8,300,000 (2020: $5,800,000) are unsecured and, and bear interest at 3.50% per annum. Other receivables amounting to $13,551,000 (2020: $12,141,000) are unsecured, bear interest at 5.00% (2020: 5.00%) per annum and repayable on demand. The remaining current other receivables of $13,887,000 (2020: $8,779,000) 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	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
At 1 January	16,200	1,000	16,200	1,000
Provision for expected credit losses (Note 8)	2,305	15,200	2,305	15,200
At end of year	18,505	16,200	18,505	16,200

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.

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 $248,938,000 (2020: $239,479,000) and amounts due to subsidiaries of $171,956,000 (2020: $131,255,000) which bear interest at 4.50% (2020: 4.50%) per annum. These amounts are to be settled in cash.

	Company	
	2021	**2020**
	$'000	$'000
Amounts due from subsidiaries	362,108	345,475
Less: Allowance for expected credit loss	(3,088)	(7,876)
	359,020	337,599

Expected credit loss

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

	Company	
	2021	**2020**
	$'000	$'000
At 1 January	7,876	4,924
(Write back of provision)/Provision for expected credit losses	(4,788)	2,952
At end of year	3,088	7,876

24. Fixed deposits

The fixed deposits of the Group and the Company have an average maturity of 92 days (2020: 77 days) and nil days (2020: 75 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 2021 for the Group and the Company were 0.12% (2020: 0.62%) and nil (2020: 0.63%) respectively.

Included in fixed deposits comprises restricted cash of $1,465,000 (2020: $6,302,000) pledge to banks for facilities granted to a subsidiary.

25. Cash and bank balances

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Cash at bank	45,109	49,050	13,667	22,134

26. Trade payables

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

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27. Other payables and accruals

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current portion:				
Financial liabilities:				
Accrued operating expenses	7,546	7,947	737	3,276
Rental deposits received	588	453	–	5
Other deposits received	167	713	–	572
Other payables	5,118	2,623	–	–
	13,419	11,736	737	3,853
Non-financial liabilities:				
Advance rental received	71	246	–	–
Provision for interest support	732	121	762	121
	14,222	12,103	1,499	3,974
Non-current portion:				
Financial liabilities				
Rental deposits received	1,096	1,280	–	–

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

28. Bonds

The Group has bond issue outstanding as at 31 December 2021 of $70,300,000 (2020: $66,000,000) 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.

29. Derivative financial instruments

	Group and Company			
	2021		2020	
	Outstanding notional amounts	Liabilities	Outstanding notional amounts	Liabilities
	$'000	$'000	$'000	$'000
Non-current:				
Interest rate swaps	94,135	101	90,038	2,366

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. As at 31 December 2021, the Pound Sterling interest rate swaps receive floating rate interest equal to 3-month LIBOR ranged from 0.03% to 0.23% (2020: 0.03% to 0.73%) and pay fixed rates of interest at 0.66% to 0.67% (2020: 0.66% to 0.67%). The interest rate swaps will mature in July 2024 and January 2025.

29. Derivative financial instruments (cont'd)

As at 31 December 2021, the Singapore Dollars interest rate swap receive floating rate interest equal to 3-month SOR ranged from 0.17% to 0.30% (2020: 0.16% to 0.88%) and pay fixed rates of interest at 0.55% (2020: 0.48% to 0.61%). The Singapore Dollars interest rate swaps will mature in May 2022.

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.

30. Bank term loans

Details of bank term loans are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Secured	376,176	337,531	8,407	–
Repayable:				
- not later than 1 year	32,215	22,627	5,176	–
- 1 year through 5 years	343,961	314,904	3,231	5,000
	376,176	337,531	8,407	5,000

Terms loans are generally secured by:

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

The Group's bank term loans generally bear interest at floating rates ranging from 1.38% to 3.66% (2020: 0.03% to 2.44%) above bank's fixed rates per annum during the year.

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31. Reconciliation of liabilities arising from financing activities

	1.1.2021	Cash flow	Non-cash changes		31.12.2021
			Foreign exchange movement	Other(1)	
	$'000	$'000	$'000	$'000	$'000
Bank term loans (Note 30)					
- current	22,627	37,989	–	(28,401)	32,215
- non-current	314,904	–	656	28,401	343,961
Lease liabilities (Note 36(b))					
- current	443	(139)	29	–	333
- non-current	6,237	(323)	58	(417)	5,555
Bonds (Note 28)					
- current	66,000	(58,970)	–	–	7,030
- non-current	70,300	(7,030)	–	–	63,270
Amounts due to non-controlling interests (Note 32)					
- non-current	73,080	848	291	–	74,219

	1.1.2020	Cash flow	Non-cash changes			31.12.2020
			Acquisition	Foreign exchange movement	Other(1)	
	$'000	$'000	$'000	$'000	$'000	$'000
Bank term loans (Note 30)						
- current	19,547	22,408	–	–	(19,328)	22,627
- non-current	290,612	–	–	4,964	19,328	314,904
Lease liabilities (Note 36(b))						
- current	389	(337)	–	10	381	443
- non-current	6,016	–	470	132	(381)	6,237
Bonds (Note 28)						
- current	75,000	(75,000)	–	–	66,000	66,000
- non-current	117,750	18,550	–	–	(66,000)	70,300
Amounts due to non-controlling interests (Note 32)						
- non-current	62,910	8,639	–	1,531	–	73,080

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

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

Amounts due to non-controlling interest amounting to $61,049,000 (2020: $59,691,000) are denominated in Pound Sterling, $3,339,000 (2020: $3,189,000) are denominated in Australian Dollar and $4,088,000 (2020: $4,462,000) are denominated in Japanese Yen.

Amounts due to non-controlling interests of $46,069,000 (2020: $43,566,000) bear interest at 5.00% (2020: 5.00%) per annum. Amounts due to non-controlling interests of $28,150,000 (2020: $29,524,000) 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.

33. Deferred tax liabilities

Deferred tax liabilities arose as a result of:

	Group				Company	
	Consolidated statement of financial position		Consolidated statement of comprehensive income		Statement of financial position	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities						
Provisions	147	11	1	2	147	11
Tax depreciation	560	1,386	111	(188)	–	–
	707	1,397			147	11
Deferred tax expense/(credit)			112	(186)		

As at 31 December 2021, the Group had unutilised tax losses of approximately $9,993,000 (2020: $6,175,000) available for offset against future taxable income, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which certain subsidiaries operate.

Tax consequences of proposed dividends

There are no income tax consequences (2020: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 44).

Unrecognised temporary differences relating to investments in associates

At the end of the reporting period, no deferred tax liability (2020: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's overseas associates as the overseas associates of the Group cannot distribute its earnings until it obtains the consent of the shareholders. At the end of the reporting period, the Group does not foresee giving such consent.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $15,000 (2020: $15,000).

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34. Share capital

	Group and Company			
	Number of shares issued			
	2021	2020	2021	2020
			$'000	$'000
Issued and fully paid:				
At the beginning and end of 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.

35. 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.

36. Leases

Group as a lessee

a) ***Right-of-use assets***

The Group has lease contracts for the rental of office premises and leasehold lands. These leases have an average tenure of three and 175 years 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	
	2021	2020
	$'000	$'000
Group		
As at 1 January	6,087	6,281
Exchange differences	(248)	(194)
Depreciation charge for the year	(130)	–*
As at 31 December	5,709	6,087

* Denotes amount below $1,000

36. Leases (cont'd)

Group as a lessee (cont'd)

b) ***Lease liabilities***

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Lease liabilities				
- current	333	443	–	–
- non-current	5,555	6,237	–	–
	5,888	6,680	–	–

The movements of lease liabilities during the year are disclosed in Note 31 and the maturity analysis is disclosed in Note 41(b).

c) ***Amounts recognised in profit or loss***

	Group	
	2021	**2020**
	$'000	$'000
Depreciation of right-of-use assets	130	–*
Interest expense on lease liabilities (Note 7)	345	337
Lease expenses not capitalised in lease liabilities:		
- Expenses relating to leases of short-term leases (included in other operating expenses) (Note 8)	–	6
Total amount recognised in profit or loss	475	343

* Denotes amount below $1,000.

d) ***Total cash outflow***

The Group had total cash outflows for leases of $462,000 (2020: $680,000).

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	
	2021	**2020**
	$'000	$'000
Lease payments receivables		
- not later than 1 year	5,344	6,926
- 1 year through 5 years	5,250	4,124
	10,594	11,050

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37. 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	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Income				
Interest income				
- subsidiaries	–	–	12,964	12,498
- associated companies	694	645	–	–
- joint venture companies	612	1,251	–	–
- related party	–	1,408	–	523
Management fee income				
- subsidiaries	–	–	360	399
- associated companies	498	235	84	111
- joint venture companies	2,164	2,849	2,000	2,000
- related party	106	88	–	–
Expenses				
Management fee paid to a subsidiary	–	–	1,116	1,101
Interest expenses				
- subsidiaries	–	–	9,192	7,921
- joint venture companies	548	464	548	464
Rental paid to a related party	129	89	–	–

(b) *Compensation of key management personnel*

	Group	
	2021	**2020**
	$'000	$'000
Short-term employee benefits	2,034	1,822
Central Provident Fund contributions	110	90
Other short-term benefits	98	98
	2,242	2,010
Comprise amounts paid to:		
- Directors of the Company	1,188	903
- Other key management personnel	1,054	1,107
	2,242	2,010

38. Contingencies

The Company has provided corporate guarantees to banks and financial institutions of $492,948,000 (2020: $503,946,000) 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.

39. 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	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Financial assets measured at amortised cost				
Amounts due from associated companies and joint venture companies (non-trade)	132,714	161,149	2,178	1,170
Trade receivables	1,679	512	–	–
Other receivables	64,713	49,289	18,916	18,347
Amounts due from subsidiaries (non-trade)	–	–	359,020	337,599
Amounts due from related parties (trade)	58	17	–	–
Fixed deposits	202	14,925	–	14,765
Cash and bank balances	45,109	49,050	13,667	22,134
	244,475	274,942	393,781	394,015
Financial liabilities measured at amortised cost				
Trade and other payables (current)				
Trade payables	4,624	3,822	1,644	1,726
Other payables and accruals	13,419	11,736	737	3,853
	18,043	15,558	2,381	5,579
Other payables (non-current)				
Other payables and accruals	1,096	1,280	–	–
Total trade and other payables	19,139	16,838	2,381	5,579
Loans and borrowings (current)				
Amounts due to subsidiaries (non-trade)	–	–	184,041	142,207
Lease liabilities	333	443	–	–
Bonds	7,030	66,000	7,030	66,000
Bank term loans	32,215	22,627	5,176	–
	39,578	89,070	196,247	208,207

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39. Classification of financial instruments (cont'd)

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Loans and borrowings (non-current)				
Amounts due to associated companies and joint venture companies (non-trade)	46,498	49,976	39,063	38,515
Amounts due to non-controlling interests (non-trade)	74,219	73,080	–	–
Lease liabilities	5,555	6,237	–	–
Bonds	63,270	70,300	63,270	70,300
Bank term loans	343,961	314,904	3,231	5,000
Total loans and borrowings	573,081	603,567	301,811	322,022
Total finance liabilities measured at amortised cost	592,220	620,405	304,192	327,601
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	101	2,366	101	2,366

40. 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, 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.

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

(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 (cont'd)***

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 reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Non-current bonds reasonably approximate fair values as the interest rate approximate market interest rate.

(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) Total	**Carrying amount Total**
	$'000	$'000
2021		
Liabilities		
Rental deposits	1,050	1,096
2020		
Liabilities		
Rental deposits	1,130	1,280

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40. 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			
2021			
Investment properties:			
Retail and commercial	Market comparable approach	Yield adjustments*	10% to 20%(1)
	Income approach	Capitalisation rate	4.50% to 5.25%(2)
Investment security	Net asset valuation	Note 1	Not applicable
2020			
Investment properties:			
Retail and commercial	Market comparable approach	Yield adjustments*	10% to 20%(1)
	Income approach	Capitalisation rate	4.75% to 5.25%(2)
Non-current asset held for sale	Market comparable approach	Yield adjustments*	10% to 20%(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 is determined based on fair values of the underlying assets and liabilities of the investee company.

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

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

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)*

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

		Effect of reasonably possible alternative assumptions	
	Carrying amount $'000	**Profit or loss** $'000	**Other comprehensive income** $'000
2021			
Recurring fair value measurements			
Investment properties:			
- Retail and commercial	223,809	6,714	–
2020			
Recurring fair value measurements			
Investment properties:			
- Retail and commercial	223,977	6,784	–

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

- For retail and commercial investment properties, investment property held for sale and freehold and leasehold land and buildings, the Group adjusted the yield adjustments by increasing and decreasing the adjustments by 3% depending on nature, location or condition of the specific property.

(ii) *Movements in Level 3 assets and liabilities measured at fair value*

During the year, the Group has recognised losses from fair value adjustments of investment properties which amounted to $1,260,000 (2020: gains of $54,584,000) (Note 12). The disclosure of the movement in investment properties and investment property held for sale in Note 12 constitutes a reconciliation of the movement of assets which are measured at fair value based on significant unobservable inputs.

(iii) *Valuation policies and procedures*

The senior management of the Group (the "Management") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Management reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 fair value measurement guidance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

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

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

For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

41. 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 $492,948,000 (2020: $503,946,000) relating to corporate guarantees provided by the Company to the banks and financial institutions on subsidiaries, joint ventures and associated companies' credit facilities.

41. 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, 37% and 63% (2020: 29% and 71%) of the Group's trade receivables were due from customers located in Singapore and the United Kingdom respectively.

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 2020 and 31 December 2021 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. The ECL allowance in respect of these balances are disclosed in Note 21.

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 2021

41. 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% (2020: 15%) of the Group's loans and borrowings (Note 39) 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			
2021			
Non-derivative financial assets:			
Amounts due from associated companies and joint venture companies (non-trade)	–	90,750	90,750
Trade receivables	1,679	–	1,679
Other receivables	18,085	49,179	67,264
Amounts due from related parties (trade)	58	–	58
Amounts due from associated companies and joint venture companies (non-trade)	44,868	–	44,868
Fixed deposits	202	–	202
Cash and bank balances	45,109	–	45,109
Total undiscounted financial assets	110,001	139,929	249,930
Non-derivative financial liabilities:			
Trade payables	4,624	–	4,624
Other payables and accruals	14,222	1,096	15,318
Lease liabilities	333	5,555	5,888
Loans and borrowings	47,348	560,819	608,167
Total undiscounted financial liabilities	66,527	567,470	633,997
Total net undiscounted financial asset/(liabilities)	43,474	(427,541)	(384,067)

41. 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			
2020			
Non-derivative financial assets:			
Amounts due from associated companies and joint venture companies (non-trade)	–	157,975	157,975
Trade receivables	512	–	512
Other receivables	19,877	29,412	49,289
Amounts due from related parties (trade)	17	–	17
Amounts due from associated companies and joint venture companies (non-trade)	3,174	–	3,174
Fixed deposits	14,925	–	14,925
Cash and bank balances	49,050	–	49,050
Total undiscounted financial assets	87,555	187,387	274,942
Non-derivative financial liabilities:			
Trade payables	3,822	–	3,822
Other payables and accruals	11,736	1,280	13,016
Lease liabilities	311	68,378	68,689
Loans and borrowings	96,965	539,977	636,942
Total undiscounted financial liabilities	112,834	609,635	722,469
Total net undiscounted financial asset/(liabilities)	(25,279)	(422,248)	(447,527)

	1 year or less $'000	1 to 5 years $'000	Total $'000
Company			
2021			
Non-derivative financial assets:			
Other receivables	916	–	916
Amounts due from subsidiaries (non-trade)	359,020	–	359,020
Amounts due from associated companies and joint venture companies (non-trade)	2,178	–	2,178
Fixed deposits	–	–	–
Cash and bank balances	13,667	–	13,667
Total undiscounted financial assets	375,781	–	375,781
Non-derivative financial liabilities:			
Trade payables	1,644	–	1,644
Other payables and accruals	1,499	–	1,499
Loans and borrowings	230,528	111,165	341,693
Total undiscounted financial liabilities	233,671	111,165	344,836
Total net undiscounted financial assets/(liabilities)	142,110	(111,165)	30,945

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

41. 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			
2020			
Non-derivative financial assets:			
Other receivables	18,347	–	18,347
Amounts due from subsidiaries (non-trade)	337,599	–	337,599
Amounts due from associated companies and joint venture companies (non-trade)	1,170	–	1,170
Fixed deposits	14,765	–	14,765
Cash and bank balances	22,134	–	22,134
Total undiscounted financial assets	394,015	–	394,015
Non-derivative financial liabilities:			
Trade payables	1,726	–	1,726
Other payables and accruals	3,853	–	3,853
Loans and borrowings	249,063	130,276	379,339
Total undiscounted financial liabilities	254,642	130,276	384,918
Total net undiscounted financial assets/(liabilities)	139,373	(130,276)	9,097

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	
	2021 $'000	2020 $'000
Financial guarantees	492,948	503,946

(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 (2020: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $2,221,000 (2020: $2,016,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

41. 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	1 to 5 Years	Total
		$'000	$'000	$'000
Group				
2021				
Floating rate				
Bank term loans	30	32,215	343,961	376,176
2020				
Floating rate				
Bank term loans	30	22,627	314,904	337,531
Company				
2021				
Floating rate				
Bank term loans	30	5,176	3,231	8,407
2020				
Floating rate				
Bank term loans	30	–	5,000	5,000

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. Interests on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and Company that are not included in the above tables are not subject to material interest rate risks.

(d) ***Foreign currency risk***

The Group's foreign currency risk arises mainly from the Group's operations in Thailand, Australia and London. The results and financial position of foreign operations are translated into SGD as disclosed under Note 2.9(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 2021

41. 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	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Pound Sterling ("GBP")	27,346	16,201	6,834	1,256
Japanese Yen ("JPY')	2,160	1,886	4	4
Australian dollar ("AUD")	1,040	1,959	377	1,236
US dollar ("USD")	330	664	330	664
Bhutanese Ngultrum ("BTN")	3	6,138	–	–

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.

		2021		2020	
		Profit/(loss) net of tax	**Equity**	**Profit/(loss) net of tax**	**Equity**
		$'000	$'000	$'000	$'000
AUD	- strengthened 3% (2020: 3%)	3	87	2	42
	- weakened 3% (2020: 3%)	(3)	(87)	(2)	(42)
GBP	- strengthened 3% (2020: 3%)	157	(3,927)	421	(4,497)
	- weakened 3% (2020: 3%)	(157)	3,927	(421)	4,497
THB	- strengthened 3% (2020: 3%)	1	736	12	735
	- weakened 3% (2020: 3%)	(1)	(736)	(12)	(735)
JPY	- strengthened 3% (2020: 3%)	12	647	19	1,410
	- weakened 3% (2020: 3%)	(12)	(647)	(19)	(1,410)
BTN	- strengthened 3% (2020: 3%)	11	151	12	179
	- weakened 3% (2020: 3%)	(11)	(151)	(12)	(179)

42. 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 2021 and 31 December 2020.

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.

		Group	
	Note	**2021**	**2020**
		$'000	$'000
Trade and other payables	39	19,139	16,838
Loans and borrowings	39	573,081	603,567
Less:			
Cash and cash equivalents		(43,846)	(57,673)
Net debt		548,374	562,732
Equity attributable to owners of the Company		450,720	430,329
Capital and net debt		999,094	993,061
Gearing ratio		55%	57%

43. Segment information

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

I. The property investment segment is engaged in the leasing of residential, retail and commercial properties.

II. The property development segment is involved in the development and sale of private residential properties.

III. The corporate segment is involved in Group-level corporate services and treasury functions.

IV. The hospitality segment is involved in hotel operations and related services.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

43. Segment information (cont'd)

Geographical information

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

	Revenue		Non-current assets	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Singapore	18,791	8,571	419,582	394,938
United Kingdom	30,988	16,988	386,246	424,207
Others	668	611	85,007	92,884
	50,447	26,170	890,835	912,029

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

	Property investment	Property development	Corporate	Hospitality	Elimination	Note	Consolidated
	$'000	$'000	$'000	$'000	$'000		$'000
31 December 2021							
Revenue:							
Sales to external customers	9,704	10,412	760	29,571	–		50,447
Inter-segment revenue	887	–	4,572	8,393	(13,852)	A	–
	10,591	10,412	5,332	37,964	(13,852)		50,447
Results:							
Finance income	–	–	34,688	–	(30,820)	A	3,868
Finance expense	(2,213)	–	(34,383)	(11,310)	30,525	A	(17,381)
Fair value gain on derivative financial instruments	–	–	2,265	–	–		2,265
Reversal of impairment of property, plant and equipment	–	–	–	32,801	–		32,801
Impairment of asset held for sale	–	–	–	(551)	–		(551)
Gains from fair value adjustments of investment properties	(1,260)	–	–	–	–		(1,260)
Depreciation of property, plant and equipment	(23)	–	(277)	(4,942)	–		(5,242)
Impairment losses on financial assets	–	(5,925)	(2,305)	–	–		(8,230)
Share of results of associated companies/joint venture companies	2,365	7,600	(88)	569	–		10,446
Segment profit/(loss) before tax	4,252	7,105	(3,424)	21,445	(295)	B	29,083
Assets:							
Investment in associated companies/ joint venture companies	95,441	7,964	66	14,027	–		117,498
Additions to non-current assets[1]	–	–	12,120	1,894	–		14,014
Segment assets	261,523	140,809	1,104,576	560,088	(1,027,750)	C	1,039,246
Segment liabilities	180,675	38,668	1,111,614	313,117	(1,046,315)	D	597,759

[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 2021

43. Segment information (cont'd)

	Property investment $'000	Property development $'000	Corporate $'000	Hospitality $'000	Elimination $'000	Note	Consolidated $'000
31 December 2020							
Revenue:							
Sales to external customers	8,695	1,470	1,076	14,929	–		26,170
Inter-segment revenue	850	–	3,743	7,647	(12,240)	A	–
	9,545	1,470	4,819	22,576	(12,240)		26,170
Results:							
Finance income	–	–	32,745	–	(28,190)	A	4,555
Finance expense	(2,006)	–	(33,968)	(11,010)	27,865	A	(19,119)
Fair value loss on derivative financial instruments	–	–	(2,220)	–	–		(2,220)
Impairment of property, plant and equipment	–	–	–	(41,760)	–		(41,760)
Gains from fair value adjustments of investment properties	54,584	–	–	–	–		54,584
Depreciation of property, plant and equipment	(50)	–	(411)	(5,529)	–		(5,990)
Impairment losses on financial assets	(600)	–	(15,200)	(1,617)	–		(17,417)
Share of results of associated companies/joint venture companies	1,583	2,013	(30)	(1,881)	–		1,685
Segment profit/(loss) before tax	58,520	2,523	(12,045)	(74,851)	(325)	B	(26,178)
Assets:							
Investment in associated companies/joint venture companies	95,274	6,257	(18)	12,060	–		113,573
Additions to non-current assets[1]	–	–	774	32,858	–		33,632
Segment assets	237,492	166,046	1,125,866	579,041	(1,065,963)	C	1,042,482
Segment liabilities	141,536	39,015	1,134,587	312,104	(997,641)	D	629,601

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

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:

	2021 $'000	2020 $'000
Finance expenses	30,525	27,865
Finance income	(30,820)	(28,190)
	(295)	(325)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

43. Segment information (cont'd)

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

	2021 $'000	2020 $'000
Investment in subsidiaries	(166,275)	(132,950)
Intangible assets	109	109
Property, plant and equipment	15,151	(33,379)
Development properties	(594)	1,440
Intra-group loans	(876,141)	(901,183)
	(1,027,750)	(1,065,963)

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

	2021 $'000	2020 $'000
Intra-group loans	(1,046,315)	(997,641)

44. Dividend

	Group and Company	
	2021 $'000	2020 $'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2020: Nil cents (2019: 0.30 cents) per share	–	1,463
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 2021: 0.375 cents (2020: Nil) per share	1,829	–

45. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 30 March 2022.

STATISTICS OF SHAREHOLDERS

As at 18 March 2022

SHARE CAPITAL

Number of Issued shares	:	487,734,735
Issued and fully paid-up capital	:	S$87,032,525.674
Class of Shares	:	Ordinary shares
Number of Treasury Shares held	:	Nil
Number of subsidiary holdings held	:	Nil
Voting rights	:	One vote per share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 18 March 2022, approximately 23.29% 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 18 MARCH 2022

(According to Register of Substantial Shareholders)

	Name of Substantial Shareholder	Direct Interest	%	Deemed Interest	%
1.	Heeton Investments Pte Ltd	134,781,838	27.63	–	–
2.	Hong Heng Company Private Limited	81,984,600	16.81	–	–
3.	Toh Khai Cheng(1)	34,126,588	7.00	216,766,438	44.44
4.	Toh Giap Eng(2)	63,519,373	13.02	135,981,838	27.88
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 Heeton Investments 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 Heeton Investments Pte Ltd and 1,200,000 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 18 March 2022

ANALYSIS OF SHAREHOLDINGS AS AT 18 MARCH 2022

Range of Shareholdings	Number of Shareholders	Percentage	No of Shares	Percentage
1 - 99	11	1.24	271	0.00
100 - 1,000	18	2.03	8,118	0.00
1,001 - 10,000	228	25.76	1,443,794	0.30
10,001 - 1,000,000	600	67.80	43,919,404	9.00
1,000,001 and above	28	3.17	442,363,148	90.70
TOTAL	885	100.00	487,734,735	100.00

MAJOR SHAREHOLDERS AS AT 18 MARCH 2022

No	Name of Shareholder	Number of Shares Held	Percentage
1	Heeton Investments Pte Ltd	134,781,838	27.63
2	Hong Heng Co Pte Ltd	81,984,600	16.81
3	Toh Giap Eng	63,519,373	13.02
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	11,328,800	2.32
8	United Overseas Bank Nominees Pte Ltd	7,683,300	1.58
9	DBS Nominees Pte Ltd	7,570,439	1.55
10	Maybank Securities Pte Ltd	6,330,650	1.30
11	Teo Cheng Tuan Donald	6,200,000	1.27
12	CGS-CIMB Securities (Singapore) Pte Ltd	4,689,526	0.96
13	OCBC Securities Private Limited	4,375,099	0.90
14	Citibank Nominees Singapore Pte Ltd	4,004,200	0.82
15	Ng Wee Chu	2,878,215	0.59
16	Morph Investments Ltd	2,310,000	0.47
17	Tan Swee Lang	1,865,685	0.38
18	Lim and Tan Securities Pte Ltd	1,804,000	0.37
19	Raffles Nominees (Pte) Limited	1,709,350	0.35
20	Yap Joke Soon	1,615,000	0.33
		432,429,218	88.66

NOTICE OF ANNUAL GENERAL MEETING

HEETON HOLDINGS LIMITED

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 60 Paya Lebar Road, #08-36, Paya Lebar Square, Singapore 409051, and will be by way of live webcast or audio-only tele-conferencing, on Wednesday, 27 April 2022 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 2021 and the Directors' Statement and the Auditors' 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 2021. **Resolution 2**

3. To approve Directors' fees of S$226,000 for the financial year ended 31 December 2021. (2020: S$206,100) **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. *(See Explanatory Note)* **Resolution 4**

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

   (i) Tan Tiong Cheng
   (ii) Chia Kwok Ping

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

SPECIAL BUSINESS

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

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 6**

   (a) (i) allot and issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

PROVIDED THAT

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

(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, provided that the share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

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

Adjustments in accordance with the above Paragraph 2(i) is only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time this Resolution is passed;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. *(See Explanatory Note)*

8. To transact any other business.

BY ORDER OF THE BOARD

TOH GIAP ENG
Executive Chairman

Singapore
1 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

Resolution 4

Mr Tan Chuan Lye, Chairman of the Audit Committee, a member of the Nominating Committee and a member of Remuneration Committee, will continue to serve in these capacities if re-elected as a Director of the Company, and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Resolution 6

Resolution 6, if passed, save as may otherwise be permitted by the SGX-ST, will empower the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total 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 issued other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares (excluding treasury shares and subsidiary holdings (if any)) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings (if any)) in the capital of the Company at the time that this resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that this resolution is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Notes:

1. The Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement.

3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

   Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

   CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 14 April 2022.

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

5. The instrument appointing the Chairman of the AGM as proxy that has been executed by a Member, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof), must be submitted via email to gpc@mncsingapore.com, not less than 72 hours before the time set for holding the meeting.

Personal Data Privacy

By pre-registering for the webcast and/or the audio-only tele-conferencing, submitting an instrument appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, your consent to the collection, use and disclosure of your personal data by the Company (or its agents or service providers) for the purpose (i) administering the webcast and/or the audio-only tele-conferencing (including, but not limited to, verifying your identity and shareholding status, registering an account for you to access the webcast and/or the audio-only tele-conferencing, facilitating and administering the webcast and audio-only tele-conferencing and disclosing your personal data to the Company's agents or third-party service provider for any such purposes), (ii) the processing of any questions submitted to the Company, (iii) the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

HEETON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration number: 19760387M)

PROXY FORM – ANNUAL GENERAL MEETING

IMPORTANT

1. The Annual General Meeting ("**AGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
4. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 14 April 2022.

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

of ____ (Address)

being a member/members of HEETON HOLDINGS LIMITED (the "**Company**") hereby appoint the Chairman of the AGM of the Company as my/our proxy to attend and vote for me/us on my/our behalf at the AGM of the Company to be held at 60 Paya Lebar Road, #08-36, Paya Lebar Square, Singapore 409051, Wednesday, 27 April 2022 at 10.00 a.m., by way of live webcast or audio-only tele-conferencing, and at any adjournment thereof.

(Voting will be conducted by poll. Please indicate with an "X" in the relevant spaces provided if you wish to cast all your shares "For" or "Against" or "Abstain" from voting on the resolutions as set out in the notice of the AGM. If you wish to vote some of your shares "For" and some of your shares "Against", or "Abstain" from voting some of your shares on the relevant resolution, please insert the relevant number of shares in the relevant spaces. **In the absence of specific directions of a resolution, the appointment of the Chairman of the AGM as proxy for that 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 2021 and the Directors' Statement and the Auditors' 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 2021.			
3.	To approve Directors' fees of S$226,000 for the financial year ended 31 December 2021. (2020: S$206,100)			
4.	To re-elect Mr Tan Chuan Lye retiring by rotation pursuant to Article 95(2) of the Company's Constitution.			
5.	To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.			
	Special Business			
6.	To authorise the Directors to allot and issue new shares.			

Dated this __________ day of ______________ 2022

Total number of Shares

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

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

3. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

4. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 14 April 2022.

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

6. The instrument appointing the Chairman of the AGM as proxy must be submitted via email to gpc@mncsingapore.com, not less than 72 hours before the time appointed for the holding of the meeting.

7. The instrument appointing the Chairman of the AGM as proxy must be under the hand of appointer or of his attorney duly authorized in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

8. Where the instrument appointing the Chairman of the AGM as proxy is signed by an attorney, the letter or power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) be stamped and be submitted via email to gpc@mncsingapore.com, not less than 72 hours before the time for the holding of the meeting and/or any adjournment thereof.

9. Any alteration made to the instrument appointing the Chairman of the AGM as proxy should be initialled by the person who signs it.

General: The Company shall be entitled to reject an instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument appointing the Chairman of the AGM as proxy if the member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy: By submitting an instrument appointing the Chairman of the AGM as proxy, the Member accepts and agrees to the personal data privacy terms set out in the notice of AGM.

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 Tiong Cheng (Lead Independent)
Chia Kwok Ping (Independent)
Tan Chuan Lye (Independent)

Audit Committee
Tan Chuan Lye (Chairman)
Tan Tiong Cheng
Chia Kwok Ping

Nominating Committee
Chia Kwok Ping (Chairman)
Tan Chuan Lye
Tan Tiong Cheng
Toh Giap Eng

Remuneration Committee
Tan Tiong Cheng (Chairman)
Chia Kwok Ping
Tan Chuan Lye

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
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

HEETON

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