



HEETON HOLDINGS LIMITED

(Company Registration No. 197601387M)
(Incorporated in the Republic of Singapore)

Press Release
(For Immediate Release)

**HEETON CONTINUES TO BUILD RECURRING INCOME
BASE AND REPORTS NET PROFIT OF S\$2 MILLION**

Singapore, 6 August 2015 – SGX Mainboard listed Property Development and Investment Group, Heeton Holdings Limited (“Heeton” or the “Group”), is pleased to announce its set of financial results for the half year ended 30 June 2015 (“HY2015”).

Heeton's turnover declined 36.7% from S\$25.44 million for the half year ended 30 June 2014 (“HY2014”) to S\$16.11 million in HY2015. This was mainly due to higher revenue contribution from two residential projects, Onze@Tanjong Pagar and the Earlington in London in HY2014. During the period under review, the Group also saw an increase in revenue from the newly acquired properties, serviced office building, Adam House and Hotel ibis Styles London Kensington in London.

Cost of properties sold declined 71.6% as a result of lower contribution from residential projects over HY2014. Other operating expenses declined 18.1% from S\$5.39 million to S\$4.42 million in HY2015, as higher sales and marketing expenses relating to Onze@Tanjong Pagar and Earlington as well as expenses relating to the S\$60.0 million bond issued in HY2014. Nevertheless, the Group also witnessed an increase in expenses relating to the operations of its newly acquired properties - Adam House and Hotel ibis Styles London Kensington.

Personnel expenses increased 39.4% to S\$2.64 million in HY2015 due to increased headcount following the commencement of operations of Adam House and Hotel ibis Styles London Kensington in London. Additionally, finance expenses for Heeton had increased to S\$7.69 million in HY2015 as a result of loan interest arising from the properties, Adam

House and Hotel ibis Styles London Kensington as well as higher bond interest expense from the additional bond drawdown of S\$60.00 million in June 2014.

Share of profits from associated companies/joint venture companies increased 265.2% to S\$18.68 million in HY2015, mainly due to progressive profit recognition of the various residential projects under the Group's associated companies as well as fair value gain from an investment property of a joint venture company of approximately S\$12.50 million after the completion of its refurbishment in 2Q2015.

For the period under review, the Group had also made a provision for foreseeable losses of S\$16.00 million for one of its development properties in 2Q2015.

As a result of the above, the Group's net profit after tax declined 71.1% from S\$6.87 million in HY2014 to S\$1.99 million in HY2015.

Asset Base Remains Strong

Fixed assets amounting to S\$100.35 million mainly comprised the freehold hotel properties (i) land site for hotel development in Brisbane, Australia; (ii) Hotel ibis Styles London Kensington in London, United Kingdom; and (iii) the newly acquired property at Glenthorne Road, London, United Kingdom of approximately S\$31.32 million in 1Q2015.

Additionally, as at 30 June 2015, investment properties stood at S\$173.95 million, mainly comprised of Tampines Mart, The Woodgrove and Adam House, while development properties, which consists of various residential property projects in different stages of development, decreased from S\$210.69 million to S\$192.14 million in HY2015, mainly due to the provision for foreseeable losses of S\$16.00 million.

Outlook

According to URA's statistics released on 24 July 2015, the number of private residential units launched (excluding Executive Condominiums, ECs) in 2Q2015 was 2,099 units, compared to the 1,189 units launched in 1Q2015. Similarly, developers sold 2,116 private residential units (excluding ECs), higher than the 1,311 units sold in 1Q2015. However, prices of private residential properties continued to decline for the seventh consecutive quarter, with prices falling 0.9% in 2Q2015.

As such, the Group expects the Singapore property market to remain subdued in the short term. Nevertheless, the Group is cautiously optimistic of the longer term prospects of the Singapore property market. Heeton has recently launched two joint venture development projects – Westwood Residences and High Park Residences. These developments are expected to have a positive effect on the Group's financial performance beyond FY2015. Going forward, the Group will continue to adopt a cautious approach with respect property development projects, especially in the local market.

In addition to property development projects, Heeton has also focused on boosting its recurring income base. The Group's local retail mall, Sun Plaza, has completed its refurbishment program during the quarter while its serviced office building, Adam House and Hotel ibis Styles London has also commenced operations. These assets will contribute positively to the Group's recurring income base for the coming years.

Remarking on the outlook and prospects, Mr Danny Low, Heeton's Chief Operating Officer remarked, **“While the local property market remains subdued, we believe there are still ample growth opportunities out there. In particular, our overseas expansion strategy have been showing good progress as we continue to add more assets into our investment portfolio. We remain cautiously optimistic as we keep up our efforts in boosting both our recurring income base and return more value to our shareholders.”**

#End of Release#

About Heeton Holdings Limited (Bloomberg: HTON:SP ; Reuters: HEET.SI)

Heeton Holdings is engaged in property development and property investment. As a boutique property developer, the Group has a niche focus on developing distinctive and high quality residential properties in Singapore's prime districts. Among its completed projects are DLV at Dalvey Road, The Element@Stevens, detached and semi-detached houses along Holland Road.

Heeton has also formed strong partnerships with other established property developers to develop properties locally and in the region. Some of these include The Lumos at Leonie Hill, Lincoln Suites off Newton Road, The Boutiq at Killiney Road, Sky Green at MacPherson Road and KAP and KAP Residences at King Albert Park and more recently, High Park Residences at Fernvale Road in Sengkang and our maiden executive condominium development, Westwood Residences.

Heeton prides itself on building exceptional and uniquely designed homes that measure up to international standards. As testament to its commitment to innovation and cutting-edge design, the Group has brought in yoo, a world-renowned design company co-founded by designer Philippe Starck and British developer John Hitchcox, to design the interiors and landscaping of iLiv@Grange.

Heeton's stable of investment property includes Sun Plaza, The Woodgrove and Tampines Mart and the recently acquired office building, Adam House in London. Heeton's hotel portfolio includes Hotel ibis Styles London Kensington in Earls Court, London as well as Mercure Hotel and Hotel Baraquad Pattaya, MGallery Collection, located in a popular tourist district in Pattaya, Thailand, as managed by the international French hotel operator, Accor.

For more information on the Company, please visit <http://www.heeton.com>

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