



HEETON HOLDINGS LIMITED

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

Press Release (For Immediate Release)

HEETON'S REVENUE INCREASES 85.5% TO \$46.58 MILLION IN 9M2016

Highlights

- *Heeton's revenue grew by 85.5% to \$46.58 million in 9M2016 from \$25.10 million a year ago.*
- *The increase in revenue was mainly due to recognition of higher sales proceed from residential projects, Onze@Tanjong Pagar as well as additional recurring income from newly acquired hotels, ibis Budget Bradford and ibis Hotel Gloucester in the United Kingdom ("UK")*
- *However, net profit was affected by the disposal of its residential project, iLiv@Grange, resulting in a net loss after tax of \$1.68 million for 9M2016*
- *The Group's investment properties portfolio, especially the hospitality segment, has performed satisfactorily at this stage of our growth. Going forward, Heeton will continue to explore opportunities to increase its recurring income base*

Singapore, 8 November 2016 – SGX Mainboard-listed Property Development and Investment Group, Heeton Holdings Limited ("Heeton" or the "Group"), has announced its financial performance for the nine months ended 30 September 2016 ("9M2016").

Heeton's revenue increased by 85.5% to \$46.58 million in 9M2016 from \$25.10 million for the nine months ended 30 September 2015 ("9M2015"). The growth was mainly due to the recognition of higher sales proceeds from residential projects, Onze@Tanjong Pagar of \$27.51 million in 9M2016 compared to \$8.34 million in 9M2015. Also, Heeton's newly acquired hotels, ibis Budget Bradford and ibis Hotel Gloucester in the United Kingdom ("UK") further contributed \$3.62 million of revenue.

Share of profits from associated companies/joint venture companies had decreased by 52.5% to \$11.02 million in 9M2016 from \$23.2 million in 9M2015. This was mainly attributed to the lower fair value gain from Sun Plaza during the period. The Group had recognised a fair value gain of \$3.00 million in 9M2016 compared to \$12.50 million in 9M2015. Additionally, there was a decrease in share of results of \$3.00 million from various projects.

Cost of properties sold increased from \$6.93 million in 9M2015 to \$21.78 million in 9M2016, in line with the increased recognition of sales proceeds from its residential project. Personnel expenses increased by 31.9% to \$5.69 million in 9M2016 as a result of additional headcount following the acquisition of ibis Budget Bradford and ibis Hotel Gloucester in the UK.

In addition, other operating expenses increased by 88.3% from \$6.93 million in 9M2015 to \$13.05 million in 9M2016, which was mainly due to the:

- (i) qualifying certificate extension fee of \$4.37 million incurred for iLiv@Grange in 9M2016, and
- (ii) additional operating expenses of approximately \$1.65 million for the two newly acquired hotel properties.

Finance expenses decreased to \$9.54 million in 9M2016 from \$11.60 million in 9M2015. This was mainly due to lower bond interest expense as a result of repayment made for the \$75.00 million bond in November 2015, offsetted by interest paid to non-controlling interests of \$0.74 million in respect of some UK properties. Finance income also declined to \$2.98 million in 9M2016 from \$4.32 million in 9M2015, mainly due to a decrease in interest-bearing loans to associated companies.

One-off Impacts

In 9M2016, the Group had disposed of its subsidiaries, Heeton Residence Pte. Ltd. and Heeton Realty Pte. Ltd., which owned the residential project, iLiv@Grange. The disposal was transacted at the agreed property value of \$95.00 million and had resulted in a one-off loss of \$12.88 million. The Group had been seeking buyers for the past few quarters, and the transacted offer was the highest thus far.

Arising from the disposal, the Group's total bank term loans and short-term bank loans decreased from \$310.10 million in 31 December 2016 to \$236.57 million in 9M2016. Additionally, the Group will also achieve further financial savings from the elimination of qualifying certificate extension fee and interest expenses associated with iLiv@Grange.

Taking into consideration of all the factors mentioned above, the Group had registered a net loss after tax of \$1.68 million for 9M2016 compared to a net profit after tax of \$7.36 million in 9M2015. The total comprehensive expense for the period stood at \$10.69 million after taking into account of the foreign currency translation.

Commenting on its financial performance, Mr Eric Teng (“丁行洲”), Heeton’s Chief Executive Officer remarked, **“Our latest financial results was affected by the one-off disposal of iLiv@Grange. Notwithstanding this, the Group would have been profitable. Nevertheless, we remain confident of the Group’s strong business fundamentals in the long run. Going forward, we will continue to expand internationally and look for quality assets that provide recurring revenue, especially in the hospitality segment.”**

Outlook

The short-term outlook for the Singapore property market continues to be challenging. URA statistics released on 28 October 2016 indicated that Singapore private residential property prices decreased for the 12th consecutive quarter with the decline accelerating in the third quarter of 2016. Nonetheless, Heeton is cautiously optimistic about the longer term prospects of the Singapore property market and will continue to seek suitable property development projects within the country.

Internationally, the Group will remain vigilant of the global business environment and take appropriate measures as and when the needs arise. In particular, business operations in the United Kingdom have remained relatively stable, and the management is positive of the country’s long term potentials.

Additionally, the Group’s investment properties portfolio, especially the hospitality segment, has performed satisfactorily at this stage of our growth. Currently, the Group has a total of six operating hotels in the United Kingdom and Thailand as well as another three hotels undergoing planning or redevelopment. Going forward, Heeton will continue to explore opportunities to increase its recurring income base.

#End of Release#

Note: This press release is to be read in conjunction with the related mandatory announcement filed by Heeton Holdings Limited on SGX net.

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

Heeton Holdings Limited (“喜敦控股有限公司”) was established in July 1976 and is currently listed on the mainboard of the Singapore Exchange.

Heeton is focussed on property development, property investment and hospitality. The Group has expanded its presence internationally from Singapore to United Kingdom, Thailand, Japan, Malaysia, Australia and Vietnam.

Heeton has a niche in developing distinctive and high quality residential properties in Singapore's prime districts. Among its completed projects are iLiv@Grange, DLV at Dalvey Road, The Element@Stevens, detached and semi-detached houses along Holland Road while Onze@Tangjong Pagar is currently under construction.

Heeton has formed strong partnerships with other established property developers to develop properties locally and overseas. 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 an executive condominium development, Westwood Residences.

Heeton's stable of investment properties includes Sun Plaza, The Woodgrove, Tampines Mart, 223@Mountbatten in Singapore, Adam House, a serviced office building in London, United Kingdom as well as a mixed-use property that comprises hotel, residential and retail in Sapporo, Japan.

Heeton's operating hotel portfolio include Hotel ibis Styles London Kensington in Earls Court, ibis Budget Bradford, ibis Hotel Gloucester and Holiday Inn Express Hotel Manchester City Centre in the United Kingdom, as well as Mercure Hotel and Hotel Baraquda Pattaya, MGallery Collection, located in a popular tourist district in Pattaya, Thailand.

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

ISSUED ON BEHALF OF **HEETON HOLDINGS LIMITED**

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