HEETON HOLDINGS LIMITED

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

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE FULL YEAR FINANCIAL STATEMENT FOR YEAR ENDED 31 DECEMBER 2016

The board of Directors (the ñ**Board**ò) of Heeton Holdings Limited (the ñ**Company**ò) wish to inform that the Company has received the following queries raised by the Singapore Exchange Securities Trading Limited on 28 February 2017 with regards to the Full Year Financial Results for year ended 31 December 2016 released by the Company on 23 February 2017:

With regard to the "amounts due to associated companies and joint venture companies (non-trade)" in part 1(b)(i), please clarify on the following:-

i. what is the nature of the "amounts due to associated companies and joint venture companies (non-trade)"; and
ii. provide an explanation for the increase in balance of "amounts due to associated companies and joint venture companies (non-trade)".

The Board wishes to provide the following information in response to the above queries:

Query no. 1

What is the nature of the ñamounts due to associated companies and joint venture companies (non-trade)ò

Our Response:

The non-trade amounts due to associated companies and joint venture companies are advances from these entities to the Group for use in its operating and investing activities. Generally, these amounts are interest bearing at market rates and not repayable within the next 12 months.

These associated companies and joint venture companies generate surplus cash flows from their operations. However, the surplus cash flows are not distributed as dividends to shareholders as there are restrictions on the distribution of dividends to their shareholders due to the existing loan covenants and the development project accounts of these entities have not yet been finalized.

Query no. 2

Provide an explanation for the increase in balance of ñamounts due to associated companies and joint venture companies (non-trade)ò

Our Response:

The S$5.4 million increase from S$38.3 million to S$43.7 million is mainly due to additional advances from associated companies, Unique Rezi Pte. Ltd. and Unique Consortium Pte. Ltd.

By order of the Board

Teng Heng Chew
Executive Director
2 March 2017