



HEETON HOLDINGS LIMITED

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

Press Release (For Immediate Release)

HEETON'S HY2016 NET PROFIT SURGED TO \$9.58 MILLION AS GROUP CONTINUES ITS POSITIVE MOMENTUM

Highlights

- ***Heeton's revenue and net profit continued to grow for the second consecutive quarter. Revenue in HY2016 grew 72.6% to \$27.79 million from \$16.11 million a year ago***
- ***The increase in revenue and net profit was mainly due to recognition of higher revenue from residential project, Onze@Tanjong Pagar as well as additional recurring income from newly acquired hotels, ibis Budget Bradford and ibis Hotel Gloucester in United Kingdom***
- ***Going forward, the Group will remain vigilant and take appropriate measures as and when necessary in order to better manage the global uncertainties. In addition, Heeton will also continue to seek suitable opportunities to further expand and grow***

Singapore, 10 August 2016 – SGX Mainboard listed Property Development and Investment Group, Heeton Holdings Limited ("Heeton" or the "Group"), is pleased to announce another healthy set of financial performance for the six months ended 30 June 2016 ("HY2016").

As a result of Heeton's strategy to internationalise and increase its recurring income asset base, the Group's revenue and net profit had continued to grow for the second consecutive quarter since the beginning of 2016. In HY2016, Heeton's revenue surged 72.6% to \$27.79 million from \$16.11 million a year ago ("HY2015"). The increase was mainly due to recognition of higher sales proceeds from residential projects, Onze@Tanjong Pagar and the Earlington in HY2016. In addition, Heeton's newly acquired hotels, ibis Budget Bradford and

ibis Hotel Gloucester in United Kingdom (“UK”) further contributed \$2.44 million to the Group’s revenue.

Share of profits from associated companies/joint venture companies (“share of profits”) had experienced an increase in progressive profit recognition of \$3.39 million for two residential projects, NEWest and King Albert Park. However, this was offset by the lower fair value gain from Sun Plaza in HY2016 – the Group had recognised a fair value gain of \$3.00 million in HY2016 compared to \$12.50 million in HY2015. Taking into consideration of these factors, the share of profits decreased to \$10.71 million in HY2016 from \$18.68 million in HY2015.

Cost of properties sold increased from \$5.01 million in HY2015 to \$11.83 million in HY2016, in line with the increased recognition of sales proceeds from its residential projects. Personnel expenses increased by 45.2% to \$3.83 million in HY2016 mainly due to additional headcount in relation to the newly acquired hotels, ibis Budget Bradford and ibis Hotel Gloucester in UK.

In addition, other operating expenses increased to \$9.06 million in HY2016 from \$4.42 million in HY2015, which was mainly due to the:

- (i) qualifying certificate extension fee of \$2.91 million relating to iLiv@Grange in HY2016;
- (ii) additional operating expenses of approximately \$1.01 million for the two newly acquired hotel properties; and
- (iii) unrealised exchange losses of approximately \$0.80 million on GBP advances for a UK project during HY2016 to an associated company.

On the other hand, finance expenses decreased to \$6.51 million in HY2016 from \$7.69 million in HY2015. This was mainly due to lower bond interest expense as a result of repayment for the \$75.00 million bond made in November 2015 of \$2.10 million offsetted by interest paid to non-controlling interests of \$0.51 million during HY2016 in respect of some UK properties. Finance income also declined 22% to \$2.11 million, mainly due to decrease in interest-bearing loans to associated companies.

As a result of the above, the Group’s net profit after tax in HY2016 surged 381.3% to \$9.58 million, compared to \$1.99 million a year ago.

Commenting on its financial performance, Mr Eric Teng (“丁行洲”), Heeton’s Chief Executive Officer remarked, **“These two consecutive quarters of growth is a strong testament of our strategy to expand beyond the shore of Singapore and look for quality**

assets that provide recurring revenue. Going forward, we will continue to seek opportunities both locally and internationally.”

Outlook

The Group remains cautious about the short-term outlook of the Singapore property market as it continues to be affected by the various cooling measures implemented by the government. In the latest statistics released by URA on 22 July 2016, the prices of private residential properties declined for ten consecutive quarters. In 2Q2016, prices decreased by 0.4%, compared to the 0.7% reduction in 1Q2016.

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 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 and has continued to grow. Heeton and its JV partners, had recently obtained approval for its hotel property development in Leeds, United Kingdom. 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 re-development. 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 include 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 United Kingdom, as well as Mercure Hotel and Hotel Baraquada 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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