

**HEETON HOLDINGS LIMITED**  
(Unique Entity Number 197601387M)  
Incorporated in the Republic of Singapore

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**PROPOSED DISPOSAL OF PROPERTY BY A SUBSIDIARY**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Heeton Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that Heeton Estate Pte Ltd (“**Heeton Estate**”), a wholly owned subsidiary of the Company, has on 5 December 2017 entered into a sale and purchase agreement (the “**SPA**”) for the disposal of the development known as the whole Lot of U54724W of Mukim 13 at 30 Woodlands Avenue 1, Singapore 739065, known as The Woodgrove, comprised in Subsidiary Strata Certificate of Title Volume 606 Folio 183 (the “**Property**”) (the “**Proposed Disposal**”).

The Purchaser is registered in Singapore and is not related to the Company, its subsidiaries or its controlling shareholder (the “**Purchaser**”).

**2. DESCRIPTION OF THE PROPERTY**

The Property has a strata floor area of 5144.0 SqM. The tenure of the Property was for a leasehold term of 99 years starting from 26 June 1996, and has an unexpired lease term of approximately 78 years.

Based on the unaudited consolidated financial statements of the Group for the third quarter ended 30 September 2017, the net asset value of the Property was approximately S\$33.0 million.

Heeton Estate had commissioned a valuation to be conducted by Colliers International Consultancy and Valuation (Singapore) Pte Ltd on 30 November 2017 and the market value of the Property was S\$56.0 million on an “as is” basis taking into consideration the development potential.

The net gain on the Proposed Disposal of the Property is approximately S\$22.0 million.

**3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL**

- 3.1. **Consideration.** The aggregate consideration to be paid by the Purchaser to Heeton Estate for the Proposed Disposal is S\$55,850,000.00 (the “**Consideration**”). The Consideration was arrived at on a willing buyer willing seller basis after taking into account, *inter alia*, the market value of the Property, rationale and use of proceeds as set out in paragraph 4 below.

Upon the signing of the SPA, a deposit of S\$10,000.00 was paid. Within three (3) working days after the date of the Agreement, a further deposit of S\$5,575,000.00 shall be payable by the Purchaser to Heeton Estate. The balance of the Consideration will be payable upon the completion of the Proposed Disposal.

- 3.2. **Conditions.** Completion of the Proposed Disposal is subject to and conditional upon, if applicable, the approval of the shareholders of Heeton Estate or the Company to the sale of the Property to the Purchaser under the Companies Act (Cap. 50 of Singapore) or the waiver

by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) from Rule 1014(2) of the SGX-ST Listing Manual (as the case may be) being obtained by the Company (the “**Clearance**”). If the Clearance is not obtained by the date falling sixteen (16) weeks after the date of the Agreement (or such extended period as the parties may mutually agree), the Agreement shall be null and void in which event all moneys paid by the Purchaser to Heeton Estate shall be refunded to the Purchaser without interest and neither party shall have any further claim or demand against the other.

#### 4. RATIONALE AND USE OF PROCEEDS

The Proposed Disposal is in the interests of the Group and would be an opportunity for the Group to realise the investment in the Property. In addition, due to the age of the Property, the Property would have to be upgraded and renovated in order to compete with bigger retail malls in the area. This would incur additional capital expenditure for the Group and also result in a loss of income. The Proposed Disposal would allow the Group to enhance its cash flows and the Group’s resources to be deployed for potentially higher yield investments.

The Company intends to use the net proceeds from the Proposed Disposal for the acquisition of potential development property and/or hospitality assets.

#### 5. FINANCIAL EFFECTS

5.1. **Bases and Assumptions.** The pro forma financial effects of the Proposed Disposal have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2016 and are purely for illustrative purposes only and do not reflect the actual future financial position of the Group following completion of the Proposed Disposal. The pro forma financial effects have also been prepared based on, *inter alia*, the following assumptions:

- (i) the Proposed Disposal had been effected on 31 December 2016, being the end of the most recently completed financial year of the Group, for illustrating the financial effects on the consolidated net tangible assets (“**NTA**”) of the Group; and
- (ii) the Proposed Disposal had been effected on 1 January 2016, being the beginning of the most recently completed financial year of the Group, for illustrating the financial effects on the consolidated earnings of the Group.

5.2. **NTA.** For illustrative purposes only and assuming that the Proposed Disposal had been completed on 31 December 2016, the pro forma financial effects of the Proposed Disposal on the consolidated NTA of the Group are as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
NTA (S\$’000)	345,590	369,740
No. of issued shares in the capital of the Company (“ <b>Shares</b> ”)	325,156,492	325,156,492
NTA per Share (S\$)	105.74	113.16

- 5.3. **Earnings per Share.** For illustrative purposes only and assuming that the Proposed Disposal had been completed on 1 January 2016, the pro forma financial effects of the Proposed Disposal on the consolidated earnings of the Group are as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Profit after tax and minority interests (S\$ '000)	12,481	35,589
No. of issued Shares	325,156,492	325,156,492
Earnings per Share (Singapore cents)	3.84	10.95

## 6. COMPUTATION PURSUANT TO RULE 1006 OF THE SGX-ST LISTING MANUAL

For the purposes of Chapter 10 of the SGX-ST Listing Manual, the relative figures for the Proposed Disposal using the applicable bases of comparison under Rule 1006 of the Listing Manual based on the unaudited consolidated accounts of the Company for the period ended 30 September 2017 are as follows:

Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	8.55%
Rule 1006(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	6.37%
Rule 1006(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	31.81%
Rule 1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not Applicable
Rule 1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and provable reserves	Not Applicable

As the relative figure in respect of Rule 1006(c) of the Listing Manual exceeds 20%, the Proposed Disposal may constitute a major transaction under Rule 1014(1) of the Listing Manual and accordingly may be subject to the approval of shareholders at an extraordinary general meeting to be convened pursuant to Rule 1014(2) of the Listing Manual.

Accordingly, the Company intends to consult with the SGX-ST and seek confirmation that the Proposed Disposal is in the ordinary course of business of the Company and Chapter 10 of the Listing Manual does not apply.

If the SGX-ST determines that the Proposed Disposal constitutes a “transaction” for the purposes of Chapter 10 of the Listing Manual, the Company also intends to seek a waiver from the requirement of obtaining shareholders’ approval for the Proposed Disposal, as it is of the view, *inter alia*, that the Proposed Disposal involves the sale of a non-core asset of the Group, and there would be no material change in the risk profile of the Company arising from the Proposed Disposal.

The Company will make further announcements on the outcome of the consultation and application for waiver from the SGX-ST.

## **7. FURTHER INFORMATION**

- 7.1. **Directors’ Service Contracts.** No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.
- 7.2. **Interests of Directors and Controlling Shareholders.** None of the directors or controlling shareholders of the Company have any interest, direct or indirect, in the Proposed Disposal except through their shareholdings (if any) in the Company.
- 7.3. **Documents Available for Inspection.** A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 60 Sembawang Road, #01-02/03, Hong Heng Mansions, Singapore 779088, for a period of 3 months commencing from the date of this Announcement.

## **BY ORDER OF THE BOARD**

Teng Heng Chew Eric  
Executive Director and Chief Executive Officer  
5 December 2017