



HEETON HOLDINGS LIMITED

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

Press Release

(For Immediate Release)

HEETON'S FY2016 REVENUE JUMPS TO \$67.37 MILLION

Highlights

- *The increase in revenue was a result of higher revenue recognition from the Group's residential projects and additional recurring income from newly acquired hotels*
- *Net profit also rose 165.3% to \$12.23 million in FY2016 from \$4.61 million a year ago and a final dividend of 0.60 Singapore cents per share was recommended by the board of directors*
- *Going forward, Heeton will continue to seek suitable property development projects while exploring opportunities to increase its recurring income base*

Singapore, 23 February 2017 – SGX Mainboard-listed Property Development and Investment Group, Heeton Holdings Limited ("Heeton" or the "Group"), has announced its financial performance for the full year ended 31 December 2016 ("FY2016").

Heeton's revenue surged by 96.4% to \$67.37 million in FY2016 from \$34.29 million a year ago ("FY2015"). The jump in revenue was mainly due to the recognition of higher sales proceeds from residential projects, primarily Onze@Tanjong Pagar of \$41.71 million in FY2016 compared to \$12.48 million in FY2015. Also, Heeton's newly acquired hotels, ibis Budget Bradford and ibis Hotel Gloucester in the United Kingdom ("UK") contributed \$4.82 million of revenue.

Share of profits from associated companies/joint venture companies had decreased by 43.2% to \$19.68 million in FY2016 from \$34.62 million in FY2015. This was mainly attributed to the lower fair value gain from Sun Plaza of \$11.50 million in FY2016 compared to \$19.30 million in FY2015. Additionally, there was a decrease in the share of results of \$7.14 million from various projects.

Cost of properties sold increased from \$10.00 million in FY2015 to \$31.99 million in FY2016, in tandem with the increased recognition of sales proceeds from its residential projects.

Other operating income increased by 35.9% from \$3.01 million to \$4.09 million in FY2016 due mainly to dividend received from an investee company.

Personnel expenses increased by 27.4% to \$7.75 million in FY2016 as a result of additional headcount following the acquisition of ibis Budget Bradford and ibis Hotel Gloucester in the UK. Depreciation of fixed assets increased by 170.8% to \$1.37 million in FY2016 as a result of depreciation of hotel properties in UK.

In addition, other operating expenses increased by 28.5% from \$11.79 million in FY2015 to \$15.15 million in FY2016, which was mainly due to:

- (i) higher qualifying certificate extension fee of \$3.31 million incurred for iLiv@Grange in FY2016, and
- (ii) operating expenses of approximately \$2.17 million for the two newly acquired hotel properties

Finance expenses decreased to \$11.83 million in FY2016 from \$16.29 million in FY2015. This was mainly due to lower bond interest expense as a result of repayment of the \$75.00 million bond made in November 2015, lower loan interest expense of \$0.65 million resulting from the disposal of iLiv@Grange and lower interest expense of \$0.61 million paid to associated companies. Finance income also declined to \$3.83 million in FY2016 from \$5.88 million in FY2015, mainly due to a reduction in interest-bearing loans to associated companies.

One-off Impacts

During the year, the Group disposed of its subsidiaries, Heeton Residence Pte. Ltd. and Heeton Realty Pte. Ltd., which owned the residential project, iLiv@Grange. The disposal resulted in a one-off loss. Nevertheless, arising from this transaction, the Group's total bank term loans and short-term bank loans decreased from \$310.08 million in FY2015 to \$238.56 million in FY2016. The Group will also achieve further financial savings from the elimination of qualifying certificate extension fee and interest expenses associated with iLiv@Grange.

Profitability and Dividend

Taking into consideration of all the factors mentioned above, the Group's net profit after tax jumped 165.3% to \$12.23 million in FY2016 from \$4.61 million in FY2015. The Board of Directors is recommending a final dividend of 0.60 Singapore cents per share, subject to shareholders' approval at the upcoming Annual General Meeting.

Commenting on its financial performance, Mr Eric Teng (“丁行洲”), Heeton's Chief Executive Officer remarked, **“Given the current weak global economy, the Group has proven to be resilient by delivering a healthy set of results. This can be attributed to management's vision of focusing on acquiring and building quality investment assets through the years. Going forward, we will continue to look for more opportunities to enhance our investment portfolio further.”**

Outlook

The Singapore property market remained subdued for the past 12 months. The Singapore economy is expected to grow at a modest pace of 1% to 3% in 2017. The residential property market is expected to remain subdued as the cooling measures are likely to remain and interest rates are expected to rise. Heeton is cautious about the short term outlook for the local residential market. However, the Group will look for the right timing and opportunity to market and relaunch its projects.

The Group's investment properties performance remained stable in FY2016. The hospitality segment delivered a satisfactory set of results. Currently, the Group has a total of six operating hotels in the United Kingdom and Thailand as well as another three hotel projects undergoing planning or redevelopment. Going forward, Heeton will continue to explore more 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@Tanjong 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 includes 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 by Sofitel, located in the popular tourist district of 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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