



HEETON HOLDINGS LIMITED
Co. Reg. No. 197601387M

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THREE MONTHS ENDED 31 MARCH 2018

**PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS**

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED FIRST QUARTER RESULTS

	3 Months Ended 31 March		
	2018	2017	Increase /
	S\$'000	(restated) S\$'000	(Decrease) %
Revenue	11,788	15,490	(23.9)
Cost of properties sold	(4,867)	(8,232)	(40.9)
Other operating income	4,818	706	582.4
Personnel expenses	(2,511)	(2,127)	18.1
Depreciation of fixed assets	(468)	(121)	286.8
Other operating expenses	(2,605)	(2,520)	3.4
Finance expenses	(4,636)	(2,938)	57.8
Finance income	1,937	794	144.0
Share of results of associated companies/joint venture companies	3,456	2,389	44.7
Provision for foreseeable losses in development	-	-	n.m
Profit before tax	6,912	3,441	100.9
Income tax expense	(467)	(644)	(27.5)
Profit for the period, net of tax	6,445	2,797	130.4
Other comprehensive income			
<u>Item that may be reclassified subsequently to profit or loss:</u>			
Foreign currency translation	1,453	(907)	n.m
Other comprehensive income for the period, net of tax	1,453	(907)	n.m
Total comprehensive income for the period	7,898	1,890	317.9
Profit/(loss) attributable to:			
Owners of the parent	6,727	2,838	137.0
Non-controlling interests	(282)	(41)	n.m
	6,445	2,797	130.4
Total comprehensive income/(expense) attributable to:			
Owners of the parent	8,051	1,840	337.6
Non-controlling interests	(153)	50	(406.0)
	7,898	1,890	317.9

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

UNAUDITED BALANCE SHEETS

	Group			Company	
	31-03-18	31-12-17 (restated)	01-01-17 (restated)	31-03-18	31-12-17
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-Current Assets					
Fixed assets	141,542	137,291	120,338	527	574
Investment properties	161,056	160,095	170,050	-	-
Subsidiaries	-	-	-	24,583	24,583
Associated companies	70,340	70,323	73,233	-	-
Joint venture companies	99,823	99,737	80,220	5,000	5,000
Amounts due from associated companies and joint venture companies	187,629	166,108	125,572	-	-
Intangible assets	109	109	109	-	-
Other receivables	22,000	22,000	4,000	4,000	4,000
	682,499	655,663	573,522	34,110	34,157
Current assets					
Development properties	50,931	54,839	106,790	34,386	39,254
Investment property held for sale	-	51,700	-	-	-
Trade receivables	3,690	7,780	794	2,663	6,737
Other receivables	26,850	25,929	20,799	18,014	17,524
Prepayments	2,447	1,294	1,488	2,130	850
Amounts due from subsidiaries (non-trade)	-	-	-	247,317	227,550
Amounts due from related parties (trade)	-	12	14	-	-
Amounts due from associated companies and joint venture companies (non-trade)	470	401	333	10	33
Amounts due from associated companies and joint venture companies (trade)	346	162	339	64	-
Fixed deposits	30,739	3,735	654	30,583	3,583
Cash and bank balances	99,569	22,889	27,114	88,913	4,890
	215,042	168,741	158,325	424,080	300,421
Current Liabilities					
Trade payables	7,354	3,820	6,769	2,637	2,490
Other payables and accruals	11,640	17,498	6,896	4,863	3,933
Derivative financial instrument	74	74	149	-	-
Amounts due to subsidiaries (non-trade)	-	-	-	114,837	88,399
Finance lease obligations	76	76	76	50	50
Bonds	-	-	58,750	-	-
Short-term bank loans	-	11,500	14,000	-	11,500
Bank term loans	49,993	82,421	120,713	-	-
Income tax payable	4,274	3,887	1,955	1,873	1,873
	73,411	119,276	209,308	124,260	108,245
Net current assets/(liabilities)	141,631	49,465	(50,983)	299,820	192,176
Non-current liabilities					
Other payables and accruals	1,002	960	1,043	-	-
Finance lease obligations	173	192	264	129	142
Amounts due to associated companies and joint venture companies (non-trade)	57,568	54,476	43,660	16,378	16,283
Amounts due to non-controlling interests (non-trade)	35,219	34,091	27,156	-	-
Bond	193,000	75,000	-	193,000	75,000
Bank term loans	111,388	122,655	103,846	12,700	24,000
Deferred tax liabilities	995	867	3,125	28	32
	(399,345)	(288,241)	(179,094)	(222,235)	(115,457)
Net assets	424,785	416,887	343,445	111,695	110,876
Share capital and reserves					
Share capital	86,624	86,624	86,624	86,624	86,624
Foreign currency translation reserve	2,533	927	-	-	-
Retained earnings	333,664	326,937	255,044	25,071	24,252
	422,821	414,488	341,668	111,695	110,876
Non-controlling interests	1,964	2,399	1,777	-	-
Total equity	424,785	416,887	343,445	111,695	110,876

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/03/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
50,069	-	89,997	4,000

Amount repayable after one year

As at 31/03/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
111,561	193,000	122,847	75,000

Details of any collateral

All secured borrowings of the Group are secured by first legal mortgages and assignment of rental and sales proceeds of the investment properties and development properties of the borrowing companies. Lease obligations are secured on the assets purchased under lease financing.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED FIRST QUARTER CASH FLOW STATEMENTS

	Group	
	3 Months Ended 31 March	
	2018	2017
	\$'000	(restated) \$'000
Cash flows generated from operating activities		
Profit before tax	6,912	3,441
Adjustments for:		
Depreciation of fixed assets	468	121
Gain on disposal of investment property	(4,150)	-
Fair value gain on derivatives	-	(19)
Share of results of associated companies/joint venture companies	(3,456)	(2,389)
Interest expense	4,636	2,938
Interest income	(1,937)	(794)
Unrealised exchange differences	(764)	82
Operating cash flows before changes in working capital	1,709	3,380
Decrease in development properties	4,562	23,245
Decrease/(increase) in trade receivables	4,110	(12,637)
Increase in other receivables	(865)	(2,553)
(Increase)/decrease in prepayments	(1,143)	336
Increase/(decrease) in trade payables	3,506	(185)
(Decrease)/increase in other payables and accruals	(304)	674
Decrease in amounts due from related parties	12	5
Cash flows from operations	11,587	12,265
Interest received	1,937	794
Interest paid, excluding amounts capitalised	(4,636)	(2,938)
Income taxes refund/(paid)	4	(31)
Net cash from operating activities	8,892	10,090

UNAUDITED FIRST QUARTER CASH FLOW STATEMENTS (CONT'D)

	Group	
	3 Months Ended 31 March	
	2018	2017
	\$'000	(restated)
	\$'000	\$'000
Cash flows from investing activities		
Purchase of fixed assets	(1,438)	(3,875)
Proceeds from disposal of investment property	50,265	-
Repayment of loan to investee company	-	(44)
(Net loan to)/net repayment of loan from associated companies and joint venture companies	(15,003)	3,388
Net cash from/(used in) investing activities	33,824	(531)
Cash flows from financing activities		
Repayment of lease obligations, net	(18)	(18)
Proceeds from bank loans	-	2,980
Repayment of bank loans	(57,585)	(20,375)
Increase in loan from non-controlling interests	348	1,067
Proceeds from bond issue	118,000	-
Repayment of bond	-	-
Dividends paid on ordinary shares of the Company	-	-
Net cash from/(used in) financing activities	60,745	(16,346)
Net increase/(decrease) in cash and cash equivalents	103,461	(6,787)
Effect of exchange rate changes on cash and cash equivalents	223	(234)
Cash and cash equivalents at beginning of period	26,624	27,768
Cash and cash equivalents at end of period	130,308	20,747

Note: Cash and cash equivalents

	Group	
	3 Months Ended 31 March	
	2018	2017
	\$'000	\$'000
Fixed deposits	30,739	4,590
Cash and bank balances	99,569	16,157
Cash and cash equivalents	130,308	20,747

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED STATEMENT OF CHANGES IN EQUITY

Group	Attributable to equity holders of the Company						Total Equity S\$'000
	Share Capital S\$'000	Foreign Currency Translation Reserve S\$'000	Asset Revaluation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000	Non-controlling Interests S\$'000	
Balance at 1 January 2017	86,624	(9,344)	2,768	263,765	343,813	1,777	345,590
Effects of changes in accounting policies	-	9,344	(2,768)	(8,721)	(2,145)	-	(2,145)
Balance at 1 January 2017 (restated)	86,624	-	-	255,044	341,668	1,777	343,445
Profit for the period	-	-	-	2,838	2,838	(41)	2,797
Other comprehensive income							
- Foreign currency translation	-	(998)	-	-	(998)	91	(907)
Total comprehensive income for the period	-	(998)	-	2,838	1,840	50	1,890
Balance at 31 March 2017 (restated)	86,624	(998)	-	257,882	343,508	1,827	345,335
Balance at 1 January 2018	86,624	(8,417)	2,768	332,806	413,781	2,399	416,180
Effects of changes in accounting policies	-	9,344	(2,768)	(5,869)	707	-	707
Balance at 1 January 2018 (restated)	86,624	927	-	326,937	414,488	2,399	416,887
Profit for the period	-	-	-	6,727	6,727	(282)	6,445
Other comprehensive income							
- Foreign currency translation	-	1,606	-	-	1,606	(153)	1,453
Total comprehensive income for the period	-	1,606	-	6,727	8,333	(435)	7,898
Balance at 31 March 2018	86,624	2,533	-	333,664	422,821	1,964	424,785
Company							
	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000				
Balance at 1 January 2017	86,624	28,371	114,995				
Total comprehensive expense for the period	-	279	279				
Balance at 31 March 2017	86,624	28,650	115,274				
Balance at 1 January 2018	86,624	24,252	110,876				
Total comprehensive income for the period	-	819	819				
Balance at 31 March 2018	86,624	25,071	111,695				

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on

State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There is no change in the Company's share capital for the period from 1 January 2018 to 31 March 2018.

There are no outstanding convertible securities as at 31 March 2018 and 31 December 2017.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year

The Company did not hold any treasury shares as at 31 March 2018 and 31 December 2017.

The total number of issued ordinary shares (excluding treasury shares) as at 31 March 2018 and 31 December 2017 was 325,156,492.

The Company did not issue any preference shares as at 31 March 2018 and 31 December 2017.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the period ended 31 March 2018.

- 2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in Note 5, the financial information has been prepared in accordance with the same accounting policies and methods of computation adopted in the most recent audited annual financial statement.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted the following new accounting standards, amendments and interpretations to existing standards which are mandatory for accounting periods beginning on or after 1 January 2018.

Adoption of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)") hereinafter.

Subsequent to the last financial year end, as required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and issued its first set of financial information prepared under SFRS(I) for the financial period ended 31 March 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group also concurrently applied SFRS(I) 15 *Revenue from Contracts with Customers*.

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. On transition to the new financial reporting framework, the Group elected the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 January 2017. The Group reclassified an amount of \$9.34 million of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

The Group has also elected to measure its freehold and leasehold land and buildings using the cost model and use the previous revaluation of its freehold and leasehold land and buildings as deemed cost at the date of the revaluation. As a result, the Group reclassified \$2.77 million of asset revaluation reserve to the opening retained earnings as at 1 January 2017.

Other than the effects of the matter as described above, the adoption of SFRS(I) did not result in other substantial change to the Group's accounting policies as the accounting policies adopted by the Group under the previous accounting framework are consistent with SFRS(I). The Group also did not elect any other relevant optional exemptions. Accordingly, no other adjustments or restatement are made to the financial statements.

Adoption of SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces the previous Singapore Financial Reporting Standards FRS 11 Construction Contracts, FRS 18 Revenue, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of SFRS(I) 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Development properties

Before 1 January 2018, the Group and its joint venture and associated companies recognised revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser, otherwise, the completed contract method was used. Under SFRS(I) 15, for most of the residential and mixed use developments, performance obligations for the sale of development properties are satisfied over time where the Group and its joint venture and associated companies are restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date.

Before 1 January 2018, the Group and its joint venture and associated companies recognised finance costs incurred on development properties on a percentage of completion method multiplied by the individual projects' percentage of sales. Under SFRS(I) 15, these costs will be recognised using the percentage of sales method, resulting in a distortion in the recognition of such costs.

Sales commissions paid to sales or marketing agents on the sale of real estate units

Before 1 January 2018, the Group and its joint venture and associated companies paid commissions to property agents on the sale of property and recognised such commissions as expense when incurred. Under SFRS(I) 15, such commissions are capitalised as incremental costs to obtain a contract with a customer if these costs are recoverable. These costs are amortised to profit or loss as the related revenue are recognised.

Significant financing component for sale of development properties under deferred payment scheme

The consideration for sale of development properties under the deferred payment scheme is received over a period of more than 12 months from the delivery of the vacant possession of unit to the buyer. The timing of payments agreed to by the parties to such contracts provides the customer with a significant financing benefit. Under SFRS(I) 15, the transaction price for sale of development properties under the deferred payment scheme is adjusted for the effects of the time value of money.

In accordance with the requirements of SFRS(I) 1, the Group adopted SFRS(I) 15 retrospectively.

The following reconciliations summarise the impact on adoption of SFRS(I) 1 and SFRS(I) 15 on the Group's financial statements.

UNAUDITED BALANCE SHEETS

	As at 31-12-2017				As at 01-01-2017			
	As previously reported \$'000	Adoption of SFRS(I) 1 \$'000	Adoption of SFRS(I) 15 \$'000	As restated \$'000	As previously reported \$'000	Adoption of SFRS(I) 1 \$'000	Adoption of SFRS(I) 15 \$'000	As restated \$'000
Associated companies	69,926	-	397	70,323	73,458	-	(225)	73,233
Joint venture companies	99,427	-	310	99,737	82,140	-	(1,920)	80,220
Total non-current assets	654,956	-	707	655,663	575,667	-	(2,145)	573,522
Total assets	823,697	-	707	824,404	733,992	-	(2,145)	731,847
Share capital	86,624	-	-	86,624	86,624	-	-	86,624
Retained earnings	332,806	(6,576)	707	326,937	263,765	(6,576)	(2,145)	255,044
Foreign currency translation reserve	(8,417)	9,344	-	927	(9,344)	9,344	-	-
Asset revaluation reserve	2,768	(2,768)	-	-	2,768	(2,768)	-	-
Net assets / total equity	413,781	-	707	414,488	343,813	-	(2,145)	341,668

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

EARNINGS PER SHARE

	Group		
	1Q2018 Cents	1Q2017 Cents (restated)	Increase %
Earnings per ordinary share from continuing operations attributable to equity holders of the Company for the period			
(a) On a basic basis	2.07	0.87	137.9
(b) On a fully diluted basis	2.07	0.87	137.9

The above have been computed based on 325,156,492 ordinary shares for the 3 months ended 31 March 2018 and 3 months ended 31 March 2017.

**7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current period reported on; and
(b) immediately preceding financial year**

	Group			Company	
	31-03-18 Cents	31-12-17 Cents (restated)	01-01-17 Cents (restated)	31-03-18 Cents	31-12-17 Cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	130.04	127.47	105.08	34.35	34.10

The above have been computed based on 325,156,492 ordinary shares in issue as at 31 March 2018 and 31 December 2017.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Commentary on the Consolidated Income Statements

Turnover comprises rental income from investment properties, hotel operation income and management fee as well as proceeds from the sales of the Group's residential projects.

The Group's turnover for the period ended 31 March 2018 ("1Q2018") decreased by 23.9% to \$11.79 million compared to \$15.49 million for the previous corresponding period ended 31 March 2017 ("1Q2017"). The decrease is attributed to following significant items:

- (i) decrease in sale revenue of \$4.43 from residential project, Onze@Tanjong Pagar;
- (ii) decrease in rental revenue of \$0.28 million mainly due to completion of disposal of investment property, The Woodgrove in February 2018; and
- (iii) increase in hotel operation income by \$1.00 million is mainly attributable to operations of new hotel, Luma Concept Hotel Hammersmith London.

Cost of properties sold in 1Q2018 and 1Q2017 relates to residential project, Onze@Tanjong Pagar.

Other operating income increased by \$4.11 million to \$4.82 million in 1Q2018 mainly due to the gain on disposal of investment property, The Woodgrove of \$4.15 million.

Personnel expenses increased by \$0.38 million to \$2.51 million in 1Q2018 mainly as a result of increase in headcounts following the expansion of UK operations.

Finance expenses increased by \$1.74 million to \$4.64 million 1Q2018 mainly due to accrued interest on new bond issued of \$118.00 million in January 2018.

Finance income increased by \$1.14 million to \$1.94 million in 1Q2018 due to increase in interest-bearing loans to associated companies and joint venture companies.

Share of profits from associated companies and joint venture companies increased by 44.7% to \$3.46 million in 1Q2018 from \$2.39 million in 1Q2017. This was mainly attributed to increase in progressive profit recognition of fully sold residential projects, High Park Residences and Westwood Residences.

Taking into account all the above factors, the Group recorded a net profit after tax of \$6.45 million for 1Q2018, compared to a net profit after tax of \$2.80 million recorded in 1Q2017.

Commentary on the Consolidated Balance Sheets

Fixed assets amounting to \$141.54 million mainly comprised the following hotel properties (i) land site for hotel development in Brisbane, Australia; (ii) Hotel ibis Styles London Kensington in London, UK; (iii) ibis Budget Bradford in Bradford City, UK; (iv) ibis Hotel Gloucester in Gloucester City, UK; (v) Luma Concept Hotel London at Glenthorne Road, London, UK; (vi) hotel development of Hampton by Hilton in Leeds, UK; and (vii) 28-30 Oldham Street in Manchester City, UK.

Amounts due from associated companies, joint venture companies and investee companies increased to \$187.63 million in 1Q2018 from \$166.11 million due to loan to associated companies for purchase of new development properties.

Development properties decreased from \$54.84 million to \$50.93 million in 1Q2018 due to sales of development project, Onze@Tanjong Pagar.

The disposal of investment property held for sale, The Woodgrove, was completed in February 2018.

Trade receivables decreased to \$3.69 million in 1Q2018 from \$7.78 million mainly due to the receipt of accrued sales proceeds from Onze@Tanjong Pagar.

Other receivables increased by \$0.92 million in 1Q2018 mainly due to accrued interest income from promissory notes subscribed and value-added tax receivables arising from UK purchases.

Prepayments increased to \$2.45 million in 1Q2018 mainly due to funds utilised for deposits on upcoming acquisition of properties.

Trade payables increased by \$3.53 million 1Q2018 from \$3.82 million mainly due to goods and services tax payable in relation to the disposal of investment property, The Woodgrove.

Other payables and accruals decreased by \$5.86 million from \$17.50 million due to the utilisation of deposit received for the disposal of the Woodgrove of \$5.98 million upon completion in February 2018.

In January 2018, the Group issued a fixed rate 3.5-year bond of \$118.00 million at coupon rate of 6.08% per annum as part of its Multicurrency Debt Issuance Programme. The bond will mature in July 2021. The net proceeds will be used for general working capital and corporate funding, including financing investments and refinancing of existing indebtedness of the Group.

Amounts due to associated companies and joint venture companies increased by \$3.09 million in 1Q2018 from \$54.48 million mainly due to additional advances from some associated companies.

Total bank term loans and short-term bank loans decreased from \$216.58 million in FY2017 to \$161.38 million in 1Q2018 mainly due to repayment of short-term bank loans and bank term loans from proceeds from the disposal of The Woodgrove.

Amounts due to non-controlling interests represents loans from non-controlling interests for various overseas projects.

Commentary on the Cash Flow Statements

The increase in cash and cash equivalents of \$103.6 million in 1Q2018 can be attributed to the following major cash inflows and outflows during the year:

Cash inflows:

- net cash generated from operating activities of \$8.89 million;
- net proceeds from bond issuance of \$118.00 million; and
- proceeds from disposal of investment property held for sale \$50.27 million.

Cash outflows:

- net loan to associated companies and joint venture companies of \$15.00 million mainly for the purchase and/or development of residential projects (i) Park Colonial at Woodleigh Lane, (ii) Affinity At Seragoon (former Serangoon Ville) and (iii) odd 31-51 along Lorong 24 Geylang.
- repayment of bank loans of \$57.59 million.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The actual results for the first quarter ended 31 March 2018 of the Group are in line with the statement made in paragraph 10 of the results announcement for the full year ended 31 December 2017.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months -

The Group continues to be cautiously optimistic on the outlook for the Singapore residential market. The Real Estate Sentiment Index (Resi), which provides an overall indicator of the local property market sentiment, continued to improve from 6.9 in the fourth quarter of 2017 to 7.1 for the first quarter of 2018 - a new historical high since the index started in the first quarter of 2010. Despite the positive sentiments, the research had flagged out concerns on risks like rising interest rates and oversupply.

Similarly, according to the official statistics released by Urban Redevelopment Authority ("URA") on 27 April 2018, prices of private residential properties increased by 3.9% in 1st Quarter 2018, compared with the 0.8% increase in the preceding quarter. However, the total number of private residential units (excluding Executive Condominiums) sold by developers declined from 1,864 units in the fourth quarter of 2017 to 1,581 units in the first quarter 2018.

The Group will continue to monitor the market closely and take appropriate actions whenever necessary. The Group had participated in three new local joint venture projects in FY2017 and will work closely with its partners to launch these projects at a suitable timing. Additionally, the Group will continue to seek suitable development projects in Singapore and beyond.

For the hospitality segment, the Group currently has a total of eight operating hotels in the United Kingdom, Japan and Thailand. Five of these hotels are managed by Heaton's hospitality division. Going forward, the Group will continue to explore more opportunities to expand its recurring income base.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

No.

(d) Books closure date

No.

12 If no dividend has been declared/recommended, a statement to that effect

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii)

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Negative assurance on interim financial results

The board of directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the financial results for the first quarter ended 31 March 2018 to be false or misleading in any material respect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has obtained undertakings from all its directors and executive officers.

BY ORDER OF THE BOARD

Toh Giap Eng
Executive Deputy Chairman
9 May 2018

Teng Heng Chew Eric
CEO & Executive Director