



HEETON HOLDINGS LIMITED

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

Press Release *(For Immediate Release)*

HEETON PROFITS FROM PROPERTY INVESTMENTS

Singapore, 26 February 2016 – SGX Mainboard listed Property Development and Investment Group, Heeton Holdings Limited (“Heeton” or the “Group”), is pleased to announce its set of financial results for the full year ended 31 December 2015 (“FY2015”).

Heeton’s revenue declined 5.6% to \$34.29 million in FY2015 from \$36.32 million a year ago (“FY2014”). This was mainly due to lower revenue contribution from its residential projects as ‘The Earlington’ was substantially completed and recognised in FY2014. However, the Group experienced stronger revenue contribution from its investment properties, Adam House and Hotel ibis Styles London Kensington in London, which had commenced full operations since 4Q2014.

In tandem with the decline in revenue from residential projects, cost of properties sold decreased by 49.6% from \$19.84 million in FY2014 to \$10.00 million in FY2015. On the other hand, personnel expenses increased by 40.0% to \$6.09 million in FY2015 from \$4.35 million in FY2014 due to higher human resources expenses in relation to the operations of Adam House and Hotel ibis Styles London Kensington in London.

In addition, other operating expenses increased by 29.3% to \$11.79 million in FY2015, which was mainly due to

- (i) absence of significant expenses that were recorded in FY2014 such as sales and marketing expenses of \$2.31 million for residential projects, Onze@Tanjong Pagar and Earlington as well as expenses of \$1.07 million incurred for the \$60.0 million bond issued in FY2014

- (ii) additional operating expenses of approximately \$3.08 million incurred in FY2015 for newly acquired properties, Adam House and Hotel ibis Styles London Kensington; and
- (iii) extension charges of \$1.46 million paid for a residential project in FY2015.

In addition, finance expenses increased to by 44.9% to \$16.29 million from \$11.24 million in FY2014. This was mainly a result of higher bond interest expense as a result of the additional bond issue of \$60.0 million in HY2014 as well as loan interest for the various properties acquired in the United Kingdom. Finance income rose by 18.3% to \$5.88 million, mainly due to an increase in interest-bearing advances made to associated companies in FY2015 as compared to FY2014.

Share of profits from associated companies and joint venture companies increased by 193.5% to \$34.62 million in FY2015 from \$11.79 million in FY2014. This was mainly attributed to higher progressive profit recognition from various residential projects as well as fair value gain of an investment property belonging to a joint venture.

The Group recorded a \$600,000 fair value gain during FY2015 from an investment property, as compared to the \$3.40 million fair value gain during FY2014 for three investment properties. In FY2015, the Group made a provision of \$29.08 million for foreseeable losses in a development property.

As a result of the above, the Group recorded a net profit after tax of \$4.61 million in FY2015.

Commenting on its financial performance, Mr Eric Teng (“丁行洲”), Heeton’s Chief Executive Officer remarked, **“We have not allowed the lackluster property market to discourage us. Our focus on increasing recurring income from our property investments have performed well. Over the longer period, we are confident that the market sentiments will improve and Heeton will continue to seek out more attractive development projects.”**

Outlook

The Singapore property market is expected to remain subdued as the various property cooling measures are not likely to be removed in the short run. Additionally, the increase in interest rates of property loans will also have an impact on the demand as well as prices of the Singapore properties.

In the latest statistics released by URA on 22 January 2016, the prices of private residential properties continued to decline in 4Q2015. The prices decreased by 0.5%, compared to the 1.3% reduction in 3Q2015. For the whole of 2015, prices fell by 3.7%, compared with the 4.0% decline in 2014.

Although the short term market sentiments will continue to be weak, the Group is cautiously optimistic of the longer term prospects of the Singapore property market and will continue to seek suitable property development projects within the country.

In FY2015, the Group had been very focused on increasing its recurring income base through the addition of new investment assets, especially for its hospitality segment. These include Adam House - a serviced office building in London, a serviced apartment / hotel property at Glenthorne Road, London, United Kingdom as well as Hotel ibis Styles London Kensington. The operations of the hotels are being consolidated to ensure efficiency as they generate new revenue streams for the Group.

#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, 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 stable of investment properties include Sun Plaza, The Woodgrove, Tampines Mart and 223@Mountbatten as well as Adam House, an office building in London.

Heeton hotel portfolio include Hotel ibis Styles London Kensington in Earls Court, ibis Budget Bradford and ibis Hotel Gloucester in United Kingdom, as well as Mercure Hotel and Hotel Baraquda 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**

BY CAPITAL ACCESS COMMUNICATIONS PTE LTD:

Neo Aik Kee

Email: aikkee@capitalaccess.com.sg

Mobile: +65 9793 0504

Edwin Lee

Email: edwinlee@capitalaccess.com.sg

Mobile: +65 9660 7361