



HEETON HOLDINGS LIMITED

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

Press Release (For Immediate Release)

HEETON REGISTERED NET PROFIT OF S\$2.43 MILLION IN 1Q2014

- *Share of profits from associated companies increased by 171.2% to S\$2.22 million.*
- *On an after tax basis, net profit in 1Q2014 decreased 9.8% to S\$2.43 million, from S\$2.69 million in 1Q2013.*
- *Going forward, the Group will continue to monitor the market closely for the most appropriate time to launch its development projects and explore more opportunities. Additionally, the Group will continue to expand its hospitality segment as well as seeking overseas opportunities.*

Financial Highlights

S\$ (million)	3 months ended 31 March 2014	3 months ended 31 March 2013	Change
Turnover	2.68	2.91	↓8.0%
Profit from operations	1.43	2.03	↓29%
Share of profits from associated companies	2.22	0.82	↑171.2%
Profit after tax	2.43	2.69	↓9.8%
Profit attributable to owners of parent	2.42	2.69	↓10.3%

Singapore 8 May 2014 – SGX Mainboard listed Property Development and Investment Group, Heeton Holdings Limited (“Heeton” or the “Group”), is pleased to announce its financial performance for 3 months ended 31 March 2014 (“1Q2014”) today.

In 1Q2014, turnover for the Group decreased 8.0% to S\$2.68 million compared to S\$2.91 million for the previous corresponding period ended 31 March 2013 (“1Q2013”). The slight decrease was due to the absence of rental income during 1Q2014 from El Centro, which is currently being redeveloped into Onze@Tanjong Pagar, a mixed development.

Shares of profit from associated companies increased 171.2% to S\$2.22 million which was contributed by the progressive profit recognition of S\$1.68 million from The Boutiq and S\$310,000 from Sky Green.

Other operating expenses stands at S\$1.11 million in 1Q2014 as compared to S\$0.84 million in 1Q2013. The increase was mainly due to sales and marketing cost relating to Onze@Tanjong Pagar.

Finance income rose 17.6% to S\$848,000 due to increase in interest-bearing loans to an associated company in 1Q2014. There was also an increase in finance expenses to S\$2.0 million in 1Q2014 from S\$536,000 in 1Q2013. This was mainly attributed to the S\$75 million bond interest expense of S\$1.04 million and bank loan interest expense of S\$470,000 on a development property in which TOP was received in October 2013.

As a result, profit for the period, net of tax, decreased 9.8% to S\$2.43 million in 1Q2014 from S\$2.7 million in 1Q2013.

Balance Sheet and Cash Flow

As at 31 March 2014, the Group’s investment properties stood at S\$189.65 million while development properties stood at S\$225.43 million. The increase of S\$50.75 million in investment properties was mainly due to the acquisition of Woodley Hotels (Kensington) Limited (“Woodley”) during 1Q2014. Woodley is the owner of Enterprise Hotel. Associated companies and joint venture companies saw an increase from S\$186.28 million to S\$214.13 million mainly due to an increase in loan to associated companies as well as equity accounting of the Group’s shares of profits of S\$2.22 million from associated companies in 1Q2014.

Fixed deposits decreased substantially from S\$47.12 million to S\$6.0 million in 1Q2014 as a result of the acquisition of Woodley. Other receivables decreased from S\$6.04 million to S\$3.52 million was mainly attributed to: (a) deposit of S\$4.29 million paid for the acquisition of Woodley and (b) deposit of S\$2.16 million placed for the proposed purchase of a property in London.

Cash and cash equivalents decreased by S\$48.95 million in 1Q2014. The following were the major movements during the period: (a) increase in development properties of \$1.35 million as a result of progress made in the construction of Onze@Tanjong Pagar and Earlington in London; (b) net cash outflow of \$46.37 million for the acquisition of Woodley; (c) loans of \$5.72 million and \$5.26 million to investee company and associated companies respectively.

Outlook

The local property market continues to be impacted by the several rounds of cooling measures implemented by the Singapore government. The Total Debt Servicing Ratio framework, introduced by MAS in June 2013 further affects buyers' sentiments as there are now restrictions on the quantum of loans buyers can borrow.

According to URA's latest statistics published in April 2014, prices of private residential properties decreased by 1.3% in 1st Quarter 2014, following the 0.9% decline in the previous quarter. This price decline was observed across all segments of the private residential property market.

In addition, property transaction volume also decreased as developers sold 1,744 private residential units in 1st Quarter 2014, fewer than the 2,568 units sold in 4th Quarter 2013.

Amid the challenging environment, the Group will continue to monitor the market closely for the most appropriate time to launch its development projects and also continue to explore opportunities in Singapore.

Furthermore, the Group will continue to explore hospitality assets to boost its hospitality segment as well as further enhance existing hospitality assets through refurbishment and additions of more room keys. Additionally, the Group will increase its efforts to seek overseas opportunities.

Commenting on the Group's outlook, Mr Danny Low, Heeton's Chief Operating Officer, remarked, **"The Group expects the challenging environment in the local property industry especially for private residential units to continue. In view of these challenges, the Group will intensify our effort to explore new opportunities both locally and in the overseas market as well as various strategies to propel ourselves into the next phase of growth. At the same time, we will continue to explore and expand our portfolio of hospitality assets."**

#End of Release#

About Heeton Holdings Limited (Bloomberg: HTON:SP ; Reuters: HEET.SI)

Heeton Holdings Limited ("Heeton" or the "Group") is established in July 1976 and listed on the Singapore Exchange on 8 September 2003. The Group is engaged in the business of property development and property investment. Besides the local Singapore market, it has also ventured into other overseas markets such as United Kingdom, Malaysia, Thailand and Vietnam.

As a boutique developer, Heeton focus on developing distinctive and high quality residential properties in choice locations. To date, the Group had completed about 30 projects in both local and overseas markets. Heeton has also formed strong partnerships with other established property developers to pursue property development opportunities of bigger scale.

The strength in its property development portfolio is supported by a stable portfolio of investment properties such as Tampines Mart, The Woodgrove and Sun Plaza. Within its investment property arm, the Group has expanded into the hospitality segment. In addition to the Mercure Hotel Pattaya in Thailand, the Group had also acquired Enterprise Hotel in UK, London in 2014.

The Group will continue to maintain a strategic balance between its staple property investment and hospitality portfolio as well property development business, in Singapore and overseas.

For more information on the Company, please visit <http://www.heeton.com/>

ISSUED ON BEHALF OF **HEETON HOLDINGS LIMITED**

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