



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		
	2019	2018	Increase / (Decrease)
	S\$'000	S\$'000	%
Revenue	11,070	11,788	(6.1)
Cost of properties sold	(914)	(4,867)	(81.2)
Other operating income	645	4,818	(86.6)
Personnel expenses	(2,616)	(2,511)	4.2
Depreciation of fixed assets	(796)	(468)	70.1
Other operating expenses	(3,902)	(2,605)	49.8
Finance expenses	(4,534)	(4,636)	(2.2)
Finance income	1,748	1,937	(9.8)
Share of results of associated companies/joint venture companies	519	3,456	(85.0)
Profit before tax	1,220	6,912	(82.3)
Income tax expense	(739)	(467)	58.2
Profit for the period, net of tax	481	6,445	(92.5)
<b>Other comprehensive income</b>			
<u>Item that may be reclassified subsequently to profit or loss:</u>			
Foreign currency translation	2,848	1,453	96.0
Other comprehensive income for the period, net of tax	2,848	1,453	96.0
Total comprehensive income for the period	3,329	7,898	(57.9)
Profit/(loss) attributable to:			
Owners of the parent	1,107	6,727	(83.5)
Non-controlling interests	(626)	(282)	122.0
	481	6,445	(92.5)
Total comprehensive income/(expense) attributable to:			
Owners of the parent	4,031	8,051	(49.9)
Non-controlling interests	(702)	(153)	358.8
	3,329	7,898	(57.9)

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	
	31-03-19	31-12-18	31-03-19	31-12-18
	\$'000	\$'000	\$'000	\$'000
<b>Non-Current Assets</b>				
Fixed assets	230,878	216,905	351	396
Investment properties	165,554	164,810	-	-
Subsidiaries	-	-	24,583	24,583
Associated companies	26,357	26,193	-	-
Joint venture companies	115,419	116,369	5,000	5,000
Amounts due from associated companies and joint venture companies	148,739	149,632	-	-
Intangible assets	109	109	-	-
Other receivables	18,000	18,000	-	-
	705,056	692,018	29,934	29,979
<b>Current assets</b>				
Development properties	30,722	32,070	15,138	16,109
Trade receivables	1,141	1,267	-	261
Other receivables	54,282	52,284	25,773	24,617
Prepayments	1,859	2,171	1,376	1,526
Amounts due from subsidiaries (non-trade)	-	-	295,919	306,495
Amounts due from related parties (trade)	12	12	-	-
Amounts due from associated companies and joint venture companies (non-trade)	589	845	46	263
Fixed deposits	27,091	22,039	25,167	21,887
Cash and bank balances	62,234	52,920	38,268	28,092
	177,930	163,608	401,687	399,250
<b>Current Liabilities</b>				
Trade payables	3,289	2,892	1,752	1,550
Other payables and accruals	12,726	13,431	4,497	5,420
Amounts due to subsidiaries (non-trade)	-	-	111,974	111,022
Finance lease obligations	76	76	50	50
Bank term loans	105,001	104,131	-	-
Income tax payable	3,929	3,560	419	431
	125,021	124,090	118,692	118,473
<b>Net current assets</b>	52,909	39,518	282,995	280,777
<b>Non-current liabilities</b>				
Other payables and accruals	667	1,024	-	-
Finance lease obligations	101	119	79	92
Other liabilities	6,217	-	-	-
Amounts due to associated companies and joint venture companies (non-trade)	28,091	27,914	16,766	16,670
Amounts due to non-controlling interests (non-trade)	62,272	60,852	-	-
Bond	193,000	193,000	193,000	193,000
Bank term loans	42,479	26,833	-	-
Deferred tax liabilities	926	911	15	19
	(333,753)	(310,653)	(209,860)	(209,781)
<b>Net assets</b>	424,212	420,883	103,069	100,975
<b>Share capital and reserves</b>				
Share capital	86,624	86,624	86,624	86,624
Foreign currency translation reserve	(1,068)	(3,992)	-	-
Retained earnings	337,662	336,555	16,445	14,351
	423,218	419,187	103,069	100,975
Non-controlling interests	994	1,696	-	-
<b>Total equity</b>	424,212	420,883	103,069	100,975

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

Amount repayable in one year or less, or on demand

As at 31/03/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
105,077	-	104,207	-

Amount repayable after one year

As at 31/03/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
42,580	193,000	26,952	193,000

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	
	2019	2018
	\$'000	\$'000
<b>Cash flows generated from operating activities</b>		
Profit before tax	1,220	6,912
Adjustments for:		
Depreciation of fixed assets	796	468
Gain on disposal of investment property	-	(4,150)
Share of results of associated companies/joint venture companies	(519)	(3,456)
Interest expense	4,534	4,636
Interest income	(1,748)	(1,937)
Unrealised exchange differences	(787)	(764)
	<hr/>	<hr/>
Operating cash flows before changes in working capital	3,496	1,709
Decrease in development properties	1,734	4,562
Decrease in trade receivables	147	4,110
Increase in other receivables	(1,844)	(865)
Decrease/(increase) in prepayments	319	(1,143)
Increase in trade payables	368	3,506
Decrease in other payables and accruals	(1,171)	(304)
Decrease in amounts due from related parties	-	12
	<hr/>	<hr/>
<b>Cash flows from operations</b>	3,049	11,587
Interest received	1,748	1,937
Interest paid, excluding amounts capitalised	(4,534)	(4,636)
Income taxes (paid)/refunded	(404)	4
	<hr/>	<hr/>
Net cash (used in)/from operating activities	(141)	8,892

UNAUDITED FIRST QUARTER CASH FLOW STATEMENTS (CONT'D)

	Group	
	3 Months Ended 31 March	
	2019	2018
	\$'000	\$'000
<b>Cash flows from investing activities</b>		
Addition to fixed assets	(5,123)	(1,438)
Balanced proceeds from disposal of investment property held for sale	-	50,265
Net repayment of loan from/(Net loan to) associated companies and joint venture companies	3,162	(15,003)
	<u>(1,961)</u>	<u>33,824</u>
Net cash (used in)/from investing activities		
<b>Cash flows from financing activities</b>		
Repayment of lease obligations, net	(18)	(18)
Proceeds from bank loans	16,672	-
Repayment of bank loans	(1,505)	(57,585)
Increase in loan from non-controlling interests	356	348
Proceeds from bond issue	-	118,000
	<u>15,505</u>	<u>60,745</u>
Net cash from financing activities		
<b>Net increase in cash and cash equivalents</b>	13,403	103,461
Effect of exchange rate changes on cash and cash equivalents	963	223
<b>Cash and cash equivalents at beginning of period</b>	74,959	26,624
	<u>89,325</u>	<u>130,308</u>
<b>Cash and cash equivalents at end of period</b>		

**Note: Cash and cash equivalents**

	Group	
	3 Months Ended 31 March	
	2019	2018
	\$'000	\$'000
Fixed deposits	27,091	30,739
Cash and bank balances	62,234	99,569
	<u>89,325</u>	<u>130,308</u>
Cash and cash equivalents		

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	Retained Earnings S\$'000	Total S\$'000	Non-controlling Interests S\$'000	
Balance at 1 January 2018	86,624	927	322,182	409,733	2,399	412,132
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	328,909	418,066	1,964	420,030
Balance at 1 January 2019	86,624	(3,992)	336,555	419,187	1,696	420,883
Profit for the period	-	-	1,107	1,107	(626)	481
Other comprehensive income - Foreign currency translation	-	2,924	-	2,924	(76)	2,848
Total comprehensive income for the period	-	2,924	1,107	4,031	(702)	3,329
Balance at 31 March 2019	86,624	(1,068)	337,662	423,218	994	424,212

  

Company	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000
Balance at 1 January 2018	86,624	22,581	109,205
Total comprehensive expense for the period	-	1,242	1,242
Balance at 31 March 2018	86,624	23,823	110,447
Balance at 1 January 2019	86,624	14,351	100,975
Total comprehensive income for the period	-	2,094	2,094
Balance at 31 March 2019	86,624	16,445	103,069

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 2019 to 31 March 2019.

There are no outstanding convertible securities as at 31 March 2019 and 31 December 2018.

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 2019 and 31 December 2018.

The total number of issued ordinary shares (excluding treasury shares) as at 31 March 2019 and 31 December 2018 was 325,156,492.

The Company did not issue any preference shares as at 31 March 2019 and 31 December 2018.

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 2019.

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 SFRS(I) 16 with effect from 1 January 2019. The Group has applied these implied transition approach and will not restate comparative amounts for the year prior to first adoption and has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard. On adoption of SFRS(I)16 Leases, the Group has recognised right-of-use assets of \$6,191,000 and lease liabilities of \$6,191,000 on 1 January 2019.

The Group is still in the process of finalising its assessment of the impact arising from the adoption of SFRS(I) 16 Leases. The financial impact may differ from the provisional figures determined at the date of this announcement.

**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

	<b>Group</b>		
	<b>1Q2019 Cents</b>	<b>1Q2018 Cents</b>	<b>Decrease %</b>
Earnings per ordinary share from continuing operations attributable to equity holders of the Company for the period			
(a) On a basic basis	0.34	2.07	(83.6)
(b) On a fully diluted basis	0.34	2.07	(83.6)

The above have been computed based on 325,156,492 ordinary shares for the 3 months ended 31 March 2019 and 3 months ended 31 March 2018.

**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**

	<b>Group</b>		<b>Company</b>	
	<b>31/3/2019 Cents</b>	<b>31/12/2018 Cents</b>	<b>31/3/2019 Cents</b>	<b>31/12/2018 Cents</b>
Net asset value per ordinary share based on issued share capital at the end of the period reported on	130.16	128.92	31.70	31.05

The above have been computed based on 325,156,492 ordinary shares in issue as at 31 March 2019 and 31 December 2018.

**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 2019 ("1Q2019") decreased by 6.1% to \$11.07 million compared to \$11.79 million for the previous corresponding period ended 31 March 2018 ("1Q2018"). The decrease is attributed to following significant items:

- (i) decrease in sale revenue of \$2.56 million from residential project, Onze@Tanjong Pagar;
- (ii) decrease in rental revenue of \$0.35 million mainly due to completion of disposal of investment property, The Woodgrove in February 2018; and offset by
- (iii) increase in hotel operation income by \$2.14 million is mainly attributable to operations of the newly acquired hotels, Indigo Hotel in Glasgow, Scotland, Smile Hotel Asakusa in Tokyo, Japan and Stewart Aparthotel in Edinburgh, Scotland.

Cost of properties sold in 1Q2019 and 1Q2018 relates to development project, Onze@Tanjong Pagar and the decrease is due to lower revenue recognised.

Other operating income decreased by \$4.17 million to \$0.65 million in 1Q2019 mainly due to the gain on disposal of investment property, The Woodgrove of \$4.15 million in 1Q2018.

Depreciation of fixed assets increased by \$0.33 million to \$0.80 million in 1Q2019 mainly due to higher depreciation charge for the new hotels.

Other operating expenses increased to \$3.90 million in 1Q2019 from \$2.61 million in 1Q2018 mainly due to the increase in operating expenses of \$1.30 million following the acquisition of Indigo Hotel in Glasgow in October 2018 and Stewart Aparthotel in Edinburgh in September 2018.

Share of profits from associated companies and joint venture companies decreased by 85% to \$0.52 million in 1Q2019 from \$3.46 million in 1Q2018. The decrease was mainly attributed to the share of losses on expenses incurred for new residential projects Park Colonial and Affinity@Serangoon and lower profit recognition of fully sold residential projects, High Park Residences and Westwood Residences.

Finance expenses comprised mainly interest on the \$193 million bond and \$147.48 million bank loans outstanding.

Finance income decreased by \$0.19 million to \$1.75 million in 1Q2019 due to decrease in interest bearing loans made to associated companies and joint venture companies.

Income tax expense increased by \$0.27 million in 1Q2019 from \$0.47 million in 1Q2018 mainly due to higher tax on profitable subsidiaries.

Taking into account all the above factors, the Group recorded a net profit after tax of \$0.48 million for 1Q2019, compared to a net profit after tax of \$6.87 million recorded in 1Q2018.

## Commentary on the Consolidated Balance Sheets

Fixed assets amounting to \$230.88 million comprised mainly hotel properties. The increase of \$13.97 million in 1Q2019 was mainly due to right-of-use assets of the Group's lease commitments arising with the adoption of the SFRS(I) 16 Leases which took effect from 1 January 2019 and the investment costs for development of Hampton by Hilton in Leeds, UK.

Development properties decreased from \$32.07 million to \$30.72 million in 1Q2019 due to sales of development project, Onze@Tanjong Pagar.

Total other receivables increased by \$2.00 million in 1Q2019 mainly due to value-added taxes claimable on the purchase and development of hotel property.

Fixed deposits, cash and bank balances totalled \$89.33 million in 1Q2019 compared to \$74.96 million in FY2018. The increase is mainly due to proceeds from additional bank borrowings.

Trade payables increased by \$0.40 million in 1Q2019 from \$2.89 million mainly due to newly acquired hotels, Indigo Hotel in Glasgow and Stewart Aparthotel in Edinburgh, Scotland.

Other liabilities increased by \$6.22 million in 1Q2019 due to lease liabilities arising from the adoption of SFRF(I) 16 Leases which took effect from 1 January 2019.

Amounts due to non-controlling interests represent loans from non-controlling interests for various overseas projects. The increase of \$1.42 million to \$62.27 million in 1Q2019 is mainly attributable to payments made for investment cost for development of Hampton by Hilton in Leeds, UK.

Total bank term loans and short-term bank loans increased from \$130.96 million in FY2018 to \$147.48 million in 1Q2019 mainly due to new bank term loans that was taken up for the new hotels, Indigo Hotel in Glasgow and Stewart Aparthotel in Edinburgh, Scotland.

## Commentary on the Cash Flow Statements

The increase in cash and cash equivalents of \$13.40 million in 1Q2019 can be attributed to the following major cash inflows and outflows during the year:

### *Cash inflows:*

- net proceeds from bank loans of \$16.67 million; and
- net repayment of loans from associated and joint venture companies of \$3.16 million; and
- proceeds from non controlling interests mainly to fund various overseas projects of \$0.36 million.

### *Cash outflows:*

- net cash outflow of \$5.12 million for the additions to fixed assets comprising mainly construction costs incurred for the development of Hampton by Hilton in Leeds, UK; and
- repayment of bank loans of \$1.51 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 2019 of the Group are in line with the statement made in paragraph 10 of the results announcement for the full year ended 31 December 2018.

## **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 overall outlook for the local residential property market remains muted, as additional cooling measures introduced in July 2018 continue to depress sales and dampen prices.

Statistics from the Urban Redevelopment Authority released on 1 April 2019 indicate persistent downward pressure on private residential property prices, which dipped 0.7% in 1Q2019, compared to a 0.1% price decline in the preceding quarter.

Developers sold 1,838 private residential units during the quarter, largely unchanged from the 1,836 units sold in 4Q2018. The quarter also saw an increase in the pipeline supply, as well as an increase in unsold units, further reflecting continued weakness in the private residential segment.

The Group currently has 3 on-going joint venture projects in Singapore, which are performing within expectation despite the challenging market conditions. Despite the short-term challenges, the Group remains focused on the positive long-term prospects of the local property market.

On the hospitality front, the Group's portfolio now comprises 12 operating hotels, with 8 hotels in the United Kingdom, 2 in Japan and 2 in Thailand. The acquisition of Crowne Plaza Kensington in April 2019 has significantly strengthened the Group's portfolio and will allow Heeton to better tap the growth potential of the UK hospitality market. The Group continues to see further opportunities in the Japan and Thailand markets.

Moving forward, the Group will continue to explore opportunities to expand its recurring income base, while pursuing suitable investments and acquisitions to strengthen our long-term growth. The Group will also continue its efforts to expand its global hospitality footprint.

## **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 and the reason(s) for the decision.**

No dividend has been declared by the Board of the Company in respect of Q12019 (Q12018 - Nil). It is not the Company's practise to pay dividend in the first quarter of the financial year.

**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 2019 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  
13 May 2019

Teng Heng Chew Eric  
CEO & Executive Director