
OPTIONS TO ACQUIRE 15 UNITS IN RIVERGATE

ANNOUNCEMENT

The Board of directors of Hwa Hong Corporation Limited (“**Company**”) would like to announce the following:

I. Introduction

The Company’s wholly-owned subsidiary, Global Trade Investment Management Pte Ltd (“**Purchaser**”) has acquired options to purchase (“**Options**”) 15 units (“**Property Units**”) in the RiverGate residential development (the “**Development**”) from Riverwalk Promenade Pte Ltd (“**Vendor**”), for an aggregate consideration of S\$24,353,820.

RiverGate is a freehold residential development located at Robertson Quay along the Singapore river. The Property Units comprise a mix of 2, 3 and 4-bedroom apartment units of between about 1,000 to 2,100 square feet. Further information on the Development is provided in Section II below.

II. The Development

The Development will comprise three blocks of 43 storeys consisting of a total of 545 units ranging from about 1,000 square feet to 4,000 square feet in size. The Development will also include leisure and fitness facilities, including swimming pools, tennis courts and a clubhouse. The temporary occupation permit for the Development is expected to be obtained in 2009.

The Company has an interest in 50% of the issued share capital of the Vendor through its wholly-owned subsidiary Singapore Warehouse Company (Private) Ltd. The remaining 50% of the Vendor’s issued share capital is held by the CapitaLand group.

III. Purchase Consideration

The aggregate purchase consideration for the Property Units (“**Purchase Consideration**”) of S\$24,353,820 was arrived at on a willing seller willing buyer basis, taking into account, amongst others, the location of the various Property Units and the recent transacted prices for properties in the vicinity. In the event the Options are exercised, the Purchase Consideration is proposed to be funded by way of internal resources and bank borrowings.

A booking fee of S\$1,217,691, being 5% of the Purchase Consideration and which has been funded out of internal resources, (“**Booking Fee**”) was paid to the Vendor as consideration for the grant of the Options to the Purchaser. The remainder of the Purchase Consideration shall be payable to the Vendor subject to the terms and conditions of the contract:

- (a) 20% of the Purchase Consideration less the Booking Fee shall be paid to the Vendor within 8 weeks from the date of the Options; and

- (b) the balance of the Purchase Consideration shall be paid by the Purchaser by way of progress payments up to completion of the acquisition.

IV. Certain Other Principal Terms of the Transaction

The Options will expire 3 weeks after the date of delivery by the Vendor of, *inter alia*, the sale and purchase agreements in respect of the Property Units ("**Sale and Purchase Agreements**").

To exercise the Options, the Purchaser is required to sign the Sale and Purchase Agreements and return the same to the Vendor. Upon the Purchaser's exercise of the Options, the Vendor shall, within 14 days of receiving the Sale and Purchase Agreements, execute the Sale and Purchase Agreements.

In the event that the Purchaser does not exercise the Options within the prescribed period, the Vendor shall refund to the Purchaser 75% of the Booking Fee.

The Purchaser has agreed with the Vendor, *inter alia*, that, prior to the expiry of a 24-month period commencing from the date of exercise of the Options, it shall not re-sell any of the Property Units.

Based on the terms of the Options, the date of delivery of vacant possession of the Property Units is expected to be no later than 31 March 2009, and in the event the Options are exercised, completion of the sale and purchase of the Property Units is expected to take place no later than 31 March 2012.

V. Rationale for Transaction

The Company intends to hold the Property Units as long term investments with potential for capital gains.

VI. Financial Effects

Based on the audited consolidated financial statements of the Company and its subsidiaries ("**Hwa Hong Group**") for the financial year ended 31 December 2004 ("**FY2004**"), and assuming the acquisition of the Property Units had been completed on 31 December 2004, the acquisition of the Property Units is not expected to have any material effect on the net tangible assets per share of the Company for FY2004. Based on the audited consolidated financial statements of the Hwa Hong Group for FY2004, and assuming the acquisition of the Property Units had been completed on 1 January 2004, the acquisition of the Property Units is not expected to have any material effect on the earnings per share of the Company for FY2004.

VII. Discloseable Transaction

The aggregate value of the Purchase Consideration of S\$24,353,820 constitutes about 6.37% of the Company's market capitalisation of S\$382,299,840 as at 25 May 2005, being the market day immediately preceding the date of the Options.

VIII. Documents for Inspection

Copies of the Options are available for inspection during normal business hours at the registered office of the Company for 3 months from the date of this announcement.

IX. Directors' and Controlling Shareholders' Interests

As stated above, the shareholding interests in the Vendor's capital is held as to 50% each by the Hwa Hong Group and the CapitaLand group. CapitaLand Limited is listed on the Singapore Exchange. None of the directors of the Company has any

material shareholding in CapitaLand Limited. The Company is not aware that any of its controlling shareholders has any material shareholding in CapitaLand Limited.

Mr Ong Choo Eng and Mr Ong Mui Eng, directors of the Company, are directors of the Vendor.

Save as disclosed, none of the directors of the Company has any interest, direct or indirect, in the transaction and the Company has not received any notification from any of its controlling shareholders that it has any interest, direct or indirect, in the transaction.

BY ORDER OF THE BOARD

Ong Bee Leem
Company Secretary

26 May 2005