



ACQUISITION OF PORTFOLIO OF LONDON PROPERTIES

ANNOUNCEMENT

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

1. Introduction

The Company has, together with its joint venture partner in London, Campden Investments Limited (“Campden Investments”), acquired a portfolio of freehold properties in Central London from two companies, Vedawell Limited and Mitenhall Limited (the “Sellers”), for a purchase consideration of £20,800,000 (“Purchase Consideration”). The Sellers are both companies registered in England and Wales. The acquisition was completed on 24 June 2005. The Company, through its subsidiaries, the UK Companies described in paragraph 3 below, has an 82% interest in the portfolio of properties, with Campden Investments holding the remaining 18%. The details of the properties are set out in paragraph 2 below.

2. The London Portfolio of Properties

The London Portfolio of Properties (as defined below) comprise mainly office space, most of which are currently leased out. Together, the properties have a total lettable area of 63,852 square feet and based on existing tenancies, an annual net rental income of approximately £1,400,000.

The details of the properties are:-

Acquired from Vedawell Limited

1. 36-38 Hatton Garden, London EC1N 8EB, United Kingdom. This is located in Midtown and is predominantly an office building which includes some retail space;
2. 10-18 Vestry Street, London N1 7RE, United Kingdom. An office building located in Hoxton, which is immediately north of the City;

Acquired from Mitenhall Limited

3. 27-29 Fitzroy Street, London W1T 6DS, United Kingdom. This is an office building located in the West End of London;
4. 26-28 Ely Place, London EC1N 6RL, United Kingdom. This office building is also located in Midtown;
5. 20-22 Vestry Street, London N1 7RE, United Kingdom. An office building also located in Hoxton; and
6. 65-69 East Road, London N1 6AH, United Kingdom. An office building is also located in Hoxton.

(“London Portfolio of Properties”)

3. The UK Companies

The purchase of the London Portfolio of Properties was acquired through the following single purpose limited companies, each registered in England and Wales and each incorporated to hold one of the properties in the portfolio:-

1. Capital Hatton Limited which holds 36-38 Hatton Garden;
2. Capital 18 Vestry Limited which holds 10-18 Vestry Street;
3. Capital Fitzroy Limited which holds 27-29 Fitzroy Street;
4. Capital Ely Limited which holds 26-28 Ely Place;
5. Capital 20 Vestry Limited which holds 20-22 Vestry Street; and
6. Capital East Limited which holds 65-69 East Road.

(the "UK Companies")

Each of the UK Companies is a subsidiary of the Company through its wholly-owned subsidiaries, Singapore Warehouse Company (Private) Ltd. ("SWC") and Vantagepro Investment Limited ("Vantagepro"). Vantagepro is a company incorporated in the British Virgin Islands and is wholly owned by SWC and SWC is in turn wholly owned by the Company.

Each of the UK Companies has an authorised share capital of £1,000 divided into 1,000 ordinary shares of nominal value £1 each and an issued and paid-up capital of £100 divided into 100 ordinary shares of £1 each. Vantagepro had on 20 June 2005 acquired 82 shares of nominal value £1 each for cash of £82 in each of the UK Companies, representing 82% of the issued and paid-up share capital of each of the UK Companies. The remaining 18% is held by Campden Investments.

4. Purchase Consideration

The Purchase Consideration, of which the Company's share is £17,056,000 (being 82% of £20,800,000), was arrived at on a willing seller willing buyer basis and is apportioned to each of the properties as follows:-

	<u>Purchase Price</u>
1. 36-38 Hatton Garden	£5,600,000
2. 10-18 Vestry Street	£2,300,000
3. 27-29 Fitzroy Street	£2,150,000
4. 26-28 Ely Place	£7,050,000
5. 20-22 Vestry Street	£1,750,000
6. 65-69 East Road	£1,950,000
Total	<u>£20,800,000</u>

The UK Companies intend to fund the acquisition by way of non-recourse bank borrowings and internal resources.

5. Rationale for the Purchase

The Company views the acquisition as a good opportunity to acquire a portfolio of freehold properties in the Central London area which currently provides an acceptable yield and with potential for capital gains.

6. 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 London Portfolio of Properties had been completed on 31 December 2004, the acquisition of the London Portfolio of Properties 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 London Portfolio of Properties had been completed on 1 January 2004, the acquisition of the London Portfolio of Properties is not expected to have any material effect on the earnings per share of the Company for FY2004.

7. Discloseable Transaction

The Company's 82% share of the Purchase Consideration, which is £17,056,000, constitutes about 13% of the Company's market capitalisation of S\$396,284,825 as at 23 June 2005, being the market day immediately preceding the date of the completion of the acquisition.

8. Document for Inspection

A copy of the Agreement for Sale and Purchase relating to the London Portfolio of Properties is available for inspection during normal business hours at the registered office of the Company for 3 months from the date of this announcement.

9. Directors' and Controlling Shareholders' Interests

As far as the Directors are aware, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the acquisition.

BY ORDER OF THE BOARD

Ong Bee Leem
Company Secretary

25 June 2005