
DISPOSAL OF PROPERTIES IN LONDON, UNITED KINGDOM

The Board of Directors of Hwa Hong Corporation Limited (the “**Company**”) wishes to announce that its 82%-owned subsidiary, Capital Hatton Limited (the “**Vendor**”), has entered into an agreement with an unrelated third party, The Mayor and Burgess of the London Borough of Southwark as Trustee of the London Borough of Southwark Pension Fund (the “**Purchaser**”), to dispose of all its respective interests in the properties located at 12-16 Clerkenwell Road, London EC1 and 5-8 Sutton Street, London EC1 (the “**Properties**”) for a total cash consideration of GBP11,000,000 (equivalent to approximately SGD23.1 million¹) (the “**Consideration**”) and upon the terms and conditions of the said agreement (the “**Disposal**”).

The Property is currently undergoing refurbishment works and the Disposal is expected to be completed when such works have completed in the third quarter of 2014 (“**Completion**”). The Purchaser shall pay the Vendor upon Completion.

The Properties are freehold office properties located in the London Borough of Islington in London, United Kingdom, and has a floor area of approximately 15,644 square feet. The Consideration was arrived at following an open market sales process and based on a willing-buyer, willing-seller basis. No valuation of the Properties was carried out by the Vendor.

The Disposal is a realisation of investment properties in the ordinary course of business of the Company and its subsidiaries (collectively, the “**Group**”). The Group’s share of the net proceeds from the Disposal is expected to be applied towards re-investment, reducing bank borrowings and/or for working capital purposes of the Group.

If completed, the Disposal is expected to result in a pre-tax gain (“**Gain**”) of approximately GBP3.8 million (equivalent to approximately SGD7.9 million¹) to the Group (based on the net book value of the Properties as at 31 May 2014). As Completion is expected to take place in or about the third quarter of 2014, the Gain will only be reflected in the results of the Group for the third quarter ending 30 September 2014.

For illustrative purposes, based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2013 (“**FY2013**”) and assuming that the gain on disposal is not subject to tax, certain financial effects of the Disposal are set out below:

- (a) assuming that the Disposal had been effected on 31 December 2013, the consolidated net tangible assets per share of the Group would have improved by 1.19 cents from 30.90 cents to 32.09 cents as at 31 December 2013; and
- (b) assuming that the Disposal had been effected on 1 January 2013, the consolidated earnings per share from continuing operations of the Group would have improved by 1.03 cents from 1.35 cents to 2.38 cents for FY2013.

¹ Based on exchange rate of GBP1 to S\$2.0993.

The financial effects presented above are purely for illustration and do not reflect the actual future financial performance or position of the Group after the Disposal.

The Company will make further announcement(s) on the Disposal upon Completion.

None of the Directors and controlling shareholders of the Company (so far as the Directors are aware) has any interest, direct or indirect, in the Disposal.

BY ORDER OF THE BOARD

Lee Soo Wei
Chief Financial Officer

11 June 2014