



HWA HONG CORPORATION LIMITED

63rd Annual General Meeting
27 April 2016, 10am
M Hotel Singapore

OUR FY2015 OPERATING PERFORMANCE

2

SGDm	FY2014	FY2015	Change
Revenues	10.9	13.1	20.2%
Gross profit	7.0	8.5	21.4%
Net profit after tax	12.5	6.8	(45.6)%
Earnings per share (cts)	1.91	1.04	(45.6)%



OUR FINANCIAL HIGHLIGHTS (FY2015)

3

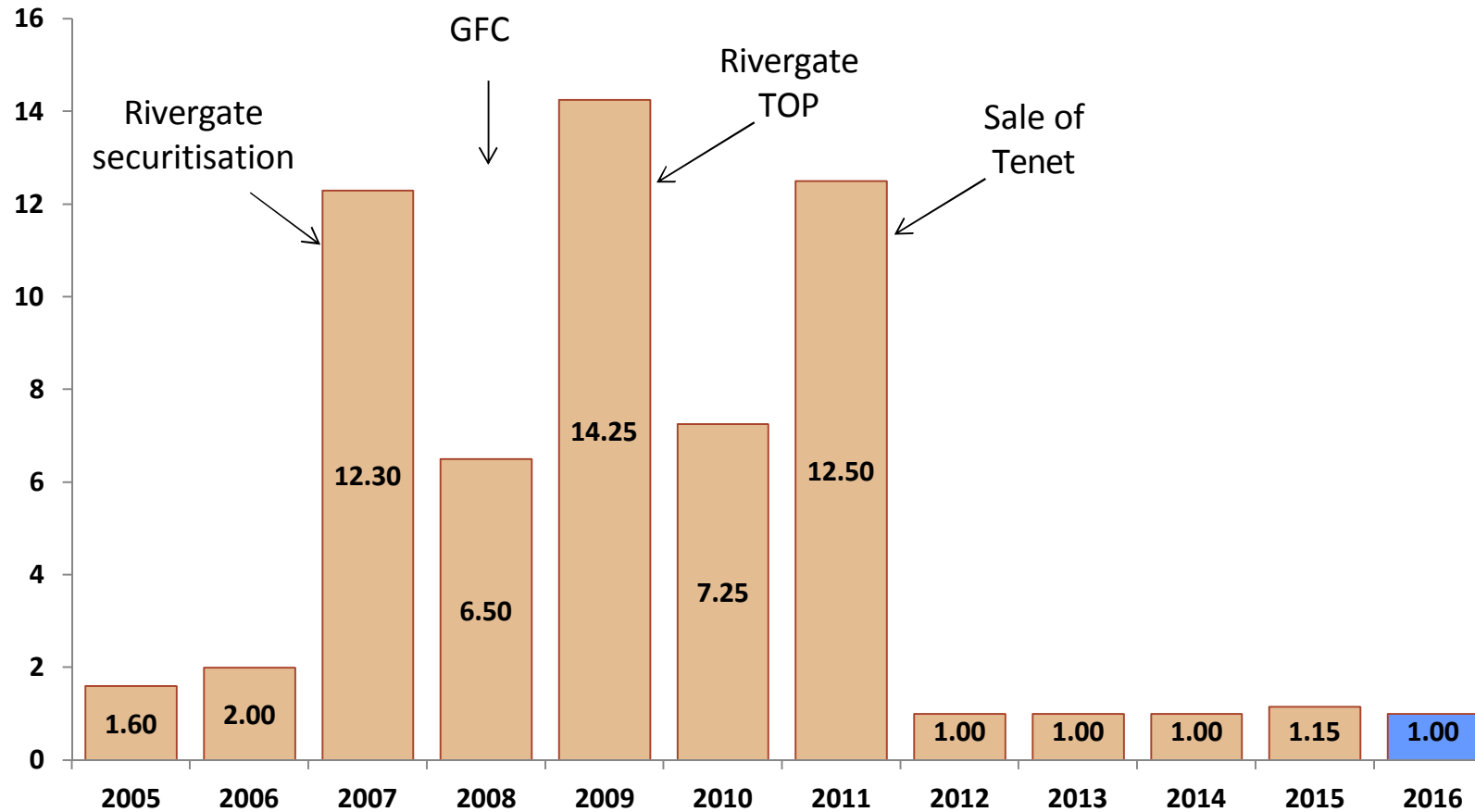
Gearing		Payout		Market valuation¹	
Total debt/Eq.	24%	Payout ratio	111%	Price/BV ²	1.0x
Total debt	50m	NPAT	6.8m	Market cap.	196m
Net assets	206m	Dividend	7.5m	PER	29.0x
		Dividend yield	3.8%		

Notes:

1. Based on market price of S\$0.30
2. Based on cost model accounting for Investment Properties



OUR DIVIDEND HISTORY



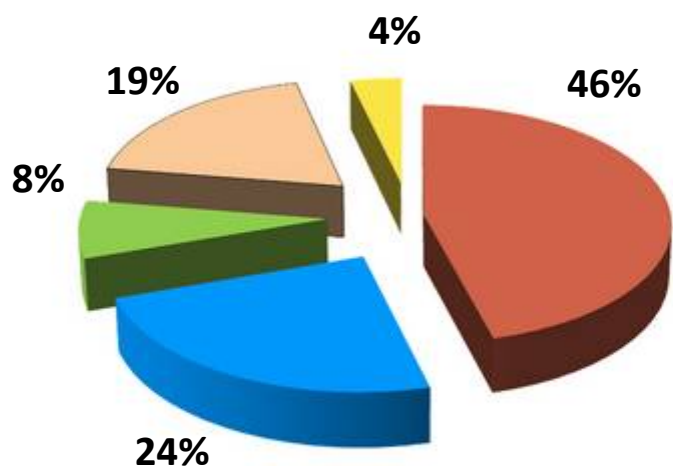
Following our special dividends between 2007 and 2011, the Group has maintained a steady stream of dividend payments per annum



OUR BUSINESS AS AT 31 DEC 2015

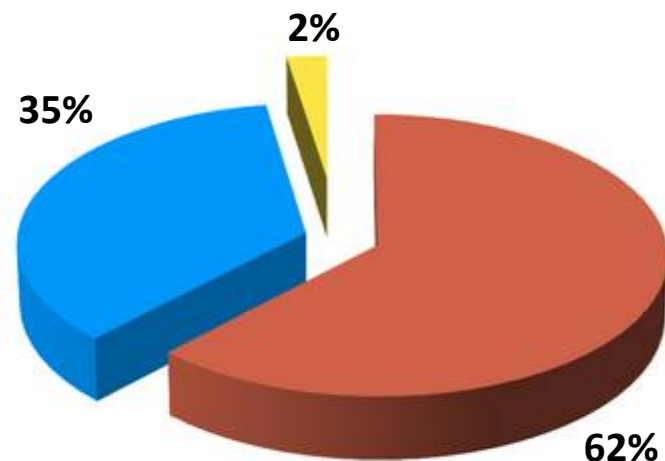
MAJOR ASSETS ALLOCATION

Major Assets (as reported)



- Real estate
- Investments
- Investment in associates
- Cash
- Investment in joint ventures

Geographical allocation of non-current assets



- Singapore
- UK
- Others



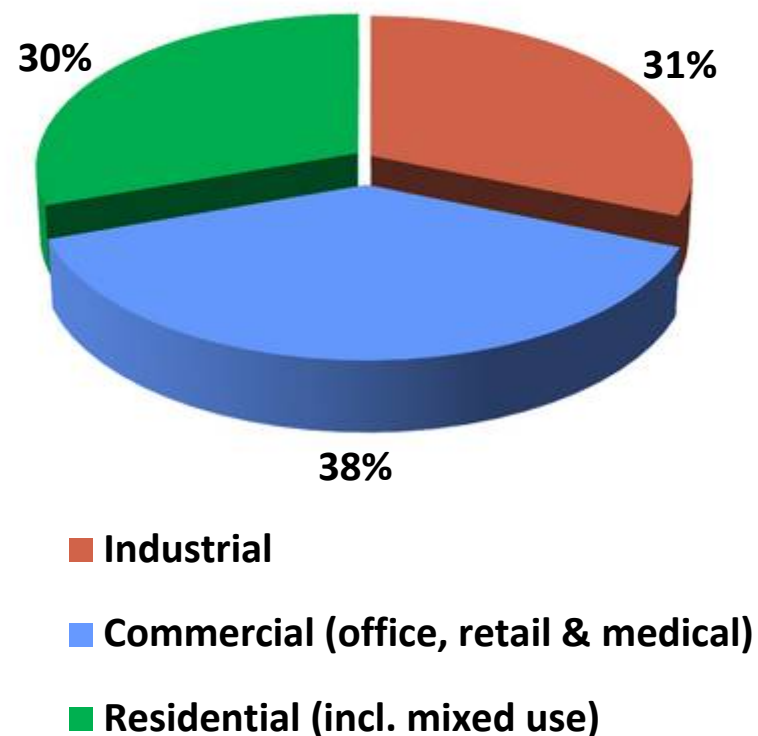
OUR BUSINESS AS AT 31 DEC 2015

REAL ESTATE ASSET ALLOCATION

6

- Our real estate asset allocation is evenly diversified between 3 key segments
- Includes proportionate fair values of properties held by associates, JVs and property-related investments
- Based on respective valuation reports or management accounts, save for Hong Pty which is based on cost

Real estate allocation by type



RECENT ACQUISITIONS

REAL ESTATE PORTFOLIO

7

PROPERTY	TYPE	LOCATION	INTEREST	EST. FAIR VALUE (100% interest)
Capital Herbal (acquired in April 2016)	Office	London, UK	50%	£24.8m
Kilmuir House (acquired in March 2016)	Residential	London, UK	25%	£45.0m

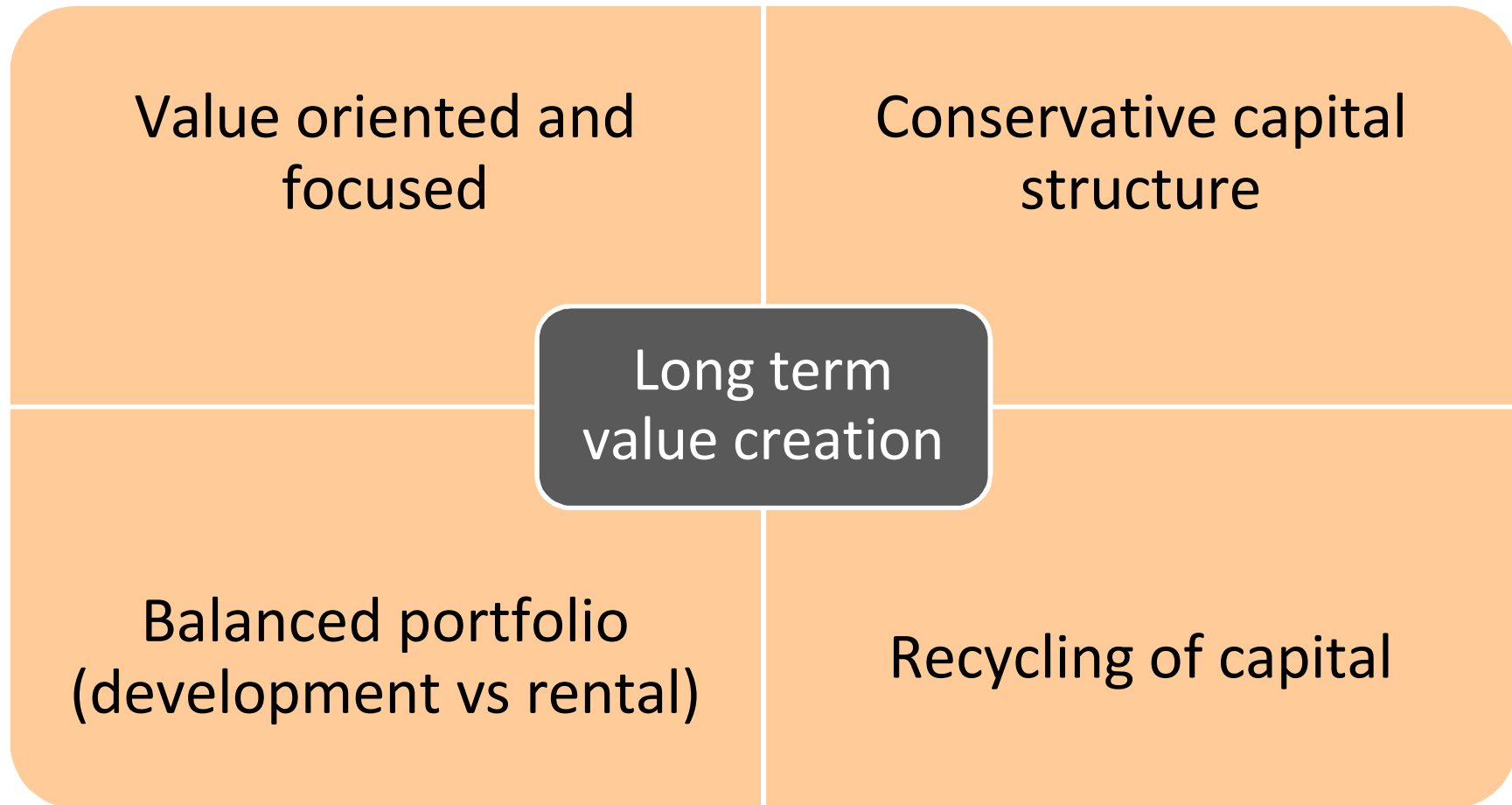


Private and Confidential

OUR BUSINESS

OUR REAL ESTATE STRATEGY

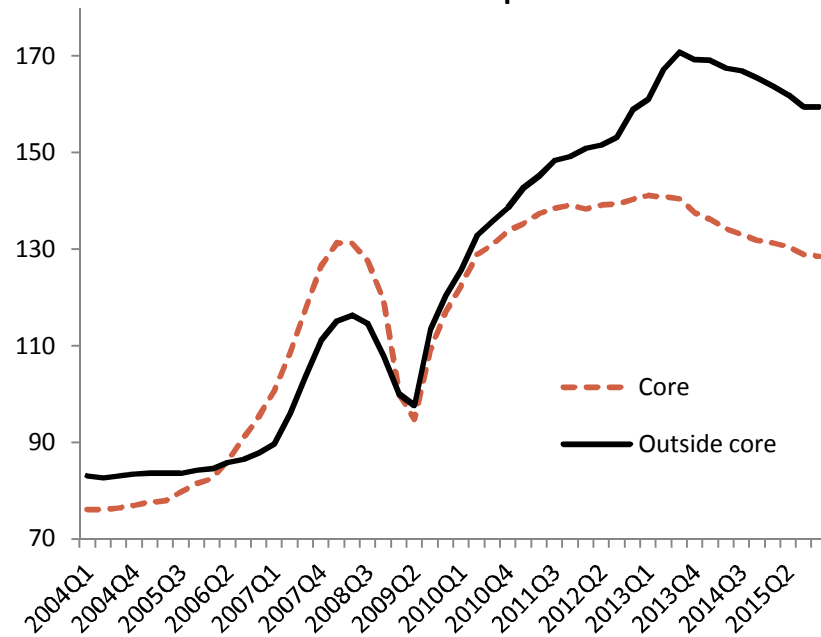
8



MARKET COMMENTARY 2015

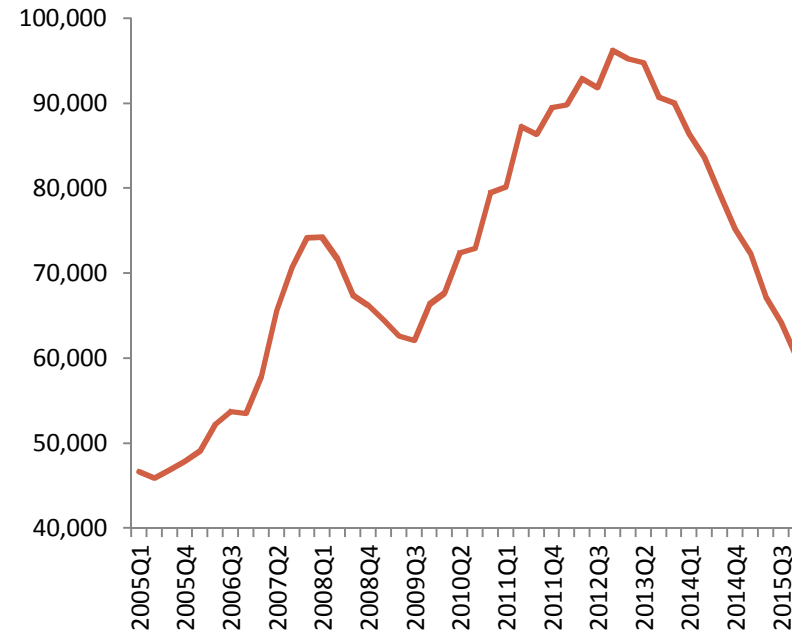
SINGAPORE RESIDENTIAL PROPERTY MARKET

URA Property Price Index of Non-Landed Residential Properties



(source: URA)

Supply of Private Residential Units in the Pipeline



- Subdued market
- Government measures (TDSR and ABSD)
- Some positive signs of stabilisation

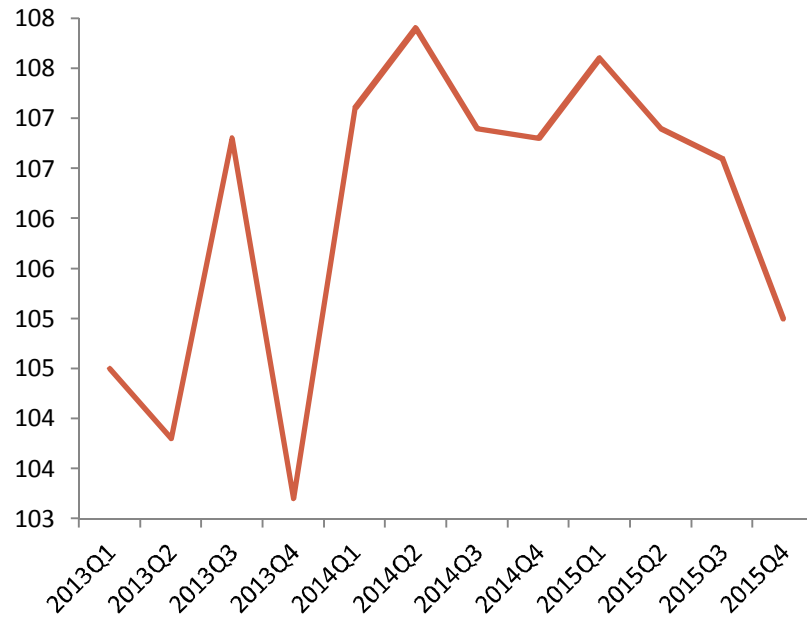


MARKET COMMENTARY 2015

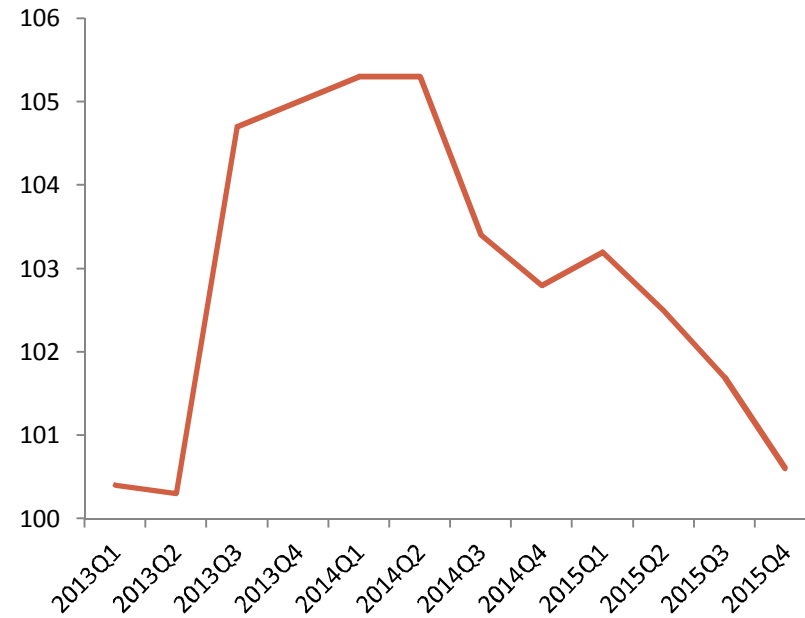
SINGAPORE INDUSTRIAL PROPERTY MARKET

10

Property Price Index of Industrial Property



Rental Index of Private Sector Industrial Property

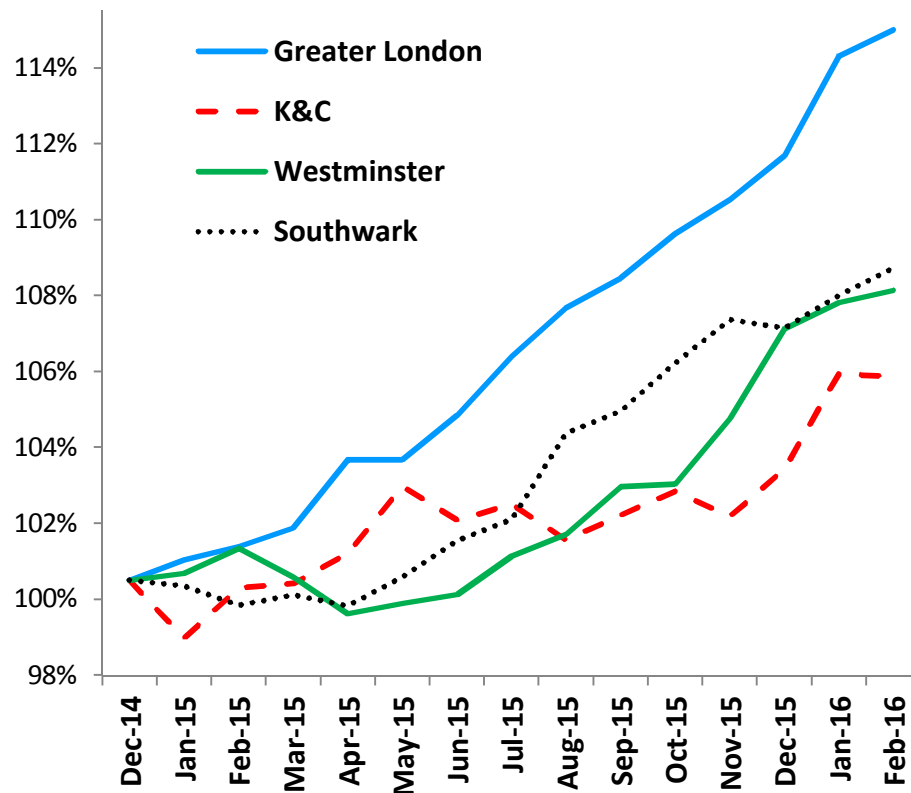


(source: URA)

- Subdued market
- Government measures (TDSR and ABSD) affecting strata sales market
- Weak local and global economy affecting prices and rents



**UK House Price Index
(Greater London & selected prime areas)**



(source: UK Land Registry and Knight Frank Research)

- Increased number of transactions in April 2016
- Signs of price declines in prime “high end” segment
- Slowing price trend in most segments

Possible opportunities if BREXIT occurs



Take up rate

- 14m sq ft
- Down by 3% vs 2014

Availability rate

- 28.7m sq ft
- Down by 13% vs 2014

Transactions

- 1,546 transactions
- Up by 27% vs 2014
- 1Q2016 transactions 10% down vs 1Q2015

(source: Estates Gazette Jan 2016)

- BREXIT concerns
- London's fundamentals as a global city

**Possible opportunities if
BREXIT occurs**



KEY REAL ESTATE ACTIVITIES IN FY2015

13

Divestments/ Investment

- 5 divestments (3 in FY2015)
- 1 new investment (completed 2016)

Development activities

- Sheffield
- London – Allen House
- Manchester

Asset enhancement

- Eagle House
- Hornton Street



GROUP STRATEGY FOR 2016

KEY STRATEGIC OBJECTIVES

14

Increase the Group's recurring income and cash flow

- Asset enhancements
- New investments

Optimal mix of income generating assets vs development assets

- Development opportunities
- Value-add opportunities

Optimise use of capital

- Recycling capital
- Conservative gearing





HWA HONG CORPORATION LIMITED

Thank you