



HWA HONG CORPORATION LIMITED

(Company Registration No. 195200130C)

ACQUISITION OF INTEREST IN COMMERCIAL PROPERTY LOCATED AT LOMAN STREET, LONDON, SE1 0EH, UNITED KINGDOM

The Board of Directors of Hwa Hong Corporation Limited (the “Company” or “HHC” and together with its subsidiaries, the “Group”) wishes to announce that its indirectly wholly-owned subsidiary, Vantagepro Investment Limited (“VPL”) has, acquired an interest in 5,000 shares of nominal value GBP0.01 each in the share capital of Loman Holdings Limited (“LHL”), representing 50% of the total issued and paid-up share capital of LHL of GBP100.00, for an aggregate consideration of GBP50.00, being the nominal value of the shares (the “**Investment**”). The remaining 5,000 shares in LHL (representing 50% of the total issued and paid-up share capital of LHL) are held by unrelated parties, including Langland Estates Ltd. (UK).

LHL is a company incorporated in England and Wales. LHL’s principal activity is investment holding. LHL, in turn, owns the entire issued share capital of Capital Loman Ltd (“CLL”). CLL is a company incorporated in England and Wales and its principal activity is that of property investment.

CLL has entered into an agreement with an unrelated third party, Good Harvest Group Limited, to acquire a freehold property located at 46 Loman Street, London SE1 0EH, United Kingdom (the “**Property**”) for a total cash consideration of GBP14.85 million (equivalent to approximately SGD27.47 million¹) (the “**Consideration**”) and upon the terms and conditions of the said agreement (the “**Acquisition**”). The Consideration was arrived at following an open market sales process and on a willing-buyer, willing-seller basis, and the Acquisition is expected to be completed by 31 March 2018. The Acquisition will be funded by a combination of bank loans and internal cash sources.

The Property is a freehold commercial property located in the vibrant Southbank area in the borough of Southwark, London. It is located close to the Tate Modern London and other notable landmarks such as Borough Market, the Globe Theatre, The Millennium Bridge and The Shard.

The Property is served by excellent transport links as it is located a short walk from Southwark London Underground station and also within walking distance of the recently refurbished Blackfriars Station and London Bridge Station. Both Blackfriars Station and London Bridge Station are served by the London Underground as well as Thameslink and Southeastern regional rail services.

The Property has a total floor area of approximately 19,786 square feet and comprises 5 floors of office accommodation. The Property is currently fully leased and produces an annual gross rental income of approximately GBP0.52 million, reflecting a low average rent of GBP26.28 per square foot.

¹ Based on exchange rate of GBP1 to S\$1.85.

The Investment will allow the Group to invest in the Property through LHL and CLL and thereby expand its commercial property portfolio in Southbank area in London. The Investment is also in line with the Group's strategy to seek value-add opportunities in the central London commercial property market for recurrent rental income and capital appreciation. The Group intends to carry out an asset enhancement exercise to increase the lettable area as part of a longer term strategy to reposition and to re-let the building.

The Group expects the Acquisition to be accretive to the Group's earnings per share² at current levels of rent and intends to further enhance returns from the Property through an asset enhancement exercise.

The Investment is not expected to have a material impact on the earnings per share and net tangible assets of the Company and the Group for the financial year ending 31 December 2018.

None of the directors or controlling shareholders of the Company has any indirect or direct interest in the Acquisition.

BY ORDER OF THE BOARD

Lee Soo Wei
Chief Financial Officer

9 March 2018

² This statement should not be interpreted to mean that earnings per share of the Group for shareholders of the Company will necessarily match or exceed the historical or published earnings per share of the Group.