

17 May 2022
For Immediate Release

SANJURO SEEKS TO PRIVATISE HWA HONG AT S\$0.370 PER SHARE

All capitalised terms which are used in this press release but not otherwise defined herein shall have the meanings ascribed to them in the Offer Announcement dated 17 May 2022.

- Offer provides an attractive opportunity for Shareholders to realise their investment:
 - at an attractive Offer Price and a compelling premium amidst low trading liquidity; and
 - as the Company, as with many property-related businesses, faces a challenging and unprecedented macro and operating environment driven by COVID-19, geopolitical tensions and Brexit.
- Offer Price of **S\$0.370** in cash per Offer Share exceeds all previous closing prices of the Shares in the nine (9)-year period up to and including 12 May 2022, being the last full trading day of the Shares prior to the Offer Announcement Date and represents a premium of approximately 29.8% over the net asset value per Share as at 31 December 2021.
- Offer provides a viable exit alternative for Shareholders who do not wish to be subject to the risk of uncertainty in the direction and strategy of the Company.
 - The Company has no Independent Directors presently.
 - Recent board changes have resulted in a need for an independent review in the Company's internal controls, process and practices relating to the Board nomination process.
 - The Company has had recent changes in management which may lead to uncertainty in executing any business plan and strategy
- Offeror has secured irrevocable undertakings in respect of approximately 24.3% of the Shares.
- Offer is conditional on the Offeror and parties acting in concert with the Offeror holding more than 50% of the total number of Shares as at the close of the Offer.

Singapore, 17 May 2022 — Sanjuro United Pte. Ltd. (the “Offeror” or “Sanjuro”) has today announced a voluntary conditional cash offer (“the Offer”) for all the issued ordinary shares (the “Shares”) in the capital of Hwa Hong Corporation Limited (“Hwa Hong” or the “Company”).

The Offeror is the bid vehicle of a consortium formed by substantial shareholders of the Company: Ely Investments (Pte) Ltd. (“EIPL”) and Roswell Assets Limited (“RAL”) – as well as Ergonomix Ltd. (as General Partner for and on behalf of Ergonomix, L.P.) (“EL”), and Crystalic Star Global Limited (“CSGL” and collectively, the “Consortium”).

The Consortium collectively holds approximately 20.0% of the Shares. The Offeror has received irrevocable undertakings from shareholders of the Company (including members of the Consortium) holding approximately 24.3% to accept the Offer. The Offer is conditional upon the Offeror and its concert parties holding more than 50.0% of the total number of Shares (excluding Shares held in treasury) as at the close of the Offer.

The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company.

The Offeror is of the view that the Offer represents an attractive exit opportunity for Shareholders to realise their investment at an attractive Offer Price and a compelling premium amidst low trading liquidity, without incurring brokerage and other trading costs.

Mr. Ong Eng Yaw, Director of the Offeror, said, “The current state of affairs of the Company is highly unsatisfactory. The Company’s recent changes in management may lead to uncertainty in executing any strategy. For minority shareholders who do not wish to be subject to the risk of uncertainty in the direction and strategy of the Company, the Offer will provide an attractive opportunity to immediately crystallise their investment at the Offer Price, which exceeds all previous closing prices of the shares in the nine-year period and a compelling premium of approximately 29.8% over the net asset value per Share as at 31 December 2021, without incurring brokerage and other trading costs.”

Mr. Chiu Yoong Chian Gerald, Director of the Offeror and a founding partner of Dymon Asia Private Equity, said, “The Offer will allow the Offeror, including Dymon Asia Private Equity, to take a more active role in managing the challenges the Company faces amidst the uncertain operating environment.”

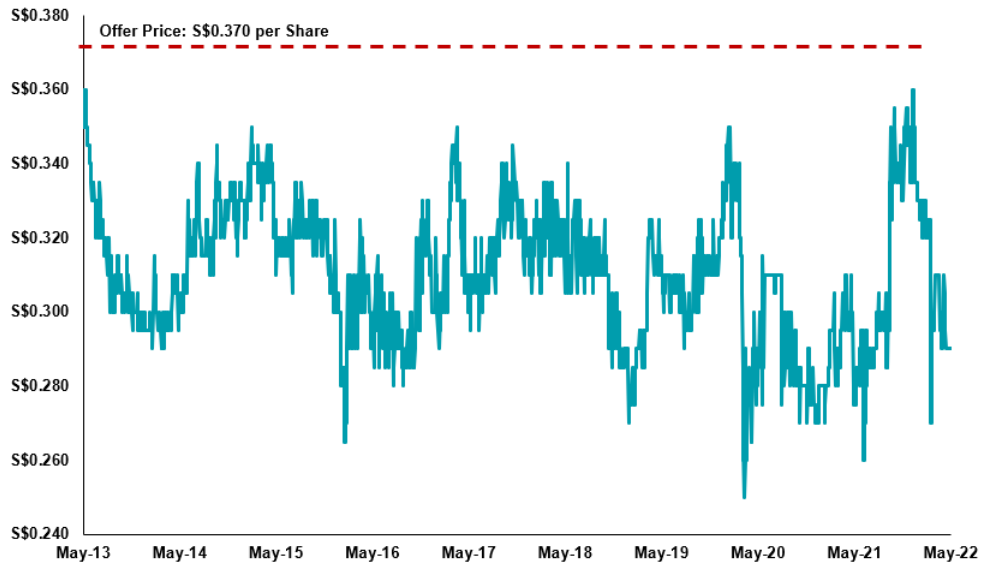
Mr. Seow Voon Ping, Director of the Offeror and shareholder of RAL, commented, “As an existing substantial shareholder and investor of the Company, we have raised questions relating to governance to the Company’s current Board and management. Given recent developments, our concerns have intensified about the corporate governance of the Company going forward and the Board’s ability to navigate the Company through the current volatile markets.”

OCBC Bank is the sole financial adviser to the Offeror in connection with the Offer.

Key Rationale for the Offer

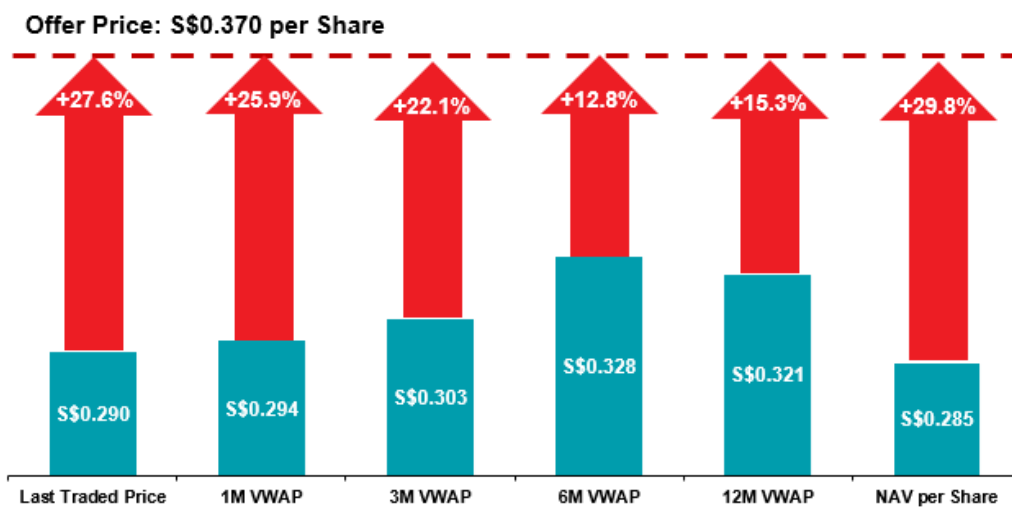
Opportunity for Shareholders to realise their investment at an attractive price and compelling premium.

The Offer Price exceeds all previous closing prices of the Shares in the nine (9)-year period up to and including 12 May 2022, being the last full trading day of the Shares prior to the Offer Announcement Date (the “**Last Trading Date**”).



The Offer presents Shareholders with an opportunity to realise their investment in their Shares at a premium, of approximately:

- (i) 27.6% over S\$0.290, the last traded price per Share on the Last Trading Date;
- (ii) 25.9% over S\$0.294, the volume weighted average price (“**VWAP**”) of the Shares for the one-month period up to and including the Last Trading Date;
- (iii) 22.1% over S\$0.303, the VWAP of the Shares for the three (3)-month period up to and including the Last Trading Date;
- (iv) 12.8% over S\$0.328, the VWAP of the Shares for the six (6)-month period up to and including the Last Trading Date;
- (v) 15.3% over S\$0.321, the VWAP of the Shares for the 12-month period up to and including the Last Trading Date; and
- (vi) 29.8% over S\$0.285, the net asset value (“**NAV**”) per Share as at 31 December 2021.



The Company, as with many property-related businesses, faces a challenging and unprecedented macro and operating environment driven by COVID-19, geopolitical tensions and Brexit.

The Company faces a challenging macro and operating environment in Singapore and the United Kingdom ("UK") driven by a myriad of risk factors.

As some of the Company's office investment properties in the UK are ageing, the expected capital expenditure amidst the current inflationary environment and loss of income arising from refurbishments and redevelopments may impact the Company's future income. Leasing risks and potential delays may also affect future occupancies and rent outlook. Hence, the Company may also not be able to monetise its assets at favourable capital values

Furthermore, the Company's investments are in the form of joint ventures or non-controlling associate stakes, and the Company may therefore not be able to refurbish or develop without the agreement of its joint venture partners.

The rising interest rate environment may negatively affect the value of, and cashflows derived from, the Company's investment properties through higher debt financing costs and higher discount or capitalisation rates.

The Offer is a viable cash exit alternative for Shareholders who do not wish to be subject to the risk of uncertainty in the direction and strategy of the Company

Since the conclusion of the annual general meeting of the Company held on 18 April 2022 (the "**2022 AGM**") and following the resignation of the Independent Chairman of the Board, Mr. Mak Lye Mun, on 4 May 2022, the Board no longer has any Independent Directors to ensure proper functioning and corporate governance of the Company. Despite there being insufficient or no Independent Directors to constitute a proper Nominating Committee after the conclusion of the 2022 AGM, the Board appointed two (2) new Non-Executive and Non-Independent Directors, resulting in the Company being majority-controlled by certain close family members and substantial shareholders.

On 6 May 2022, the Company was served a Notice of Compliance by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), requiring the Company to appoint an independent reviewer to, inter alia, review the internal controls, process and practices relating to the Board nomination process, including the selection and appointment of Independent Directors.

The Company has also had changes in leadership in recent years with three (3) Managing Directors (including acting Managing Directors) since March 2021. These changes in key management personnel within a short time frame may result in uncertainty in the direction of the leadership and challenges in execution of any business plan and strategy of the Company.

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About the Consortium

EIPL is wholly owned by Mr. Ong Choo Eng and his family (including his son, Mr. Ong Eng Yaw). Mr. Ong Choo Eng and Mr. Ong Eng Yaw are substantial shareholders of the Company. Mr. Ong Choo Eng was previously the Group Managing Director and retired in 2021 from this position. Mr. Ong Eng Yaw joined the Company as Manager (Investments) on 1 August 2008. He was subsequently appointed as the Chief Operating Officer and thereafter, the Acting Group Managing Director of the Company. He relinquished his role as the Acting Group Managing Director of the Company on 18 April 2022.

EL is acting as a general partner for and on behalf of Ergonomix L.P. EL, through Diamond GP Holdings II Ltd., is wholly-owned by Dymon Asia Private Equity (S.E. Asia) II Ltd., which is acting as general partner for and on behalf of Dymon Asia Private Equity (S.E. Asia) Fund II, L.P (the "**Dymon Fund**"). The Dymon Fund has committed funds of US\$450 million and is managed by Dymon Asia Private Equity (Singapore) Pte. Ltd., a Singapore-based fund manager licensed by the Monetary Authority of Singapore.

CSGL is a wholly-owned subsidiary of Zen Capital Pte. Ltd., an investment holding company.

RAL is a limited company incorporated in the British Virgin Islands on 5 April 2004. The shareholders of RAL are Mr. Seow Voon Ping and Ms. Yee Chin Shiar. Mr. Seow Voon Ping is currently the Group Managing Director of the Newfields Group, a holding company with principal activities in corporate finance, real estate development, and investment. He is also the Managing Director of Marloes Asset Management Pte. Ltd., a private family office. Ms. Yee Chin Shiar is a high net-worth individual.

About Hwa Hong Corporation Limited

The Company was incorporated under the laws of Singapore on 29 December 1952 and was listed on the SGX-ST on 26 July 1979. The principal activities of the Company and its subsidiaries (the "**Group**") are property rental and investment and development and investment holding. The Group is headquartered in Singapore and operates in Singapore and the UK.

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Responsibility Statement

The directors of the Offeror (including those who may have delegated detailed supervision of this press release) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this press release (other than those relating to the Company) are fair and accurate and that there are no other material facts not contained in this press release, the omission of which would make any statement in this press release misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors of the Offeror has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this press release.

The directors of the Offeror jointly and severally accept responsibility accordingly.