

**UNAUDITED RESULTS FOR SECOND QUARTER ENDED 30 JUNE 2014**
**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**
**1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

|  | Group                |           |         |                  |           |          |        |
|--|----------------------|-----------|---------|------------------|-----------|----------|--------|
|  | Second Quarter Ended |           |         | Six Months Ended |           |          |        |
|  | 30.6.2014            | 30.6.2013 | +/(-) % | 30.6.2014        | 30.6.2013 | +/(-) %  |        |
| Note   | \$'000               | \$'000    |         | \$'000           | \$'000    |          |        |
| <b>Revenue</b>   |                      | 3,650     | 7,884   | (53.7)           | 9,511     | 16,876   | (43.6) |
| Cost of sales  | 1                    | (1,644)   | (5,232) | (68.6)           | (4,747)   | (11,633) | (59.2) |
| <b>Gross profit</b>  |                      | 2,006     | 2,652   | (24.4)           | 4,764     | 5,243    | (9.1)  |
| Other income   | 2                    | 10,750    | 1,751   | n.m.             | 12,201    | 3,753    | n.m.   |
| General and administrative costs                                 | 3                    | (2,224)   | (1,655) | 34.4             | (3,668)   | (4,498)  | (18.5) |
| Selling and distribution costs                                   |                      | 1         | (50)    | n.m.             | (27)      | (99)     | (72.7) |
| Other operating costs  | 4                    | (5,618)   | (700)   | n.m.             | (5,813)   | (700)    | n.m.   |
| Finance costs  |                      | (146)     | (96)    | 52.1             | (299)     | (193)    | 54.9   |
| Share of after tax results of associates and joint ventures      |                      | 493       | 333     | 48.0             | 970       | 1,099    | (11.7) |
| Profit before taxation   |                      | 5,262     | 2,235   | n.m.             | 8,128     | 4,605    | 76.5   |
| Taxation   | 5                    | (232)     | (408)   | (43.1)           | (667)     | (928)    | (28.1) |
| <b>Profit from continuing operations, net of taxation</b>        |                      | 5,030     | 1,827   | n.m.             | 7,461     | 3,677    | n.m.   |
| <b>Discontinued operation</b>                                    |                      |           |         |                  |           |          |        |
| Loss from discontinued operation, net of taxation                |                      | -         | (11)    | n.m.             | (71)      | (18)     | n.m.   |
| <b>Net profit after taxation</b>                                 |                      | 5,030     | 1,816   |                  | 7,390     | 3,659    |        |
| <b>Attributable to:</b>  |                      |           |         |                  |           |          |        |
| <b>Owners of the Company</b>                                     |                      |           |         |                  |           |          |        |
| Profit from continuing operations, net of taxation               |                      | 5,030     | 1,827   | n.m.             | 7,461     | 3,677    | n.m.   |
| Loss from discontinued operation, net of taxation                |                      | -         | (11)    | n.m.             | (71)      | (18)     | -      |
| <b>Profit for the year attributable to owners of the Company</b> |                      | 5,030     | 1,816   |                  | 7,390     | 3,659    |        |

n.m. denotes not meaningful.

**Notes to Group Profit and Loss Statement – Continuing operations**

- Cost of sales decreased by \$6.9 million year-on-year (“yoy”) and \$3.6 million quarter-on-quarter (“qoq”) mainly due to lower share trading activities.
- Other income comprised the following:

|   | 2Q2014        | 2Q2013       | +/(-) % | FY2014        | FY2013       | +/(-) % |
|---|---------------|--------------|---------|---------------|--------------|---------|
|   | \$'000        | \$'000       |         | \$'000        | \$'000       |         |
| Interest income                                   | 32            | 134          | (76.1)  | 69            | 245          | (71.8)  |
| Dividend income                                   | 195           | 176          | 10.8    | 203           | 190          | 6.8     |
| Gain on sale of investment securities             | -             | 2            | n.m.    | -             | 46           | n.m.    |
| Gain on disposal of investment properties         | 10,455        | 1,418        | n.m.    | 11,705        | 3,246        | n.m.    |
| Gain on disposal of property, plant and equipment | -             | -            | n.m.    | 21            | -            | n.m.    |
| Other investment income                           | 5             | -            | n.m.    | 78            | -            | n.m.    |
| Sundry  | 63            | 21           | n.m.    | 125           | 26           | n.m.    |
|   | <u>10,750</u> | <u>1,751</u> |         | <u>12,201</u> | <u>3,753</u> |         |

3. General and administrative costs decreased by \$0.8 million yoy and increased by \$0.6 million qoq mainly due to a favourable exchange impact of \$0.9 million in unrealised foreign exchange yoy and unfavourable exchange impact of \$0.6 million qoq. The unrealised foreign exchange impact arose mainly from the translation of assets denominated in Sterling Pounds relating to the Group's investment in the United Kingdom.

4. Other operating costs comprised the following:

|   | 2Q2014       | 2Q2013     | + / (-) | FY2014       | FY2013     | + / (-) |
|---|--------------|------------|---------|--------------|------------|---------|
|   | \$'000       | \$'000     | %       | \$'000       | \$'000     | %       |
| Allowance made/(written back) for impairment on |              |            |         |              |            |         |
| - unquoted non-current investments              | (36)         | -          | n.m.    | (36)         | -          | n.m.    |
| - current investments                           | 61           | 700        | (91.3)  | 256          | 700        | (63.4)  |
| - investment properties                         | 4,684        | -          | n.m.    | 4,684        | -          | n.m.    |
| Allowance made for doubtful debts               |              |            |         |              |            |         |
| due from an associate                           | 909          | -          | n.m.    | 909          | -          | n.m.    |
|   | <u>5,618</u> | <u>700</u> |         | <u>5,813</u> | <u>700</u> |         |

- Allowance for impairment loss on current investment securities relate to investment securities that had suffered a significant or prolonged decline in the market value below the acquisition cost of those investments.
- Allowance for impairment loss on investment properties of \$4.7 million was due to a decline in value of certain UK properties arising from a directors' valuation exercise carried out in 2Q2014.
- Allowance for doubtful debts receivable of \$0.9 million was made following an assessment exercise to determine collectability of the debt.

5. Effective tax rates for 1H2014 and 2Q2014 were 8.3% (1H2013: 20.2%) and 4.4% (2Q2013: 18.3%) respectively. The taxation charges for the Group for 1H2014 and 2Q2014 were lower than that arrived at by applying the statutory tax rate of 17% to the profit before taxation mainly due to certain other income that was capital in nature.

Profit before taxation included the following:

|   | Group                |           |         |                  |           |         |
|---|----------------------|-----------|---------|------------------|-----------|---------|
|   | Second Quarter Ended |           |         | Six Months Ended |           |         |
|   | 30.6.2014            | 30.6.2013 | +/(-) % | 30.6.2014        | 30.6.2013 | +/(-) % |
|   | \$'000               | \$'000    |         | \$'000           | \$'000    |         |
| Investment income   | 391                  | 300       | 30.3    | 1,278            | 449       | n.m.    |
| Interest income (included in revenue)                                   | 158                  | 205       | (22.9)  | 341              | 404       | (15.6)  |
| Interest on borrowings  | (146)                | (96)      | 52.1    | (299)            | (193)     | 54.9    |
| Depreciation on property, plant and equipment and investment properties | (536)                | (582)     | (7.9)   | (1,131)          | (1,100)   | 2.8     |
| Allowance made for doubtful debts due from an associate                 | (909)                | -         | n.m.    | (909)            | -         | n.m.    |
| Allowance made/(written back) for impairment loss on                    |                      |           |         |                  |           |         |
| - unquoted non-current investments                                      | 36                   | -         | n.m.    | 36               | -         | n.m.    |
| - quoted current investments  | (61)                 | (700)     | (91.3)  | (256)            | (700)     | (63.4)  |
| - investment properties   | (4,684)              | -         | n.m.    | (4,684)          | -         | n.m.    |
| Underprovision of taxation in prior years                               | -                    | (120)     | n.m.    | -                | (120)     | n.m.    |
| Foreign exchange gain/(loss)  | (53)                 | 531       | n.m.    | 441              | (432)     | n.m.    |
| Gain on disposal of investments   |                      |           |         |                  |           |         |
| - included in gross profit  | 143                  | 260       | (45.0)  | 389              | 1,270     | (69.4)  |
| - included in other income  | -                    | 2         | n.m.    | -                | 46        | n.m.    |
| Gain on disposal of property, plant and equipment                       |                      |           |         |                  |           |         |
| - included in other income  | -                    | -         | -       | 21               | -         | n.m.    |
| Gain on disposal of investment properties                               |                      |           |         |                  |           |         |
| - included in other income  | 10,455               | 1,418     | n.m.    | 11,705           | 3,246     | n.m.    |
| Loss on disposal of a subsidiary  |                      |           |         |                  |           |         |
| - included in other income  | -                    | -         | -       | (61)             | -         | n.m.    |

### **Statement of Comprehensive Income**

|  | Group                |              |         |                  |              |         |
|--|----------------------|--------------|---------|------------------|--------------|---------|
|  | Second Quarter Ended |              |         | Six Months Ended |              |         |
|  | 30.6.2014            | 30.6.2013    | +/(-) % | 30.6.2014        | 30.6.2013    | +/(-) % |
|  | \$'000               | \$'000       |         | \$'000           | \$'000       |         |
| <b>Net profit after taxation</b>                               | 5,030                | 1,816        | n.m.    | 7,390            | 3,659        | n.m.    |
| <b>Other comprehensive income/(loss):</b>                      |                      |              |         |                  |              |         |
| Items that may be reclassified subsequently to profit or loss: |                      |              |         |                  |              |         |
| Net gain on available-for-sale investments (net of tax)        | 4,480                | 524          | n.m.    | 4,512            | 2,024        | n.m.    |
| Exchange difference arising from                               |                      |              |         |                  |              |         |
| - consolidation  | 62                   | 62           | -       | 170              | (125)        | n.m.    |
| - revaluation of net investment in foreign operation           | 29                   | 308          | (90.6)  | 569              | (262)        | n.m.    |
| - reclassification on disposal of a subsidiary                 | -                    | -            | -       | 3,548            | -            | n.m.    |
| Revaluation gain realised by an associate to income statement  | -                    | -            | n.m.    | (106)            | (157)        | (32.5)  |
| Other comprehensive gain, net of tax                           | 4,571                | 894          | n.m.    | 8,693            | 1,480        | n.m.    |
| <b>Total comprehensive gain for the period</b>                 | <b>9,601</b>         | <b>2,710</b> | n.m.    | <b>16,083</b>    | <b>5,139</b> | n.m.    |
| Total comprehensive gain for the period attributable to:       |                      |              |         |                  |              |         |
| Owners of the Company  | 9,601                | 2,710        | n.m.    | 16,083           | 5,139        | n.m.    |
| Non-controlling Interests                                      | -                    | -            | -       | -                | -            | -       |
|  | 9,601                | 2,710        |         | 16,083           | 5,139        |         |

Net gain on available-for-sale investments (net of tax) in 1H2014 and 2Q2014 of \$4.5 million were mainly due to increases in fair value of the available-for-sale investments arising from favourable market conditions on certain shares held by the Group.

The currency translation reserve of \$3.5 million relating to Phrata Sdn Bhd was being reclassified, arising from the disposal of this subsidiary in 1Q2014.

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

|   | Note | Group           |                 | Company        |                |
|---|------|-----------------|-----------------|----------------|----------------|
|   |      | 30.6.2014       | 31.12.2013      | 30.6.2014      | 31.12.2013     |
|   |      | \$'000          | \$'000          | \$'000         | \$'000         |
| <b>Non-current assets</b>   |      |                 |                 |                |                |
| Property, plant and equipment   |      | 5,541           | 5,730           | -              | -              |
| Investment properties   | 1    | 63,690          | 87,429          | -              | -              |
| Investment in subsidiaries  |      | -               | -               | 173,328        | 173,328        |
| Investment in joint ventures  | 2    | 9,015           | 4,015           | -              | -              |
| Investment in associates  | 3    | 15,787          | 14,986          | 746            | 746            |
| Investment securities   |      | 14,603          | 14,464          | -              | -              |
| Amounts due from associates   | 4    | 3,104           | 3,705           | -              | -              |
| Deferred rental income  | 5    | 3,686           | 2,924           | -              | -              |
| Other receivables   |      | 151             | 101             | -              | -              |
|   |      | <u>115,577</u>  | <u>133,354</u>  | <u>174,074</u> | <u>174,074</u> |
| <b>Current assets</b>   |      |                 |                 |                |                |
| Inventories   |      | -               | 4               | -              | -              |
| Trade receivables   |      | 376             | 271             | -              | -              |
| Properties classified as held for sale  | 6    | 10,365          | 1,038           | -              | -              |
| Prepayments and deposits  |      | 198             | 296             | 40             | 59             |
| Other receivables   | 7    | 4,030           | 10,044          | -              | -              |
| Amounts due from associates   | 8    | 9,817           | 8,853           | -              | -              |
| Investment securities   | 9    | 43,985          | 37,222          | -              | -              |
| Cash and bank balances  | 10   | 59,264          | 52,524          | 4,853          | 8,337          |
|   |      | <u>128,035</u>  | <u>110,252</u>  | <u>4,893</u>   | <u>8,396</u>   |
| Assets of disposal group classified as held for sale                            | 11   | -               | 3,177           | -              | 3,099          |
|   |      | <u>128,035</u>  | <u>113,429</u>  | <u>4,893</u>   | <u>11,495</u>  |
| <b>Current liabilities</b>  |      |                 |                 |                |                |
| Trade payables  |      | (458)           | (585)           | -              | -              |
| Other payables  | 12   | (1,347)         | (5,357)         | (292)          | (3,597)        |
| Accrued operating expenses  | 13   | (1,033)         | (1,633)         | (77)           | (172)          |
| Amounts due to associates   |      | (517)           | (517)           | (335)          | (335)          |
| Bank loans (secured)  | 14   | (19,621)        | (28,990)        | -              | -              |
| Tax payable   | 15   | (2,312)         | (1,846)         | -              | -              |
|   |      | <u>(25,288)</u> | <u>(38,928)</u> | <u>(704)</u>   | <u>(4,104)</u> |
| Liabilities directly associated with disposal group classified as held for sale | 11   | -               | (40)            | -              | -              |
|   |      | <u>(25,288)</u> | <u>(38,968)</u> | <u>(704)</u>   | <u>(4,104)</u> |
| <b>Net current assets</b>   |      | 102,747         | 74,461          | 4,189          | 7,391          |
| <b>Non-current liabilities</b>  |      |                 |                 |                |                |
| Deferred tax liabilities  | 16   | (6,257)         | (5,130)         | -              | -              |
| Other payables  |      | (582)           | (748)           | -              | -              |
|   |      | <u>(6,839)</u>  | <u>(5,878)</u>  | <u>-</u>       | <u>-</u>       |
| <b>Net assets</b>   |      | <u>211,485</u>  | <u>201,937</u>  | <u>178,263</u> | <u>181,465</u> |

|   | Group     |            | Company   |            |
|---|-----------|------------|-----------|------------|
|   | 30.6.2014 | 31.12.2013 | 30.6.2014 | 31.12.2013 |
|   | \$'000    | \$'000     | \$'000    | \$'000     |
| <b>Equity attributable to Owners of the Company</b> |           |            |           |            |
| Share capital                                       | 172,154   | 172,154    | 172,154   | 172,154    |
| Capital reserve                                     | 1,202     | 1,308      | -         | -          |
| Revenue reserve                                     | 33,282    | 32,427     | 6,109     | 9,311      |
| Fair value reserve                                  | 15,384    | 10,872     | -         | -          |
| Currency translation reserve                        | (10,537)  | (14,824)   | -         | -          |
|   | 211,485   | 201,937    | 178,263   | 181,465    |
| Non-controlling interests                           | -         | -          | -         | -          |
| <b>Share capital and reserves</b>                   | 211,485   | 201,937    | 178,263   | 181,465    |

Note:

1. Investment properties decreased by \$24 million mainly due to:
  - a. disposal of 1 Singapore property in Rivergate, 1 apartment unit and 3 commercial properties in London,
  - b. reclassification of a commercial property in London, to properties held for sale, and,
  - c. impairment loss of \$4.7 million relating to 2 UK investment properties outside London.
2. Investment in joint ventures increased by \$5 million mainly due to investment of \$5.9 million in Neo Bankside Retail LLP, offset by a refund of \$0.9 million being excess investment from Neo Pav E Investments LLP during the period.
3. Increase in investment in associates by \$0.8 million was mainly due to share of profits in associates for the period.
4. Decrease in amounts due from associates was mainly due to allowance for doubtful debts provided during the period.
5. Deferred rental income relates to lease income that remains to be amortised over the lease term on a straight line basis.
6. The properties classified as held for sale as at 31 December 2013 was sold during the period. As at 30 June 2014, one property was classified as held for sale with completion expected by 3Q2014.
7. Other receivable declined mainly due to repayment of loans from the UK joint ventures.
8. Increase in amounts due from associates was mainly due to increase in loans provided to one of the associates.
9. Increase in current investment securities by \$6.8 million was mainly due to purchases and fair value change of available-for-sale investments.
10. Decrease in the Company's cash and bank balances by \$3.5 million was mainly due to payment of dividends during the period offset by proceeds received from the disposal of a subsidiary. Increase in the Group's cash and bank balances by \$6.7 million was mainly due to receipt from the disposal of investment properties and proceeds from the disposal of a subsidiary, offset by payment of dividends and settlement of bank loans.
11. Assets of disposal group classified as held for sale and liabilities directly associated with disposal group classified as held for sale reflected the total assets and liabilities of the disposal of a subsidiary. The sale was completed on 17 February 2014.

12. Reduction in current other payables of \$4 million at the Group and \$3.3 million at the Company was mainly due to receipt of deposits from the disposal of subsidiary recorded under current other payables as at 31 December 2013.
13. Reduction in accrued operating expenses by \$0.6 million was mainly due to payment of bonuses during the period.
14. Decrease in bank loans was mainly due to settlement of an outstanding bank loan of \$15.4 million offset by a drawn down of a new loan of \$5.9 million during the period.
15. Increase in tax payable of \$0.5 million was mainly due to increase in certain chargeable income of some subsidiaries.
16. Increase in deferred tax liabilities of \$1.1 million was mainly due to provision made for accrued interest income, deferred rental income and the fair value increases of available-for-sale investments.

#### **1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

##### **Amount repayable in one year or less, or on demand**

|                       | 30.6.2014         |                     | 31.12.2013        |                     |
|-----------------------|-------------------|---------------------|-------------------|---------------------|
|                       | Secured<br>\$'000 | Unsecured<br>\$'000 | Secured<br>\$'000 | Unsecured<br>\$'000 |
| Short term bank loans | 19,621            | -                   | 28,990            | -                   |

##### **Amount repayable after one year**

|                      | 30.6.2014         |                     | 31.12.2013        |                     |
|----------------------|-------------------|---------------------|-------------------|---------------------|
|                      | Secured<br>\$'000 | Unsecured<br>\$'000 | Secured<br>\$'000 | Unsecured<br>\$'000 |
| Long term bank loans | -                 | -                   | -                 | -                   |

The Group has sufficient resources to repay the short-term bank loans.

##### **Details of any collateral**

Short term bank loans comprised:

- a) An amount of \$10.1 million (2013: \$19.8 million) secured by a pledge of \$15 million (2013: \$13.3 million) on a subsidiary's fixed deposits and a corporate guarantee of up to \$15 million (2013: \$6.66 million) from the Company.
- b) An amount of \$1.1 million (2013: \$1.1 million) secured by a deed of guarantee and indemnity of \$4 million (2013: \$4 million) from a subsidiary.
- c) An amount of \$8.4 million (2013: \$8.1 million) secured by a pledge of \$4 million (2013: \$4 million) on a subsidiary's fixed deposits.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

|   | Group                |           |                  |           |
|---|----------------------|-----------|------------------|-----------|
|   | Second Quarter Ended |           | Six Months Ended |           |
|   | 30.6.2014            | 30.6.2013 | 30.6.2014        | 30.6.2013 |
|   | \$'000               | \$'000    | \$'000           | \$'000    |
| <b>Cash flow from operating activities:</b>                                       |                      |           |                  |           |
| Profit before taxation from continuing operations                                 | 5,262                | 2,235     | 8,128            | 4,605     |
| Loss before taxation from discontinued operation                                  | -                    | (11)      | (71)             | (18)      |
| Adjustments for:  |                      |           |                  |           |
| Interest income   | (190)                | (340)     | (410)            | (650)     |
| Interest expense  | 146                  | 96        | 299              | 193       |
| Depreciation of property, plant and equipment and investment properties           | 536                  | 582       | 1,131            | 1,100     |
| Share of results of associates and joint ventures                                 | (493)                | (333)     | (970)            | (1,099)   |
| Allowance made for doubtful debts due from an associate                           | 909                  | -         | 909              | -         |
| Allowance made/(written back) for impairment loss on                              |                      |           |                  |           |
| - non current investment securities   | (36)                 | -         | (36)             | -         |
| - current investment securities   | 61                   | 700       | 256              | 700       |
| - investment properties   | 4,684                | -         | 4,684            | -         |
| Gain on disposal of investment properties   | (10,455)             | (1,418)   | (11,705)         | (3,246)   |
| Gain on disposal of property, plant and equipment                                 | -                    | -         | (21)             | -         |
| Loss on disposal of subsidiary  | -                    | -         | 61               | -         |
| Unrealised exchange differences   | (761)                | 117       | (552)            | 117       |
|   | (5,599)              | (596)     | (6,354)          | (2,885)   |
| <b>Operating profit before reinvestment in working capital</b>                    | (337)                | 1,628     | 1,703            | 1,702     |
| Increase in receivables and current investments                                   | (44)                 | (2,455)   | (2,000)          | (1,445)   |
| (Increase)/decrease in inventories  | -                    | (2)       | 4                | 2         |
| Decrease in payables  | (786)                | (768)     | (1,784)          | (859)     |
|   | (830)                | (3,225)   | (3,780)          | (2,302)   |
| <b>Cash used in operations</b>  | (1,167)              | (1,597)   | (2,077)          | (600)     |
| Interest received   | 165                  | 279       | 360              | 479       |
| Interest paid   | (146)                | (96)      | (299)            | (193)     |
| Income taxes paid   | (26)                 | (362)     | (84)             | (479)     |
|   | (7)                  | (179)     | (23)             | (193)     |
| <b>Net cash used in operating activities</b>                                      | (1,174)              | (1,776)   | (2,100)          | (793)     |
| <b>Cash flow from investing activities:</b>                                       |                      |           |                  |           |
| (Increase)/decrease in other investments  | (668)                | 380       | -                | 301       |
| Decrease in other receivables   | 5,773                | -         | 5,737            | -         |
| Increase in investment in joint ventures  | (5,857)              | -         | (4,829)          | -         |
| Increase in amounts due from associates   | (589)                | (156)     | (1,272)          | (111)     |
| Proceeds from disposal of property, plant and equipment                           | -                    | -         | 34               | -         |
| Proceeds from disposal of a subsidiary  | -                    | -         | 3,185            | -         |
| Proceeds from disposal of investment properties                                   | 20,275               | 1,724     | 22,457           | 4,847     |
| Additions to investment properties  | (547)                | -         | (685)            | (2,099)   |
| Purchase of property, plant and equipment   | (1)                  | (55)      | (1)              | (55)      |
| <b>Net cash generated from investing activities</b>                               | 18,386               | 1,893     | 24,626           | 2,883     |
| <b>Net cash generated from operating and investing activities carried forward</b> | 17,212               | 117       | 22,526           | 2,090     |

|   | Group                |               |                  |               |
|---|----------------------|---------------|------------------|---------------|
|   | Second Quarter Ended |               | Six Months Ended |               |
|   | 30.6.2014            | 30.6.2013     | 30.6.2014        | 30.6.2013     |
|   | \$'000               | \$'000        | \$'000           | \$'000        |
| <b>Net cash generated from operating and investing activities brought forward</b> | 17,212               | 117           | 22,526           | 2,090         |
| <b>Cash flow from financing activities:</b>                                       |                      |               |                  |               |
| Increase in bank loans  | 5,857                | -             | 5,857            | -             |
| Repayments of bank loans  | (15,394)             | -             | (15,394)         | (2,900)       |
| Dividends paid  | (6,535)              | (6,535)       | (6,535)          | (6,535)       |
| Increase in pledged cash and bank balances  | -                    | -             | (1,660)          | -             |
| <b>Net cash used in financing activities</b>                                      | (16,072)             | (6,535)       | (17,732)         | (9,435)       |
| Net increase/(decrease) in cash and cash equivalents                              | 1,140                | (6,418)       | 4,794            | (7,345)       |
| Cash and cash equivalents at beginning of the period                              | 39,112               | 33,347        | 35,197           | 34,487        |
| Effects of exchange rate changes on cash and cash equivalents                     | 12                   | 77            | 273              | (136)         |
| <b>Cash and cash equivalents at end of the period</b>                             | <b>40,264</b>        | <b>27,006</b> | <b>40,264</b>    | <b>27,006</b> |

For the purpose of presenting consolidating cash flow statements, the consolidated cash and cash equivalents comprise the following:-

|  | Group         |               | Group         |               |
|--|---------------|---------------|---------------|---------------|
|  | 30.6.2014     | 30.6.2013     | 30.6.2014     | 30.6.2013     |
|  | \$'000        | \$'000        | \$'000        | \$'000        |
| Cash and bank balances                         | 59,264        | 44,346        | 59,264        | 44,346        |
| Less: cash and bank balances pledged           | (19,000)      | (17,340)      | (19,000)      | (17,340)      |
| Less: bank overdraft secured                   | -             | -             | -             | -             |
| Cash and cash equivalents at end of the period | <b>40,264</b> | <b>27,006</b> | <b>40,264</b> | <b>27,006</b> |

#### Effect of disposal of discontinued operation

On 23 December 2013, the Company announced that the Group had entered into a sale and purchase agreement with two interested persons in relation to the proposed disposal of a wholly-owned subsidiary, Phratra Sdn Bhd ("Phratra"). The sale was completed on 17 February 2014 and Phratra ceased to be a subsidiary of the Group.

The results of discontinued operation (till date of disposal) are provided below:

|   | Second Quarter Ended |           | Six Months Ended |           |
|---|----------------------|-----------|------------------|-----------|
|   | 30.6.2014            | 30.6.2013 | 30.6.2014        | 30.6.2013 |
|   | \$'000               | \$'000    | \$'000           | \$'000    |
| Revenue   | -                    | 5         | -                | 16        |
| Other income                                      | -                    | 1         | -                | 1         |
| Expenses  | -                    | (17)      | (10)             | (35)      |
| Operating loss before taxation                    | -                    | (11)      | (10)             | (18)      |
| Taxation  | -                    | -         | -                | -         |
| Operating loss after taxation                     | -                    | (11)      | (10)             | (18)      |
| Loss on disposal of discontinued operation        | -                    | -         | (61)             | -         |
| Loss from discontinued operation, net of taxation | -                    | (11)      | (71)             | (18)      |



Cash flows of discontinued operation (till date of disposal) are provided below:

|                     | <b>Group</b>                |                  |                         |                  |
|---------------------|-----------------------------|------------------|-------------------------|------------------|
|                     | <b>Second Quarter Ended</b> |                  | <b>Six Months Ended</b> |                  |
|                     | <b>30.6.2014</b>            | <b>30.6.2013</b> | <b>30.6.2014</b>        | <b>30.6.2013</b> |
|                     | <b>\$'000</b>               | <b>\$'000</b>    | <b>\$'000</b>           | <b>\$'000</b>    |
| Operating cashflows | -                           | (33)             | (11)                    | (35)             |
| Net cash outflows   | -                           | (33)             | (11)                    | (35)             |

The net assets and cashflows of discontinued operation disposed of are provided below:

|  | <b>Group</b>     |
|--|------------------|
|  | <b>30.6.2014</b> |
|  | <b>\$'000</b>    |
| Investment properties  | 3,251            |
| Prepayment and deposits  | 4                |
| Cash and bank balances   | 2                |
| Other payables   | (9)              |
| Accrued operating expenses   | (26)             |
| Identifiable net assets disposed of  | 3,222            |
| Reclassification of currency translation                                       | 3,548            |
|  | 6,770            |
| Loss recognised in FY2013 on remeasurement<br>to fair value less costs to sell | (200)            |
| Loss on disposal of subsidiary   | (61)             |
| Proceeds from disposal of subsidiary   | 6,509            |
| Less: deposits received in FY2013  | (3,322)          |
| Less: cash and cash equivalents in disposed subsidiary                         | (2)              |
|  | 3,185            |

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

|  | ----- Attributable to Owners of the Company ----- |                              |                           |                              |  |                                     | Total equity<br>\$'000 |
|--|---|------------------------------|---------------------------|------------------------------|--|-------------------------------------|------------------------|
|  | Share capital<br>\$'000                           | Capital reserve **<br>\$'000 | Revenue reserve<br>\$'000 | Fair value reserve<br>\$'000 | Currency translation reserve<br>\$'000 | Non-controlling interests<br>\$'000 |                        |
| <b>Group</b>                                   |   |                              |                           |                              |  |                                     |                        |
| Balance at 1.1.2014                            | 172,154   | 1,308                        | 32,427                    | 10,872                       | (14,824)                               | -                                   | 201,937                |
| Total comprehensive gain/(loss) for the period | -   | (106)                        | 2,360                     | 32                           | 4,196                                  | -                                   | 6,482                  |
| Balance at 31.3.2014                           | 172,154   | 1,202                        | 34,787                    | 10,904                       | (10,628)                               | -                                   | 208,419                |
| Total comprehensive gain for the period        | -   | -                            | 5,030                     | 4,480                        | 91                                     | -                                   | 9,601                  |
| Dividends paid                                 | -   | -                            | (6,535)                   | -                            | -                                      | -                                   | (6,535)                |
| Balance at 30.6.2014                           | 172,154   | 1,202                        | 33,282                    | 15,384                       | (10,537)                               | -                                   | 211,485                |
| <br>   |   |                              |                           |                              |  |                                     |                        |
| Balance at 1.1.2013                            | 172,154   | 1,465                        | 30,334                    | 8,584                        | (15,491)                               | -                                   | 197,046                |
| Total comprehensive gain/(loss) for the period | -   | (157)                        | 1,843                     | 1,500                        | (757)                                  | -                                   | 2,429                  |
| Balance at 31.3.2013                           | 172,154   | 1,308                        | 32,177                    | 10,084                       | (16,248)                               | -                                   | 199,475                |
| Total comprehensive gain for the period        | -   | -                            | 1,816                     | 524                          | 370                                    | -                                   | 2,710                  |
| Dividends paid                                 | -   | -                            | (6,535)                   | -                            | -                                      | -                                   | (6,535)                |
| Balance at 30.6.2013                           | 172,154   | 1,308                        | 27,458                    | 10,608                       | (15,878)                               | -                                   | 195,650                |

\*\* Capital reserve relates to unrealised revaluation gain on certain properties purchased from an associate.

|   | Share capital<br>\$'000 | Revenue reserve<br>\$'000 | Total equity<br>\$'000 |
|---|-------------------------|---------------------------|------------------------|
| <b>Company</b>                          |                         |                           |                        |
| Balance at 1.1.2014                     | 172,154                 | 9,311                     | 181,465                |
| Total comprehensive gain for the period | -                       | 3,626                     | 3,626                  |
| Balance at 31.3.2014                    | 172,154                 | 12,937                    | 185,091                |
| Total comprehensive gain for the period | -                       | (293)                     | (293)                  |
| Dividends paid                          | -                       | (6,535)                   | (6,535)                |
| Balance at 30.6.2014                    | 172,154                 | 6,109                     | 178,263                |
| <br>                                    |                         |                           |                        |
| Balance at 1.1.2013                     | 172,154                 | 18,146                    | 190,300                |
| Total comprehensive loss for the period | -                       | (215)                     | (215)                  |
| Balance at 31.3.2013                    | 172,154                 | 17,931                    | 190,085                |
| Total comprehensive gain for the period | -                       | (276)                     | (276)                  |
| Dividends paid                          | -                       | (6,535)                   | (6,535)                |
| Balance at 30.6.2013                    | 172,154                 | 11,120                    | 183,274                |

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

No option has been granted under the Hwa Hong Corporation Limited (2001) Share Option Scheme since its adoption on 29 May 2001. At the 58<sup>th</sup> Annual General Meeting held on 27 April 2011, the shareholders of the Company approved the extension of the scheme for another ten years from 29 May 2011 to 28 May 2021.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Since 31 December 2013, there were no changes to the total number of 653,504,000 issued ordinary shares of the Company.

As at 31 December 2013 and 30 June 2014, the Company's share capital was \$172,153,626 with 653,504,000 ordinary shares issued and fully paid.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed below, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the most recently audited consolidated financial statements for the financial year ended 31 December 2013.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group and the Company have adopted the following new and revised FRSs standards that are mandatory for the financial periods beginning on 1 January 2014:-

| <i>Description</i>   | <i>Effective for annual periods beginning on or after</i> |
|--|---|
| Revised FRS 27 Separate Financial Statements                                 | 1 January 2014  |
| Revised FRS 28 Investments in Associates and Joint Ventures                  | 1 January 2014  |
| FRS 110 Consolidated Financial Statements                                    | 1 January 2014  |
| FRS 111 Joint Arrangements   | 1 January 2014  |
| FRS 112 Disclosure of Interests in Other Entities                            | 1 January 2014  |
| Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities   | 1 January 2014  |
| Amendments to FRS 36 Recoverable Amount Disclosures for Non-financial Assets | 1 January 2014  |

The adoption of the revised FRS did not have any financial impact on the financial statements of the Group and the Company for the quarter ended 30 June 2014.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

|   | <b>GROUP</b>                |                  |                         |                  |
|---|-----------------------------|------------------|-------------------------|------------------|
|   | <b>Second Quarter Ended</b> |                  | <b>Six Months Ended</b> |                  |
|   | <b>30.6.2014</b>            | <b>30.6.2013</b> | <b>30.6.2014</b>        | <b>30.6.2013</b> |
| <u>Continuing operations</u>  |                             |                  |                         |                  |
| Earnings per ordinary share after deducting any provision for preference dividends: |                             |                  |                         |                  |
| (i) Based on the weighted average number of ordinary shares in issue (cents)        | 0.77                        | 0.28             | 1.14                    | 0.56             |
| (ii) On a fully diluted basis (cents)   | 0.77                        | 0.28             | 1.14                    | 0.56             |
| <u>Discontinued operation</u>   |                             |                  |                         |                  |
| Earnings per ordinary share after deducting any provision for preference dividends: |                             |                  |                         |                  |
| (i) Based on the weighted average number of ordinary shares in issue (cents)        | 0.00                        | 0.00             | (0.01)                  | 0.00             |
| (ii) On a fully diluted basis (cents)   | 0.00                        | 0.00             | (0.01)                  | 0.00             |

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

(a) **current financial period reported on; and**

(b) **immediately preceding financial year.**

|  | GROUP              |                     | COMPANY            |                     |
|--|--------------------|---------------------|--------------------|---------------------|
|  | As at<br>30.6.2014 | As at<br>31.12.2013 | As at<br>30.6.2014 | As at<br>31.12.2013 |
| Net asset value per ordinary share (cents) | 32.36              | 30.90               | 27.28              | 27.77               |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Revenue** (excluding all inter-segment transactions)

|                      | 2Q2014<br>\$'000 | 2Q2013<br>\$'000 | + / (-)<br>% | FY2014<br>\$'000 | FY2013<br>\$'000 | + / (-)<br>% |
|----------------------|------------------|------------------|--------------|------------------|------------------|--------------|
| Rental               | 1,772            | 2,416            | (26.7)       | 3,692            | 4,178            | (11.6)       |
| Investments          | 1,878            | 5,318            | (64.7)       | 5,809            | 12,400           | (53.2)       |
| Corporate and Others | -                | 150              | n.m.         | 10               | 298              | (96.6)       |
|                      | <u>3,650</u>     | <u>7,884</u>     |              | <u>9,511</u>     | <u>16,876</u>    |              |

Decrease in revenue for rental segment by \$0.5 million yoy and \$0.6 million qoq was mainly due to:-

- decrease in rental income from certain UK commercial and service office properties by \$1.3 million yoy and \$0.7 million qoq mainly due to absence of rental income of \$0.7 million yoy and \$0.3 million qoq from one of its office buildings located at Clerkenwell, London as the property was undergoing asset enhancement works and a reduction of \$0.5 million yoy and \$0.3 million rental income arising from the repositioning of 2 service offices to long-lease offices;
- increase in rental income from the Paya Lebar property by \$0.7 million yoy subsequent to its completion in re-development in February 2013.

Decrease in revenue for investments segment by \$6.6 million yoy and \$3.4 million qoq was mainly due to:-

- decrease in proceeds from sale of investment securities by \$7.4 million yoy and \$3.5 million qoq mainly due to decrease in share trading activities;
- increase in dividend income by \$0.8 million yoy mainly due to a US\$0.6 million distribution from a fund held by the Group in 1Q 2014.

**Profit before taxation** (excluding all inter-segment transactions)

|                      | 2Q2014 | 2Q2013 | + / (-) | FY2014  | FY2013 | + / (-) |
|----------------------|--------|--------|---------|---------|--------|---------|
|                      | \$'000 | \$'000 | %       | \$'000  | \$'000 | %       |
| Rental               | 5,029  | 2,009  | n.m.    | 6,692   | 3,805  | 75.9    |
| Investments          | 1,004  | 286    | n.m.    | 2,373   | 2,229  | 6.5     |
| Corporate and Others | (562)  | (484)  | 16.1    | (1,001) | (955)  | 4.8     |
|                      | 5,471  | 1,811  |         | 8,064   | 5,079  |         |
| Unallocated items    | (209)  | 424    | n.m.    | 64      | (474)  | n.m.    |
|                      | 5,262  | 2,235  |         | 8,128   | 4,605  |         |

Rental segment refers to rental of residential, commercial properties and warehouse. Profit before taxation for Rental segment increased by \$2.9 million yoy and \$3 million qoq mainly due to:-

- increase in gain from disposal of investment property by \$8.5 million yoy and \$9 million qoq;
- allowance made for impairment loss on doubtful debts due from associates of \$0.9 million yoy and qoq;
- allowance made for impairment loss on investment properties of \$4.7 million yoy and qoq on 2 UK properties outside of London, due to a decline in value of certain UK properties arising from a directors' valuation exercise carried out in 2Q2014.

Investment segment refers to investment holding. Profit before taxation for Investment segment in FY2014 and FY2013 remained relatively the same. Increased in profit before taxation in 2Q2014 by \$0.7 million was mainly due to:-

- decrease in impairment loss on quoted current investments of \$0.6 million qoq;
- increase in share of profits of the associates of \$0.2 million qoq;
- decrease in gain on disposal of investments of \$0.1 million qoq.

Corporate segment refers to the provision of management, administrative and support services to related companies and investment holding, as well as trading of edible oil products. The loss before tax of the Corporate segment yoy and qoq remained relatively the same and were mainly contributed by salaries, bonuses, accruals of director fees and trading of edible oil products.

Unallocated items refer to items such as finance costs and certain foreign exchange differences which are managed on a Group basis and were not allocated to the segments. The loss turnaround from \$0.5 million to a profit of \$0.1 million yoy mainly due to favourable foreign exchange impact arising from the translation of Sterling Pound against Singapore Dollar. The profit turnaround from \$0.4 million to a loss of \$0.2 million qoq mainly due to unfavourable foreign exchange impact.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The residential property market in Singapore has continued to soften. With more properties available for rental, leases have been renewed at lower rates.

In London, the Group completed the sale of an apartment unit in Q2 2014. The remaining 18 units are fully rented out.

Contracts were exchanged for the sale of our London office property in Clerkenwell and completion is expected in late August. Management expects that on completion, the net impact of the transaction will be a gain of GBP3.3 million (\$6.6 million).

Outside of London, the commercial property market remains sluggish.

The uncertain outlook in the world economy is expected to remain and returns from equity investments will correspondingly be influenced by the uncertainties.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on? No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared.

