

**UNAUDITED RESULTS FOR SECOND QUARTER ENDED 30 JUNE 2015**
**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.**

	Note	Group					
		Second Quarter Ended			Six Months Ended		
		30.6.2015 \$'000	30.6.2014 \$'000	+ / (-) %	30.6.2015 \$'000	30.6.2014 \$'000	+ / (-) %
<b>Revenue</b>		6,211	3,650	70.2	11,986	9,511	26.0
Cost of sales	1	(3,279)	(1,644)	99.5	(6,257)	(4,747)	31.8
<b>Gross profit</b>		2,932	2,006	46.2	5,729	4,764	20.3
Other income	2	1,531	10,697	(85.7)	2,074	12,642	(83.6)
General and administrative costs		(2,341)	(2,171)	7.8	(4,263)	(4,109)	3.7
Selling and distribution costs		-	1	n.m.	-	(27)	n.m.
Other operating costs	3	(990)	(5,618)	(82.4)	(1,088)	(5,813)	(81.3)
Finance costs		(205)	(146)	40.4	(375)	(299)	25.4
Share of after tax results of associates and joint ventures		421	493	(14.6)	700	970	(27.8)
Profit before taxation from continuing operations		1,348	5,262	(74.4)	2,777	8,128	(65.8)
Taxation	4	(252)	(232)	8.6	(470)	(667)	(29.5)
<b>Profit from continuing operations, net of taxation</b>		1,096	5,030	(78.2)	2,307	7,461	(69.1)
<b>Discontinued operation</b>							
(Loss) from discontinued operations, net of taxation		-	-	-	-	(71)	n.m.
<b>Net profit after taxation</b>		1,096	5,030		2,307	7,390	
<b>Attributable to:</b>							
<b>Owners of the Company</b>							
Profit from continuing operations, net of taxation		1,096	5,030	(78.2)	2,307	7,461	(69.1)
(Loss) from discontinued operations, net of taxation		-	-	-	-	(71)	-
<b>Profit for the year attributable to owners of the Company</b>		1,096	5,030		2,307	7,390	

n.m. denotes not meaningful.

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

- Cost of sales increased by \$1.5 million year-on-year (“yoy”) and \$1.6 million quarter-on-quarter (“qoq”) mainly due to higher share trading activities.
- Other income comprised the following:

	2Q2015 \$'000	2Q2014 \$'000	+ / (-) %	FY2015 \$'000	FY2014 \$'000	+ / (-) %
Interest income	19	32	(40.6)	40	69	(42.0)
Dividend income	224	195	14.9	235	203	15.8
Gain on disposal of investment properties	1,539	10,455	(85.3)	1,539	11,705	(86.9)
Gain on disposal of property, plant and equipment	-	-	-	-	21	n.m.
Other investment income	41	5	n.m.	149	78	91.0
Foreign exchange gain	(317)	(53)	n.m.	-	441	n.m.
Sundry	25	63	(60.3)	111	125	(11.2)
	1,531	10,697		2,074	12,642	

3. Other operating costs comprised the following:

	2Q2015	2Q2014	+/(-) %	FY2015	FY2014	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
Allowance made/(written back) for impairment on						
- unquoted non-current investments	-	(36)	n.m.	-	(36)	n.m.
- current investments	990	61	n.m.	1,088	256	n.m.
- 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>990</u>	<u>5,618</u>		<u>1,088</u>	<u>5,813</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 in 2Q2014 following an assessment exercise to determine collectability of the debt.

4. Effective tax rates for 1H2015 and 2Q2015 were 16.9% (1H2014: 8.3%) and 18.7% (2Q2014: 4.4%) respectively. The taxation charge for the Group for 2Q2015 was higher than that arrived at by applying the statutory tax rate of 17% to the profit before taxation mainly due to certain non-deductible expenses, losses incurred by foreign subsidiaries which were not available for set off against profits of local subsidiaries, offset by income that was capital in nature.

Profit before taxation included the following:

	Group					
	Second Quarter Ended			Six Months Ended		
	30.6.2015	30.6.2014	+/(-) %	30.6.2015	30.6.2014	+/(-) %
	\$'000	\$'000	%	\$'000	\$'000	%
Investment income	436	391	11.5	651	1,278	(49.1)
Interest income (included in revenue)	189	158	19.6	283	341	(17.0)
Interest on borrowings	(205)	(146)	40.4	(375)	(299)	25.4
Depreciation on property, plant and equipment and investment properties	(634)	(536)	18.3	(1,268)	(1,131)	12.1
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	(990)	(61)	n.m.	(1,088)	(256)	n.m.
- investment properties	-	(4,684)	n.m.	-	(4,684)	n.m.
(Under)/over provision of taxation in prior years	-	-	-	-	-	-
Foreign exchange (loss)/gain	(801)	(53)	n.m.	(484)	441	n.m.
Gain on disposal of investments						
- included in gross profit	664	143	n.m.	1,467	389	n.m.
(Loss)/gain on disposal of property, plant and equipment						
- included in other income	-	-	-	-	21	n.m.
- included in general and administrative expenses	-	-	-	(4)	-	n.m.
Gain on disposal of investment properties						
- included in other income	1,539	10,455	(85.3)	1,539	11,705	(86.9)
Loss on disposal of a subsidiary						
- included in other income	-	-	-	-	(61)	n.m.

## Statement of Comprehensive Income

	Group						
	Note	Second Quarter Ended			Six Months Ended		
		30.6.2015 \$'000	30.6.2014 \$'000	+ / (-) %	30.6.2015 \$'000	30.6.2014 \$'000	+ / (-) %
<b>Net profit after taxation</b>		1,096	5,030	(78.2)	2,307	7,390	(68.8)
<b>Other comprehensive income/(loss):</b>							
Items that may be reclassified subsequently to profit or loss							
Net (loss)/gain on available-for-sale investments (net of tax)	1	(1,246)	4,480	n.m.	(2,655)	4,512	n.m.
Exchange difference arising from							
- consolidation	3	629	62	n.m.	303	170	78.2
- revaluation of net investment in foreign operation	3	1,301	29	n.m.	706	569	24.1
- reclassification on disposal of a subsidiary	2	-	-	-	-	3,548	n.m.
Revaluation gain realised by an associate to income statement		-	-	n.m.	-	(106)	n.m.
Other comprehensive gain/(loss), net of tax		<u>684</u>	<u>4,571</u>	n.m.	<u>(1,646)</u>	<u>8,693</u>	n.m.
<b>Total comprehensive gain for the period</b>		<b><u>1,780</u></b>	<b><u>9,601</u></b>	<b>(81.5)</b>	<b><u>661</u></b>	<b><u>16,083</u></b>	<b>(95.9)</b>
Total comprehensive gain for the period attributable to:							
Owners of the Company		1,780	9,601	(81.5)	661	16,083	(95.9)
Non-controlling Interests		-	-	-	-	-	-
		<u>1,780</u>	<u>9,601</u>		<u>661</u>	<u>16,083</u>	

- 1) Net losses on available-for-sale investments (net of tax) in 1H2015 and 2Q2015 of \$2.7 million and \$1.2 million were mainly due to decreases in fair value of the available-for-sale investments arising from unfavourable market conditions on certain shares held by the Group.
- 2) The currency translation reserve of \$3.5 million relating to Phrata Sdn Bhd was reclassified, arising from the disposal of this subsidiary in 1Q2014.
- 3) Exchange differences arising from consolidation of \$0.3 million in 1H2015 and \$0.6 million in 2Q2015 and revaluation of net investment in foreign operation of \$0.7 million in 1H2015 and \$1.3 million in 2Q2015 were mainly due to favourable foreign exchange impact arising from the translation of Sterling Pound against Singapore Dollar for those UK net investments and assets. The strengthening of Sterling Pound against Singapore Dollar resulted in an overall net foreign exchange gain of approximately \$0.5 million for 1H2015 and \$1.1 million for 2Q2015 notwithstanding a translation loss in the profit and loss of \$0.5 million attributable to our Sterling Pound loans.

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	
		30.6.2015 \$'000	31.12.2014 \$'000	30.6.2015 \$'000	31.12.2014 \$'000
<b>Non-current assets</b>					
Property, plant and equipment		5,081	5,282	-	-
Investment properties		100,296	100,467	-	-
Investment in subsidiaries		-	-	171,439	171,439
Investment in joint ventures		8,164	8,142	-	-
Investment in associates		16,576	16,521	746	746
Investment securities	1	19,298	15,791	-	-
Other receivables	2	9,739	4,366	-	-
Amounts due from associates		2,000	2,000	-	-
		<b>161,154</b>	<b>152,569</b>	<b>172,185</b>	<b>172,185</b>
<b>Current assets</b>					
Trade receivables		694	771	-	-
Properties classified as held for sale	3	265	-	-	-
Prepayments and deposits		211	247	46	57
Other receivables		2,888	2,780	-	7
Amounts due from subsidiaries		-	-	200	200
Amounts due from associates		8,964	8,987	-	-
Investment securities	4	33,826	37,479	-	-
Cash and bank balances	5	46,378	52,156	794	8,897
		<b>93,226</b>	<b>102,420</b>	<b>1,040</b>	<b>9,161</b>
<b>Current liabilities</b>					
Trade payables		(692)	(578)	-	-
Other payables		(2,102)	(2,329)	(296)	(315)
Accrued operating expenses	6	(1,217)	(2,476)	(101)	(168)
Amounts due to associates		(557)	(546)	(360)	(354)
Bank loans (secured)	2	(38,865)	(31,259)	-	-
Bank overdrafts (secured)		(81)	-	-	-
Tax payable		(2,323)	(2,108)	-	(5)
		<b>(45,837)</b>	<b>(39,296)</b>	<b>(757)</b>	<b>(842)</b>
<b>Net current assets</b>		<b>47,389</b>	<b>63,124</b>	<b>283</b>	<b>8,319</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	7	(4,493)	(4,726)	-	-
Other payables		(417)	(480)	-	-
		<b>(4,910)</b>	<b>(5,206)</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>		<b>203,633</b>	<b>210,487</b>	<b>172,468</b>	<b>180,504</b>

	Group		Company	
	30.6.2015	31.12.2014	30.6.2015	31.12.2014
	\$'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	1,202	-	-
Revenue reserve	33,104	38,312	314	8,350
Fair value reserve	7,706	10,361	-	-
Currency translation reserve	(10,533)	(11,542)	-	-
	203,633	210,487	172,468	180,504
Non-controlling interests	-	-	-	-
<b>Share capital and reserves</b>	203,633	210,487	172,468	180,504

Note:

1. Non-current investment securities increased by \$3.5 million mainly due to an investment in a new fund of \$2.9 million during the period.
2. Increase in non-current receivables by \$5.4 million was mainly due to a secured loan of GBP2.4 million in connection with the Head Post Office site located at Sheffield, UK, in which the group has a financial interest. This was funded through additional bank loans to the group.
3. As at 30 June 2015, one UK residential property was classified as held for sale with completion expected by 3Q2015.
4. Decrease in current investment securities by \$3.7 million was mainly due to disposals and fair value change of available-for-sale investments during the period.
5. Decrease in the Company's cash and bank balances by \$8.1 million was mainly due to payment of dividends during the period. Decrease in the Group's cash and bank balances by \$5.8 million was mainly due to payment of dividends offset by receipt from the disposal of investment property.
6. Reduction in accrued operating expenses by \$1.3 million was mainly due to payment of bonuses and agency fees during the period.
7. Decrease in deferred tax liabilities of \$0.2 million was mainly due to lesser provision made due to fair value decreases 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

	30.6.2015		31.12.2014	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank overdrafts	81	-	-	-
Short term bank loans	38,865	-	31,259	-
	<u>38,946</u>	<u>-</u>	<u>31,259</u>	<u>-</u>

### Amount repayable after one year

	30.6.2015		31.12.2014	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	-	-	-	-

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

### Details of any collateral

Short term bank loans comprised:

- An amount of \$17.2 million (2014: \$9.9 million) secured by a pledge of \$15 million (2014: \$15 million) on a subsidiary's fixed deposits and a corporate guarantee from the Company.
- An amount of \$10.5 million (2014: \$10.3 million) secured by a legal charge over a subsidiary's investment property and assignment of tenancy agreement in respect of the property.
- An amount of \$2.9 million (2014: \$2.9 million) secured by a deed of guarantee and indemnity of \$4 million (2014: \$4 million) from a subsidiary.
- An amount of \$8.3 million (2014: \$8.15 million) secured by a pledge of \$4 million (2014: \$4 million) on a subsidiary's fixed deposits.

Bank overdraft is secured by a corporate guarantee from the Company for \$15 million.

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 30.6.2015 \$'000	30.6.2014 \$'000	Six Months Ended 30.6.2015 \$'000	30.6.2014 \$'000
<b>Cash flows from operating activities:</b>				
Profit before taxation from continuing operations	1,348	5,262	2,777	8,128
Loss before taxation from discontinued operations	-	-	-	(71)
Adjustments for:				
Interest income	(208)	(190)	(323)	(410)
Interest expense	205	146	375	299
Dividend income from investment securities	(660)	(586)	(886)	(1,481)
Depreciation of property, plant and equipment and investment properties	634	536	1,268	1,131
Share of results of associates and joint ventures	(421)	(493)	(700)	(970)
Allowance for doubtful receivables from an associate	-	909	-	909
Allowance made/(written back) for impairment loss on				
- non current investment securities	-	(36)	-	(36)
- current investment securities	990	61	1,088	256
- investment properties	-	4,684	-	4,684
Gain on disposal of investment properties	(1,539)	(10,455)	(1,539)	(11,705)
Loss/(gain) on disposal of property, plant and equipment	-	-	4	(21)
Loss on disposal of subsidiary	-	-	-	61
Unrealised exchange differences	69	(761)	(12)	(552)
	(930)	(6,185)	(725)	(7,835)
<b>Operating profit before reinvestment in working capital</b>	418	(923)	2,052	222
Increase in receivables and current investments	(789)	(44)	(286)	(2,000)
Decrease in inventories	-	-	-	4
Increase/(decrease) in payables	271	(786)	(1,435)	(1,784)
	(518)	(830)	(1,721)	(3,780)
<b>Cash flows (used in)/generated from operations</b>	(100)	(1,753)	331	(3,558)
Interest received	183	165	273	360
Interest paid	(205)	(146)	(375)	(299)
Dividend income from investment securities	660	586	886	1,481
Income taxes paid	(43)	(26)	(83)	(84)
	595	579	701	1,458
<b>Net cash flows generated from/(used in) operating activities</b>	495	(1,174)	1,032	(2,100)
<b>Cash flows from investing activities:</b>				
Increase in other investments	(3,789)	(668)	(3,507)	-
Decrease/(increase) in other receivables	581	5,773	(5,527)	5,737
Increase in investment in joint ventures	-	(5,857)	-	(4,829)
(Decrease)/increase in amounts due from associates	31	(589)	34	(1,272)
Dividend income from associates	750	-	750	-
Proceeds from disposal of property, plant and equipment	-	-	-	34
Proceeds from disposal of a subsidiary	-	-	-	3,185
Proceeds from disposal of investment properties	1,908	20,275	1,908	22,457
Additions to investment properties	(607)	(547)	(740)	(685)
Purchase of property, plant and equipment	-	(1)	(2)	(1)
<b>Net cash flows (used in)/generated from investing activities</b>	(1,126)	18,386	(7,084)	24,626
<b>Net cash flows (used in)/generated from operating and investing activities carried forward</b>	(631)	17,212	(6,052)	22,526

	Group			
	Second Quarter Ended		Six Months Ended	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	\$'000	\$'000	\$'000	\$'000
<b>Net cash flows (used in)/generated from operating and investing activities brought forward</b>	(631)	17,212	(6,052)	22,526
<b>Cash flows from financing activities:</b>				
Proceeds from bank loans	988	5,857	7,606	5,857
Repayments of bank loans	-	(15,394)	-	(15,394)
Dividends paid	(7,515)	(6,535)	(7,515)	(6,535)
Increase in pledged cash and bank balances	-	-	-	(1,660)
<b>Net cash flows (used in)/generated from financing activities</b>	(6,527)	(16,072)	91	(17,732)
Net (decrease)/increase in cash and cash equivalents	(7,158)	1,140	(5,961)	4,794
Cash and cash equivalents at beginning of the period	34,267	39,112	33,156	35,197
Effects of exchange rate changes on cash and cash equivalents	188	12	102	273
<b>Cash and cash equivalents at end of the period</b>	<u>27,297</u>	<u>40,264</u>	<u>27,297</u>	<u>40,264</u>

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

	Group		Group	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	46,378	59,264	46,378	59,264
Less: cash and bank balances pledged	(19,000)	(19,000)	(19,000)	(19,000)
Less bank overdraft secured	(81)	-	(81)	-
Cash and cash equivalents at end of the period	<u>27,297</u>	<u>40,264</u>	<u>27,297</u>	<u>40,264</u>



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 -----						
	Share capital \$'000	Capital reserve ** \$'000	Revenue reserve \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Group</b>							
Balance at 1.1.2015	172,154	1,202	38,312	10,361	(11,542)	-	210,487
Total comprehensive gain/(loss) for the period	-	-	1,211	(1,409)	(921)	-	(1,119)
Balance at 31.3.2015	172,154	1,202	39,523	8,952	(12,463)	-	209,368
Total comprehensive gain/(loss) for the period	-	-	1,096	(1,246)	1,930	-	1,780
Dividends paid	-	-	(7,515)	-	-	-	(7,515)
Balance at 30.6.2015	172,154	1,202	33,104	7,706	(10,533)	-	203,633
<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

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

Company	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
Balance at 1.1.2015	172,154	8,350	180,504
Total comprehensive loss for the period	-	(225)	(225)
Balance at 31.3.2015	172,154	8,125	180,279
Total comprehensive loss for the period	-	(296)	(296)
Dividends paid	-	(7,515)	(7,515)
Balance at 30.6.2015	172,154	314	172,468
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 loss for the period	-	(293)	(293)
Dividends paid	-	(6,535)	(6,535)
Balance at 30.6.2014	172,154	6,109	178,263

**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 2014, there were no changes to the total number of 653,504,000 issued ordinary shares of the Company.

Total number of issued shares excluding treasury shares, as at 30 June 2015, was 653,504,000 (31 December 2014: 653,504,000). As at 30 June 2015 and 31 December 2014, there were no treasury shares held.

As at 30 June 2015 and 31 December 2014, there were no outstanding convertibles.

**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 2014.

**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 2015:-

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 19 Defined Benefit Plans: Employee Contribution	1 July 2014
Improvements to FRSs (January 2014)	1 July 2014
(a) Amendments to FRS 102 Share Based Payment	1 July 2014
(b) Amendments to FRS 103 Business Combinations	1 July 2014
(c) Amendments to FRS 108 Operating Segments	1 July 2014
(d) Amendments to FRS 113 Fair Value Measurements	1 July 2014
(e) Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets	1 July 2014
(f) Amendments to FRS 24 Related Party Disclosures	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 Business Combinations	1 July 2014
(b) Amendments to FRS 113 Fair Value Measurement	1 July 2014

The adoption of the revised FRS did not have any material financial impact on the financial statements of the Group and the Company for the quarter ended 30 June 2015.

**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>30.6.2015</b>	<b>30.6.2014</b>	<b>30.6.2015</b>	<b>30.6.2014</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)	0.17	0.77	0.35	1.14
(ii) On a fully diluted basis (cents)	0.17	0.77	0.35	1.14
<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	0.00	(0.01)
(ii) On a fully diluted basis (cents)	0.00	0.00	0.00	(0.01)

**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.**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 30.6.2015</b>	<b>As at 31.12.2014</b>	<b>As at 30.6.2015</b>	<b>As at 31.12.2014</b>
Net asset value per ordinary share (cents)	31.16	32.21	26.39	27.62

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)

	2Q2015 \$'000	2Q2014 \$'000	+/(-) %	FY2015 \$'000	FY2014 \$'000	+/(-) %
Rental	2,176	1,772	22.8	4,394	3,692	19.0
Investments	4,035	1,878	n.m.	7,592	5,809	30.7
Corporate and Others	-	-	n.m.	-	10	n.m.
	<u>6,211</u>	<u>3,650</u>		<u>11,986</u>	<u>9,511</u>	

Increase in revenue for rental segment by \$0.7 million yoy and \$0.4 million qoq takes into account:-

- increase in rental income from Eagle House in London by \$1 million yoy and \$0.5 million qoq subsequent to its acquisition in December 2014;
- decrease of \$0.3 million yoy and \$0.1 million qoq due to absence of rental income from certain UK properties arising from their disposals in May and September 2014.

Increase in revenue for investments segment by \$1.8 million yoy and \$2.2 million qoq takes into account:-

- increase in proceeds from sale of investment securities by \$2.5 million yoy and \$2 million qoq mainly due to increase in share trading activities;
- decrease in dividend income by \$0.6 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)

	2Q2015 \$'000	2Q2014 \$'000	+/(-) %	FY2015 \$'000	FY2014 \$'000	+/(-) %
Rental	2,174	5,029	(56.8)	2,953	6,692	(55.9)
Investments	630	1,004	(37.3)	1,704	2,373	(28.2)
Corporate and Others	(553)	(562)	(1.6)	(1,080)	(1,001)	7.9
	<u>2,251</u>	<u>5,471</u>		<u>3,577</u>	<u>8,064</u>	
Unallocated items	(903)	(209)	n.m.	(800)	64	n.m.
	<u>1,348</u>	<u>5,262</u>		<u>2,777</u>	<u>8,128</u>	

Rental segment refers to rental of residential, commercial properties and warehouse. Decrease in profit before taxation for Rental segment by \$3.7 million yoy and \$2.9 million qoq takes into account:-

- decrease in gain from disposal of investment properties by \$10.2 million yoy and \$8.9 million qoq;

- absence of allowance made for impairment loss on doubtful debts due from associates of \$0.9 million yoy and qoq. The allowance of \$0.9 million was made in 2Q2014 arising from an assessment exercise to determine collectability of the debt;
- absence of allowance made for impairment loss on investment properties of \$4.7 million yoy and qoq. The allowance for impairment loss was made in 2Q2014 on 2 UK properties outside of London, due to a decline in value of certain UK properties arising from a directors' valuation exercise;
- positive contributions from Eagle House by \$0.7 million yoy and \$0.4 million qoq subsequent to its acquisition in Dec 2014.

Investment segment refers to investment holding. Decrease in profit before taxation for Investment segment by \$0.7 million yoy and \$0.4 million qoq takes into account:-

- increase in impairment loss on quoted current investments of \$0.8 million yoy and \$0.9 million qoq. Impairment loss on available-for-sale investments are made when the investment securities suffer a significant or prolonged decline in the market value below the acquisition cost;
- decrease in dividend income by \$0.6 million yoy mainly due to a US\$0.6 million distribution from a fund held by the Group in 1Q2014;
- increase in gain on disposal of investment securities of \$1.1 million yoy and \$0.5 million qoq.

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

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 losses yoy and qoq were mainly due to unfavourable foreign exchange impact arising from the translation of Sterling Pound against Singapore Dollar.

**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.**

As part of our strategy to enhance our existing properties and to redeploy our capital, we have completed the sale of 2 refurbished apartments in the UK. We have recognised an after tax profit of GBP747,214 for 1 of the apartments this quarter and expect to recognise an after tax profit of GBP519,267 in Q3 for the other. We will continue to gradually refurbish and sell the remaining apartments at Horton Street, London, as tenant leases expire.

For our commercial properties in London, Liverpool and Manchester, we are looking at various asset enhancement options such as refurbishment, increasing lettable areas and change of use.

Meanwhile, construction works in Sheffield for the Sheffield Post Office site are proceeding as scheduled.

The Singapore residential market remains subdued.

Equity markets are expected to remain volatile and this will affect our returns from equity investments for the year.

We have been recently informed by the project manager of one of our 50% associated companies that our associated company has been served a High Court writ of summons by the MCST of the property developed by the associated company. The Temporary Occupation Permit for the development was issued in 2009. The claim in the writ is also made against the main contractor, architect and other consultants as co-defendants, a total of 7 defendants. We understand the amount claimed is approximately \$3.6 million and our associated company will defend its position. The associated company is continuing to engage the MCST, the main contractor and the consultants to resolve the matter.

**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.

### 13. INTERESTED PERSON TRANSACTIONS

<b>Name of interested person</b>	<b>Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>
Nil	Nil	Nil <sup>^</sup>

<sup>^</sup> There is no subsisting shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

### 14. CONFIRMATION BY THE BOARD

The Board of Directors of Hwa Hong Corporation Limited confirms that to the best of its knowledge, nothing has come to its attention which may render the interim financial results to be false or misleading in any material respect.

#### SUBMITTED BY

Lee Soo Wei  
Chief Financial Officer  
29 July 2015