

Company Registration No. 195200130C

**Hwa Hong Corporation Limited
and its Subsidiaries**

Condensed Interim Financial Statements
For the six months ended 30 June 2021

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Hwa Hong Corporation Limited and its Subsidiaries

A. Condensed interim consolidated income statement

	Note	Six Months Ended		+ / (-) %
		30.6.2021	30.6.2020	
		\$'000	\$'000	
Revenue (a)	4	5,246	5,032	4.3
Cost of sales		(2,193)	(2,118)	3.5
Changes in fair value of investment securities (a)		1,730	214	n.m.
Gross profit		<u>4,783</u>	<u>3,128</u>	52.9
Other income (a)		1,413	3,005	(53.0)
General and administrative costs		(2,890)	(2,905)	(0.5)
Foreign exchange (loss)/gain (a)		(345)	72	n.m.
Other operating costs (a)		(616)	(1,856)	(66.8)
Finance costs (a)		(724)	(1,046)	(30.8)
Share of after tax results of associates and joint ventures (a)		<u>424</u>	<u>240</u>	76.7
Profit before taxation	6	<u>2,045</u>	<u>638</u>	n.m.
Taxation (a)	7	<u>(179)</u>	<u>(872)</u>	(79.5)
Net profit/(loss) after taxation		<u><u>1,866</u></u>	<u><u>(234)</u></u>	n.m.
Attributable to:				
Owners of the Company		1,776	(216)	n.m.
Non-controlling interests		<u>90</u>	<u>(18)</u>	n.m.
Profit/(loss) for the period attributable to owners of the Company		<u><u>1,866</u></u>	<u><u>(234)</u></u>	
Earnings per share (cents):				
Basic and fully diluted		0.27	(0.03)	

Remarks:

(a) Please refer to "Other information" pages 37 to 40 for more information.

(b) n.m. – not meaningful

The accompanying accounting policies and explanatory notes form an integral part of the condensed financial statements.

Hwa Hong Corporation Limited and its Subsidiaries

B. Condensed interim consolidated statement of comprehensive income

	Six Months Ended		
	30.6.2021 \$'000	30.6.2020 \$'000	+ / (-) %
Net profit/(loss) after taxation	1,866	(234)	n.m.
<u>Other comprehensive income:</u>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net change on investment securities (a)	974	(466)	n.m.
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation (b)	2,476	(605)	n.m.
Revaluation gain realised by an associate to income statement	-	(128)	n.m.
Other comprehensive income, net of tax	<u>3,450</u>	<u>(1,199)</u>	
Total comprehensive income for the period	<u>5,316</u>	<u>(1,433)</u>	
Total comprehensive income for the period attributable to:			
Owner of the Company	5,226	(1,415)	n.m.
Non-controlling Interests	90	(18)	n.m.
	<u>5,316</u>	<u>(1,433)</u>	

Remarks:

- a) *Net gain on Fair Value through Other Comprehensive Income ("FVOCI") investment securities in 1H2021 of \$1.0 million was mainly due to increase in fair values in certain investments held by the Group.*
- b) *Foreign currency translation came mainly from foreign exchange impact arising from the translation of Sterling Pound against Singapore Dollars for UK net investments. The strengthening of the Sterling Pound against Singapore Dollar resulted in overall net foreign exchange gain of approximately \$2.5 million for 1H2021 (1H2020: \$0.6 million net foreign exchange loss).*

The accompanying accounting policies and explanatory notes form an integral part of the condensed financial statements.

Hwa Hong Corporation Limited and its Subsidiaries

C. Condensed interim statements of financial position

	Note	Group		Company	
		30.6.2021 \$'000	31.12.2020 \$'000	30.6.2021 \$'000	31.12.2020 \$'000
Non-current assets					
Property, plant and equipment		3,958	4,098	-	-
Investment properties*	10	150,494	146,935	-	-
Investment in subsidiaries		-	-	173,826	173,826
Investment in joint ventures*		4,820	4,241	-	-
Investment in associates*		22,214	20,271	746	746
Investment securities*	11	20,861	23,174	-	-
Other receivables*		17,107	16,079	-	-
		219,454	214,798	174,572	174,572
Current assets					
Trade receivables	12	249	457	-	-
Prepayments and deposits		132	149	13	41
Other receivables		2,764	2,605	-	-
Amounts due from subsidiaries		-	-	5,102	5,069
Amounts due from associates*		6,130	5,773	-	-
Investment securities*	11	24,210	17,328	-	-
Cash and bank balances*		38,472	44,679	620	3,997
		71,957	70,991	5,735	9,107
Current liabilities					
Bank overdraft (secured)	13	(320)	(229)	-	-
Trade payables		(552)	(475)	-	-
Other payables		(4,026)	(3,862)	(359)	(376)
Accrued operating expenses*		(1,794)	(2,196)	(149)	(244)
Derivatives		(49)	(46)	-	-
Amounts due to associates		(1,979)	(1,980)	(355)	(359)
Bank loans (secured)*	13	(79,093)	(72,805)	-	-
Tax payable		(2,377)	(2,354)	-	(2)
		(90,190)	(83,947)	(863)	(981)
Net current (liabilities)/assets		(18,233)	(12,956)	4,872	8,126
Non-current liabilities					
Bank loans (secured)*	13	(4,810)	(4,398)	-	-
Deferred tax liabilities		(5,120)	(4,914)	-	-
Other payables		(5,438)	(5,466)	-	-
		(15,368)	(14,778)	-	-
Net assets		185,853	187,064	179,444	182,698

*refer to other information – note 2(b)(1) to 2(b)(11) for explanatory notes.

The accompanying accounting policies and explanatory notes form an integral part of the condensed financial statements.

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C. Condensed interim statements of financial position (cont'd)

	Note	Group		Company	
		30.6.2021 \$'000	31.12.2020 \$'000	30.6.2021 \$'000	31.12.2020 \$'000
Equity attributable to owner of the Company					
Share capital	14	172,154	172,154	172,154	172,154
Treasury shares	14	(260)	(260)	(260)	(260)
Capital reserve		506	506	-	-
Revenue reserve		36,207	39,956	7,550	10,804
Fair value reserve		(3,169)	(3,141)	-	-
Currency translation reserve		(19,660)	(22,136)	-	-
		185,778	187,079	179,444	182,698
Non-controlling interests		75	(15)	-	-
Share capital and reserves		185,853	187,064	179,444	182,698

The accompanying accounting policies and explanatory notes form an integral part of the condensed financial statements.

Hwa Hong Corporation Limited and its Subsidiaries

D. Condensed interim statements of changes in equity

The Group

	----- Attributable to Owners of the Company -----							Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Capital reserve ** \$'000	Revenue reserve \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Non- controlling interests \$'000	
Group								
Balance at 1.1.2021	172,154	(260)	506	39,956	(3,141)	(22,136)	(15)	187,064
Total comprehensive income for the period	-	-	-	1,776	974	2,476	90	5,316
Dividends paid	-	-	-	(6,527)	-	-	-	(6,527)
Transfer of fair value reserves of investment securities at FVOCI upon disposal	-	-	-	1,002	(1,002)	-	-	-
Balance at 30.6.2021	172,154	(260)	506	36,207	(3,169)	(19,660)	75	185,853
Balance at 1.1.2020	172,154	(260)	759	42,328	(1,678)	(22,823)	(21)	190,459
Total comprehensive income for the period	-	-	(128)	(216)	(466)	(605)	(18)	(1,433)
Dividends paid	-	-	-	(6,527)	-	-	-	(6,527)
Balance at 30.6.2020	172,154	(260)	631	35,585	(2,144)	(23,428)	(39)	182,499

** Capital reserve represents unrealised gain pertaining to certain properties purchased from an associate.

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D. Condensed interim statements of changes in equity (cont'd)

The Company

	Share capital \$'000	Treasury shares \$'000	Revenue reserve \$'000	Total equity \$'000
Company				
Balance at 1.1.2021	172,154	(260)	10,804	182,698
Total comprehensive income for the period	-	-	3,273	3,273
Dividends paid	-	-	(6,527)	(6,527)
Balance at 30.6.2021	<u>172,154</u>	<u>(260)</u>	<u>7,550</u>	<u>179,444</u>
Balance at 1.1.2020	172,154	(260)	9,477	181,371
Total comprehensive income for the period	-	-	(503)	(503)
Dividends paid	-	-	(6,527)	(6,527)
Balance at 30.6.2020	<u>172,154</u>	<u>(260)</u>	<u>2,447</u>	<u>174,341</u>

The accompanying accounting policies and explanatory notes form an integral part of the condensed financial statements.

Hwa Hong Corporation Limited and its Subsidiaries

E. Condensed interim consolidated statement of cash flows

	Six Months Ended	
	30.6.2021	30.6.2020
	\$'000	\$'000
Cash flows from operating activities:		
Profit before taxation	2,045	638
Adjustments for:		
Interest income	(101)	(336)
Interest expense	724	1,046
Fair value changes in investment securities	(1,730)	(214)
Fair value loss on derivatives	-	9
Dividend income from investment securities	(430)	(261)
Depreciation of property, plant and equipment and investment properties	1,347	1,336
Share of results of associates and joint ventures	(424)	(240)
Gain on disposal of investment properties	(1,189)	(2,539)
Impairment on trade receivables	616	-
Impairment on other receivables	-	1,847
Others	244	(27)
	(943)	621
Operating cash flows before changes in working capital	1,102	1,259
Increase in receivables and current investments (Decrease)/increase in payables	(5,444)	(1,242)
	(308)	619
	(5,752)	(623)
Cash flows from operations	(4,650)	636
Interest received	31	285
Interest paid	(703)	(991)
Dividend income from investment securities	430	261
Income taxes recovered/(paid)	12	(15)
	(230)	(460)
Net cash flows (used in)/from operating activities carried forward	(4,880)	176

Hwa Hong Corporation Limited and its Subsidiaries

E. Condensed interim consolidated statement of cash flows

	Six Months Ended	
	30.6.2021	30.6.2020
	\$'000	\$'000
Net cash flows (used in)/from operating activities brought forward	(4,880)	176
Cash flows from investing activities:		
Decrease in investment securities, net	3,520	618
Increase in investment in associates	(2,374)	(452)
Dividends received from an associate	1,250	1,500
Increase in amounts due from associates	(287)	(527)
Increase in investment in joint ventures	(411)	(466)
Increase in amounts due from joint ventures	(648)	(752)
Proceeds from disposal of investment properties	1,482	3,995
Subsequent expenditure on investment properties	(653)	(864)
Purchase of property, plant and equipment	(6)	(25)
Net cash flows from investing activities	1,873	3,027
Cash flows from financing activities:		
Proceeds from bank loans	6,216	3,620
Repayments of bank loans	(2,815)	(3,103)
Decrease in loan from non-controlling interests	(202)	-
Dividends paid on ordinary shares	(6,527)	(6,527)
Net cash flows used in financing activities	(3,328)	(6,010)
Net decrease in cash and cash equivalents	(6,335)	(2,807)
Cash and cash equivalents at beginning of the period	27,719	18,539
Effects of exchange rate changes on cash and cash equivalents	24	(33)
Cash and cash equivalents at end of the period	21,408	15,699

Hwa Hong Corporation Limited and its Subsidiaries

E. Condensed interim consolidated statement of cash flows

For purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	30.6.2021	30.6.2020
	\$'000	\$'000
Cash and bank balances:	38,472	36,649
Less: cash and bank balances pledged	(15,300)	(19,280)
Less: bank overdrafts	(320)	(226)
Less: restricted cash	(1,444)	(1,444)
Cash and cash equivalents at end of period	<u>21,408</u>	<u>15,699</u>

The restricted cash relates to cash held on behalf of an associate.

The accompanying accounting policies and explanatory notes form an integral part of the condensed financial statements.

Hwa Hong Corporation Limited and its Subsidiaries

F. Notes to the condensed interim consolidated financial statements

1. Corporate information

Hwa Hong Corporation Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activity of the Company is investment holding. The principal activities of the Group are:

- (a) Rental: rental of residential, commercial properties and warehouse
- (b) Investment: investment holding

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I)1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statement for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore Dollars which is the Company’s functional currency.

As at 30 June 2021, the Group’s current liabilities exceeded its current assets by \$18,233,000 (31 December 2020: \$12,956,000). This is primarily due to current bank loans of \$79,093,000 (2020: \$72,805,000) which are due for repayment within the next 12 months. Notwithstanding the net current liabilities position, based on the Group’s existing financial resources, including the Group’s unutilised banking facilities, the management believes that the Group will be able to meet its current obligations as and when they fall due.

2.1 *New and amended standards adopted by the Group*

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

F. Notes to the condensed interim consolidated financial statements

2.1 New and amended standards adopted by the Group (cont'd)

The Group and the Company have adopted the following amendments to SFRS(I), that is effective for the financial periods beginning on 1 January 2021:-

Description	Effective for annual periods periods beginning on or after
Amendments to SFRS(I) 16 Covid-19 Related Rent Concessions	1 June 2020
Amendments to SFRS(I)9, SFRS(I)1-39, SFRS(I)7, SFRS(I)4, SFRS(I)16: Interest Rate Benchmark Reform – Phase 2	1 January 2021

The adoption of the amendments to SFRS(I) did not have any material financial impact on the financial statements of the Group and the Company for the financial period ended 30 June 2021.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period as included in the following notes:

Note 10 - Classification of investment property
Note 11 – Classification of equity investments

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different strategies.

The following summary describes the operations in each of the Group's reportable segments:

- rental: rental of residential, commercial properties and warehouse
- investment: investment holding
- corporate and others: investment holding.

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F. Notes to the condensed interim consolidated financial statements

4. Segment and revenue information (cont'd)

For purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors performance based on segment profit before income tax. Segment profit is measured as management believes that such segment transactions are determined on an arm's length basis.

There are no asymmetrical allocations to reportable segments.

Unallocated items such as cash at bank, bank overdrafts, bank loans, provision for tax, deferred taxation, finance costs and certain foreign exchange differences are managed on a Company and Group basis and were not allocated to the segments.

4.1 Reportable Segment

1H2021	Rental \$'000	Investments \$'000	Corporate & Others \$'000	Note	Eliminations \$'000	Total \$'000
<u>Income Statement</u>						
Revenue						
- external	4,724	522	-		-	5,246
- inter-segment	-	-	-	-	-	-
Total revenue	<u>4,724</u>	<u>522</u>	<u>-</u>			<u>5,246</u>
Interest income (in other income)	-	6	2		-	8
Depreciation of property plant and equipment and investment properties	(1,246)	(26)	(75)		-	(1,347)
Fair value changes in investment securities	-	1,730	-		-	1,730
Gain on disposal of investment properties	1,189	-	-		-	1,189
Impairment loss on trade receivables	(616)	-	-		-	(616)
Share of results from associates and joint ventures	-	424	-		-	424
Profit/(loss) before taxation	<u>2,116</u>	<u>1,955</u>	<u>(1,005)</u>	A	(1,021)	<u>2,045</u>
<u>Balance Sheet as at 30 June 2021</u>						
Investment in joint ventures	-	4,820	-		-	4,820
Investment in associates	-	22,214	-		-	22,214
Additions to non-current assets	654	1	4	B	-	659
Segment assets	<u>169,901</u>	<u>188,719</u>	<u>185,819</u>	C	(253,028)	<u>291,411</u>
Segment liabilities	<u>(131,097)</u>	<u>(13,871)</u>	<u>(3,158)</u>	D	42,568	<u>(105,558)</u>

Hwa Hong Corporation Limited and its Subsidiaries

F. Notes to the condensed interim consolidated financial statements

4.1 Reportable Segment (cont'd)

1H2020	Rental \$'000	Investments \$'000	Corporate & Others \$'000	Note	Eliminations \$'000	Total \$'000
<u>Income Statement</u>						
Revenue						
- external	4,469	563	-		-	5,032
- inter-segment	-	-	-		-	-
Total revenue	<u>4,469</u>	<u>563</u>	<u>-</u>			<u>5,032</u>
Interest income (in other income)	3	-	31		-	34
Depreciation of property plant and equipment and investment properties	(1,223)	(21)	(92)		-	(1,336)
Fair value changes in investment securities	-	214	-		-	214
Gain on disposal of investment properties	2,540	-	-		-	2,540
Impairment loss on other receivables	(1,847)	-	-		-	(1,847)
Share of results from associates and joint ventures	-	240	-		-	240
Profit/(loss) before taxation	<u>2,073</u>	<u>381</u>	<u>(963)</u>	A	(853)	<u>638</u>
<u>Balance Sheet as at 31 December 2020</u>						
Investment in joint ventures	-	4,241	-		-	4,241
Investment in associates	-	20,271	-		-	20,271
Additions to non-current assets	1,420	6	135	B	-	1,561
Segment assets	<u>166,107</u>	<u>176,817</u>	<u>185,690</u>	C	(242,825)	<u>285,789</u>
Segment liabilities	<u>(124,972)</u>	<u>(13,590)</u>	<u>(3,293)</u>	D	43,130	<u>(98,725)</u>

F. Notes to the condensed interim consolidated financial statements

4.1 Reportable Segment (cont'd)

- A. The following items are deducted from segment profit to arrive at “profit before tax” presented in the consolidated income statement:

	6 months ended 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000
Unallocated (expenses)/income	(297)	193
Finance costs	(724)	(1,046)
	<u>(1,021)</u>	<u>(853)</u>

- B. Additions to non-current assets consist of additions to property, plant and equipment and investment properties.

- C. The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

	30.6.2021 \$'000	31.12.2020 \$'000
Cash and bank balances	38,472	44,679
Inter-segment assets	(291,500)	(287,504)
	<u>(253,028)</u>	<u>(242,825)</u>

- D. The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the condensed consolidated balance sheet:

	30.6.2021 \$	31.12.2020 \$
Bank loans	83,903	77,203
Bank overdraft	320	229
Income tax payable	2,377	2,354
Deferred tax liabilities	5,120	4,914
Inter-segment liabilities	(134,288)	(127,830)
	<u>(42,568)</u>	<u>(43,130)</u>

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F. Notes to the condensed interim consolidated financial statements

4.2 Disaggregation of Revenue

1H2021	Rental \$'000	Investments \$'000	Corporate & Others \$'000	Total \$'000
<u>Types of goods or service:</u>				
Rental income from investment properties	4,724	-	-	4,724
Dividend income from investment securities	-	430	-	430
Interest income	-	92	-	92
Total revenue	4,724	522	-	5,246
Timing of revenue recognition:				
At a point in time	-	522	-	522
Over time	4,724	-	-	4,724
Total revenue	4,724	522	-	5,246
Geographical information				
Singapore	2,475	402	-	2,877
United Kingdom	2,249	120	-	2,369
	4,724	522	-	5,246

1H2020	Rental \$'000	Investments \$'000	Corporate & Others \$'000	Total \$'000
<u>Types of goods or service:</u>				
Rental income from investment properties	4,469	-	-	4,469
Dividend income from investment securities	-	261	-	261
Interest income	-	302	-	302
Total revenue	4,469	563	-	5,032
Timing of revenue recognition:				
At a point in time	-	563	-	563
Over time	4,469	-	-	4,469
Total revenue	4,469	563	-	5,032
Geographical information				
Singapore	2,501	449	-	2,950
United Kingdom	1,968	114	-	2,082
	4,469	563	-	5,032

Information about a major customer

Revenue of \$2,184,000 (1H2020: \$2,184,000) was derived from a single external customer. This revenue was derived in Singapore and relates to rental income.

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F. Notes to the condensed interim consolidated financial statements

5. Financial assets and financial liabilities

Set out below is an analysis of the carrying amounts of financial instruments by categories of the Group as at 30 June 2021 and 31 December 2020:

	Note	Group 30.6.2021 \$'000	31.12.2020 \$'000
Financial assets measured at amortised cost			
Other receivables (exclude deferred rental receivable)		14,948	13,405
Trade receivables		249	457
Amounts due from associates		6,130	5,773
Cash and bank balances		38,472	44,679
		59,799	64,314
Equity securities			
<i>At fair value through profit and loss</i>			
- Quoted equity securities (current)	11	21,930	16,033
- Quoted debt instruments	11	1,000	–
- Unquoted debt instruments	11	1,280	1,295
<i>At fair value through other comprehensive income</i>			
- Quoted equity securities (non-current)	11	3,090	5,597
- Quoted non-equity securities (non-current)	11	4,615	4,307
- Unquoted equity securities (non-current)	11	13,156	13,270
		45,071	40,502
Financial liabilities measured at amortised cost			
Bank overdraft		320	229
Trade payable		552	475
Other payables (exclude deferred income, rental received in advance and other tax payables)		8,748	8,631
Accrued operating expenses		1,794	2,196
Amounts due to associates		1,979	1,980
Bank loans (secured)		83,903	77,203
		97,296	90,714

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F. Notes to the condensed interim consolidated financial statements

5. Financial assets and financial liabilities (cont'd)

	Group	
	30.6.2021	31.12.2020
	\$	\$
<i>Financial liabilities at fair value through profit and loss</i>		
Derivatives	49	46
	<u>49</u>	<u>46</u>
	Company	
	30.6.2021	31.12.2020
	\$	\$
<i>Financial assets measured at amortised cost</i>		
Amounts due from subsidiaries	5,102	5,069
Cash and bank balances	620	3,997
	<u>5,722</u>	<u>9,066</u>
<i>Financial liabilities measured at amortised cost</i>		
Other payables	359	376
Accrued operating expenses	149	244
Amounts due to associates	355	359
	<u>863</u>	<u>979</u>

Hwa Hong Corporation Limited and its Subsidiaries

F. Notes to the condensed interim consolidated financial statements

6. Profit before taxation

6.1 Significant items

	Six Months Ended	
	30.6.2021	30.6.2020
	\$'000	\$'000
Dividend income	430	261
Interest income (included in revenue)	92	302
Interest on borrowings	(724)	(1,046)
Depreciation on property, plant and equipment and investment properties	(1,347)	(1,336)
Fair value changes in investment securities	1,730	214
Fair value losses on derivative financial instruments	-	(9)
Over/(under)provision (net) of taxation in prior years	141	(62)
Foreign exchange (loss)/gain	(345)	72
Other income:		
- Gain on disposal of investment properties	1,189	2,540
Impairment loss on other receivables	-	(1,847)
Impairment loss on trade receivables	(616)	-

6.2 Related party transactions

The following significant transactions are entered into by the Group and the Company with related parties at terms agreed between the parties:

	Group		Company	
	6 months ended 30 June 2021	6 months ended 30 June 2021	6 months ended 30 June 2021	6 months ended 30 June 2020
	\$'000	\$'000	\$'000	\$'000
<u>Income statement</u>				
Management fees paid and payable to a subsidiary	-	-	63	72
Rental fee paid and payable to a subsidiary	-	-	28	28
Reimbursement of expense to a subsidiary	-	-	6	7
Interest income from associates	(28)	(20)	-	-
Rental income from an associated company	(13)	(11)	-	-
Management fees from an associated company	(2)	(2)	-	-
Reimbursement of expense from an associated company	(4)	(5)	-	-

F. Notes to the condensed interim consolidated financial statements

7. Taxation

The Group calculated the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated financial of profit or loss are:

	Group	
	Six Months Ended	
	30.6.2021	30.6.2020
	\$'000	\$'000
Current income tax		
- current income taxation	152	669
- (over)/underprovision (net) in respect of previous year:	(141)	62
Deferred income tax		
- origination and reversal of temporary differences	168	141
	<u>179</u>	<u>872</u>

8. Dividends

	Group	
	Six Months Ended	
	30.6.2021	30.6.2020
	\$'000	\$'000
In respect of financial year ended 31 December 2019:		
- Final exempt (one-tier) dividend of 1.0 cents per share	-	6,527
In respect of financial year ended 31 December 2020:		
- Final exempt (one-tier) dividend of 1.0 cents per share	6,527	-
	<u>6,527</u>	<u>6,527</u>

Hwa Hong Corporation Limited and its Subsidiaries

F. Notes to the condensed interim consolidated financial statements

9. Net asset value

	Group		Company	
	As at 30.6.2021	As at 31.12.2020	As at 30.6.2021	As at 31.12.2020
Net asset value per ordinary share (cents)	28.48	28.66	27.49	27.99

10. Investment properties

Group	Freehold land \$'000	Buildings \$'000	Construction in-progress \$'000	Total \$'000
Cost				
At 31 December 2020	76,196	94,961	2,001	173,158
Additions (subsequent expenditure)	–	276	377	653
Disposal	(104)	(339)	–	(443)
Currency realignment	2,094	2,751	–	4,845
At 30 June 2021	78,186	97,649	2,378	178,213
Accumulated depreciation and impairment loss				
At 31 December 2020	–	26,223	–	26,223
Depreciation for the year	–	1,199	–	1,199
Disposal	–	(149)	–	(149)
Currency realignment	–	446	–	446
At 30 June 2021	–	27,719	–	27,719
Net carrying amount				
At 30 June 2021	78,186	69,930	2,378	150,494
At 31 December 2020	76,196	68,738	2,001	146,935

F. Notes to the condensed interim consolidated financial statements

10. Investment properties

Valuation of the investment properties

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Valuation of investment properties is performed for disclosure purposes and impairment assessments. The Group has a policy to obtain external, independent valuations for its properties once every three years. Management's valuations are carried out at half-yearly reporting and annually.

Fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

For valuations performed by external valuation experts, the Group reviews the appropriateness of the valuation methodologies and assumptions adopted. The Group also evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The Chief Financial Officer ("CFO") documents and reports its analysis and results of the valuation to the Audit and Risk Committee on a half yearly basis, in line with the Group's half yearly reporting dates.

In 2020, valuations were performed by Savills Valuation and Professional Services (S) Pte Ltd, Savills (UK) Limited and Gerald Eve LLP for three properties in Singapore and five properties in United Kingdom. These independent valuers have recognised and relevant professional qualification with relevant experience in the location and category of the properties being valued. Valuation for the remaining properties was performed by the management as at year of 2020, taking into consideration the advice of external valuation experts using recent transaction prices, investment method and residual method.

For the half yearly reporting, management's valuations were carried out, taking into consideration the latest valuation methodologies and assumptions used in the latest external valuation reports.

The valuation methods applied are further discussed in Note 15.

Hwa Hong Corporation Limited and its Subsidiaries

F. Notes to the condensed interim consolidated financial statements

11. Investment securities

	Group	
	30.6.2021	31.12.2020
	\$'000	\$'000
<i>Current</i>		
At fair value through profit or loss		
- Equity securities (quoted)	21,930	16,033
- Debt instruments (quoted)	1,000	-
- Debt instruments (unquoted)	1,280	1,295
	<u>24,210</u>	<u>17,328</u>
<i>Non-current</i>		
At fair value through other comprehensive income		
- Equity securities (quoted)	3,090	5,597
- Equity securities (unquoted)	13,156	13,270
- Non-equity securities (quoted)	4,615	4,307
	<u>20,861</u>	<u>23,174</u>

Hwa Hong Corporation Limited and its Subsidiaries

F. Notes to the condensed interim consolidated financial statements

11. Investment securities (cont'd)

Investments in equity instruments designated at fair value through other comprehensive income

The fair value of each of the investments in equity instruments designated at fair value through other comprehensive income at the end of the reporting period is as follows:

	Group	
	30.6.2021	31.12.2020
	\$'000	\$'000
MTQ Corporation Ltd	2,902	2,547
Pan Hong Holdings Group Ltd	188	115
Singapore Reinsurance Corporation Limited	-	2,935
DCG Asia Value Fund (Cayman)	291	258
Value Monetization III Ltd (BVI) ("VML")	1,657	1,613
Majuven Fund 1 Ltd	428	363
Accion Asia Growth Fund (Cayman) ("Accion Fund")	247	249
GAW NP Capital Vietnam Fund 1 LP (Cayman) ("Gaw Fund")	3,325	3,893
COGC Allen House, LP (Cayman)	7,208	6,894
	<u>16,246</u>	<u>18,867</u>

During the interim period, the Group disposed of certain of its investments for cash and realised the capital appreciation. These investments had a fair value of \$3,517,000 at the date of disposal. The cumulative gain on disposal of \$1,002,000 was reclassified from fair value reserve to revenue reserve.

The Group did not dispose any FVOCI equity instruments during the previous interim period.

Hwa Hong Corporation Limited and its Subsidiaries

F. Notes to the condensed interim consolidated financial statements

12. Trade receivables

	Group	
	30.6.2021	31.12.2020
	\$'000	\$'000
Trade receivables	865	457
Allowance for expected credit loss	(616)	–
	<hr/>	<hr/>
	249	457
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Expected credit losses

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance account used to record the impairment are as follows:

	Group	
	30.6.2021	31.12.2020
	\$'000	\$'000
Trade receivables, nominal amounts	616	–
Allowance for expected credit loss	(616)	–
	<hr/>	<hr/>
	–	–
	<hr/> <hr/>	<hr/> <hr/>

Movement of allowance for expected credit loss

	6 months ended 30.6.2021
	\$'000
At beginning of the period	–
Allowance for expected credit loss	(616)
	<hr/>
At end of the period	(616)
	<hr/> <hr/>

At the end of the reporting period 30 June 2021, the Group determined an amount of \$616,000 (31 December 2020: \$Nil) to be impaired following an assessment to determine collectability of the debt.

F. Notes to the condensed interim consolidated financial statements

13. Bank loans and bank overdrafts

	Group			
	30.6.2021		31.12.2020	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank overdrafts	320	-	229	-
Short term bank loans	79,093	-	72,805	-
	<u>79,413</u>	<u>-</u>	<u>73,034</u>	<u>-</u>
	30.6.2021		31.12.2020	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	4,810	-	4,398	-

Details of any collateral

Short term bank loans comprised:

- a) An amount of \$26.6 million (2020: \$25.4 million) secured by a pledge of \$15 million (2020: \$15 million) on a subsidiary's fixed deposits and a corporate guarantee from the Company.
- b) An amount of \$32.8 million (2020: \$28.5 million) secured by a legal charge over a subsidiary's investment property and assignment of tenancy agreement in respect of the property.
- c) An amount of \$1.0 million (2020: \$1.0 million) secured by a legal charge over a subsidiary's investment property, assignment of tenancy agreement in respect of the property and a corporate guarantee from another subsidiary company of the Group.
- d) \$18.7 million (2020: \$17.9 million) is secured by a pledge of \$0.3 million (2020: \$0.3 million) on a subsidiary's fixed deposits, a corporate guarantee from a subsidiary and a legal charge over a subsidiary's investment property.

Long term bank loans comprised:

- a) \$4.8 million (2020: \$4.4 million) is secured by a legal charge over the investment properties, assignment of construction contracts, performance bonds in respect to the development of the investment properties and a corporate guarantee from one of the subsidiary companies.

Bank overdraft is secured by a legal charge over a subsidiary's property and assignment of tenancy agreement in respect of the property.

F. Notes to the condensed interim consolidated financial statements

14. Share Capital

14.1 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

	30-06-21	30-06-20
	\$'000	\$'000
Share capital	172,154	172,154
	30-06-21	30-06-20
	'000	'000
Total number of issued shares	653,504	653,504
Total number of treasury shares	(843)	(843)
Total number of subsidiary holdings	-	-
Total number of issued shares excluding treasury shares and subsidiary holdings	652,661	652,661

14.2 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.

	30-06-21	31-12-20
	\$'000	\$'000
Share capital	172,154	172,154
	30-06-21	31-12-20
	'000	'000
Total number of issued shares	653,504	653,504
Total number of treasury shares	(843)	(843)
Total number of issued shares excluding treasury shares	652,661	652,661

Hwa Hong Corporation Limited and its Subsidiaries

F. Notes to the condensed interim consolidated financial statements

14. Share Capital (cont'd)

14.3 A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There was no share buy-back during the current financial period.

14.4 A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

15. Fair values of assets and liabilities

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- (ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- (iii) Level 3 - Unobservable inputs for the asset or liability.

Hwa Hong Corporation Limited and its Subsidiaries

F. Notes to the condensed interim consolidated financial statements

15. Fair values of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
30 June 2021	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements				
Assets:				
Financial assets:				
Investment securities at FVPL (current)				
- Quoted equity securities	21,930	-	-	21,930
- Quoted debt securities	1,000	-	-	1,000
- Unquoted debt securities	-	-	1,280	1,280
Equity securities at FVOCI (non-current)				
- Quoted equity securities	3,090	-	-	3,090
- Quoted non-equity securities	4,615	-	-	4,615
- Unquoted equity securities	-	291	12,865	13,156
	30,635	291	14,145	45,071
Recurring fair value measurements				
Liabilities:				
Financial liabilities:				
Derivatives	-	(49)	-	(49)

Hwa Hong Corporation Limited and its Subsidiaries

F. Notes to the condensed interim consolidated financial statements

15. Fair values of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value*

	Group			Total
	Fair value measurements at the end of the period using			
31 December 2020	Quoted prices in active markets for identical instruments (Level 1) \$	Significant observable inputs other than quoted prices (Level 2) \$	Significant unobservable inputs (Level 3) \$	\$
Recurring fair value measurements				
Assets:				
Financial assets:				
Investment securities at FVPL (current)				
- Quoted equity securities	16,033	-	-	16,033
- Unquoted debt securities	-	-	1,295	1,295
Equity securities at FVOCI (non-current)				
- Quoted equity securities	5,597	-	-	5,597
- Quoted non-equity securities	4,307	-	-	4,307
- Unquoted equity securities	-	257	13,012	13,269
	<u>25,937</u>	<u>257</u>	<u>14,307</u>	<u>40,501</u>
Recurring fair value measurements				
Liabilities:				
Financial liabilities:				
Derivatives	-	(46)	-	(46)

F. Notes to the condensed interim consolidated financial statements

15. Fair values of assets and liabilities (cont'd)

(c) **Level 2 fair value measurement**

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Unquoted equity securities (non-current)

The investments relate to funds which invest primarily in equities that are publicly traded and listed in recognised stock exchanges. Fair values have been determined based on investor statements issued by the fund managers.

Derivatives (current)

The fair value of interest rate swaps are based on valuations provided by the financial institutions that are the counterparties of the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

(d) **Level 3 fair value measurements**

Information about significant unobservable inputs used in the Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at 30 June 2021 \$'000	Valuation techniques	Unobservable inputs
Recurring fair value measurements			
Investment securities at FVPL			
- Unquoted debt securities (current)	1,280	Expected present value method	Discount rate
Equity securities at FVOCI			
- Unquoted equity investments, (non-current)	12,865	Quote from fund manager	Not applicable

Hwa Hong Corporation Limited and its Subsidiaries

F. Notes to the condensed interim consolidated financial statements

15. Fair values of assets and liabilities (cont'd)

Description	Fair value at 31 December 2020 \$'000	Valuation techniques	Unobservable inputs
Recurring fair value measurements			
Investment securities at FVPL			
- Unquoted debt securities (current)	1,295	Expected present value method	Discount rate
Equity securities at FVOCI			
- Unquoted equity investments, (non-current)	13,012	Quote from fund manager	Not applicable

For investment securities at FVPL, a significant increase (decrease) in the discount rate would result in a significantly lower (higher) fair value measurement.

Equity securities at FVOCI relate to funds which invest primarily in unquoted assets. Fair values have been determined based on investor statements issued by the fund managers.

Movements in Level 3 assets and liabilities measured at fair value

	Group 6 months ended 30.6.2021 \$'000
Fair value measurements using significant unobservable inputs (Level 3)	
Investment securities at FVPL:	
Unquoted debt securities (current)	
At beginning of the period	1,295
Net change in fair value included in other comprehensive income	(15)
At end of the period	<u>1,280</u>
Equity securities:	
Unquoted equity investments (non-current)	
At beginning of the period	13,012
Net change in fair value included in other comprehensive income	(144)
Return of capital during the period/year	(13)
Purchased during the period	10
At end of the period	<u>12,865</u>

F. Notes to the condensed interim consolidated financial statements

15. Fair values of assets and liabilities (cont'd)

(e) *Assets and liabilities not carried at fair value*

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 December but for which fair value is disclosed:

	Group			Total
	Fair value measurements at the end of the period using			
	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	\$'000
30 June 2021				
Non-financial assets:				
Investment properties				
- Commercial	–	–	223,854	223,854
- Residential	–	–	34,452	34,452
	–	–	258,306	258,306
31 December 2020				
Non-financial assets:				
Investment properties				
- Commercial	–	–	219,653	219,653
- Residential	–	–	34,633	34,633
	–	–	254,286	254,286

Determination of fair valueCommercial investment properties

The valuation for two of the Singapore properties were based on income capitalisation method and direct comparison method. The income capitalisation method involves the conversion of the estimated annual net rental income of the property after deducting all necessary outgoings and expenses such as property tax, costs of repairs and maintenance and insurance into a capital sum at a suitable rate of return which reflects the tenure and quality of the investment, while the direct comparison method considers the sale of similar properties that have been transacted in the open market.

The valuation of the other Singapore property was based on direct comparison method and residual method as the property is still under development.

F. Notes to the condensed interim consolidated financial statements

15. Fair values of assets and liabilities (cont'd)

(e) ***Assets and liabilities not carried at fair value (cont'd)***

The valuations for United Kingdom office and commercial properties were derived using the direct comparable and income capitalisation methods, where the fair value was derived having taken into consideration the rental and capital transactions in the vicinity of the investment properties, the passing rents and the estimated rental values of the properties which have been capitalised using investment yields. The fair value, after deducting purchaser's costs, was compared to other capital transactions on a capital value per square foot basis.

Residential investment properties

Valuations are based on comparable market transactions that consider the sale of similar properties that have been transacted in the open market.

16. Subsequent events

On 26 July 2021, the Group made a further investment of GBP4.5 million (approximately S\$8.5 million) in its investment in associated company, Shorea Capital London Office Fund LP.

Other Information Required by Listing Rule 7.2

G. Other information

1. (a) Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The condensed consolidated statement of financial position of Hwa Hong Corporation and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

2. 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.**

2(a)

Revenue (excluding all inter-segment transactions)

	1H2021	1H2020	+/(-) %
	\$'000	\$'000	
Rental	4,724	4,469	5.7
Investments	522	563	(7.3)
Corporate and Others	-	-	-
	<u>5,246</u>	<u>5,032</u>	

Increase in revenue for rental segment by \$0.3 million was mainly due to increase in rental income from 20 Garrett Street by \$0.3 million.

Profit before taxation (excluding all inter-segment transactions)

	1H2021 \$'000	1H2020 \$'000	+ / (-) %
Rental	2,116	2,073	2.1
Investments	1,955	381	n.m.
Corporate and Others	(1,005)	(963)	4.4
	<u>3,066</u>	<u>1,491</u>	
Unallocated items	(1,021)	(853)	19.7
	<u><u>2,045</u></u>	<u><u>638</u></u>	

Investment segment refers to investment holding. Profit before taxation increased by \$1.6 million mainly due to:-

- increase in fair value gains changes in FVPL investment securities of \$1.5 million;
- increase in dividend income by \$0.2 million;
- increase in share of results of associates and joint ventures by \$0.2 million; partially offset by
- decrease in interest income of \$0.2 million.

Corporate segment refers to the provision of management, administrative and support services to related companies and investment holding.

Unallocated items refer to items such as finance costs and certain foreign exchange differences which are managed on a Group basis and are not allocated to the segments. The losses in 1H2021 were mainly due to finance cost of \$0.7 million and foreign exchange loss of \$0.3 million.

Other information on interim consolidated income statement

2(a)(1) Changes in fair value of investment securities of \$1.7 million in 1H2021 was due to net increases in fair values for fair value through profit and loss ("FVPL") investment securities arising from favourable market conditions on the Korean, Singapore and Hong Kong investment securities that were being held by the Group. The KOSPI Index increased from 2,873 as at 31 December 2020 to 3,296 as at 30 June 2021, HSI Index increased from 27,231 as at 31 December 2020 to 28,828 as at 30 June 2021 and STI Index from 2,843 as at 31 December 2020 to 3,130 as at 30 June 2021.

2(a)(2) Other income comprised the following:

	1H2021	1H2020	+/(−)
	\$'000	\$'000	%
Interest income	8	34	(76.5)
Gain on disposal of investment properties (a)	1,189	2,540	(53.2)
Foreign exchange gain	-	72	n.m.
Rental income from an associated company	13	11	18.2
Management fee from an associated company	2	1	n.m.
Reimbursement of expenses from an associated company	4	5	(20.0)
Grant income (b)	74	238	(68.9)
Sundry	123	176	(30.1)
	<u>1,413</u>	<u>3,077</u>	

(a) Gain on disposal of investment properties decreased by \$1.4 million. The Group sold one residential property in Singapore in 1H2020 with a gain of \$2.5 million and one residential property in London in 1H2021 with a gain of \$1.2 million.

(b) The Group received government grant under the Jobs Support Scheme ("JSS") in 1H2021 and JSS and Rental Relief Framework in 1H2020.

2(a)(3) Foreign exchange loss of \$0.3 million arose from translation of foreign currencies balances on certain monetary items as Sterling Pound had strengthened against Singapore dollar from 1.791724 as at 31 December 2020 to 1.873281 as at 30 June 2021.

2(a)(4) Other operating costs comprised the following:

		1H2021	1H2020
		\$'000	\$'000
Fair value loss on derivatives		-	9
Impairment loss in trade receivables	(a)	616	-
Impairment loss in other receivables	(b)	-	1,847
		<u>616</u>	<u>1,856</u>

- (a) Impairment loss in trade receivables in 1H2021 was made following an assessment exercise to determine collectability of the trade debts.
- (b) In 1H2020, impairment in other receivables was due to bad debts written off on the deferred rental receivable of a tenant in London. The deferred rental receivable relates to lease income that remains to be amortised over the lease term on a straight-line basis. The tenant has gone into administration during the period due, inter alia, to the current Covid-19 pandemic and the government imposed lockdown in the UK.

2(a)(5) Finance costs decreased by \$0.3 million mainly due to a decline in interest rates during the respective periods.

2(a)(6) Share of results of associates and joint ventures increased by \$0.2 million mainly due to a decrease in share of losses of \$0.2 million from one of its joint ventures, Neo Pav E Investments LLP ("Neo Pav E"). In 1H2020, the share of loss in Neo Pav E arose mainly from a write-off of a development cost.

2(a)(7) The taxation charge for the Group for 1H2021 was lower than that arrived at by applying the statutory tax rate of 17% to the profit before taxation mainly due to certain gains being capital in nature, absence of tax effect on share of results of associates and joint ventures, utilization of available tax losses, offset by certain non-deductible expenses and losses incurred by foreign subsidiaries which are not available for set off against profits of local subsidiaries.

2(b)

Information on interim consolidated statement of financial position

- 2(b)(1) Investment properties increased by \$3.6 million mainly due to:
- additions during the period;
 - translation gain arising from the UK properties as Sterling Pound had strengthened against Singapore Dollar; partially offset by
 - depreciation;
 - disposal of a residential property in UK.

- 2(b)(2) Investment in joint ventures increased by \$0.6 million mainly due to additional investment of \$0.4 million and share of currency translation gain of \$0.2 million during the period.
- 2(b)(3) Investment in associates increased by \$1.9 million mainly due to:
- a. investment in a new associated company, Shorea Capital London Office Fund LP of \$2.4 million;
 - b. share of profits of \$0.5 million;
 - c. share of currency translation gain of associated companies of \$0.4 million; partially offset by
 - d. distribution of dividends from an associate of \$1.3 million.
- 2(b)(4) Non-current investment securities decreased by \$2.3 million mainly due to disposal of its investment in Singapore Reinsurance Corporation Limited of \$3.5 million arising from an acceptance of the voluntary conditional cash offer from an offeror partially offset by fair value gains of \$1.0 million during the period.
- 2(b)(5) Other receivables increased by \$1.0 million mainly due to:
- a. an increased in amount due from a joint venture of \$0.6 million;
 - b. translation gain of \$0.5 million.
- 2(b)(6) Amount due from associates increased by \$0.4 million mainly due to additional loan of \$0.3 million to an associated company, Shorea Capital Pte Ltd during the period.
- 2(b)(7) Current investment securities increased by \$6.9 million mainly due to net acquisition of investment securities of \$5.2 million made during the period and \$1.7 million of fair value gains.
- 2(b)(8) Cash at bank balances decreased by \$6.2 million for Group and \$3.4 million for Company were mainly due to payment of dividends during the period.
- 2(b)(9) Accrued operating expenses decreased by \$0.4 million mainly due to payment of employee bonuses during the period.
- 2(b)(10) Current bank loans increased by \$6.3 million mainly due to:
- c. Additional loan of \$5.8 million;
 - d. loan repayment of \$2.8 million;
 - e. translation loss of \$2.5 million as Sterling Pound had strengthened against Singapore Dollar.
- 2(b)(11) Non-current bank loans increased by \$0.4 million mainly due to additional loan being drawn-down for the development of the property purchased in Jalan Besar.

Information on condensed interim consolidated statement of cash flows

The Group's cash and bank balances remain healthy at \$38.5 million at 30 June 2021 as compared to \$44.7 million as at 31 December 2020. The net cash flows from operating activities were in a deficit balance mainly due to increase in current investment securities trading activities during the financial period.

Information on condensed interim statement of changes in equity

During the interim period, the Group disposed its investments in Singapore Reinsurance Corporation Limited of \$3.5 million arising from an acceptance of the voluntary conditional cash offer from an offeror. The cumulative gain on disposal of \$1,002,000 was reclassified from fair value reserve to revenue reserve.

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

Not applicable.

4. **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.**

Business uncertainties arising from the Covid 19 have negatively affected the leasing operations of the Group's commercial properties in London. However with the ending of lockdown restrictions in the UK, business sentiment is likely to improve.

The income generating properties in Singapore continue to perform well. However, construction works at Jalan Besar have been affected by Covid-19 restrictions. Completion is expected to be in 1H2022.

5. 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.

6. INTERESTED PERSON TRANSACTIONS

Name of interested person	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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Nil	Nil	Nil [^]

[^] 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.

7. 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.

8. UNDERTAKINGS CONFIRMATION

The Company hereby confirms that the undertakings as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual has been procured from all its Directors and Executive Officers.

SUBMITTED BY

Lee Soo Wei
Chief Financial Officer
29 July 2021