

**UNAUDITED RESULTS FOR FIRST QUARTER ENDED 31 MARCH 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		
		First Quarter Ended		+ / (-) %
		31.3.2015 \$'000	31.3.2014 \$'000	
Continuing operations				
Revenue		5,775	5,861	(1.5)
Cost of sales		(2,978)	(3,103)	(4.0)
Gross profit		2,797	2,758	1.4
Other income	1	543	1,945	(72.1)
General and administrative costs		(1,922)	(1,938)	(0.8)
Selling and distribution costs		-	(28)	n.m.
Other operating costs	2	(98)	(195)	(49.7)
Finance costs		(170)	(153)	11.1
Share of after tax results of associates and joint ventures	3	279	477	(41.5)
Profit before taxation from continuing operations		1,429	2,866	(50.1)
Taxation	4	(218)	(435)	(49.9)
Profit from continuing operations, net of taxation		1,211	2,431	(50.2)
Discontinued operation				
(Loss) from discontinued operations, net of taxation		-	(71)	n.m.
Net profit after taxation		1,211	2,360	
Attributable to:				
Owners of the Company				
Profit from continuing operations, net of taxation		1,211	2,431	(50.2)
(loss) from discontinued operations, net of taxation		-	(71)	n.m.
Profit for the year attributable to owners of the Company		1,211	2,360	

n.m. denotes not meaningful.

Profit from continuing operations, before taxation included the following:

	Group		
	First Quarter Ended		
	31.3.2015	31.3.2014	+/(-) %
	\$'000	\$'000	%
Investment income	215	887	(75.8)
Interest income (included in revenue)	94	183	(48.6)
Interest on borrowings	(170)	(153)	11.1
Depreciation on property, plant and equipment and investment properties	(634)	(595)	6.6
Foreign exchange gain	317	494	(35.8)
Gain on disposal of investments			
- included in gross profit	803	246	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.
(Under)/over provision of taxation in prior years	-	-	-
Gain on disposal of investment property			
- included in other income	-	1,250	n.m.
Loss on disposal of a subsidiary			
- included in other income	-	(61)	n.m.
Allowance made for impairment loss			
- quoted current investments	(98)	(195)	(49.7)

Notes to Group Profit and Loss Statement – Continuing operations

1. Other income comprised the following:

	1Q2015	1Q2014	+/(-) %
	\$'000	\$'000	%
Interest income	21	37	(43)
Dividend income	11	8	38
Gain on disposal of investment properties	-	1,250	n.m.
Gain on disposal of property, plant and equipment	-	21	n.m.
Other investment income	108	73	48
Foreign exchange gain	317	494	(36)
Sundry	86	62	39
	<u>543</u>	<u>1,945</u>	

- Other operating costs in 1Q2015 and 1Q2014 came from impairment loss on current investment securities that had suffered a significant or prolonged decline in the market value below the acquisition cost of those investments.
- Share of after tax results of associates and joint ventures decreased by \$0.2 million mainly due to share of losses from two its joint ventures, Neo Pav E Investments LLP and Neo Bankside Retail LLP qqq. The losses arose mainly from the depreciation of the investment properties due to realignment to the Group's accounting policy.

4. Effective tax rates for 1Q2015 and 1Q2014 were 15.3% and 15.5% respectively. The taxation charge for the Group in 1Q2015 was lower than that arrived at by applying the statutory tax rate of 17% to the profit before taxation mainly due to absence of tax effect on the share of results of associates and joint ventures, as the share of results was after tax.

Statement of Comprehensive Income

	Group		
	First Quarter Ended		
	31.3.2015	31.3.2014	+ / (-)
	\$'000	\$'000	%
Net profit after taxation	1,211	2,360	(48.7)
<u>Other comprehensive gain/(loss):</u>			
Items that may be reclassified subsequently to profit or loss			
Net (loss)/gain on available-for-sale investments (net of tax)	(1,409)	32	n.m.
Exchange difference arising from			
- consolidation	(326)	108	n.m.
- revaluation of net investment in foreign operations	(595)	540	n.m.
- reclassification on disposal of a subsidiary	-	3,548	n.m.
Revaluation gain realised by an associate to income statement	-	(106)	n.m.
Other comprehensive (loss)/gain , net of tax	<u>(2,330)</u>	<u>4,122</u>	n.m.
Total comprehensive (loss)/gain for the period	<u>(1,119)</u>	<u>6,482</u>	
Total comprehensive (loss)/gain for the period attributable to:			
Owners of the Company	(1,119)	6,482	
Non-controlling interests	-	-	
	<u>(1,119)</u>	<u>6,482</u>	

Net loss on available-for-sale investments (net of tax) in 1Q2015 of \$1.4 million was mainly due to decrease in fair value of available-for-sale investments arising from unfavourable market conditions on certain shares held by the Group during the quarter.

The currency translation reserve of \$3.5 million relating to Phratra Sdn Bhd was 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	
		31.3.2015 \$'000	31.12.2014 \$'000	31.3.2015 \$'000	31.12.2014 \$'000
Non-current assets					
Property, plant and equipment		5,175	5,282	-	-
Investment properties	1	99,415	100,467	-	-
Investment in subsidiaries		-	-	171,439	171,439
Investment in joint ventures		7,931	8,142	-	-
Investment in associates		16,913	16,521	746	746
Investment securities		15,509	15,791	-	-
Other receivables	2	10,607	4,366	-	-
Amounts due from associates		2,000	2,000	-	-
		157,550	152,569	172,185	172,185
Current assets					
Trade receivables		643	771	-	-
Prepayments and deposits		254	247	52	57
Other receivables	3	1,905	2,780	-	7
Amounts due from subsidiaries		-	-	200	200
Amounts due from associates		9,008	8,987	-	-
Investment securities	4	36,161	37,479	-	-
Cash and bank balances		53,320	52,156	8,710	8,897
		101,291	102,420	8,962	9,161
Current liabilities					
Trade payables		(442)	(578)	-	-
Other payables		(1,970)	(2,329)	(310)	(315)
Accrued operating expenses	5	(1,235)	(2,476)	(183)	(168)
Amounts due to associates		(570)	(546)	(370)	(354)
Bank loans (secured)	2	(37,877)	(31,259)	-	-
Bank overdrafts (secured)		(53)	-	-	-
Tax payable		(2,207)	(2,108)	(5)	(5)
		(44,354)	(39,296)	(868)	(842)
Net current assets		56,937	63,124	8,094	8,319
Non-current liabilities					
Deferred tax liabilities		(4,609)	(4,726)	-	-
Other payables		(510)	(480)	-	-
		(5,119)	(5,206)	-	-
Net assets		209,368	210,487	180,279	180,504

	Group		Company	
	31.3.2015 \$'000	31.12.2014 \$'000	31.3.2015 \$'000	31.12.2014 \$'000
Equity attributable to Owners of the Company				
Share capital	172,154	172,154	172,154	172,154
Capital reserve	1,202	1,202	-	-
Revenue reserve	39,523	38,312	8,125	8,350
Fair value reserve	8,952	10,361	-	-
Currency translation reserve	(12,463)	(11,542)	-	-
	209,368	210,487	180,279	180,504
Non-controlling interests	-	-	-	-
Share capital and reserves	209,368	210,487	180,279	180,504

Note:

1. Investment properties decreased by \$1.1 million mainly due to translation loss arising from the UK properties as Sterling Pound had weakened against Singapore Dollar and depreciation of the investment property in this period.
2. Increase in non-current receivables by \$6.2 million was mainly due to a secured loan of GBP 3 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. Decrease in current other receivables by \$0.9 million was mainly due to a reduction of \$0.6 million due from estate agents and receipt of \$0.1 million from dividend receivables.
4. Decrease in current investment securities by \$1.3 million was mainly due to fair value change of available-for-sale investments.
5. Reduction in accrued operating expenses by \$1.2 million was mainly due to payment of bonuses and agency fees during the period.

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

Amount repayable in one year or less, or on demand

	31.3.2015		31.12.2014	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank overdrafts	53	-	-	-
Short term bank loans	37,877	-	31,259	-
	<u>37,930</u>	<u>-</u>	<u>31,259</u>	<u>-</u>

Amount repayable after one year

	31.3.2015		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:

- a) An amount of \$16.8 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.
- b) An amount of \$10.2 million (2014: \$10.3 million) is 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 \$2.9 million (2013: \$2.9 million) secured by a deed of guarantee and indemnity for \$4 million (2014: \$4 million) from a subsidiary.
- c) An amount of \$8.0 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	
	First Quarter Ended	
	31.3.2015	31.3.2014
	\$'000	\$'000
Cash flow from operating activities:		
Profit before taxation from continuing operations	1,429	2,866
Loss before taxation from discontinued operation	-	(71)
Adjustments for:		
Interest income	(115)	(220)
Interest expense	170	153
Depreciation on property, plant and equipment and investment properties	634	595
Loss/(gain) on disposal of property, plant and equipment	4	(21)
Share of results of associates and joint ventures	(279)	(477)
Loss on disposal of a subsidiary	-	61
Gain on disposal of investment properties	-	(1,250)
Unrealised exchange differences	(81)	209
	<u>333</u>	<u>(950)</u>
Operating income before reinvestment in working capital	1,762	1,845
Decrease/(increase) in receivables and current investments	601	(1,761)
Decrease in inventories	-	4
Decrease in payables	(1,706)	(998)
	<u>(1,105)</u>	<u>(2,755)</u>
Cash generated from/(used in) operations	657	(910)
Interest received	90	195
Interest paid	(170)	(153)
Income taxes paid	(40)	(58)
	<u>(120)</u>	<u>(16)</u>
Net cash generated from/(used in) operating activities	537	(926)
Cash flow from investing activities:		
Decrease in other investments	282	668
Increase in other receivable	(6,108)	(36)
Decrease in investment in joint venture	-	1,028
Decrease/(increase) in amounts due from associates	3	(683)
Proceeds from disposal of investment properties	-	2,182
Proceeds from disposal of a subsidiary	-	3,185
Proceeds from disposal of property, plant and equipment	-	34
Addition to property, plant and equipment	(2)	-
Addition to investment properties	(133)	(138)
Net cash (used in)/generated from investing activities	(5,958)	6,240
Cash flow from financing activities:		
Increase in pledged cash and bank balances	-	(1,660)
Proceeds from bank loans	6,618	-
Net cash generated from/(used in) financing activities	6,618	(1,660)
Net increase in cash and cash equivalents	1,197	3,654
Cash and cash equivalents at beginning of the period	33,156	35,197
Effects of exchange rate changes on cash and cash equivalents	(86)	261
Cash and cash equivalents at end of the period	34,267	39,112

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

	Group	
	31.3.2015 \$'000	31.3.2014 \$'000
Cash and bank balances	53,320	58,112
Less: cash and bank balances pledged	(19,000)	(19,000)
Bank overdraft	(53)	-
Cash and cash equivalents at end of the period	<u>34,267</u>	<u>39,112</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
Group							
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	<u>172,154</u>	<u>1,202</u>	<u>39,523</u>	<u>8,952</u>	<u>(12,463)</u>	<u>-</u>	<u>209,368</u>
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	<u>172,154</u>	<u>1,202</u>	<u>34,787</u>	<u>10,904</u>	<u>(10,628)</u>	<u>-</u>	<u>208,419</u>

** 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	<u>172,154</u>	<u>8,125</u>	<u>180,279</u>
Balance at 1.1.2014	172,154	9,311	181,465
Total comprehensive loss for the period	-	3,626	3,626
Balance at 31.3.2014	<u>172,154</u>	<u>12,937</u>	<u>185,091</u>

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 58th 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 has been no change to the total number of 653,504,000 issued ordinary shares of the Company.

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

As at 31 March 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 31 March 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.**

	GROUP	
	First Quarter Ended	
	31.3.2015	31.3.2014
<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)	0.19	0.37
(ii) On a fully diluted basis (cents)	0.19	0.37
<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)	-	(0.01)
(ii) On a fully diluted basis (cents)	-	(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.

	Group		Company	
	31.3.2015	31.12.2014	31.3.2015	31.12.2014
Net asset value per ordinary share (cents)	32.04	32.21	27.59	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)

	1Q2015 \$'000	1Q2014 \$'000	+/(-) %
Rental	2,218	1,920	15.5
Investments	3,557	3,931	(9.5)
Corporate and Others	-	10	n.m.
	<u>5,775</u>	<u>5,861</u>	

Increase in revenue for rental segment by \$0.3 million takes into account: -

- increase in rental income from Eagle House in London by \$0.5 million subsequent to its acquisition in December 2014;
- decrease of \$0.2 million due to absence of rental income from certain UK properties arising from their disposals in May and September 2014.

Decrease in revenue for investments segment by \$0.4 million takes into account:-

- decrease in dividend income by \$0.7 million mainly due to a US\$0.6 million distribution from a fund held by the Group in 1Q 2014;
- increase in proceeds from sale of investment securities by \$0.4 million mainly due to increase in share trading activities.

Profit before tax from continuing operations (excluding all inter-segment transactions)

	1Q2015 \$'000	1Q2014 \$'000	+/(-) %
Rental	779	1,663	(53.2)
Investments	1,074	1,369	(21.5)
Corporate and Others ("Corporate")	(527)	(439)	20.0
	<u>1,326</u>	<u>2,593</u>	
unallocated items	103	273	(62.3)
	<u>1,429</u>	<u>2,866</u>	

Rental segment refers to rental of residential, commercial and industrial properties. Increase in profit before taxation for Rental segment by \$0.9 million qoq takes into account:-

- absence of gain from disposal of Rivergate of \$1.3 million in Q1 2014;
- positive contributions from Eagle House by \$0.4 million subsequent to its acquisition in Dec 2014.

Investment segment refers to investment holding and the decrease in profit before taxation in 1Q2015 by \$0.3 million takes into account:-

- decrease in dividend income of \$0.7 million qoq mainly due to a US\$0.6 million distribution in 1Q 2014 made by a fund held by the Group;

- decrease in share of profits of the associates of \$0.2 million mainly due to share of losses from two of its joint ventures, Neo Pav E Investments LLP and Neo Bankside Retail LLP qoq. The losses arose mainly from the depreciation of the investment properties due to realignment to the Group's accounting policy;
- increase in gain on disposal of investment securities of \$0.6 million qoq;
- decrease in impairment loss on available-for-sale investments of \$0.1 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.

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 for 1Q2015 and 1Q2014 remained relatively the same and were mainly attributable to 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 are not allocated to the segments. The profit decreased \$0.2 million qoq due to decrease in foreign exchange gain.

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 refurbishment of some of the Group's London residential properties is progressing as planned and we have received an offer for one refurbished unit in the 2nd quarter. However, sentiment in the London residential property market has turned cautious with the upcoming UK general elections and this has had a negative impact on both the number of transactions as well as prices.

In the meantime, work has commenced in Sheffield and the Group has entered into an agreement with Sheffield Hallam University ("University") to lease the Group's share of its commercial component for a period of 15 years with an initial rent of approximately GBP160,000 per annum. The remaining area of the site has planning permission for a student accommodation facility and the Group is in the final stages of its feasibility study for the development of this student accommodation building. The University has a student population of approximately 30,000 and is in close proximity to our site.

The uncertain outlook in the world economy is expected to remain and returns from equity investments are expected to be muted.

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.

Not applicable.

13. 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.

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
24 April 2015