

**UNAUDITED RESULTS FOR THIRD QUARTER ENDED 30 SEPTEMBER 2009****PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS****1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group					
	Third Quarter Ended			Nine Months Ended		
	30.9.2009	30.9.2008	+ / (-)	30.9.2009	30.9.2008	+ / (-)
	(restated)			(restated)		
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	35,497	20,245	75.3	78,632	62,295	26.2
Cost of sales	(14,598)	(12,998)	12.3	(40,394)	(39,501)	2.3
Gross profit	20,899	7,247	n.m.	38,238	22,794	67.8
Other income	1,178	991	18.9	4,168	5,562	(25.1)
General and administrative costs	(5,003)	(5,531)	(9.5)	(11,208)	(15,848)	(29.3)
Selling and distribution costs	(1,934)	(2,114)	(8.5)	(6,108)	(6,475)	(5.7)
Other operating costs	193	(2,156)	n.m.	(4,163)	(1,897)	n.m.
Finance costs	(669)	(1,031)	(35.1)	(2,532)	(3,301)	(23.3)
Share of results of associates and unincorporated joint venture	5,025	15,019	(66.5)	20,695	53,212	(61.1)
Profit before taxation	19,689	12,425	58.5	39,090	54,047	(27.7)
Taxation	(3,013)	(327)	n.m.	(4,139)	(768)	n.m.
Profit after taxation	16,676	12,098	37.8	34,951	53,279	(34.4)
Attributable to:						
Equity holders of the Company	16,676	12,098		34,951	53,279	
Minority interests	-	-		-	-	
	16,676	12,098		34,951	53,279	

Note

Profit before taxation included the following:

	Group		
	Third Quarter Ended		
	30.9.2009	30.9.2008	+ / (-)
	(restated)		
	\$'000	\$'000	%
Investment income	280	450	(37.8)
Other income including interest income	4,025	6,298	(36.1)
Interest on borrowings	(669)	(1,031)	(35.1)
Depreciation on property, plant and equipment and investment properties	(574)	(594)	(3.4)
Write-back of doubtful receivables from			
- trade and other receivables	-	-	-
- associate	-	3,696	n.m.
Write-back/(allowance made) for impairment loss on			
- investment property	-	-	-
- property, plant and equipment	-	-	-
- quoted long term investment securities	468	-	n.m.
- quoted short term investment securities	(275)	(5,823)	(95.3)
Underprovision of taxation in prior years	-	-	-
Foreign exchange loss	(918)	(766)	19.8
(Loss)/gain on disposal of investment securities	11,451	(1,326)	n.m.
Gain on disposal of property, plant and equipment	8	1	n.m.

n.m. denotes not meaningful.

Statement of Comprehensive Income

	Group					
	Third Quarter Ended			Nine Months Ended		
	30.9.2009	30.9.2008 (restated)	+/(-) %	30.9.2009	30.9.2008 (restated)	+/(-) %
	\$'000	\$'000	%	\$'000	\$'000	%
Profit after taxation	16,676	12,098	37.8	34,951	53,279	(34.4)
Other comprehensive income/(loss):						
Net gain/(loss) on available-for-sale investments (net of tax)	1,645	(10,426)	n.m.	14,959	(32,053)	n.m.
Exchange difference arising from						
- consolidation	(511)	(544)	(6.1)	475	(1,891)	n.m.
- revaluation of net investment in foreign operations	(202)	(619)	(67.4)	1,443	(1,668)	n.m.
Revaluation gain realised by an associate to income statement	(439)	(9,316)	(95.3)	(4,104)	(33,151)	(87.6)
Other comprehensive income/(loss), net of tax	493	(20,905)		12,773	(68,763)	
Total comprehensive income/(loss) for the period	<u>17,169</u>	<u>(8,807)</u>		<u>47,724</u>	<u>(15,484)</u>	
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	17,169	(8,807)		47,724	(15,484)	
Minority Interests	-	-		-	-	
	<u>17,169</u>	<u>(8,807)</u>		<u>47,724</u>	<u>(15,484)</u>	

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

	Group		Company	
	30.9.2009 \$'000	31.12.2008 \$'000	30.9.2009 \$'000	31.12.2008 \$'000
Non-current assets				
Property, plant and equipment	12,862	13,290	151	4,049
Investment properties	100,377	72,094	-	-
Investment in subsidiaries	-	-	212,230	191,460
Investment in associates	1,515	105,922	787	787
Investment securities	84,287	90,355	39	39
Other receivables	5,540	3,301	-	-
Amount due from associate	15,000	15,000	-	-
Reinsurers' share of provision for outstanding claims	3,222	1,857	-	-
Deferred tax assets	-	1,648	-	-
	222,803	303,467	213,207	196,335
Current assets				
Inventories	33	28	-	-
Trade receivables	5,045	5,862	-	-
Reinsurers' share of provision for - outstanding claims	1,074	619	-	-
- unearned premium	5,808	3,338	-	-
Deferred acquisition costs	6,318	5,169	-	-
Tax recoverable	-	786	-	472
Prepayments and deposits	268	5,566	15	59
Other receivables	2,857	4,879	-	-
Amounts due from subsidiaries	-	-	-	12,929
Amounts due from associates	18,039	19,932	-	-
Investment securities	60,418	52,832	-	-
Cash and bank balances	164,203	79,929	515	82
	264,063	178,940	530	13,542
Current liabilities				
Trade payables	(2,432)	(2,130)	-	(42)
Advance premiums	(9)	(991)	-	-
Other payables	(6,370)	(6,413)	(143)	(196)
Accrued operating expenses	(2,887)	(3,373)	(86)	(283)
Provision for - outstanding claims	(7,948)	(6,871)	-	-
- unearned premium	(27,049)	(21,739)	-	-
- premium deficiency	(1,183)	(1,183)	-	-
Amounts due to associates	(1,061)	(23,714)	(380)	(399)
Amounts due to subsidiaries	-	-	(3,520)	(3,544)
Bank overdrafts	(769)	(3,700)	-	(395)
Bank loans (secured)	(8,293)	(39,754)	-	-
Tax payable	(947)	(182)	-	(1)
	(58,948)	(110,050)	(4,129)	(4,860)
Net current assets/(liabilities)	205,115	68,890	(3,599)	8,682
Balance carried forward	427,918	372,357	209,608	205,017

	Group		Company	
	30.9.2009 \$'000	31.12.2008 \$'000	30.9.2009 \$'000	31.12.2008 \$'000
Balance brought forward	427,918	372,357	209,608	205,017
Non-current liabilities				
Deferred tax liabilities	(4,478)	(994)	-	-
Bank loans (secured)	(47,472)	(30,161)	-	-
Other payables	(1,215)	(2,695)	-	-
Provision for outstanding claims	(23,984)	(20,758)	-	-
	(77,149)	(54,608)	-	-
Net assets	350,769	317,749	209,608	205,017
Equity attributable to equity holders of the Company				
Share capital	172,154	172,154	172,154	172,154
Capital reserve	2,411	6,515	-	-
Revenue reserve	176,692	156,445	37,454	32,863
Fair value reserve	12,807	(2,152)	-	-
Currency translation reserve	(13,295)	(15,213)	-	-
	350,769	317,749	209,608	205,017
Minority interests	-	-	-	-
Share capital and reserves	350,769	317,749	209,608	205,017

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

Amount repayable in one year or less, or on demand

	30.9.2009		31.12.2008	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank overdrafts	769	-	3,305	395
Short term bank loans	6,795	-	39,473	-
Long term bank loans	1,498	-	281	-
	9,062	-	43,059	395

Amount repayable after one year

	30.9.2009		31.12.2008	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	47,472	-	30,161	-

Details of any collateral

Long term bank loans of \$48.9 million (31.12.2008: \$30.2 million) are secured by a fixed charge over subsidiaries' investment properties. Short term bank loans are secured by a subsidiary's investment property and a charge of \$38.2 million (31.12.2008: \$36.3 million) on its fixed deposit. Certain bank overdrafts are secured by charges over time deposits and supported by corporate guarantee.

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

	Group			
	Third Quarter Ended		Nine Months Ended	
	30.9.2009	30.9.2008 (restated)	30.9.2009	30.9.2008 (restated)
	\$'000	\$'000	\$'000	\$'000
Cash flow from operating activities:				
Profit before taxation	19,689	12,425	39,090	54,047
Adjustments for:				
Interest income	(3,181)	(5,136)	(9,497)	(10,436)
Interest expense	669	1,031	2,532	3,301
Depreciation on property, plant and equipment and investment properties	574	594	1,633	1,760
Share of results of associates and unincorporated joint venture	(5,025)	(15,019)	(20,695)	(53,212)
Net claims incurred	3,574	5,806	13,487	14,334
Provision for unexpired risks	(189)	873	1,619	4,681
(Write-back)/allowance made for impairment loss on				
- investment property	-	-	-	(270)
- long term investment securities	(468)	-	532	-
- short term investment securities	275	5,823	3,880	5,823
Write-back of allowance for doubtful receivables	-	(3,696)	(250)	(3,696)
Gain on disposal of				
- property, plant and equipment	(8)	(1)	(7)	-
- investment property	-	-	-	(645)
Property, plant and equipment written off	-	-	5	-
	(3,779)	(9,725)	(6,761)	(38,360)
Operating income before reinvestment in working capital	15,910	2,700	32,329	15,687
Decrease/(increase) in receivables and short term investment securities	7,723	1,479	6,538	(2,776)
Decrease/(increase) in inventories	5	22	(5)	-
(Decrease)/increase in payables	(2,478)	998	(2,961)	(5,095)
	5,250	2,499	3,572	(7,871)
Cash generated from operations	21,160	5,199	35,901	7,816
Net claims paid	(3,187)	(3,109)	(11,005)	(8,767)
Interest received	885	959	2,511	4,965
Interest paid	(928)	(1,031)	(2,570)	(3,301)
Income taxes received/(paid)	486	(290)	343	(540)
	(2,744)	(3,471)	(10,721)	(7,643)
Net cash generated from operating activities carried forward	18,416	1,728	25,180	173

	Group			
	Third Quarter Ended 30.9.2009	30.9.2008 (restated)	Nine Months Ended 30.9.2009	30.9.2008 (restated)
	\$'000	\$'000	\$'000	\$'000
Net cash generated from operating activities brought forward	18,416	1,728	25,180	177
Cash flow from investing activities:				
Cash distribution received from unincorporated joint venture	3,800	-	3,800	-
Decrease in other investments	1,830	(2,680)	9,305	(348)
Dividends received from associate	71,145	-	71,145	-
Increase in amounts due from associates	(26,167)	(215)	(18,511)	(362)
Purchase of property, plant and equipment	(48)	(560)	(237)	(560)
Purchase of investment property from an associate	-	-	(22,128)	-
Purchase of investment property	-	(4,877)	(128)	(4,877)
Proceeds from capital reduction exercise conducted by associate	49,500	-	49,500	-
Proceeds from disposal of				
- property, plant and equipment	2	1	21	1
- investment property	-	-	-	645
Net cash generated from/(used in) investing activities	100,062	(8,331)	92,767	(5,501)
Cash flow from financing activities:				
Proceeds from bank loans	5,245	6,569	23,450	7,551
Repayments in bank loans	(37,798)	(105)	(39,839)	(241)
(Decrease)/increase in bank overdrafts	(502)	1,499	(3,188)	973
Dividends paid	(6,535)	(9,802)	(14,704)	(42,478)
Increase/(decrease) in pledged fixed deposits	(150)	(13,340)	1,961	(13,340)
Net cash used in financing activities	(39,740)	(15,179)	(32,320)	(47,535)
Net increase/(decrease) in cash and cash equivalents	78,738	(21,782)	85,627	(52,859)
Cash and cash equivalents at beginning of the period	43,360	56,265	35,344	88,394
Effects of exchange rate changes on cash and cash equivalents	(520)	(158)	607	(1,210)
Cash and cash equivalents at end of the period	121,578	34,325	121,578	34,325
For purposes of presenting consolidated cash flow statements, the consolidated cash and cash equivalents comprise the following:				
Cash and bank balances	164,203	79,681	164,203	79,681
Less: fixed deposits pledged	(42,625)	(45,356)	(42,625)	(45,356)
Cash and cash equivalents at end of period	121,578	34,325	121,578	34,325

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 Equity Holders of the Company -----						
	Share capital	Capital	Revenue	Fair value	Currency	Minority	Total
	\$'000	reserve	reserve	reserve	translation	interests	equity
	\$'000	\$'000	\$'000	\$'000	reserve	\$'000	\$'000
Group							
Balance at 1.1.2009	172,154	6,515	156,445	(2,152)	(15,213)	-	317,749
Total comprehensive income for the period	-	(2,967)	3,157	(988)	524	-	(274)
Balance at 31.3.2009	172,154	3,548	159,602	(3,140)	(14,689)	-	317,475
Total comprehensive income for the period	-	(698)	15,118	14,302	2,107	-	30,829
Dividends paid	-	-	(8,169)	-	-	-	(8,169)
Balance at 30.6.2009	172,154	2,850	166,551	11,162	(12,582)	-	340,135
Total comprehensive income for the period	-	(439)	16,676	1,645	(713)	-	17,169
Dividends paid	-	-	(6,535)	-	-	-	(6,535)
Balance at 30.9.2009	172,154	2,411	176,692	12,807	(13,295)	-	350,769
Balance at 1.1.2008	172,154	47,987	149,943	27,076	(7,220)	-	389,940
Total comprehensive income for the period	-	(10,877)	17,368	(13,244)	(1,304)	-	(8,057)
Balance at 31.3.2008	172,154	37,110	167,311	13,832	(8,524)	-	381,883
Total comprehensive income for the period	-	(12,958)	23,813	(8,383)	(1,092)	-	1,380
Dividends paid	-	-	(32,675)	-	-	-	(32,675)
Balance at 30.6.2008	172,154	24,152	158,449	5,449	(9,616)	-	350,588
Total comprehensive income for the period	-	(9,316)	12,098	(10,426)	(1,163)	-	(8,807)
Dividends paid	-	-	(9,802)	-	-	-	(9,802)
Balance at 30.9.2008	172,154	14,836	160,745	(4,977)	(10,779)	-	331,979

Company	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
Balance at 1.1.2009	172,154	32,863	205,017
Total comprehensive income for the period	-	6,307	6,307
Balance at 31.3.2009	172,154	39,170	211,324
Total comprehensive income for the period	-	6,092	6,092
Dividends paid	-	(8,169)	(8,169)
Balance at 30.6.2009	172,154	37,093	209,247
Total comprehensive income for the period	-	6,896	6,896
Dividends paid	-	(6,535)	(6,535)
Balance at 30.9.2009	172,154	37,454	209,608
Balance at 1.1.2008	172,154	32,573	204,727
Total comprehensive income for the period	-	(47)	(47)
Balance at 31.3.2008	172,154	32,526	204,680
Total comprehensive income for the period	-	32,907	32,907
Dividends paid	-	(32,675)	(32,675)
Balance at 30.6.2008	172,154	32,758	204,912
Total comprehensive income for the period	-	9,828	9,828
Dividends paid	-	(9,802)	(9,802)
Balance at 30.9.2008	172,154	32,784	204,938

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 options have been granted under the Hwa Hong Corporation Limited (2001) Share Option Scheme since its adoption on 29 May 2001.

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 2008, there were no changes to the total number of 653,504,000 issued ordinary shares of the Company. As at 31 December 2008 and 30 September 2009, the Company's share capital was \$172,153,626 with 653,504,000 fully paid ordinary shares issued.

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 has 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 2008.

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 that are mandatory for financial periods beginning on 1 January 2009, except INT FRS 113 and INT FRS 116 which were effective on 1 July 2008 and 1 October 2008 respectively:-

FRS 1	Presentation of Financial Statements – Revised presentation Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 23	Borrowing Costs
FRS 27	Consolidated and Separate Financial Statements – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 32	Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 101	First Time Adoption of Financial Reporting Standards – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 102	Share-based payment – Amendments relating to Vesting Conditions and Cancellations
INT FRS 113	Customer Loyalty Programmes
INT FRS 116	Hedges of a Net Investment in a Foreign Operation

The adoption of the above FRS and INT FRS did not have any financial impact on the Group and the Company, except for FRS 1 as indicated below:-

FRS 1 Presentation of Financial Statements – Revised Presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group and the Company present statement of comprehensive income in two linked statements.

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		GROUP	
	Third Quarter Ended 30.9.2009	30.9.2008 (restated)	Nine Months Ended 30.9.2009	30.9.2008 (restated)
Earnings per ordinary share after deducting any provision for preference dividends:				
(i) Based on the weighted average number of ordinary shares in issue	2.55 cents	1.85 cents	5.35 cents	8.15 cents
(ii) On a fully diluted basis	2.55 cents	1.85 cents	5.35 cents	8.15 cents

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	GROUP		COMPANY	
	As at 30.9.2009	As at 31.12.2008	As at 30.9.2009	As at 31.12.2008
Net asset value per ordinary share*	53.68 cents	48.62 cents	32.07 cents	31.37 cents

* There are no treasury shares as at the relevant balance sheet dates.

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.

Third Quarter Ended 30 September 2009 ("3Q 2009") vs Third Quarter Ended 30 September 2008 ("3Q 2008")

Revenue (excluding all inter-segment transactions)

	Group		
	Third Quarter Ended		
	30.9.2009	30.9.2008	+/(-) %
	\$'000	\$'000	
Rental and Investments ("RI")	19,843	6,567	n.m.
Insurance	10,883	10,438	4.3
Trading and Investments ("Trading")	4,771	3,240	47.3
Corporate and Others	-	-	-
	35,497	20,245	

Increase in revenue by \$15.3 million in 3Q 2009 was due to increase in revenue from all segments.

Revenue from RI segment increased by \$13.3 million or 202.2% due to increase in proceeds from sale of investments and rental income by \$14.8 million and \$0.4 million respectively. This was partially offset by decrease in interest income by \$1.8 million (3Q 2009: \$2.8 million; 3Q 2008: \$4.6 million).

Increase in revenue for Insurance Segment was due to higher premium earned for motor, travel and personal accident insurance in 3Q 2009.

Increase in revenue for Trading segment of \$1.5 million was due to higher proceeds from sale of investments.

Profit before taxation (excluding all inter-segment transactions)

	Group		
	Third Quarter Ended		
	30.9.2009	30.9.2008	+/(-) %
	\$'000	(restated) \$'000	
Rental and Investments ("RI")	17,499	13,101	33.6
Insurance	1,851	(1,475)	n.m.
Trading and Investments ("Trading")	911	1,446	(37.0)
Corporate and Others	(572)	(647)	(11.6)
	19,689	12,425	

Analysis by segment

Increase in profit before taxation of \$7.3 million or 58.5% was contributed mainly by RI and Insurance segments by \$4.4 million and \$3.3 million respectively. The increase was offset by reduction in profit before taxation in Trading segment by \$0.5 million.

Increase in profit before taxation for RI segment of \$4.4 million or 33.6% was mainly due to increase in profit by \$8.3 million due to higher rental income and profit from sale of investments. The increase was also due to reduction in allowance for impairment loss for quoted investment securities by \$5.5 million (3Q 2009: \$0.3 million; 3Q 2008: \$5.8 million). In addition, there was a write-back of allowance for impairment loss made for a debt instrument amounting to \$0.5 million in 3Q 2009 due to the partial recovery of the investment. These increases were partially offset by lower contributions from associates and unincorporated joint venture (see discussion below) by \$10.0 million (3Q 2009: \$5.0 million; 3Q 2008: \$15.0 million).

Increase in profit before taxation for Insurance segment was mainly due to better underwriting results.

Reduction in profit before taxation of \$0.5 million for Trading segment was mainly because there was no write-back of allowance for doubtful receivables from associate in the current quarter (3Q 2008: \$3.7 million). This was partially offset by increase in profit from sale of investment securities of \$3.1 million (3Q 2009: gain of \$1.4 million; 3Q 2008: loss of \$1.7 million).

Analysis by nature

Increase in profit before taxation from \$12.4 million in 3Q 2008 to \$19.7 million in 3Q 2009 was mainly due to:-

- i) increase in other income by \$0.2 million due to increase in gains on disposal of investment securities;
- ii) decrease in general and administrative costs by \$0.5 million mainly due to lower wages and related staff costs;
- iii) decrease in other operating costs by \$2.3 million mainly due to lower allowance made for impairment loss on quoted investment securities by \$5.5 million (3Q 2009: \$0.3 million; 3Q 2008: \$5.8 million). In addition, there was a write-back of allowance for impairment loss for a debt instrument amounting to \$0.5 million in 3Q 2009 due to the partial recovery of the impaired investment. The decrease is offset by the lack of write-back of doubtful receivables from an associate in the current quarter (3Q 2008: \$3.7 million); and
- iv) decrease in finance costs by \$0.4 million due to reduction in bank borrowings.

The above increase in profit before taxation was offset by lower contributions from associates and unincorporated joint venture by \$10.0 million mainly because of lower profit recognised from the development of the RiverGate project (3Q 2009: \$5.6 million; 3Q 2008: \$8.2 million). The RiverGate project was already 98% sold by June 2007 and the profit recognition since then is dependent only on the incremental physical completion rate and any adjustment arising from finalisation of construction and other accounts. The project had since been fully completed and sold. The decrease is also contributed by lower release of valuation gain from capital reserve of \$0.02 million in 3Q 2009 (3Q 2008: \$6.5 million). The incremental percentages of profit recognised from the RiverGate project were 0.44% and 9.32% for 3Q 2009 and 3Q 2008 respectively.

Lower taxation charge for the Group in 3Q 2009 than that arrived at by applying the statutory tax rate of 17% to the profit before taxation was mainly because share of associates' tax amounting to \$0.6 million (3Q 2008: \$1.4 million) is included in share of results of associates and unincorporated joint venture.

Nine Months Ended 30 September 2009 ("FY2009") vs Nine Months Ended 30 September 2008 ("FY2008")

Revenue (excluding all inter-segment transactions)

	Group		
	Nine Months Ended		
	30.9.2009	30.9.2008	+/(-) %
	\$'000	\$'000	
Rental and Investments ("RI")	33,950	21,282	59.5
Insurance	36,752	32,985	11.4
Trading and Investments ("Trading")	7,826	8,028	(2.5)
Corporate and Others	104	-	100.0
	<u>78,632</u>	<u>62,295</u>	

Revenue for FY2009 was \$16.3 million or 26.2% higher than FY2008. The increase was mainly due to:-

- i) increase in revenue in RI segment by \$12.7 million. The increase is due to increase in rental income by \$0.4 million (FY2009: \$5.0 million; FY2008: \$4.7 million) and higher proceeds from sale of investment securities by \$13.0 million (FY2009: \$20.0 million; FY2008: \$7.0 million). The increase is partially offset by reduction in dividend income and interest income by \$0.5 million and \$0.5 million respectively;
- ii) increase in gross written premium by \$3.8 million from the Insurance segment; and
- iii) increase in sales proceeds from sale of investment securities by \$0.3 million (FY2009: \$7.2 million; FY2008: \$6.9 million) recorded by the Trading segment. This was offset by lower sales of edible oil and chemical products by \$0.5 million.

Profit before taxation (excluding all inter-segment transactions)

	Group		
	Nine Months Ended		
	30.9.2009	30.9.2008	+/(-) %
	\$'000	(restated) \$'000	
Rental and Investments ("RI")	37,324	57,323	(34.9)
Insurance	2,992	(1,520)	n.m.
Trading and Investments ("Trading")	582	239	n.m.
Corporate and Others	(1,808)	(1,995)	(9.4)
	<u>39,090</u>	<u>54,047</u>	

Analysis by segment

Profit before taxation decreased by \$14.9 million, from \$54.0 million in FY2008 to \$39.1 million in FY2009. Reduction in profit before taxation is mainly due to reduction in profit before taxation for RI by \$20.0 million. The reduction was partially mitigated by increase in profit before taxation from Insurance segment by \$4.5 million and Trading segment by \$0.25 million.

Reduction in profit before taxation for RI segment was mainly due to reduction in contribution from associates and unincorporated joint venture by \$32.5 million due to lower contribution from the RiverGate project. In addition, there was no gain on disposal of investment property in FY2009 (FY2008: \$0.7 million). The reduction was partly mitigated by:-

- i) higher gross profit of \$7.8 million (FY2009: \$23.6 million; FY2008: \$15.7 million) resulting from higher rental income and higher proceeds from sale of investment securities;

- ii) increase in unrealised exchange gain of \$2.1 million (FY2009: gain of \$0.9 million; FY2008: loss of \$1.2 million) due to our monetary assets such as cash and receivables held in Sterling Pound;
- iii) reduction in wages and related staff costs of \$1.7 million;
- iv) reduction in allowance for impairment loss made for a quoted investment securities of \$2.5 million (FY2009: \$3.3 million; FY2008: \$5.8 million); and
- v) reduction in finance costs by \$0.8 million from \$3.3 million in FY2008 to \$2.5 million in FY2009.

Increase in profit before taxation for Insurance segment was mainly due to better underwriting results.

Analysis by nature

The decrease in profit before taxation from \$54.0 million in FY2008 to \$39.1 million in FY2009 was mainly due to reduction in:-

- i) share of results of associates and unincorporated joint venture of \$32.5 million; and
- ii) other income amounting to \$1.4 million due to lower gains on disposal of long term investment securities and no gain on disposal of investment property in the current period.

The decrease is mitigated by reduction in:-

- i) general and administrative costs of \$4.6 million mainly due to increase in unrealised exchange gain and lower accrual for bonus in FY2009;
- ii) selling and distribution costs of \$0.4 million;
- iii) other operating costs of \$2.7 million mainly due to lower allowance for impairment loss for investment securities; and
- iv) finance costs of \$0.8 million due to reduction in bank loans.

Balance sheet

The significant fluctuations in Balance Sheet items are explained below:-

- i) increase in investment properties of \$28.3 million was due to the purchase of 19 units in RiverGate development under the deferred payment scheme;
- ii) increase in cash and bank balances of \$84.3 million (see cash flow statement analysis below);
- iii) reduction in amounts due from/to associates by \$20.8 million due to repayments made during the period;
- iv) decrease in bank loans of \$14.2 million due to repayments made during the period;
- v) reduction in investment in associates by \$104.4 million due to capital reduction exercise conducted by an associate and dividends received from an associate during the period; and
- vi) increase in deferred tax liabilities of \$3.5 million due to deferred tax provision made for valuation gains for certain available for sale investment securities.

Net tangible assets increased from \$317.7 million as at 31 December 2008 to \$350.8 million as at 30 September 2009 mainly due to total comprehensive income earned during the period.

Cash flow statement

The increase in cash and cash equivalents is due mainly to the following reasons.

Net cash generated from operating activities has increased mainly due to cash received from sale of short term investments.

Net cash generated from investing activities has increased mainly because of dividend received from and capital repayment by an associate following the collection of sales proceeds from the sale of the RiverGate project.

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 economic outlook has improved as the benefit of the fiscal and monetary measures in the major economies have started to slow or reverse the rate of economic decline experienced in the earlier part of this year. There are still challenges in the horizon which may derail the progress experienced in recent months.

The performance of the Group's investment portfolio will continue to be dependent on the state of the securities market, which remains volatile. The Group has prudently reduced exposure to investment in equities and will continue to do so.

The Group's investment properties continue to enjoy good occupancy and maintaining high occupancy will continue to be a focus.

Tenet's underwriting business is expected to be profitable for the year, provided the current favourable trend continues.

Following the return of capital and distribution of dividends by an associate, Riverwalk Promenade Pte Ltd, the directors have declared a special interim dividend of 12 cents per share, amounting to a total of \$78.4 million. The Group continues to be open to explore investment and divestment opportunities to enhance shareholders' value. As and when these opportunities materialise, appropriate announcements will be made.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes.

Name of Dividend	Special Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	12 cents one-tier, tax exempt
Tax Rate	Not applicable

(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

To be announced later.

(d) Books closure date

To be announced later.

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

Not applicable.

13. COMPARATIVE FIGURES

Certain comparative figures have been restated because of a change in accounting policy for the Group's property, plant and equipment during 4Q 2008. As disclosed in our announcement dated 6 February 2009, the Group changed the accounting policy for the freehold office property occupied by a subsidiary from valuation basis to the cost basis and to depreciate the cost over fifty years. The impact of the change in accounting policy is to increase depreciation expense and reduce profit before and after taxation for the nine months and third quarter ended 30 September 2008 by \$36,000 and \$11,000 respectively.

With the adoption of FRS 1, statement of comprehensive income and statement of changes in equity for the previous period were re-presented to conform to current period's presentation.

14. 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)
Hong Leong Investment Holdings Pte. Ltd. Group – interest charged on shareholder loan to Hong Property Investment Pte Ltd for nine months ended 30 September 2009	\$281,046	Not applicable [^]
Goh Kian Hwee – professional fees for services rendered by Rajah & Tann LLP for nine months ended 30 September 2009	\$104,803	Not applicable [^]

[^] 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.

15. 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

Simon Ong
Chief Financial Officer
30 October 2009