

UNAUDITED RESULTS FOR SECOND QUARTER ENDED 30 JUNE 2017
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.

	Second Quarter Ended			Six Months Ended		
	30.6.2017	30.6.2016	+ /(-)	30.6.2017	30.6.2016	+ /(-)
Note	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	3,052	2,902	5.2	5,959	5,255	13.4
Cost of sales	(1,033)	(1,034)	(0.1)	(2,093)	(2,184)	(4.2)
Gross profit	2,019	1,868	8.1	3,866	3,071	25.9
Other income	1,518	4,720	(67.8)	5,443	8,585	(36.6)
General and administrative costs	(1,621)	(1,547)	4.8	(2,967)	(2,975)	(0.3)
Other operating costs	(232)	(805)	(71.2)	(712)	(1,732)	(58.9)
Finance costs	(318)	(402)	(20.9)	(687)	(617)	11.3
Share of after tax results of associates and joint ventures	155	107	44.9	1	557	(99.8)
Profit before taxation	1,521	3,941	(61.4)	4,944	6,889	(28.2)
Taxation	(146)	(615)	(76.3)	(348)	(778)	(55.3)
Net profit after taxation	1,375	3,326	(58.7)	4,596	6,111	(24.8)
Attributable to:						
Owners of the Company	1,375	3,326	(58.7)	4,596	6,111	(24.8)
Profit for the year attributable to owners of the Company	1,375	3,326		4,596	6,111	

n.m. denotes not meaningful.

Notes to Group Profit and Loss Statement
1. Other income comprised the following:

	2Q2017	2Q2016	+ /(-)	FY2017	FY2016	+ /(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income	-	77	n.m.	1	92	(98.9)
Gain on disposal of investment properties	2,301	334	n.m.	3,956	2,247	76.1
Gain on disposal of non-current investments	220	-	n.m.	220	-	n.m.
Other investment income	117	841	(86.1)	117	841	(86.1)
Foreign exchange gain	(1,196)	2,424	n.m.	984	4,284	(77.0)
Refund of property tax	-	957	n.m.	-	957	n.m.
Sundry	76	87	(12.6)	165	164	0.6
	1,518	4,720		5,443	8,585	

The weakening of the Sterling Pound against Singapore Dollars resulted in unrealised translation gain mainly attributable to our Sterling Pound loans year to date, but a loss in Q2. This profit and loss impact is offset by translation loss recorded in Other Comprehensive Income. Sterling Pound has declined from \$1.80876 as at 31 December 2016 to \$1.76779 as at 30 June 2017.

2. Other operating costs comprised the following:

	2Q2017	2Q2016	+ /(-)	FY2017	FY2016	+ /(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Allowance made for impairment on						
- current investments	27	744	(96.4)	42	1,334	(96.9)
- non-current investments	205	-	n.m.	670	-	n.m.
Allowance made for doubtful debts						
- due from other receivables	-	18	n.m.	-	18	n.m.
- due from an associate	-	43	n.m.	-	380	n.m.
	<u>232</u>	<u>805</u>		<u>712</u>	<u>1,732</u>	

- Overall, allowance for impairment loss decreased yoy and qoq on current and non-current investment securities relate to investment securities that had suffered a significant or prolonged decline in the market value below the acquisition cost of those investments;
- Allowance for receivables due from an associate of \$0.4 million was made in 2016 following the disposal of the commercial property held by the associate.

3. Share of after tax results of associates and joint ventures decreased by \$0.6 million yoy mainly due to share of loss of \$0.6 million from an associated company, Clan Kilmuir (Jersey) Limited which the Group acquired in March 2016. A portion of the share of loss of \$0.3 million is attributable to depreciation of an investment property.

4. Effective tax rates for 1H2017 and 2Q2017 were 7.0% (1H2016: 11.3%) and 9.6% (2Q2016: 15.6%) respectively. The taxation charge for the Group for 1H2017 and 2Q2017 were 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 the share of results of associates and joint ventures, offset by certain non-deductible expenses and losses incurred by foreign subsidiaries which are not available for set off against profits of local subsidiaries.

Profit before taxation included the following:

	Note	Group					
		Second Quarter Ended			Six Months Ended		
		30.6.2017	30.6.2016	+ /(-)	30.6.2017	30.6.2016	+ /(-)
	\$'000	\$'000	%	\$'000	\$'000	%	
Investment income		555	615	(9.8)	613	686	(10.6)
Interest income (included in revenue)		275	281	(2.1)	606	632	(4.1)
Interest on borrowings		(318)	(402)	(20.9)	(687)	(617)	11.3
Depreciation on property, plant and equipment and investment properties		(520)	(507)	2.6	(1,068)	(1,073)	(0.5)
Allowance made for doubtful debts							
- due from an associate	2	-	(43)	n.m.	-	(380)	n.m.
- due from other receivables	2	-	(18)	n.m.	-	(18)	n.m.
Allowance made for impairment loss on							
- quoted current investments	2	(27)	(744)	(96.4)	(42)	(1,334)	(96.9)
- unquoted non-current investments	2	(205)	-	n.m.	(670)	-	n.m.
(Under)/over provision of taxation in prior years		-	-	-	-	-	-
Foreign exchange (loss)/gain	1	(1,196)	2,424	n.m.	984	4,284	(77.0)
Gain on disposal of investments (included in revenue)		280	195	43.6	863	324	n.m.
Gain on disposal of non-current investments							
- included in other income	1	220	-	n.m.	220	-	n.m.
Gain on disposal of investment properties							
- included in other income	1	2,301	334	n.m.	3,956	2,247	76.1

Statement of Comprehensive Income

	Note	Second Quarter Ended			Six Months Ended		
		30.6.2017 \$'000	30.6.2016 \$'000	+ /(-) %	30.6.2017 \$'000	30.6.2016 \$'000	+ /(-) %
Net profit after taxation		1,375	3,326	(58.7)	4,596	6,111	(24.8)
<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	(437)	(31)	n.m.	1,983	(173)	n.m.
Exchange difference arising from							
- consolidation	2	911	(1,531)	n.m.	(769)	(3,285)	(76.6)
- revaluation of net investment in foreign operations	2	1,290	(2,928)	n.m.	(1,224)	(6,234)	(80.4)
Other comprehensive income/(loss), net of tax		<u>1,764</u>	<u>(4,490)</u>	n.m.	<u>(10)</u>	<u>(9,692)</u>	(99.9)
Total comprehensive income/(loss) for the period		<u>3,139</u>	<u>(1,164)</u>	n.m.	<u>4,586</u>	<u>(3,581)</u>	n.m.
Total comprehensive income/(loss) for the period attributable to:							
Owners of the Company		3,139	(1,164)	n.m.	4,586	(3,581)	n.m.
Non-controlling Interests		-	-		-	-	
		<u>3,139</u>	<u>(1,164)</u>		<u>4,586</u>	<u>(3,581)</u>	

- 1) Net gains on available-for-sale investments (net of tax) in 1H2017 were mainly due to increase in fair value of available-for-sale investments arising from favourable market conditions offset by realisation of fair value gains on disposal on available-for-sale investments. Net losses on available-for-sale investments in 2Q2017 were mainly due to decreases in fair value of available-for-sale investments arising from unfavourable market conditions and realisation of fair values gains on disposal of available-for sale investments.
- 2) Exchange differences arising from the consolidation of \$0.8 million and revaluation of net investment in foreign operation of \$1.2 million in 1H2017 were mainly due to foreign exchange impact arising from the translation of Sterling Pound against Singapore Dollars for those UK net investments and assets. In 2Q2017, the exchange differences arising from the consolidation of \$0.9 million and revaluation of net investment in foreign operation of \$1.3 million were mainly due to favourable foreign exchange impact for the quarter. The weakening of the Sterling Pound against Singapore Dollar resulted in overall impact to Hwa Hong Corporation from net foreign exchange loss of approximately \$1 million for 1H2017. This is made up of \$0.8 million and \$1.2 million in Other Comprehensive Income, which is partially offset by a translation gain in the profit and loss of \$1 million mainly attributable to our Sterling Pound loans. For 2Q2017, the overall net foreign exchange gain was approximately \$1 million made up of \$0.9 million and \$1.3 million gain in the Other Comprehensive Income which is partially offset by a translation loss in the profit and loss of \$1.2 million.

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

	Note	Group		Company	
		30.6.2017 \$'000	31.12.2016 \$'000	30.6.2017 \$'000	31.12.2016 \$'000
Non-current assets					
Property, plant and equipment		4,595	4,672	-	-
Investment properties	1	111,586	120,254	-	-
Investment in subsidiaries		-	-	169,687	169,687
Investment in joint ventures		6,960	7,311	-	-
Investment in associates		26,244	26,550	746	746
Investment securities	2	22,928	20,780	-	-
Other receivables		5,474	5,362	-	-
Amounts due from associates		2,000	2,000	-	-
		179,787	186,929	170,433	170,433
Current assets					
Tax recoverable		5	-	-	-
Properties classified as held for sale	3	2,413	-	-	-
Trade receivables	4	1,404	595	-	-
Prepayments and deposits		198	223	40	53
Other receivables	5	8,009	13,519	-	-
Amounts due from subsidiaries	6	-	-	1,694	8,674
Amounts due from associates		7,323	7,355	-	-
Investment securities		29,462	28,872	-	-
Cash and bank balances	7	42,115	36,866	1,184	1,381
		90,929	87,430	2,918	10,108
Current liabilities					
Bank overdrafts (secured)		(3)	-	-	-
Trade payables	8	(1,308)	(683)	-	-
Other payables	9	(2,459)	(1,924)	(320)	(350)
Accrued operating expenses		(1,799)	(1,944)	(155)	(199)
Amounts due to associates		(551)	(563)	(371)	(381)
Bank loans (secured)	10	(55,010)	(57,705)	-	-
Tax payable		(1,540)	(1,419)	-	-
		(62,670)	(64,238)	(846)	(930)
Net current assets		28,259	23,192	2,072	9,178
Non-current liabilities					
Deferred tax liabilities		(4,303)	(4,034)	-	-
Bank loans (secured)	10	(10,958)	(11,212)	-	-
Other payables		(379)	(456)	-	-
		(15,640)	(15,702)	-	-
Net assets		192,406	194,419	172,505	179,611

	Group		Company	
	30.6.2017 \$'000	31.12.2016 \$'000	30.6.2017 \$'000	31.12.2016 \$'000
Equity attributable to Owners of the Company				
Share capital	172,154	172,154	172,154	172,154
Treasury shares	(165)	(98)	(165)	(98)
Capital reserve	1,202	1,202	-	-
Revenue reserve	35,656	37,592	516	7,555
Fair value reserve	8,309	6,326	-	-
Currency translation reserve	(24,750)	(22,757)	-	-
	<u>192,406</u>	<u>194,419</u>	<u>172,505</u>	<u>179,611</u>
Non-controlling interests	-	-	-	-
Share capital and reserves	<u>192,406</u>	<u>194,419</u>	<u>172,505</u>	<u>179,611</u>

Note:

1. Investment properties decreased by \$8.7 million mainly due to:
 - a. disposal of 2 UK residential properties in London and 1 UK commercial property in Manchester;
 - b. transfer of 1 Singapore residential property and 1 UK residential property to asset held for sale account;
 - c. translation loss arising from the UK properties as Sterling Pound had weakened against Singapore Dollar; and
 - d. depreciation of the investment property in this period.
2. Non-current investment securities increased by \$2.1 million mainly due to additions of \$2.4 million made during the period.
3. Properties classified as held for sale in FY2017 relates to one residential property in UK and one in Singapore. These properties were disposed in July 2017.
4. Trade receivables increased by \$0.8 million mainly due to receivable arising from trading in securities transactions.
5. Other receivables decreased by \$5.5 million mainly due to:
 - a. receipt of \$9.8 million due from a joint venture partner, DR Trust;
 - b. increase in other receivable of \$4.2 million being conveyancing monies held by a solicitor arising from the disposal of 1 UK commercial property in Manchester.
6. Amount due from subsidiaries reduced by \$7 million mainly due to receipts from subsidiaries.
7. Increase in the Group's cash and bank balances by \$5.2 million was mainly due to receipt of \$9.8 million due from a joint venture partner, receipts from disposal of properties offset by payment of dividends.
8. Trade payables increased by \$0.6 million mainly due to \$0.3 million payable for trade settlements from securities transactions and an increase of \$0.4 million relating to UK business rates payable for the 20 Midtown property.
9. Other payables increased by \$0.5 million mainly due to an advance rental of \$0.4 million received from a tenant.
10. Bank loans decreased by \$2.9 million mainly due to repayment of bank loans of approximately \$1.5 million and translation differences due to the weakening of Sterling Pound against Singapore Dollars.

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

Amount repayable in one year or less, or on demand

	30.6.2017		31.12.2016	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank overdrafts	3	-	-	-
Short term bank loans	55,010	-	57,705	-
	<u>55,013</u>	<u>-</u>	<u>57,705</u>	<u>-</u>

Amount repayable after one year

	30.6.2017		31.12.2016	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	10,958	-	11,212	-

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

Details of any collateral

Short term bank loans comprised:

- An amount of \$23.1 million (2016: \$24.1 million) secured by a pledge of \$15 million (2016: \$15 million) on a subsidiary's fixed deposits and a corporate guarantee from the Company.
- An amount of \$24.8 million (2016: \$25.3 million) secured by a legal charge over a subsidiary's investment property and assignment of tenancy agreement in respect of the property.
- An amount of \$1.8 million (2016: \$2.9 million) secured by a deed of guarantee and indemnity of \$4 million (2016: \$4 million) from a subsidiary.
- An amount of \$5.3 million (2016: \$5.4 million) secured by a pledge of \$4 million (2016: \$4 million) on a subsidiary's fixed deposits.

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

Long term bank loan of \$11.0 million is secured by a legal charge over a subsidiary's investment property.

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

	Group			
	Second Quarter Ended	30.6.2016	Six Months Ended	30.6.2016
	30.6.2017	\$'000	30.6.2017	\$'000
Cash flows from operating activities:				
Profit before taxation	1,521	3,941	4,944	6,889
Adjustments for:				
Interest income	(275)	(358)	(607)	(724)
Interest expense	318	402	687	617
Dividend income from investment securities	(555)	(615)	(613)	(686)
Depreciation of property, plant and equipment and investment properties	520	507	1,068	1,073
Share of results of associates and joint ventures	(155)	(107)	(1)	(557)
Allowance for doubtful receivables from an associate	-	43	-	380
Allowance made for impairment loss on				
- current investment securities	27	744	42	1,334
- non-current investment securities	205	-	670	-
- other receivables	-	18	-	18
Gain on disposal of investment properties	(2,301)	(334)	(3,956)	(2,247)
Gain on disposal of non-current investment securities	(220)	-	(220)	-
Unrealised exchange differences	1,359	(756)	(1,281)	(1,032)
	(1,077)	(456)	(4,211)	(1,824)
Operating cash flows before changes in working capital	444	3,485	733	5,065
(Increase)/decrease in receivables and current investments	(370)	(1,904)	302	(2,100)
Increase in payables	1,148	463	978	8
	778	(1,441)	1,280	(2,092)
Cash flows from operations	1,222	2,044	2,013	2,973
Interest received	351	362	437	400
Interest paid	(318)	(402)	(687)	(617)
Dividend income from investment securities	555	615	613	686
Income taxes refund/(paid)	23	(122)	(79)	(172)
	611	453	284	297
Net cash flows from operating activities	1,833	2,497	2,297	3,270
Cash flows from investing activities:				
Increase in other investments	(251)	(257)	(2,650)	(519)
Decrease in other receivables	4,872	1,621	5,328	1,621
Decrease in amounts due from associates	(10)	920	93	1,023
Decrease in investment in joint ventures	150	-	287	-
Dividend income from associates	-	2,535	-	2,535
Increase in investment in associates	-	(8,975)	-	(12,718)
Proceeds from disposal of other investments	470	-	470	-
Proceeds from disposal of property, plant and equipment	137	-	137	-
Proceeds from disposal of investment properties	6,180	1,971	8,342	4,116
Additions to investment properties	(213)	(26,348)	(740)	(26,734)
Purchase of property, plant and equipment	(205)	(2)	(207)	(156)
Net cash flows from/(used in) investing activities	11,130	(28,535)	11,060	(30,832)
Net cash flows from/(used in) operating and investing activities carried forward	12,963	(26,038)	13,357	(27,562)

	Group			
	Second Quarter Ended		Six Months Ended	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	\$'000	\$'000	\$'000	\$'000
Net cash flows from/(used in) operating and investing activities brought forward	12,963	(26,038)	13,357	(27,562)
Cash flows from financing activities:				
Proceeds from bank loans	-	31,130	-	32,871
Repayment of bank loans	(1,109)	-	(1,454)	-
Purchase of treasury shares	(67)	-	(67)	-
Dividends paid	(6,532)	(6,535)	(6,532)	(6,535)
Net cash flows (used in)/from financing activities	(7,708)	24,595	(8,053)	26,336
Net increase/(decrease) in cash and cash equivalents	5,255	(1,443)	5,304	(1,226)
Cash and cash equivalents at beginning of the period	17,764	21,363	17,866	21,309
Effects of exchange rate changes on cash and cash equivalents	93	(100)	(58)	(263)
Cash and cash equivalents at end of the period	23,112	19,820	23,112	19,820

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

	Group		Group	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	42,115	38,820	42,115	38,820
Less: cash and bank balances pledged	(19,000)	(19,000)	(19,000)	(19,000)
Less bank overdraft secured	(3)	-	(3)	-
Cash and cash equivalents at end of the period	23,112	19,820	23,112	19,820

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	Treasury shares \$'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 1.1.2017	172,154	(98)	1,202	37,592	6,326	(22,757)	-	194,419
Total comprehensive gain/(loss) for the period	-	-	-	3,221	2,420	(4,194)	-	1,447
Balance at 31.3.2017	172,154	(98)	1,202	40,813	8,746	(26,951)	-	195,866
Purchase of treasury shares	-	(67)	-	-	-	-	-	(67)
Total comprehensive gain/(loss) for the period	-	-	-	1,375	(437)	2,201	-	3,139
Dividends paid	-	-	-	(6,532)	-	-	-	(6,532)
Balance at 30.6.2017	172,154	(165)	1,202	35,656	8,309	(24,750)	-	192,406

----- Attributable to Owners of the Company -----								
	Share capital \$'000	Treasury shares \$'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 1.1.2016	172,154	-	1,202	37,578	5,175	(9,786)	-	206,323
Total comprehensive gain/(loss) for the period	-	-	-	2,785	(142)	(5,060)	-	(2,417)
Balance at 31.3.2016	172,154	-	1,202	40,363	5,033	(14,846)	-	203,906
Total comprehensive gain/(loss) for the period	-	-	-	3,326	(31)	(4,459)	-	(1,164)
Dividends paid	-	-	-	(6,535)	-	-	-	(6,535)
Balance at 30.6.2016	172,154	-	1,202	37,154	5,002	(19,305)	-	196,207

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

Company	Share capital \$'000	Treasury shares \$'000	Revenue reserve \$'000	Total equity \$'000
Balance at 1.1.2017	172,154	(98)	7,555	179,611
Total comprehensive loss for the period	-	-	(206)	(206)
Balance at 31.3.2017	172,154	(98)	7,349	179,405
Total comprehensive loss for the period	-	(67)	(301)	(368)
Dividends paid	-	-	(6,532)	(6,532)
Balance at 30.6.2017	172,154	(165)	516	172,505
Balance at 1.1.2016	172,154	-	10,451	182,605
Total comprehensive loss for the period	-	-	(162)	(162)
Balance at 31.3.2016	172,154	-	10,289	182,443
Total comprehensive loss for the period	-	-	(285)	(285)
Dividends paid	-	-	(6,535)	(6,535)
Balance at 30.6.2016	172,154	-	3,469	175,623

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 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.

(a) 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.

(b)

	30/6/2017	30/6/2016
	\$'000	\$'000
Share capital	172,154	172,154
	30/6/2017	30/6/2016
	'000	'000
Total number of issued shares	653,504	653,504
Total number of treasury shares	(546)	-
Total number of subsidiary holdings	-	-
Total number of issued shares excluding treasury shares and subsidiary holdings	652,958	653,504

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.

	30/6/2017	31/12/2016
	'000	'000
Total number of issued shares	653,504	653,504
Total number of treasury shares	(546)	(330)
Total number of issued shares excluding treasury shares	<u>652,958</u>	<u>653,174</u>

As at 30 June 2017 and 31 December 2016, there were no outstanding convertibles.

1(d)(iv) 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 were 216,000 ordinary shares buy-backs at a cost of \$67,000 and held as treasury shares during the current quarter.

1(d)(v) 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.

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 2016.

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 2017:-

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 7: Disclosure Initiative <i>Statements</i>	1 January 2017
Amendments to to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The adoption of the revised FRS did not have any material financial impact on the financial statements of the Group and the Company for the quarter ended 30 June 2017.

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			
	Second Quarter Ended		Six Months Ended	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
Earnings per ordinary share after deducting any provision for preference dividends:				
(i) Based on the weighted average number of ordinary shares in issue (cents)	0.21	0.51	0.70	0.94
(ii) On a fully diluted basis (cents)	0.21	0.51	0.70	0.94

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

(a) current financial period reported on; and

(b) immediately preceding financial year.

	GROUP		COMPANY	
	As at	As at	As at	As at
	30.6.2017	31.12.2016	30.6.2017	31.12.2016
Net asset value per ordinary share (cents)	29.47	29.77	26.42	27.50

Note: dividend of 1 cent was paid in Q2 2017.

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)

	2Q2017 \$'000	2Q2016 \$'000	+/(-) %	FY2017 \$'000	FY2016 \$'000	+/(-) %
Rental	1,942	1,811	7.2	3,877	3,613	7.3
Investments	1,110	1,091	1.7	2,082	1,642	26.8
Corporate and Others	-	-	-	-	-	-
	<u>3,052</u>	<u>2,902</u>		<u>5,959</u>	<u>5,255</u>	

Increase in revenue for rental segment by \$0.3 million yoy and \$0.1 million qoq was mainly due to increase in rental income from Herball Hill by \$0.4 million yoy and \$0.2 million qoq arising from the acquisition of the property in May 2016.

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

- increase in net gains from sale of investment securities by \$0.5 million yoy mainly due to increase in share trading activities;
- decrease in dividend income by \$0.1 million yoy.

Profit before taxation (excluding all inter-segment transactions)

	2Q2017 \$'000	2Q2016 \$'000	+/(-) %	FY2017 \$'000	FY2016 \$'000	+/(-) %
Rental	2,691	2,285	17.8	4,747	3,990	19.0
Investments	908	198	n.m.	933	305	n.m.
Corporate and Others	(573)	(543)	5.5	(1,048)	(1,030)	1.7
	<u>3,026</u>	<u>1,940</u>		<u>4,632</u>	<u>3,265</u>	
Unallocated items	(1,505)	2,001	n.m.	312	3,624	(91.4)
	<u>1,521</u>	<u>3,941</u>		<u>4,944</u>	<u>6,889</u>	

Rental segment refers to rental of residential, commercial properties and warehouse. Increase in profit before taxation for Rental segment by \$0.8 million yoy and \$0.4 million qoq takes into account:-

- increase in gain from disposal of investment properties by \$1.7 million yoy and \$2.0 million qoq;
- decrease in allowance made for impairment loss on doubtful debts due from associates of \$0.4 million yoy. The allowance of \$0.4 million was made in 1Q2016 following the disposal of the commercial property held by the associate;
- property tax refund of \$1 million in Q2 2016 following a mutually amicable settlement with Comptroller of Income Tax;

- Decrease in recognition of other investment income of \$0.7 million yoy and qoq. The other investment income came from the development of Sheffield post office site;
- Increase in profits of \$0.3 million yoy and \$0.2 million qoq from Herbal Hill property subsequent to its acquisition in May 2016.

Investment segment refers to investment holding. Increase in profit before taxation for Investment segment by \$0.6 million yoy and \$0.7 million qoq takes into account:-

- increase in gain on disposal of investment securities of \$0.5 million yoy and \$0.1 million qoq;
- gain on disposal of non-current investment securities of \$0.2 million yoy and qoq.
- decrease in impairment loss on available-for-sale investments of \$0.6 million yoy and \$0.5 million qoq. Impairment loss on available-for-sale investments are made when the investment securities suffer a significant or prolonged decline in the market value below the acquisition cost;
- decrease in dividend income by \$0.1 million yoy and qoq;
- decrease in share of associates and joint venture by \$0.6 million yoy.

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 were not allocated to the segments. The profits yoy was mainly due to favourable foreign exchange impact arising from the translation of Sterling Pound against Singapore Dollar offset by finance costs. The profits declined to a loss of \$1.5 million qoq mainly due to unfavourable exchange impact arising from the translation of Sterling Pound against Singapore Dollar.

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

Not applicable.

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

Amidst uncertainties concerning the final outcome of Brexit and other geopolitical events, the Group remains cautious in pursuing new investments in the UK and future results may continue to be impacted by currency fluctuations.

Sentiment in the London prime residential sector remains muted. Notwithstanding this, the Group was able to sell 3 refurbished apartments in Hornton Street for a total gain of approximately \$5.3 million of which \$4 million was recognised in 1H2017 and \$1.3 million will be recognised in Q3.

Leasing of commercial office space at 20 Midtown in Holborn, London, is progressing well and 2 leases have been signed.

In Singapore, there has been some renewed interest in the residential property market. The Group was able to sell an apartment in RiverGate for over S\$2,000 psf. Gain of S\$ 2,090,371 will be recognised in Q3. The balance of the residential and commercial properties are fully leased.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared.

13. INTERESTED PERSON TRANSACTIONS

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.

15. 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
27 July 2017