

UNAUDITED RESULTS FOR SECOND QUARTER ENDED 30 JUNE 2019
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.

	Group						
	Second Quarter Ended			Six Months Ended			
	30.6.2019	30.6.2018	+/(-) %	30.6.2019	30.6.2018	+/(-) %	
Note	\$'000	\$'000	%	\$'000	\$'000	%	
		(restated)			(restated)		
Revenue		3,016	2,895	4.2	5,661	5,498	3.0
Cost of sales		(989)	(1,032)	(4.2)	(1,955)	(1,956)	(0.1)
Changes in fair value of investment securities	1	6	(1,464)	n.m.	590	(1,872)	n.m.
Gross profit		2,033	399	n.m.	4,296	1,670	n.m.
Other income	2	1,026	6,110	(83.2)	3,453	7,766	(55.5)
General and administrative costs	3	(1,155)	(2,819)	(59.0)	(2,918)	(4,582)	(36.3)
Other operating costs	4	(29)	(71)	(59.2)	(29)	(71)	(59.2)
Finance costs	5	(597)	(310)	92.6	(1,188)	(593)	n.m.
Share of after tax results of associates and joint ventures		166	268	(38.1)	502	469	7.0
Profit before taxation		1,444	3,577	(59.6)	4,116	4,659	(11.7)
Taxation	6	(297)	(144)	n.m.	(884)	(530)	66.8
Net profit after taxation		1,147	3,433	(66.6)	3,232	4,129	(21.7)
Attributable to:							
Owners of the Company		1,158	3,433	(66.3)	3,247	4,129	(21.4)
Non-controlling interests		(11)	-		(15)	-	
Profit for the year attributable to owners of the Company		1,147	3,433		3,232	4,129	

n.m. denotes not meaningful.

The Purchase Price Allocation (“PPA”) exercise for the acquisition of Capital Eagle Limited (“CEL”) was completed. Q2 2018 financial was revised in accordance with SFRS(I) 3 Business Combinations to take into account the assessment of the PPA exercise from the date of acquisition.

Notes to Group Profit and Loss Statement:

- Changes in fair value of investment securities of \$0.6 million in 1H2019 was due to increases in fair values for fair value through profit and loss ("FVPL") investment securities arising from favourable market conditions. The STI Index increased from 3,068.76 as at 31 December 2018 to 3,212.88 as at 31 March 2019 and to 3,321.61 as at 30 June 2019 and KOSPI Index increased from 2,041.04 as at 31 December 2018 to 2,140.67 as at 31 March 2019 and declined to 2,130.62 as at 30 June 2019.

- Other income comprised the following:

	2Q2019	2Q2018	+ / (-)	FY2019	FY2018	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income	4	14	(71.4)	5	17	(70.6)
Gain on disposal of investment properties	821	-	n.m.	3,183	1,572	n.m.
Foreign exchange gain	145	169	(14.2)	145	169	(14.2)
Gain on remeasurement of investment in joint operation to fair value upon business combination achieved in stages ("remeasurement gain")	(a) -	4,816	n.m.	-	4,816	n.m.
Gain on disposal of a subsidiary and its related joint operation	(b) -	1,037	n.m.	-	1,037	n.m.
Sundry	56	74	(24.3)	120	155	(22.6)
	<u>1,026</u>	<u>6,110</u>		<u>3,453</u>	<u>7,766</u>	

- Remeasurement gain arose from the acquisition of 30% remaining interests in Capital Eagle Limited ("CEL") in Q2 2018.
- Gain on disposal of a subsidiary and its related joint operation refers to the disposal of the Group's interests in Capital Herbal Limited in 2Q 2018.

- General and administrative costs decreased by \$1.7 m yoy and qoq mainly due to transaction costs incurred in the acquisition of 30% interest in CEL.

- Other operating costs comprised the following:

	2Q2019	2Q2018	+ / (-)	FY2019	FY2018	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Fair value loss on derivatives	29	-	n.m.	29	-	n.m.
Goodwill written off	-	71	n.m.	-	71	n.m.
	<u>29</u>	<u>71</u>		<u>29</u>	<u>71</u>	

- Goodwill written off relates to the differences in the purchase consideration versus the fair value of the net assets acquired in CEL.

- Finance costs increased by \$0.6 million yoy and \$0.3 million qoq mainly due to higher average loan balance during the respective periods.

- Effective tax rates for 1H2019 and 2Q2019 were 21.5% (1H2018: 11.4%) and 20.6% (2Q2018: 4.0%) respectively. The taxation charge for the Group for 1H2019 and 2Q2019 were higher than that arrived at by applying the statutory tax rate of 17% to the profit before taxation mainly due to certain non-deductible expenses and losses incurred by foreign subsidiaries which are not available for set off against profits of local subsidiaries, offset by certain gains being capital in nature.

Profit before taxation included the following:

	Note	Group					
		Second Quarter Ended			Six Months Ended		
		30.6.2019	30.6.2018	+ /(-)	30.6.2019	30.6.2018	+ /(-)
	\$'000	\$'000	%	\$'000	\$'000	%	
		(restated)			(restated)		
Investment income		461	455	1.3	489	670	(27.0)
Interest income (included in revenue)		176	146	20.5	357	299	19.4
Interest on borrowings		(597)	(392)	52.3	(1,188)	(593)	n.m.
Depreciation on property, plant and equipment and investment properties		(630)	(586)	7.5	(1,264)	(1,124)	12.5
Fair value changes in investment securities		6	(1,464)	n.m.	590	(1,872)	n.m.
Fair value loss on derivatives		(29)	-	n.m.	(29)	-	n.m.
(Under)/over provision of taxation in prior years		-	-	-	-	-	-
Foreign exchange gain		465	435	6.9	145	169	(14.2)
Other income:							
- Gain on disposal of investment properties	2	821	-	n.m.	3,183	1,572	n.m.
- Gain on remeasurement of investment in joint operation to fair value upon business combination achieved in stages	2	-	4,816	n.m.	-	4,816	n.m.
- Gain on disposal of a subsidiary and its related joint operation	2	-	1,037	n.m.	-	1,037	n.m.
Goodwill written off		-	(71)	n.m.	-	(71)	n.m.

Statement of Comprehensive Income

	Note	Group					
		Second Quarter Ended			Six Months Ended		
		30.6.2019	30.6.2018	+ /(-)	30.6.2019	30.6.2018	+ /(-)
	\$'000	\$'000	%	\$'000	\$'000	%	
		(restated)			(restated)		
Net profit after taxation		1,147	3,433	n.m.	3,232	4,129	(21.7)
<u>Other comprehensive (loss)/gain:</u>							
<i>Items that will not be reclassified to profit or loss</i>							
Net loss on investment securities	1	(70)	(305)	(77.0)	892	(1,628)	n.m.
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange difference arising from							
- consolidation	2	(719)	(883)	(18.6)	(265)	(658)	(59.7)
- revaluation of net investment in foreign operations	2	(826)	(947)	(12.8)	(294)	(647)	(54.6)
- reclassification of foreign currency translation on disposal of a joint operation	3	-	1,463	n.m.	-	1,463	n.m.
Revaluation gain realised by an associate to profit or loss		-	-	n.m.	(187)	(110)	70.0
Other comprehensive (loss)/income, net of tax		<u>(1,615)</u>	<u>(672)</u>	n.m.	<u>146</u>	<u>(1,580)</u>	n.m.
Total comprehensive (loss)/income for the period		<u>(468)</u>	<u>2,761</u>	n.m.	<u>3,378</u>	<u>2,549</u>	32.5
Total comprehensive (loss)/income for the period attributable to:							
Owners of the Company		(457)	2,761	n.m.	3,393	2,549	33.1
Non-controlling Interests		(11)	-		(15)	-	
		<u>(468)</u>	<u>2,761</u>		<u>3,378</u>	<u>2,549</u>	

- 1) Net gain on FVOCI investment securities in 1H2019 of \$0.9 million was mainly due to increase in fair values in certain investments held by the Group.
- 2) Exchange differences arising from consolidation of \$0.3 million (2Q2019: \$0.7 million) and revaluation of net investment in foreign operation of \$0.3 million (2Q2019: \$0.8 million) in 1H2019 were mainly due to foreign exchange impact arising from the translation of Sterling Pound against Singapore Dollars for those UK net investments and assets. The weakening of the Sterling Pound against Singapore Dollar resulted in overall net foreign exchange loss of approximately \$0.4 million for 1H2019 (2Q2019: \$1.1 million). This is made up of \$0.3 million and \$0.3 million in Other Comprehensive Income (2Q 2019: \$0.7 million and \$0.9 million respectively), which is partially offset by a translation gain in the profit and loss of \$0.1 million (2Q2019: \$0.5 million) mainly attributable to the translation of receivables denominated in Singapore Dollars of a UK subsidiary arising from the weakening of the Sterling Pound against Singapore Dollar.
- 3) The currency translation reserve of Capital Herbal Limited was reclassified arising from the disposal of this entity in 2Q 2018.

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	
		30.6.2019 \$'000	31.12.2018 \$'000	30.6.2019 \$'000	31.12.2018 \$'000
Non-current assets					
Property, plant and equipment		4,306	4,443	-	-
Investment properties	1	152,834	156,089	-	-
Investment in subsidiaries		-	-	167,849	167,849
Investment in joint ventures		3,085	3,107	-	-
Investment in associates		23,642	23,699	746	746
Investment securities	2	30,328	26,799	-	-
Other receivables		14,168	13,936	-	-
		228,363	228,073	168,595	168,595
Current assets					
Tax recoverable		17	17	-	-
Trade receivables	3	1,418	1,861	-	-
Prepayments and deposits		167	180	28	48
Other receivables	4	2,885	4,067	-	-
Amounts due from subsidiaries	5	-	-	4,464	11,264
Amounts due from associates		6,342	6,383	-	-
Investment securities	6	16,059	18,426	-	-
Cash and bank balances	7	31,049	32,371	467	674
		57,937	63,305	4,959	11,986
Current liabilities					
Bank overdrafts (secured)		(170)	(100)	-	-
Trade payables		(569)	(317)	-	-
Other payables		(2,976)	(2,983)	(514)	(372)
Accrued operating expenses	8	(1,899)	(2,382)	(206)	(279)
Derivatives		(28)	-	-	-
Amounts due to associates		(1,983)	(1,983)	(367)	(366)
Bank loans (secured)	9	(63,076)	(65,120)	-	-
Tax payable	10	(1,977)	(1,698)	-	-
		(72,678)	(74,583)	(1,087)	(1,017)
Net current (liabilities)/assets		(14,741)	(11,278)	3,872	10,969
Non-current liabilities					
Deferred tax liabilities		(5,056)	(4,915)	-	-
Bank loans (secured)		(17,130)	(17,217)	-	-
Other payables		(5,465)	(5,543)	-	-
		(27,651)	(27,675)	-	-
Net assets		185,971	189,120	172,467	179,564

	Group		Company	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018
	\$'000	\$'000	\$'000	\$'000
Equity attributable to Owners of the Company				
Share capital	172,154	172,154	172,154	172,154
Treasury shares	(260)	(260)	(260)	(260)
Capital reserve	704	891	-	-
Revenue reserve	39,093	42,373	573	7,670
Fair value reserve	(1,315)	(2,207)	-	-
Currency translation reserve	(24,394)	(23,835)	-	-
	<u>185,982</u>	<u>189,116</u>	<u>172,467</u>	<u>179,564</u>
Non-controlling interests	(11)	4	-	-
Share capital and reserves	<u><u>185,971</u></u>	<u><u>189,120</u></u>	<u><u>172,467</u></u>	<u><u>179,564</u></u>

Notes to Statement of Financial Position:

1. Investment properties decreased by \$3.3 million mainly due to:
 - a. disposal of a residential property in Singapore;
 - b. disposal of a UK residential property in London;
 - c. depreciation;
 - d. translation loss arising from the UK properties as Sterling Pound had weakened against Singapore Dollar; offset by
 - e. additions during the period.
2. Non-current investment securities increased by \$3.5 million mainly due to reclassification of \$2.7 million from current investment securities to non-current and fair value gains of \$0.9 million in FVTOCI investments.
3. Trade receivables decreased by \$0.4 million mainly due to:
 - a. receipt of \$1.0 million GST refundable arising from the purchase of a freehold land; offset by
 - b. higher receivables of \$0.5 million due from tenants.
4. Current other receivables decreased by \$1.2 million mainly due to receipt of \$0.7 million from a joint venture and \$0.3 million from a joint venture partner.
5. Amount due from subsidiaries reduced by \$6.8 million mainly due to receipts from subsidiaries and these were utilised for dividend payments.
6. Current investment securities decreased by \$2.4 million mainly due to \$2.7 million reclassification to non-current investment securities offset by \$0.6 million of fair value gains during the period.
7. Decrease in Group's cash at bank balances of \$1.3 million was mainly due to payment of dividends and additional investment in an associate, offset by proceeds from disposal of residential properties in Singapore and London and dividends received from an associate.
8. Accrued operating expenses decreased by \$0.5 million mainly due to payment of employee bonuses during the period.

9. Current bank loans decreased by \$2.0 million mainly due to:
 - a. loan repayment of \$1.6 million;
 - b. translation gain of \$0.5 million as Sterling Pound had weakened against Singapore Dollar.
10. Tax payable increased by \$0.3 million mainly due to provision on tax on certain chargeable income partially offset by tax payment 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

	30.6.2019		31.12.2018	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank overdrafts	170	-	100	-
Short term bank loans	63,076	-	65,120	-
	<u>63,246</u>	<u>-</u>	<u>65,220</u>	<u>-</u>

Amount repayable after one year

	30.6.2019		31.12.2018	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	<u>17,130</u>	<u>-</u>	<u>17,217</u>	<u>-</u>

The Group has the ability to repay the bank overdrafts, short-term and long-term bank loans as and when they fall due.

Details of any collateral

Short term bank loans comprised:

- a) An amount of \$24.7 million (2018: \$24.9 million) secured by a pledge of \$15 million (2017: \$15 million) on a subsidiary's fixed deposits and a corporate guarantee from the Company.
- b) An amount of \$24.0 million (2018: \$24.2 million) secured by a legal charge over a subsidiary's investment property and assignment of tenancy agreement in respect of the property.
- c) An amount of \$3.5 million (2018: \$3.5 million) secured by a pledge of \$4 million (2017: \$4 million) on a subsidiary's fixed deposits.
- d) An amount of \$10.9 million (2018: \$12.5 million) secured by a legal charge over a subsidiary's investment property, assignment of tenancy agreement in respect of the property and a corporate guarantee from another subsidiary company of the Group.

Long term bank loan is secured by a pledge of \$0.3 million (2018: Nil) on a subsidiary's fixed deposits, a corporate guarantee from a subsidiary and a legal charge over a subsidiary's investment property.

Bank overdraft is secured by a legal charge over a subsidiary's property and assignment of tenancy agreement in respect of the 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 30.6.2019 \$'000	30.6.2018 \$'000 (restated)	Six Months Ended 30.6.2019 \$'000	30.6.2018 \$'000 (restated)
Cash flows from operating activities:				
Profit before taxation	1,444	3,577	4,116	4,659
Adjustments for:				
Interest income	(180)	(160)	(362)	(316)
Interest expense	597	310	1,188	593
Fair value changes in investment securities	(6)	1,464	(590)	1,872
Fair value loss on derivatives	29	-	29	-
Dividend income from investment securities	(461)	(455)	(489)	(670)
Depreciation of property, plant and equipment and investment properties	630	586	1,264	1,124
Share of results of associates and joint ventures	(166)	(268)	(502)	(469)
Gain on disposal of a subsidiary and its related joint operation	-	(326)	-	(326)
Gain on disposal of investment properties	(821)	-	(3,183)	(1,572)
Gain on remeasurement of investment in joint operation to fair value upon business combination achieved in stages	-	(4,816)	-	(4,816)
Goodwill written off	-	71	-	71
Unrealised exchange differences	(424)	(786)	(205)	(457)
	(802)	(4,380)	(2,850)	(4,966)
Operating cash flows before changes in working capital	642	(803)	1,266	(307)
Decrease/(increase) in receivables and current investments	726	(2,897)	1,627	(3,626)
Increase/(decrease) in payables	-	982	(199)	766
	726	(1,915)	1,428	(2,860)
Cash flows from/(used in) operations	1,368	(2,718)	2,694	(3,167)
Interest received	137	136	275	222
Interest paid	(597)	(310)	(1,188)	(593)
Dividend income from investment securities	461	455	489	670
Income taxes paid	(232)	(391)	(454)	(649)
	(231)	(110)	(878)	(350)
Net cash flows from/(used in) operating activities	1,137	(2,828)	1,816	(3,517)
Cash flows from investing activities:				
Increase in other investments	-	(716)	-	(3,795)
Decrease in amounts due from associates	822	1,452	110	1,446
Increase in investment in associates	(1,000)	-	(1,000)	-
Dividend income from associates	-	2,750	1,500	2,750
Net cash inflows on disposal of subsidiary and its related joint operation	-	11,043	-	11,043
Net cash outflows on acquisition of a subsidiary	-	(18,650)	-	(18,650)
Proceeds from disposal of other investments	-	19	-	19
Proceeds from disposal of property, plant and equipment	1	-	1	-
Proceeds from disposal of investment properties	1,172	-	4,977	2,468
Additions to investment properties	(243)	(33)	(610)	(14,936)
Purchase of property, plant and equipment	(15)	-	(15)	-
Net cash flows from/(used in) investing activities	737	(4,135)	4,963	(19,655)
Net cash flows from/(used in) operating and investing activities carried forward	1,874	(6,963)	6,779	(23,172)

	Group			
	Second Quarter Ended		Six Months Ended	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	\$'000	\$'000	\$'000	\$'000
Net cash flows from/(used in) operating and investing activities brought forward	1,874	(6,963)	6,779	(23,172)
Cash flows from financing activities:				
Proceeds from bank loans	-	-	-	13,606
Decrease in pledged deposits	4	-	-	-
Repayment of bank loans	(37)	(1,800)	(1,637)	(1,800)
Dividends paid	(6,527)	(7,183)	(6,527)	(7,183)
Net cash flows (used in)/from financing activities	(6,560)	(8,983)	(8,164)	4,623
Net decrease in cash and cash equivalents	(4,686)	(15,946)	(1,385)	(18,549)
Cash and cash equivalents at beginning of the period	14,863	29,109	11,548	31,683
Effects of exchange rate changes on cash and cash equivalents	(19)	(92)	(5)	(63)
Cash and cash equivalents at end of the period	10,158	13,071	10,158	13,071

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

	Group		Group	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	31,049	32,167	31,049	32,167
Less: cash and bank balances pledged	(19,277)	(19,000)	(19,277)	(19,000)
Less bank overdraft secured	(170)	(96)	(170)	(96)
Less: restricted cash	(1,444)	-	(1,444)	-
Cash and cash equivalents at end of the period	10,158	13,071	10,158	13,071

- (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 1.1.2019	172,154	(260)	891	42,373	(2,207)	(23,835)	4	189,120
Total comprehensive (loss)/gain for the period	-	-	(187)	2,089	962	986	(4)	3,846
Balance at 31.3.2019	172,154	(260)	704	44,462	(1,245)	(22,849)	-	192,966
Total comprehensive gain/(loss) for the period	-	-	-	1,158	(70)	(1,545)	(11)	(468)
Dividends paid	-	-	-	(6,527)	-	-	-	(6,527)
Balance at 30.6.2019	172,154	(260)	704	39,093	(1,315)	(24,394)	(11)	185,971
	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 1.1.2018, as previously stated	172,154	(165)	1,001	38,467	7,558	(21,874)	-	197,141
Impact on adoption of SFRS(I) 9	-	-	-	6,735	(6,735)	-	-	-
Balance at 1.1.2018, as restated	172,154	(165)	1,001	45,202	823	(21,874)	-	197,141
Total comprehensive (loss)/gain for the period	-	-	(110)	696	(1,323)	525	-	(212)
Balance at 31.3.2018	172,154	(165)	891	45,898	(500)	(21,349)	-	196,929
Total comprehensive gain/(loss) for the period	-	-	-	3,433	(305)	(367)	-	2,761
Dividends paid	-	-	-	(7,183)	-	-	-	(7,183)
Balance at 30.6.2018	172,154	(165)	891	42,148	(805)	(21,716)	-	192,507

** 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 1.1.2019	172,154	(260)	7,670	179,564
Total comprehensive loss for the period	-	-	(243)	(243)
Balance at 31.3.2019	172,154	(260)	7,427	179,321
Total comprehensive loss for the period	-	-	(327)	(327)
Dividends paid	-	-	(6,527)	(6,527)
Balance at 30.6.2019	172,154	(260)	573	172,467
Balance at 1.1.2018	172,154	(165)	8,955	180,944
Total comprehensive loss for the period	-	-	(241)	(241)
Balance at 31.3.2018	172,154	(165)	8,714	180,703
Total comprehensive loss for the period	-	-	(287)	(287)
Dividends paid	-	-	(7,183)	(7,183)
Balance at 30.6.2018	172,154	(165)	1,244	173,233

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)

	30/6/2019	30/6/2018
	\$'000	\$'000
Share capital	172,154	172,154
	30/6/2019	30/6/2018
	'000	'000
Total number of issued shares	653,504	653,504
Total number of treasury shares	(843)	(546)
Total number of subsidiary holdings	-	-
Total number of issued shares excluding treasury shares and subsidiary holdings	652,661	652,958

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.

	30/6/2019	31/12/2018
	'000	'000
Total number of issued shares	653,504	653,504
Total number of treasury shares	(843)	(843)
Total number of issued shares excluding treasury shares	<u>652,661</u>	<u>652,661</u>

As at 30 June 2019 and 31 December 2018, 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 was no share buy-back 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 2018.

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 SFRS(I)s, amendments to and interpretations of SFRS(I) that are effective for the financial periods beginning on 1 January 2019:-

Description	Effective for annual periods beginning on or after
SFRS(I) 16 <i>Leases</i>	1 January 2019
SFRS(I) INT FRS 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to SFRS(I) 9: <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to SFRS(I) 1-28: <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019

The adoption of the new and revised standards did not have any material financial impact on the financial statements of the Group and the Company for the quarter ended 30 June 2019.

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	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
Earnings per ordinary share after deducting any provision for preference dividends:				
(i) Based on the weighted average number of ordinary shares in issue (cents)	0.18	0.53	0.50	0.63
(ii) On a fully diluted basis (cents)	0.18	0.53	0.50	0.63

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	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018
Net asset value per ordinary share (cents)	28.49	28.98	26.43	27.51

Note: dividend of 1.0 cent per share was paid in 2Q 2019.

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)

	2Q2019 \$'000	2Q2018 \$'000	+/(-) %	FY2019 \$'000	FY2018 \$'000	+/(-) %
Rental	2,379	2,294	3.7	4,815	4,529	6.3
Investments	637	601	6.0	846	969	(12.7)
Corporate and Others	-	-	-	-	-	-
	<u>3,016</u>	<u>2,895</u>		<u>5,661</u>	<u>5,498</u>	

Increase in revenue for rental segment by \$0.3 million yoy was mainly due to:

- increase in rental income from 20 Garrett Street by \$0.5 million subsequent to the acquisition of property in December 2018;
- decrease in rental income from Herbal Hill by \$0.3 million yoy subsequent to the disposal of joint operation in 2Q 2018.

Profit before taxation (excluding all inter-segment transactions)

	2Q2019	2Q2018	+/(-)	FY2019	FY2018	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Rental	1,658	3,897	(57.5)	4,974	6,245	(20.4)
Investments	488	108	n.m.	1,262	(100)	n.m.
Corporate and Others	(574)	(561)	2.3	(1,108)	(1,101)	0.6
	<u>1,572</u>	<u>3,444</u>		<u>5,128</u>	<u>5,044</u>	
Unallocated items	(128)	133	n.m.	(1,012)	(385)	n.m.
	<u>1,444</u>	<u>3,577</u>		<u>4,116</u>	<u>4,659</u>	

Rental segment refers to rental of residential, commercial properties and warehouse. Decrease in profit before taxation for Rental segment by \$1.3 million yoy and \$2.2 million qoq takes into account:-

- absence of re-measurement gain of \$4.8 million yoy and qoq;
- increase in gain from disposal of investment properties by \$1.6 million yoy and \$0.8 million qoq;
- absence of transaction costs of \$1.6 million incurred yoy and qoq mainly arising from the acquisition of 30% interest in Capital Eagle Limited.

Investment segment refers to investment holding. Profit before taxation for Investment segment turnaround from a loss of \$0.1 million to a profit of \$1.3 million yoy and increased by \$0.4 million qoq mainly due to:-

- increase in fair value gains changes in FVPL of \$2.5 million yoy and \$1.5 million qoq;
- decrease in dividend income by \$0.2 million yoy;
- absence of gain on disposal of a subsidiary and its related joint operation of \$1.0 million yoy and qoq.

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

Unallocated items refer to items such as finance costs and certain foreign exchange differences which are managed on a Group basis and are not allocated to the segments. The losses increased by \$0.6 million yoy and from profit of \$0.1 million to a loss of \$0.1 million qoq mainly due to higher finance costs.

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.**

With increasing global trade uncertainties, Singapore's economic prospects deteriorated in Q2. GDP is expected to be lower than earlier forecast from 1.5% to 2.5%.

In Q2, there was no further sale of the RiverGate apartments. The remaining apartments, commercial and industrial properties in Singapore are fully let.

In July 2019, the Group completed the sale of a medical suite at an estimated gain of \$1.35 million which will be recognised in Q3.

In the UK, Brexit outcome remains uncertain. The Group completed the sale of a refurbished apartment at Hornton Street. A gain of GBP466,773 was recognised in Q2. The remaining rental residential and commercial properties are fully let.

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
26 July 2019