

**UNAUDITED RESULTS FOR FIRST QUARTER ENDED 31 March 2012****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		
	First Quarter Ended		+ / (-) %
	31.3.2012 \$'000	31.3.2011 \$'000	
<b><u>Continuing operations</u></b>			
<b>Revenue</b>	5,650	8,804	(35.8)
Cost of sales	(2,966)	(5,387)	(44.9)
<b>Gross profit</b>	2,684	3,417	(21.5)
Other income	2,121	219	n.m.
General and administrative costs	(2,092)	(2,544)	(17.8)
Selling and distribution costs	(57)	(48)	18.8
Finance costs	(103)	(143)	(28.0)
Share of after tax results of associates and unincorporated joint venture	(258)	(236)	9.3
Profit before taxation	2,295	665	245.1
Taxation	(740)	(232)	219.0
<b>Profit after taxation</b>	1,555	433	259.1
Profit attributable to:			
Equity holders of the Company	1,555	433	259.1
Non-controlling interests	-	-	-
	<u>1,555</u>	<u>433</u>	

n.m. denotes not meaningful.

Profit from continuing operations, before taxation included the following:

	<b>Group</b>		
	<b>First Quarter Ended</b>		
	<b>31.3.2012</b>	<b>31.3.2011</b>	<b>+/(-) %</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Investment income	179	189	(5.3)
Other income including interest income	3,445	1,113	209.5
Interest on borrowings	(191)	(143)	33.6
Depreciation on property, plant and equipment and investment properties	(378)	(421)	(10.2)
Allowance for doubtful debts (trade)	-	(38)	(100.0)
Foreign exchange gain/( loss)	(27)	(312)	(91.3)
Gain on disposal of investments			
- included in gross profit	627	968	(35.2)
- included in other income	5	-	n.m
Gain on disposal of property, plant and equipment	-	-	-
(Under)/over provision of taxation in prior years	-	-	-
Gain on disposal of investment property	2,009	-	n.m.
Write-back/(allowance made) for impairment loss			
- investment properties	-	-	n.m.
- quoted non-current investments	-	-	n.m.
- quoted current investments	-	-	n.m.

Note:

1. Revenue decreased by \$3.1 million or 34.8% from \$8.8 million in first quarter ended 31 March 2011 (1Q2011) to \$5.7 million in first quarter ended 31 March 2012 (1Q2012) mainly due to:-
  - Reduction in proceeds from sale of investment securities by \$2.8 million (1Q2012: \$3 million; 1Q2011: \$5.8 million)
  - Reduction in rental income by \$0.3 million (1Q2012: \$1.3 million; 1Q2011: \$1.8 million) as certain properties in Singapore and London undergo refurbishment and upgrading works.
2. Other income increased by \$1.9 million mainly due to gain on disposal of an investment property amounting to \$2 million.
3. Reduction in general and administrative costs by \$0.45 million in 1Q2012 was mainly due to lower foreign exchange loss (1Q2012: \$0.02 million; 1Q2011: \$0.311 million) and lower corporate and other administration expenses incurred by our UK joint venture (1Q2012:\$0.09 million; 1Q2011:\$0.16 million) and lower depreciation charges.
4. Lower finance cost was due to lower average loan balances in 1Q2012 compared to 1Q2011.
5. Effective tax rates for 1Q2012 and 1Q2011 were 32.2% and 34.9% respectively. The taxation charge for the Group in 1Q2012 was higher than that arrived at by applying the statutory tax rate of 17% to the profit before taxation due to certain non-deductible expenses and losses in foreign joint ventures which are not available for set off against profits in Singapore.

## 6. Statement of Comprehensive Income

	<b>Group</b>		
	<b>First Quarter Ended</b>		
	<b>31.3.2012</b>	<b>31.3.2011</b>	<b>+/(-) %</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Net profit after taxation</b>	1,555	433	259.1
Other comprehensive gain/(loss):			
Net gain/( loss) on available-for-sale investments (net of tax)	6,730	(996)	(775.7)
Exchange difference arising from			
- consolidation	(8)	33	(124.2)
- revaluation of net investment in foreign operations	(89)	(134)	(33.6)
Revaluation gain realised by an associate to income statement	(182)	-	
Other comprehensive gain/(loss) , net of tax	<u>6,451</u>	<u>(1,097)</u>	(688.1)
<b>Total comprehensive (loss)/gain for the period</b>	<b><u>8,006</u></b>	<b><u>(664)</u></b>	
Total comprehensive (loss)/gain attributable to:			
Equity holders of the Company	8,006	(664)	
Non-controlling interests	-	-	

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.

	Group		Company	
	31.3.2012 \$'000	31.12.2011 \$'000	31.3.2012 \$'000	31.12.2011 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	6,320	6,044	-	-
Investment properties	82,456	80,890	-	-
Investment in subsidiaries	-	-	149,904	149,904
Investment in associates	-	166	746	746
Investment securities	13,612	7,594	-	-
Amounts due from associates	16,815	16,871	-	-
Other receivables	13,043	12,296	-	-
	132,246	123,861	150,650	150,650
<b>Current assets</b>				
Inventories	21	66	-	-
Trade receivables	745	748	-	-
Properties classified as held for sale	1,830	3,573	-	-
Prepayments and deposits	506	543	28	66
Other receivables	5,862	5,733	46	18
Amounts due from subsidiaries	-	-	6,440	6,440
Amounts due from associates	15,134	15,504	-	-
Investment securities	25,439	24,435	-	-
Cash and bank balances	47,615	47,161	23,646	23,880
	97,152	97,763	30,160	30,404
<b>Current liabilities</b>				
Trade payables	(1,001)	(840)	-	-
Other payables	(1,937)	(2,084)	(241)	(282)
Accrued operating expenses	(1,034)	(1,577)	(160)	(188)
Amounts due to associates	(620)	(608)	(338)	(351)
Amounts due to subsidiaries	-	-	-	-
Bank overdraft (secured)	(1,410)	(1,545)	-	-
Bank loans (secured)	(13,078)	(13,161)	-	-
Tax payable	(1,360)	(1,049)	(11)	(11)
	(20,440)	(20,864)	(750)	(832)
<b>Net current assets</b>	76,712	76,899	29,410	29,572
<b>Non-current liabilities</b>				
Deferred tax liabilities	(5,560)	(5,299)	-	-
Bank loans (secured)	-	-	-	-
Other payables	(389)	(458)	-	-
	(5,949)	(5,757)	-	-
<b>Net assets</b>	203,009	195,003	180,060	180,222

	Group		Company	
	31.3.2012 \$'000	31.12.2011 \$'000	31.3.2012 \$'000	31.12.2011 \$'000
<b>Equity attributable to equity holders of the Company</b>				
Share capital	172,154	172,154	172,154	172,154
Capital reserve	1,643	1,825	-	-
Revenue reserve	31,373	29,818	7,906	8,068
Fair value reserve	12,982	6,252	-	-
Currency translation reserve	(15,143)	(15,046)	-	-
	203,009	195,003	180,060	180,222
Non-controlling interests	-	-	-	-
<b>Share capital and reserves</b>	203,009	195,003	180,060	180,222

Note:

- Investment properties increased by \$1.6 million due mainly to purchase of a property and expenditure on refurbishment and upgrading works on the properties.
- Investment in associates has decreased because of additional share of losses of associates.
- Non-current and current investment securities increased by \$6 million and \$1 million respectively due to purchases and increase in fair value of investment securities.
- Non-current other receivables increased by \$0.7 million due to accrual of interest on loan to associates and joint ventures.
- Accrued operating expenses decreased by \$0.5 million due to payment of bonuses and audit fees accrued in the year ended 31 December 2011.

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

##### Amount repayable in one year or less, or on demand

	31.3.2012		31.12.2011	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank overdraft	1,410	-	1,545	-
Short term bank loans	7,932	-	7,980	-
Long term bank loans	5,146	-	5,180	-
	14,488	-	14,705	-

##### Amount repayable after one year

	31.3.2012		31.12.2011	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	-	-	-	-

##### Details of any collateral

Long term bank loans of \$5.2 million (31.12.2011: \$5.2 million) are secured by a fixed charge over the subsidiaries' investment properties. Short term bank loans of \$6.8 million (31.12.2011: \$6.8 million) are secured by a legal charge of \$13.3 million on a subsidiary's fixed deposits. Short term bank loan of \$1.1 million (31.12.2011: \$1.1

million) is secured by an existing deed of guarantee and indemnity of \$4.0 million (31.12.2011: \$4 million) from a subsidiary.

Bank overdraft is secured by a corporate guarantee from the Company of \$15.0 million (31.12.2011: \$15.0 million).

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

	<b>Group</b>	
	<b>First Quarter Ended</b>	<b>31.3.2011</b>
	<b>31.3.2012</b>	<b>31.3.2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flow from operating activities:</b>		
Profit before taxation	2,295	665
Adjustments for:		
Interest income	(1,062)	(985)
Interest expense	191	143
Depreciation on property, plant and equipment and investment properties	378	421
Share of results of associates and unincorporated joint venture	258	236
Gain on disposal of investment properties	(2,009)	-
Gain on disposal of property, plant and equipment	-	-
	<u>(2,244)</u>	<u>(185)</u>
<b>Operating income before reinvestment in working capital</b>	<b>51</b>	<b>480</b>
Decrease/(increase) in receivables and current investments	(1,463)	1,103
Decrease in inventories	45	4
Decrease in payables	(759)	(1,831)
	<u>(2,177)</u>	<u>(724)</u>
<b>Cash used in operations</b>	<b>(2,126)</b>	<b>(244)</b>
Interest received	412	244
Interest paid	(191)	(143)
Income taxes (paid)/recovered	(429)	(341)
	<u>(208)</u>	<u>(240)</u>
<b>Net cash used in operating activities</b>	<b>(2,334)</b>	<b>(484)</b>
<b>Cash flow from investing activities:</b>		
Dividends received from associate	-	-
Decrease in other investments	973	478
Increase in amounts due from associates	438	(99)
Proceeds from disposal of investment properties	3,412	-
Addition to investment properties	(1,344)	(321)
Purchase of property, plant and equipment	(376)	(51)
<b>Net cash generated from investing activities</b>	<b>3,103</b>	<b>7</b>
<b>Cash flow from financing activities:</b>		
Decrease in bank loans	(166)	-
Increase in pledged cash and bank balances	-	-
<b>Net cash used in financing activities</b>	<b>(166)</b>	<b>-</b>
Net (decrease)/increase in cash and cash equivalents	603	(477)
Cash and cash equivalents at beginning of the period	32,276	114,950
Effects of exchange rate changes on cash and cash equivalents	(14)	(40)
<b>Cash and cash equivalents at end of the period</b>	<b>32,865</b>	<b>114,433</b>

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

	Group	
	31.3.2012 \$'000	31.3.2011 \$'000
Cash and bank balances	47,615	128,645
Less: cash and bank balances pledged	(13,340)	(13,340)
Bank overdraft (secured)	(1,410)	(872)
Cash and cash equivalents at end of the period	32,865	114,433

**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 -----						Total equity \$'000
	Share capital \$'000	Capital reserve ** \$'000	Revenue reserve \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Non- controlling interests \$'000	
<b>Group</b>							
Balance at 1.1.2012	172,154	1,825	29,818	6,252	(15,046)	-	195,003
Total comprehensive gain/(loss) for the period	-	(182)	1,555	6,730	(97)	-	8,006
Balance at 31.3.2012	172,154	1,643	31,373	12,982	(15,143)	-	203,009
Balance at 1.1.2011	172,154	2,040	109,354	7,999	(14,676)	-	276,871
Total comprehensive gain/(loss) for the period	-	-	433	(996)	(101)	-	(664)
Balance at 31.3.2011	172,154	2,040	109,787	7,003	(14,777)	-	276,207

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

	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
<b>Company</b>			
Balance at 1.1.2012	172,154	8,068	180,222
Total comprehensive loss for the period	-	(162)	(162)
Balance at 31.3.2012	172,154	7,906	180,060
Balance at 1.1.2011	172,154	25,686	197,840
Total comprehensive loss for the period	-	(200)	(200)
Balance at 31.3.2011	172,154	25,486	197,640

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

No option has been granted under the Hwa Hong Corporation Limited (2001) Share Option Scheme since its adoption on 29 May 2001.

- 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 2011, there were no changes to the total number of 653,504,000 issued ordinary shares of the Company.

As at 31 December 2011 and 31 March 2012, the Company's share capital was \$172,153,626 with 653,504,000 ordinary shares issued and fully paid.

- 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 explained in paragraph 5, 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 2011.



**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 July 2011 and 1 January 2012:-

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 107 Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets	1 January 2012

The adoption of the revised FRS did not have any financial impact on the financial statements of the Group and the Company for the quarter ended 31 March 2012.

**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.**

	<b>GROUP</b>	
	<b>First Quarter Ended</b>	
	<b>31.3.2012</b>	<b>31.3.2011</b>

Earnings per ordinary share after deducting any provision for preference dividends:

(i) Based on the weighted average number of ordinary shares in issue (cents)	0.24	0.07
(ii) On a fully diluted basis (cents)	0.24	0.07

**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.**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31.3.2012</b>	<b>31.12.2011</b>	<b>31.3.2012</b>	<b>31.12.2011</b>
Net asset value per ordinary share (cents)	31.07	29.84	27.55	27.58

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)

	1Q2012 \$'000	1Q2011 \$'000	+/( %)
Rental and Investments ("RI")	2,794	3,982	(29.8)
Trading and Investments ("Trading")	2,856	4,822	(40.8)
Corporate and Others	-	-	-
	<u>5,650</u>	<u>8,804</u>	

Reduction in revenue for RI segment by \$1.1 million was mainly due to

- Reduction in proceeds from sale of investment securities by \$0.7 million.
- Reduction in rental income by \$0.4 million.

Reduction in revenue for Trading segment by \$2 million was mainly due to reduction in proceeds from sale of investment securities.

**Profit before taxation** (excluding all inter-segment transactions)

	1Q2012 \$'000	1Q2011 \$'000	+/( %)
Rental and Investments ("RI")	2,488	1,073	131.9
Trading and Investments ("Trading")	274	131	109.2
Corporate and Others	(467)	(539)	(13.4)
	<u>2,295</u>	<u>665</u>	

Increase in profit before taxation for RI segment by \$1.4million or 131.9%, from \$1.1 million in 1Q2011 to \$1.7 million in 1Q2012 was mainly due to gain on disposal of investment property of \$2 million in 1Q2012. There was no gain on disposal of investment property recorded in 1Q2011.

This was offset by

- Lower rental revenue because of refurbishment and upgrading work on the Group's properties in Singapore and the UK
- Lower management fee earned from joint venture (1Q2012: nil; 1Q2011: \$0.08 million)
- Lower gain on disposal of investment (1Q2012: \$0.2 million; 1Q2011: \$0.6 million)

Increase in profit before taxation for trading segment by \$0.14 million was mainly due to higher gain on disposal of investment securities.

Decrease in loss before taxation for corporate and others is due to lower staff 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.**

Upgrading of the Paya Lebar property is on schedule and expected to be completed by year end. Active marketing has started and response is encouraging.

An investment fund in which the group has a 17.82% interest has successfully completed the divestment of a dormitory investment at a gain. Subject to the finalisation of the fund's accounts, our gain is estimated to be approximately \$3 million and this is expected to be realised in 2012.

Refurbishment of 5 units of the Queen's Gate property, London, has been completed in February 2012 and 4 units are already rented at higher rentals compared to last year.

The Group will continue to focus on maximising returns on its existing properties through asset enhancement exercises.

The performance of the Group's investment and property portfolio will continue to be dependent on the state of the securities and property markets.

11. **Dividend**

**(a) Current Financial Period Reported On**

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

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

Not applicable.

### 13. INTERESTED PERSON TRANSACTIONS

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

^ There is no subsisting shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

### 14. CONFIRMATION BY THE BOARD

The Board of Directors of Hwa Hong Corporation Limited confirms that to the best of its knowledge, nothing has come to its attention which may render the interim financial results to be false or misleading in any material respect.

#### SUBMITTED BY

Simon Ong  
Chief Financial Officer  
26 April 2012