

**UNAUDITED RESULTS FOR SECOND QUARTER ENDED 30 JUNE 2007****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					
	Second Quarter Ended			Six Months Ended		
	30.6.2007	30.6.2006 (restated)	+/(-)	30.6.2007	30.6.2006 (restated)	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	19,734	15,262	29.30	38,552	40,278	(4.29)
Cost of sales	(10,615)	(6,815)	55.76	(22,606)	(24,871)	(9.11)
Gross profit	9,119	8,447	7.96	15,946	15,407	3.50
Other income	10,527	8,252	27.57	11,494	8,738	31.54
General and administrative costs	(6,084)	(4,405)	38.12	(10,414)	(8,692)	19.81
Selling and distribution costs	(1,252)	(1,026)	22.03	(2,515)	(2,283)	10.16
Other operating (costs)/ income	(167)	69	n.m	(259)	(105)	146.67
Finance costs	(864)	(396)	118.18	(1,578)	(720)	119.17
Share of results of associates and unincorporated joint venture	24,262	210	n.m	57,914	404	n.m
Profit before taxation	35,541	11,151	218.72	70,588	12,749	453.67
Taxation	(959)	(1,048)	(8.49)	(1,559)	(1,474)	5.77
Profit for the period	34,582	10,103	242.29	69,029	11,275	512.23
Attributable to:						
Equity holders of the Company	34,582	10,103		69,029	11,275	
Minority interests	-	-		-	-	
	34,582	10,103		69,029	11,275	

Note

Profit before taxation included the following:

	GROUP		
	Second Quarter Ended		
	30.6.2007	30.6.2006 (restated)	+/(-)
	\$'000	\$'000	%
Investment income	555	648	(14.35)
Other income including interest income	15,354	9,465	62.22
Interest on borrowings	(864)	(396)	118.18
Depreciation and amortisation and impairment loss on property, plant and equipment	(561)	(456)	23.03
Write-back/(allowance) for doubtful debts and bad debts written off	(167)	69	n.m
Allowance for stock obsolescence	-	-	-
Foreign exchange (loss)/gain (included in other income)	184	785	(76.56)
Gain on disposal of investments	9,352	2,117	341.76
Gain on disposal of investment properties (included in other income)	-	2,439	(100.00)
Loss on disposal of fixed assets	-	-	-

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	
	As at 30.6.2007	As at 31.12.2006 (restated)	As at 30.6.2007	As at 31.12.2006
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	13,248	14,250	4,692	4,800
Investment properties	93,872	83,038	–	–
Investment in subsidiaries	–	–	195,310	195,310
Investment in associates	78,725	61,089	614	614
Long term investments	64,123	72,556	31	31
Other receivables	21	43	–	–
Reinsurer's share of technical provisions				
Provision for unearned premiums	3,352	3,037	–	–
Provision for outstanding claims	2,456	2,848	–	–
Current assets				
Short term investments	96,256	82,808	–	–
Inventories	27	59	–	–
Trade receivables	4,792	4,853	–	–
Amount due from associates	13,544	119,075	122	119
Amount due from subsidiaries	–	–	3,790	3,458
Deferred acquisition costs	2,998	2,469	–	–
Other receivables, deposits and prepayments	8,782	7,799	51	57
Tax recoverable	10	517	–	–
Cash and bank balances	187,008	66,607	10,843	522
	313,417	284,187	14,806	4,156
Current liabilities				
Trade payables and accruals	(4,333)	(1,390)	(775)	(507)
Other payables	(7,611)	(9,431)	(271)	(213)
Amount due to subsidiaries	–	–	(3,567)	(54,455)
Amount due to associates	(24,100)	(601)	(413)	(413)
Advance premiums	–	(1,166)	–	–
Bank overdrafts	(5,563)	(1,343)	–	–
Bank loans	(352)	(4,794)	–	–
Provision for taxation	(2,173)	(1,663)	(4)	(37)
	(44,132)	(20,388)	(5,030)	(55,625)
Net current assets/(liabilities)	269,285	263,799	9,776	(51,469)
Non current liabilities				
Bank loans	(41,815)	(33,482)	–	–
Other payables	(117)	(115)	–	–
Deferred taxation	(5,718)	(4,493)	(49)	(49)
	(47,650)	(38,090)	(49)	(49)
Technical provisions				
Provision for unearned premiums	(16,031)	(12,804)	–	–
Provision for outstanding claims	(21,959)	(23,395)	–	–
Provision for premium deficiency	(1,839)	(1,839)	–	–
	437,603	424,532	210,374	149,237

	GROUP		COMPANY	
	As at 30.6.2007	As at 31.12.2006 (restated)	As at 30.6.2007	As at 31.12.2006
	\$'000	\$'000	\$'000	\$'000
Share capital	172,154	172,154	172,154	172,154
Capital reserve	61,790	98,687	–	–
Revenue reserve	173,503	132,549	38,227	(22,910)
Fair value reserve	34,474	25,772	(7)	(7)
Currency translation adjustment reserve	(4,318)	(4,630)	–	–
	437,603	424,532	210,374	149,237

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

Amount repayable in one year or less, or on demand

As at 30.6.2007		As at 31.12.2006	
Secured	Unsecured	Secured	Unsecured
\$5,915,000	–	\$6,137,000	–

Amount repayable after one year

As at 30.6.2007		As at 31.12.2006	
Secured	Unsecured	Secured	Unsecured
\$41,815,000	–	\$33,482,000	–

Details of any collateral

The amount of long term bank loans repayable after one year and an amount of \$0.35 million (31.12.2006: \$0.31 million) of long term bank loans repayable within one year are secured by the investment properties of the Group. Short term bank loans of \$nil (31.12.2006: \$4.48 million) and bank overdraft of \$4.04 million (31.12.2006: \$0.43 million) are secured by charges over time deposits and supported by corporate guarantees given by a subsidiary.

Bank Overdraft of \$1.52 million (31.12.2006: \$0.90 million) is supported by a corporate guarantee from the Company.

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	
	Second Quarter Ended 30.6.2007	30.6.2006 (restated)
	\$'000	\$'000
Cash flow from operating activities:		
Profit before taxation	35,541	11,151
<i>Adjustments for:</i>		
Interest income	(2,213)	(2,483)
Interest expense	864	396
Depreciation and impairment loss on property, plant and equipment	561	456
Share of results of associates and unincorporated joint venture	(24,262)	(210)
Gain on disposal of investment properties	-	(2,439)
Loss on disposal of property, plant and equipment	-	-
Movement on provision for outstanding claims	703	2,303
Movement on provision for unearned premiums	948	(86)
	<u>(23,399)</u>	<u>(2,063)</u>
Operating income before reinvestment in working capital	12,142	9,088
(Increase) in receivables and short term investments	(10,831)	(8,171)
(Increase)/decrease in inventories	(8)	31
Decrease/(increase) in payables	2,582	(2,854)
	<u>(8,257)</u>	<u>(10,994)</u>
Cash generated from/(used in) operations	3,885	(1,906)
Net claims paid	(1,882)	(1,944)
Interest received	2,214	2,483
Interest paid	(864)	(396)
Income taxes paid	(1,107)	(582)
	<u>(1,639)</u>	<u>(439)</u>
Net cash generated from/(used in) operating activities	2,246	(2,345)
Cash flow from investing activities:		
Purchase of investment properties	(10,504)	(14,167)
Purchase of property, plant and equipment	(51)	(356)
Decrease/(increase) in other investments	8,265	(2,640)
Proceeds from disposal of investment properties	-	17,057
Proceeds from disposal of plant and equipment	3	-
Increase/(decrease) in amounts due to associates	75	(617)
Net cash used in investing activities	(2,212)	(723)
Cash flow from financing activities:		
Increase in bank loans	8,139	400
Increase in bank overdrafts	3,399	235
Dividends paid	(28,075)	(5,228)
Net cash used in financing activities	(16,537)	(4,593)
Net decrease in cash and cash equivalents	(16,503)	(7,661)
Cash and cash equivalent at beginning of the period	203,511	68,270
Cash and cash equivalent at end of the period	187,008	60,609

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.

	GROUP		COMPANY	
	Second Quarter Ended 30.6.2007	30.6.2006 (restated)	Second Quarter Ended 30.6.2007	30.6.2006 (restated)
	\$'000	\$'000	\$'000	\$'000
Share capital				
Balance at beginning and end of the period	172,154	172,154	172,154	172,154
Capital reserve				
Balance at beginning of the period as previously reported	97,407	117,607	-	-
Effect of adoption of FRS 40	(24,499)	(18,968)	-	-
Balance at beginning of the period as restated	72,908	98,639	-	-
Exchange differences arising on consolidation	-	78	-	-
Realisation of revaluation gain on property owned by an associate	(11,118)	-	-	-
Balance at end of the period	61,790	98,717	-	-
Revenue reserve				
Balance at beginning of the period as previously reported	178,220	134,592	7,410	16,637
Effect of adoption of FRS 40	(11,224)	(10,343)	-	-
Adjustment due to change in accounting policy for investment in subsidiaries	-	-	(30,316)	(30,316)
Balance at beginning of the period as restated	166,996	124,249	(22,906)	(13,679)
Profit for the period before adoption of FRS 40	34,893	10,328	89,208	3,639
Effect of adoption of FRS 40	(311)	(225)	-	-
Profit for the period	34,582	10,103	89,208	3,639
Dividend	(28,075)	(5,228)	(28,075)	(5,228)
Balance at end of the period	173,503	129,124	38,227	(15,268)
Fair value reserve				
Balance at beginning of the period as previously reported	33,425	11,883	287,195	245,417
Adjustment due to change in accounting policy for investment in subsidiaries	-	-	(287,202)	(245,417)
Balance at beginning of the period as restated	33,425	11,883	(7)	-
Increase/(Decrease) in fair value of investment securities	1,575	(4,087)	-	-
Deferred tax	(526)	530	-	-
Balance at end of the period	34,474	8,326	(7)	-
Currency translation adjustment reserve				
Balance at beginning of the period as previously reported	(5,004)	(958)	-	-
Effect of adoption of FRS 40	-	(6,076)	-	-
Balance at beginning of the period as restated	(5,004)	(7,034)	-	-
Exchange differences arising from revaluation of monetary items forming part of net investment in foreign operation	423	449	-	-
Exchange differences arising on consolidation	263	1,436	-	-
Balance at end of the period	(4,318)	(5,149)	-	-
	437,603	403,172	210,374	156,886

- 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 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.**

Since 31 March 2007, there were no changes to the total number of 653,504,000 issued ordinary shares of the Company.

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

- 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 2006.

- 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 has adopted the following new and revised FRS that are mandatory for financial periods beginning on or after 1 January 2007:-

FRS 1	Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)
FRS 40	Investment Property
FRS 107	Financial Instruments Disclosures

Except as disclosed below, the adoption of new and revised FRS did not have any impact on the results of the Group for the second quarter and the six months ended 30 June 2007.

As disclosed in the Group's announcement dated 27 April 2007, the directors have considered both the fair value model and the cost model allowed under FRS 40 and the Group has adopted the cost model and will depreciate its investment properties over fifty years. No depreciation is charged on the freehold land component of investment properties. The impact of the change is taken up retrospectively.

The effect of the adoption of FRS 40 on the results for the second quarter and the six months ended 30 June 2007 is as follows:-

	Second Quarter Ended 30 June 2007 \$'000	Six Months Ended 30 June 2007 \$'000
Decrease profit before and after taxation	311	596

The effect of the adoption of FRS 40 on the opening net assets as at 1 January 2007 has been disclosed in our announcement dated 27 April 2007.

Following the decision to adopt the cost model for Investment Properties as highlighted above, the directors reviewed the appropriateness of the Company's accounting policy for its investment in subsidiaries. To align the basis for accounting for Investment Properties and the Company's investment in subsidiaries, the directors have decided to change the accounting policy for its investment in subsidiaries from fair value to the cost basis.

The change in accounting policy has no effect on the Group's results and net tangible assets. The change in accounting policy also has no impact on the Company's results for the second quarter and six months ended 30 June 2007. The effect on the Company's balance sheet as at 31 December 2006 and 30 June 2007 is as follows:-

	\$'000
Decrease in Investment in Subsidiaries	317,518
Decrease in Revenue Reserves	30,316
Decrease in Fair Value Reserves	287,202

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 30.6.2007	30.6.2006 (restated)
Earnings per ordinary share after deducting any provision for preference dividends:		
(i) Based on the weighted average number of ordinary shares in issue	5.29 cents	1.55 cents
(ii) On a fully diluted basis	5.29 cents	1.55 cents

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 30.6.2007	As at 31.12.2006 restated	As at 30.6.2007	As at 31.12.2006
Net asset value per ordinary share	66.96 cents	64.96 cents	32.19 cents	22.84 cents

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.**

The Group registered a profit after taxation of \$34.58 million in the second quarter ended 30 June 2007 ("2Q 2007"), which was 242.29% higher than the profit of \$10.10 million in the second quarter ended 30 June 2006 ("2Q 2006").

The higher profit after tax was due to higher revenue and the significantly higher contribution from associates, especially from the RiverGate Project.

The main reasons for the fluctuations in the Group's results in 2Q 2007 were as follows:

Revenue increased by 29.30% to \$19.73 million in 2Q 2007 mainly due to the following:-

- (i) higher proceeds from disposal of short term investments (2Q 2007: \$8.02 million; 2Q 2006: \$5.71 million);
- (ii) higher gross written premium (2Q 2007: \$7.80 million; 2Q 2006: \$6.05 million) which was mainly contributed by motor, fire, workmen compensation and Personal Accident insurance; and
- (iii) higher rental income (2Q 2007: \$1.55 million; 2Q 2006: \$0.89 million).

Cost of sales increased by 55.76% to \$10.62 million in 2Q 2007 mainly due to higher cost of investments sold (2Q 2007: \$7.17 million; 2Q 2006: \$4.93 million) and also higher net claims incurred (2Q 2007: \$0.7 million; 2Q 2006: \$0.2 million) as a result of lower prior years' releases.

Other income increased from \$8.25 million in 2Q 2006 to \$10.53 million in 2Q 2007 mainly due to an increase in gain on disposal of investments (2Q 2007: \$8.49 million; 2Q 2006: \$1.92 million). The increase was partially offset by lower gain on disposal of investment properties in United Kingdom (2Q 2007: \$nil million; 2Q 2006: \$2.44 million) and lower exchange gain (2Q 2007: \$0.19 million; 2Q 2006: \$0.78 million) and lower compensation received from tenant for early termination of lease (2Q 2007: \$nil million; 2Q 2006: \$0.54 million).

General and administrative costs increased by 38.12% to \$6.08 million in 2Q 2007 mainly brought about by higher staff cost and increase in professional fees.

Selling and distribution costs increased by 22.03% to \$1.25 million in 2Q 2007 due to increase in net commission expense of Tenet Insurance Company Limited ("Tenet") (2Q 2007: \$1.190 million; 2Q 2006: \$0.945 million).

Finance costs increased by 118.18% to \$0.86 million in 2Q 2007 mainly due to additional bank borrowings taken up to finance the acquisition of properties in United Kingdom.

The contribution from the share of results of associates and unincorporated joint venture improved from \$0.21 million in 2Q 2006 to \$24.26 million in 2Q 2007 mainly due to profit recognition from the RiverGate Project. Profit was recognised based on 37.11% building completion of units sold (2Q 2006 nil). As our cost of land is different from our joint venture partner, the profit from the RiverGate is made up of (i) share of profit of 50% owned associate, Riverwalk Promenade Pte Ltd and (ii) proportionate realisation of revaluation gain on property (included in Capital Reserve) in line with the percentage of completion of the project.

The effective tax rate applicable to profit before taxation of the Group in 2Q 2007 was lower than the statutory tax rate of 18% mainly because share of associates tax amounting to \$2.95 million was included in share of results of associates. In addition, certain income was exempted from tax.

For the six months ended 30 June 2007 ("1H 2007"), Group profit before taxation was 453.67% higher than the previous corresponding period ended 30 June 2006 ("1H 2006"). The increase was mainly due to:-

- (i) increase in contribution from associated companies (as explained above); and
- (ii) higher gain on disposal of investments (1H 2007: \$10.11 million; 1H 2006: \$3.56 million).

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.

As at 30 June 2007, a total of 542 units including the 4 commercial units of the RiverGate Development were sold and 37.11% of the expected profit was recognised. The residential property market remains strong and the remaining 3 units of the development should be sold without difficulty.

Occupancy of the Singapore Warehouse Building in Paya Lebar has improved to 90% with increased rental rates.

The residential and commercial properties in the United Kingdom remain fully leased. In May 2007, Capital Liverpool Limited (a 60% owned subsidiary) purchased an office building in Liverpool which is in a prime district within Liverpool City Centre. It was purchased after extensive refurbishment to very high standards was completed and paid for by the vendors. The building is fully let on an effectively full repairing and insuring 15 years lease with 5 yearly upward review. The purchase price reflected an initial yield of 6.21%.

For the year, the Group is expected to enjoy good rental income from its investment properties in Singapore and the United Kingdom.

Tenet has achieved a 19% growth in premiums for the six months ended 30 June 2007 as compared to the corresponding period last year. However, underwriting profits were lower due to smaller releases of prior years' claims reserves. The motor insurance market continues to remain challenging.

Investment income of the Group including Tenet benefited from a strong equity market. As at 30 June 2007, the Group has unrealised gain on its investment portfolio amounting to \$34.4 million. The performance of the Group's investment portfolio for the rest of the year depends on market conditions which may be volatile.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	1.5 cents tax exempt one tier
Tax Rate	Not applicable

Name of Dividend	Special Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	6.5 cents tax exempt one tier
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? Yes.

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	1.5 cents, less tax
Tax Rate	20%

(c) Date payable

6 September 2007

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 24 August 2007 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Share Registrars, Lim Associates (Pte) Ltd, 3 Church Street, #08-01 Samsung Hub, Singapore 049483 up to 5.00 p.m. on 23 August 2007 will be registered before entitlements to the dividend are determined. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the said dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

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

Not applicable.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

15. **A breakdown of sales.**

Not applicable.

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

17. 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 six months ended 30 June 2007	\$164,316	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.

18. 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.

BY ORDER OF THE BOARD

TAN MEE CHOO
COMPANY SECRETARY
7 AUGUST 2007