UNAUDITED RESULTS FOR FULL YEAR ENDED 31 DECEMBER 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		
	FY2007 $'000	FY2006 (restated)* $'000	+/(–) %
Revenue	75,910	88,865	(14.58)
Cost of sales	(41,901)	(55,599)	(24.64)
Gross profit	34,009	33,266	2.23
Other income	19,330	14,608	32.32
General and administrative costs	(23,175)	(17,265)	34.23
Selling and distribution costs	(4,947)	(4,093)	20.86
Other operating income/(costs)	184	(1,610)	n.m.
Finance costs	(3,911)	(1,882)	107.81
Share of profits less losses of associates	84,117	732	n.m
Profit before taxation	105,607	23,756	344.55
Taxation	(1,426)	(2,368)	(39.78)
Profit after taxation	104,181	21,388	387.10
Attributable to:			
Equity holders of the Company	104,181	21,388	
Minority interests	–	–	
	104,181	21,388	

n.m. denotes not meaningful
* Please see item 17.

	GROUP		
	FY2007	FY2006 (restated)*	+/(–)
	$'000	$'000	%
Investment income	2,599	3,303	(21.31)
Other income including interest income	36,800	20,881	76.24
Interest on borrowings	(3,911)	(1,882)	107.81
Depreciation and amortisation for:-			
- property, plant and equipment	(999)	(1,105)	(9.59)
- investment properties	(1,239)	(801)	54.68
Allowance for doubtful debts and bad debts written off	(524)	(522)	n.m.
Write-off for stock obsolescence	–	–	–
(Allowance)/write-back for impairment in value of investments	(521)	(1,202)	(56.66)
(Allowance)/write-back for impairment in value of investment properties	–	–	–
Foreign exchange gain	23	164	n.m.
Adjustments for (under)/overprovision of tax in respect of prior years	(421)	518	n.m.
Gain on disposal of investments	15,795	5,432	190.78
Gain on disposal of investment properties *(Included in other income)*	97	2,417	(95.99)
Gain/(loss) on disposal of property, plant and equipment *(Included in other income)*	88	355	(75.21)
Property, plant and equipment written off	–	–	–
Exceptional items	–	–	–
Extraordinary items	–	–	–

n.m. denotes not meaningful.

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 31.12.2007	**As at 31.12.2006 (restated)***	**As at 31.12.2007**	**As at 31.12.2006 (restated)***
	$'000	**$'000**	**$'000**	**$'000**
Property, plant and equipment	14,150	14,250	4,143	4,800
Investment properties	89,669	83,038	–	–
Investment in subsidiaries	–	–	191,460	195,310
Investment in associates	82,133	55,997	693	614
Investment securities	93,661	72,556	45	31
Other receivables	16	43	–	–
Reinsurer's share of technical provisions				
Claims outstanding	1,597	2,222	–	–
	281,226	228,106	196,341	200,755
Current assets				
Investment securities	104,575	82,808	–	–
Inventories	20	59	–	–
Trade receivables	5,037	4,853	–	–
Amount due from associates	30,386	119,075	–	119
Amount due from subsidiaries	–	–	13,395	3,458
Tax recoverable	1,465	517	505	–
Deferred acquisition costs	2,982	2,469	–	–
Reinsurer's share				
- Provision for unearned premium	3,051	3,037	–	–
- Claims outstanding	450	626	–	–
Other receivables	3,890	2,048	–	17
Deposits and prepayments	5,566	5,752	49	40
Cash and bank balances	121,225	66,606	200	522
	278,647	287,850	14,149	4,156
Current liabilities				
Trade payables	(1,427)	(1,390)	–	–
Other payables	(6,023)	(5,326)	(326)	(241)
Accrued operating expenses	(9,422)	(4,105)	(1,443)	(479)
Amount due to subsidiaries	–	–	(3,560)	(54,455)
Amount due to associates	(24,123)	(601)	(390)	(413)
Advance premiums	(1,263)	(1,166)	–	–
Bank overdrafts (secured)	(2,689)	(1,343)	–	–
Bank loans (secured) – Amount due within 12 months	(51,236)	(4,794)	–	–
Provision for unearned premium	(15,719)	(12,804)	–	–
Claims outstanding	(4,411)	(5,133)	–	–
Provision for premium deficiency	(1,639)	(1,839)	–	–
Provision for taxation	(1,080)	(1,663)	–	(37)
	(119,032)	(40,164)	(5,719)	(55,625)
Net current assets/(liabilities)	159,615	247,686	8,430	(51,469)

	GROUP		COMPANY	
	As at 31.12.2007	As at 31.12.2006 (restated)	As at 31.12.2007	As at 31.12.2006 (restated)
	$'000	$'000	$'000	$'000
Non current liabilities				
Bank loans	(28,089)	(33,482)	–	–
Other payables	(121)	(115)	–	–
Deferred taxation	(6,628)	(4,493)	(44)	(49)
Technical provisions				
Claims outstanding	(15,741)	(18,262)	–	–
	(50,579)	(56,352)	–	–
Net assets	390,262	419,440	204,727	149,237
Issued and paid up Capital	172,154	172,154	172,154	172,154
Capital reserve	44,379	98,687	–	–
Revenue reserve	151,283	127,457	32,573	(22,910)
Fair value reserve	27,076	25,772	–	(7)
Currency translation reserve	(4,630)	(4,630)	–	–
Share capital and reserves	390,262	419,440	204,727	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 31.12.2007		As at 31.12.2006	
	Secured	Unsecured	Secured	Unsecured
Bank overdrafts	$2,689,000	–	$1,343,000	–
Short-term bank loans	$39,130,000	–	$4,484,000	–
Long-term bank loans	$12,106,000	–	$310,000	–
	$53,925,000	–	$6,137,000	–

Amount repayable after one year

	As at 31.12.2007		As at 31.12.2006	
	Secured	Unsecured	Secured	Unsecured
Long-term bank loans	$28,089,000	–	$33,482,000	–

Details of any collateral

Long term bank loans of $40,195,000 (2006: $33,792,000) were secured by a fixed charge over subsidiaries investment properties. At 31 December 2006, the short term bank loans were guaranteed by a subsidiary. At 31 December 2007, short term bank loans were secured by a subsidiary's investment property and a charge of $23 million on its fixed deposit.

Bank overdrafts are secured by charges over time deposits and supported by corporate guarantee.

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

	GROUP	
	FY2007	**FY2006 (restated)**
	$'000	**$'000**
Cash flow from operating activities:		
Profit before taxation	105,607	23,756
Adjustments for:-		
Interest income	(10,855)	(9,858)
Interest expense	3,911	1,882
Depreciation and amortisation on property, plant and equipment	999	1,105
Gain on disposal of investment properties	(97)	(2,417)
Gain on disposal of property, plant and equipment	(88)	(355)
Share of results in associates	(84,117)	(732)
Impairment loss on investments	521	1,202
Allowance for doubtful receivables from associates	597	537
Impairment loss on property, plant and equipment	435	–
Write-back of revaluation deficit on property plant and equipment	(1,774)	(130)
Loss on liquidation of associate	12	–
Movement on provision for outstanding claims	6,144	1,029
Movement on provision for unexpired risks	2,210	21
Depreciation of investment properties	1,239	801
	(80,863)	(6,915)
Operating income before reinvestment in working capital	24,744	16,841
Increase in receivables and short term investments	(20,282)	(13,346)
Decrease in inventories	39	86
Increase/(decrease) in payables	6,470	(150)
	(13,773)	(13,410)
Cash generated from operations	10,971	3,431
Net claims paid	(8,608)	(8,033)
Interest received	10,855	9,858
Interest paid	(3,911)	(1,882)
Income taxes (paid)/recovered	(2,857)	433
	(4,521)	376
Net cash generated from operating activities	6,450	3,807

	GROUP	
	FY2007	FY2006 (restated)
	$'000	$'000
Cash flow from investing activities:		
Purchase of investment properties	(10,475)	(30,279)
Purchase of property, plant and equipment	(138)	(1,344)
Decrease in other investments	(30,609)	19,158
(Increase)/decrease in amount due from associates	112,419	(5,385)
Proceeds from disposal of investment properties	1,129	21,976
Proceeds from disposal of property, plant and equipment	658	521
Investment in associates	(500)	–
Cash distribution from unincorporated joint venture	12,250	–
Net cash generated from investing activities	84,734	4,647
Cash flow from financing activities:		
Increase in bank loans	42,858	7,231
Increase in bank overdrafts	1,357	885
Dividends paid	(80,355)	(13,070)
Increase in pledged fixed deposits	(26,910)	317
Net cash used in financing activities	(63,050)	(4,637)
Net increase in cash and cash equivalents	28,134	3,817
Cash and cash equivalents at beginning of the year	60,685	57,206
Effect of exchange rate changes on cash and cash equivalents	(425)	(338)
Cash and cash equivalents at end of the year	88,394	60,685

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

Cash and bank balances	121,225	66,606
Less: fixed deposits pledges	(32,831)	(5,921)
Cash and cash equivalents at end of the year	88,394	60,685

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	
	31.12.2007	31.12.2006 (restated)	31.12.2007	31.12.2006 (restated)
	$'000	$'000	$'000	$'000
Share capital				
Balance at beginning of the year	172,154	163,376	172,154	163,376
Transfer from Share Premium *	–	8,778	–	8,778
Balance at end of the year	172,154	172,154	172,154	172,154

	GROUP		COMPANY	
	31.12.2007	31.12.2006 (restated)	31.12.2007	31.12.2006 (restated)
	$'000	$'000	$'000	$'000
Share premium				
Balance at beginning of the year	–	8,778	–	8,778
Transfer to Share Capital *	–	(8,778)	–	(8,778)
Balance at end of the year	–	–	–	–
Capital reserve **				
Balance at beginning of the year, as previously reported	123,185	117,718	–	–
Prior year adjustment				
- Adoption of FRS 40	(24,498)	(18,969)	–	–
Balance at beginning of the year, restated	98,687	98,749	–	–
Exchange difference arising on consolidation	–	16	–	–
Net surplus on revaluation of investment properties	–	6,768	–	–
Effect of adopting FRS 40	–	(5,529)	–	–
Deferred tax liabilities	–	(91)	–	–
Adjustment due to disposal of investment properties	–	(1,226)	–	–
Net income recognised directly in equity	**–**	**(62)**	–	–
Share of valuation gain realised by an associate	(54,308)	–	–	–
Total recognised income and expenses for the year	**(54,308)**	**(62)**	**–**	**–**
Balance at end of the year	44,379	98,687	**–**	–
Revenue reserve				
Balance at beginning of the year, as previously reported	143,488	133,185	7,406	16,593
Prior year adjustment				
- Adoption of FRS 40	(10,939)	(10,110)	–	–
- Reversal of valuation in subsidiaries	–	–	(30,316)	(30,316)
- Share of adjustment passed by an associate	(5,092)	(3,936)	–	–
Balance at beginning of the year, restated	127,457	119,139	(22,910)	(13,723)
Profit for the year	110,036	23,374	135,838	3,883
Change in accounting policy				
- Adoption of FRS 40	(1,239)	(830)	–	–
- Share of adjustment passed by an associate	(4,616)	(1,156)	–	–
Profit for the year, restated	104,181	21,388	135,838	3,883
Total recognised income and expenses for the year	**104,181**	**21,388**	**135,838**	**3,883**
Dividend paid	(80,355)	(13,070)	(80,355)	(13,070)
Balance at end of the year	151,283	127,457	32,573	(22,910)

	GROUP		COMPANY	
	31.12.2007	31.12.2006 (restated)	31.12.2007	31.12.2006 (restated)
	$'000	$'000	$'000	$'000
Fair value reserve				
Balance at beginning of the year, as previously reported	25,772	9,919	287,195	245,418
Prior year adjustment				
- Reversal of valuation in subsidiaries	–	–	(287,202)	(245,418)
Balance at beginning of the year, restated	25,772	9,919	(7)	–
Net gain on fair value changes	1,658	17,313	–	41,777
Deferred tax liabilities	(361)	(1,460)	–	–
Effect of reversal of valuation in subsidiaries	–	–	–	(41,784)
Net income recognised directly in equity	**1,297**	**15,853**	**–**	**(7)**
Impairment loss transferred to profit and loss account	7	–	7	–
Total recognised income and expenses for the year	**1,304**	**15,853**	**7**	**(7)**
Balance at end of the year	27,076	25,772	–	(7)
Currency translation adjustment reserve				
Balance at beginning of the year, as previously reported	2,156	1,203	–	–
Prior year adjustment				
- Adoption of FRS 40	(6,786)	(6,074)	–	–
Balance at beginning of the year, restated	(4,630)	(4,871)	–	–
Exchange differences arising from revaluation of monetary items forming part of net investment in foreign operation	303	248	–	–
Exchange differences arising on consolidation	(303)	704	–	–
Effect of adopting FRS 40	–	(711)	–	–
Net income recognised directly in equity/Total recognised income and expenses for the year	**–**	**241**	**–**	**–**
Balance at end of the year	(4,630)	(4,630)	–	–
Minority interests				
Balance at beginning of the year	–	–	–	–
Share of loss in a subsidiary	–	–	–	–
Balance at end of the year	–	–	–	–
Total equity	390,262	419,440	204,727	149,237
Net income recognised directly in equity	**1,297**	**16,032**	**–**	**(7)**
Total recognised income and expenses for the year	**51,177**	**37,420**	**135,845**	**3,876**

* With the introduction of the Companies (Amendment) Act 2005 on 30 January 2006, the amount standing to the credit of the Company's share premium account became part of the Company's share capital on that date.

**Capital reserve relates mainly to revaluation gain on a property in an associate which is under development.

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.

Since 30 September 2007, there were no changes to the total number of 653,504,000 issued ordinary shares of the Company. As at 31 December 2007, the Company's share capital was $172,153,626 with 653,504,000 ordinary shares issued and fully paid.

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

1(d)(ii) 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.

Not applicable.

1(d)(iii) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the most recently audited consolidated financial statements for the financial year ended 31 December 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 year ended 31 December 2007.

I. 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 resulted in the following

	2007 *$'000*	*2006* *$'000*
Results for the year ended 31 December		
Decrease in profit for the year	(1,239)	(830)
Net assets as at 1 January		
Decrease in revenue reserve	(10,939)	(10,110)
Decrease in capital reserve	(24,498)	(18,969)
Decrease in currency translation reserve	(6,786)	(6,074)
Decrease in deferred tax liabilities	(1,292)	(1,262)
	(43,515)	(36,415)
Decrease in investment properties	(43,515)	(36,415)

II. 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 accounting policy for its investment in subsidiaries was changed 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 year ended 31 December 2007 The effect on the Company's balance sheet as at 1 January is as follows:-

	2007 *$'000*	*2006* *$'000*
Decrease in investment in subsidiaries	(317,518)	(275,734)
Decrease in revenue reserve	(30,316)	(30,316)
Decrease in fair value reserve	(287,202)	(245,418)
	(317,518)	(275,734)

An associate has changed its accounting policy for marketing costs incurred on the RiverGate development project. Such costs were previously capitalised and included in properties under development in its balance sheet. With the change in accounting policy, such costs are now charged to profit and loss account as and when they are incurred. The impact of the change in accounting policy on the Group's consolidated financial statements is as follows:-

	2007 ***$'000***	***2006*** ***$'000***
Results for the year ended 31 December		
Decrease in profit after taxation	(4,616)	(1,156)
Net assets as at 1 January		
Decrease in investment in associates	(5,092)	(3,936)
Decrease in revenue reserve	(5,092)	(3,936)

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	
	FY2007	**FY2006 (restated)**
Earnings per ordinary share after deducting any provision for preference dividends:-		
(i) Based on the weighted average number of ordinary shares in issue (cents)	15.94	3.27
(ii) On a fully diluted basis (cents)	15.94	3.27

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

(a) current financial period reported on; and

(b) immediately preceding financial year.

	GROUP		**COMPANY**	
	As at 31.12.2007	**As at 31.12.2006 (restated)**	**As at 31.12.2007**	**As at 31.12.2006 (restated)**
Net asset value per ordinary share (cents)	59.72	64.18	31.33	22.84

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.

Group revenue decreased by about $12.96 million or 14.58%, from $88.87 million for the financial year ended 31 December 2006 ("FY 2006") to $75.91 million for the financial year ended 31 December 2007 ("FY 2007"), mainly because of:

(a) decrease in proceeds from disposal of short term investments (FY 2007: $27.46 million; FY 2006: $48.10 million); and

(b) lower dividend income (FY 2007: $2.60 million; FY 2006: $3.30 million).

which were offset by the following:

(c) increase in gross written premium (FY 2007: $30.81 million; FY 2006: $25.40 million) mainly due to increase in motor premium;

(d) increase in rental income (FY 2007: $6.12 million; FY2006 $4.51 million); and

(e) increase in interest income (FY 2007: $7.69 million; FY 2006: $6.34 million) mainly due to higher interest rates.

Cost of sales decreased mainly due to decrease in cost of sales of investments (FY 2007: $ 25.08 million; FY 2006: $46.82 million). This was partially offset by higher net claims incurred by Tenet Insurance (FY2007: $6.14 million; FY2006: $1.03 million). This was due to deterioration of Tenet Insurance's incurred claims ratio (FY 2007: 27%; FY 2006: 5%) as a result of lower releases of prior years' reserves (FY 2007: $7.00 million; FY 2006: $10.80 million).

As a result of the above, gross profit in FY 2007 increased by about $0.74 million or 2.23% as compared to FY 2006.

Other income for FY 2007 increased by $4.72 million or 32.32%, as compared to FY 2006, mainly due to:-

(a) higher gain on sale of long term investments (FY 2007: $13.41 million; FY 2006: $4.15 million);

The above gain on sale of long term investments was offset by the following:-

(b) lower dividend income (FY 2007: $2.08 million; FY 2006: $2.27 million);

(c) lower gain on disposal of investment properties (FY 2007: $0.10 million; FY 2006; $2.42million);

(d) lower sundry income (FY 2007: $0.18 million; FY 2006: $1.43 million); and

(e) lower interest income (FY 2007:$3.16 million: FY 2006: $3.52 million).

General and administrative costs increased by about 34.23%, from $17.27 million for FY 2006 to $23.18 million for FY 2007, mainly due to higher staff cost due to provision for bonus.

Selling and distribution costs increased by about $0.85 million or 20.86%, mainly due to the increase in net commission expense (FY 2007: $4.67 million; FY 2006: $3.8 million) of Tenet Insurance. The manufacturing and trading division recorded lower selling and distribution expenses because of the lower level of activity as a result of the cessation of trading of choline chloride after the sale of the factory by Jining Ningfeng Chemical Industry Co Ltd.

Other operating income in FY 2007 comprised the following:-

- higher write-back of allowance for impairment loss on property plant and equipment (FY 2007: $1.34 million; FY 2006: $0.13 million); and
- lower allowance for impairment loss on investment (FY 2007: $0.52 million; FY 2006 : $1.20 million).

Finance costs increased by about $2.03 million or 107.81%, mainly due to increase in bank borrowings.

Share of profits less losses of associates increased to $84.12 million from $0.73 million. This is due mainly to the recognition of profits on the RiverGate project. Profit was recognised based on 54.37% (FY 2006: nil) building completion of units sold. As our cost of land is different from our joint venture partner, the profit from the RiverGate project 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 increase described above was partly offset by higher loss contributed by Norwest Holdings Pte Ltd (FY 2007 : $ 4.95 million; FY 2006 : profit $0.114 million) due to allowance for impairment loss on its assets as it is in a net current liability position and the shareholders have to date been unwilling to provide further financial support.

Group profit before taxation increased because of the reasons set out above.

Group profit for second half of FY 2007 was lower than first half of FY 2007 because of lower share of profit recognised from the RiverGate project. The Group recognised $59.5 million of profit on this project for first half ended 30 June 2007 and $24.6 million for second half ended 31 December 2007. At 30 June 2007, profit was recognised based on 37.11% of building completion of units sold.

The tax charge is lower than the amount determined by applying the Singapore income tax rate of 18% to the profit before taxation due to non-taxable items and also because share of profit of associates is shown net of tax.

Net Tangible Assets have decreased from $419.44 million as at 31 December 2006 to $390.26 million as at 31 December 2007 despite the higher profit recorded for FY 2007. This is due to the payment of $80.35 million dividend during the year.

There were also the following fluctuations in the consolidated balance sheet:-

Amount due from associates have decreased because of repayment of shareholders' loan by Riverwalk Promenade after the completion of the securitisation of the receivables from the RiverGate project.

Bank loans increased mainly because of the financing taken up for the acquisition of properties in the United Kingdom and the acquisition of non current investment securities.

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.

Uncertainties as a result of the fall out from the US sub-prime crisis have affected the equity and credit markets and business sentiment. The performance of our portfolio of investment securities depends on market conditions which remain volatile.

In 2007, the Group adopted a cautious approach in investing its surplus funds and had paid interim dividend of $73.65 million (together with the proposed final and special dividend, the total dividend distribution for FY 2007 will amount to $86.72 million) to shareholders. The Board believes that the uncertainties in 2008 will present investment opportunities for the Group.

In October 2007, the Group through wholly owned subsidiary Singapore Warehouse Company Private Ltd subscribed for 50% of the equity of Scotts Spazio Pte. Ltd. The balance of 50% is owned by Dubai Investment Group LLC (45%) from Dubai and KOP Capital Pte Ltd (5%). The land is being developed into an office building of over 150.000 sqft and forward leased to Prudential Assurance Company Singapore (Pte) Limited for a period of 14 years. Construction has started and targeted for completion by September 2008. The development will enable the Group to benefit from recurrent rental income. The construction work at the RiverGate Development is progressing well and 54.37% of the profit was recognised in 2007. Most of the remaining profit contribution from the development is expected to be recognised in 2008 and 2009. Occupancy at the Paya Lebar Industrial Building is over 90% and rentals have improved.

The residential and commercial properties in UK continue to be fully tenanted in spite of uncertainties in the economy rising out of the sub-prime crisis.

In 2007, Tenet Insurance achieved an increase of premiums from $25.43 million to $30.86 million. However, underwriting profit declined due to lower prior years' releases and increase in management expenses. Going forward the slower growth in the Singapore economy and weaker financial market may affect the underwriting and investment results of the Tenet.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Final Ordinary Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	1.25 cents, tax exempt
Tax Rate	not applicable

Name of Dividend	Special Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.75 cents, tax exempt
Tax Rate	not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of Dividend	Final Ordinary Dividend	Interim Dividend
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	1.25 cents, less tax	1.5 cents, less tax
Tax Rate	18%	20%

(c) Date payable

The proposed final ordinary dividend and special dividend, if approved at the forthcoming Annual General Meeting of the Company, will be paid on 23 May 2008.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 13 May 2008 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Share Registrars, Boardroom Corporate & Advisory Services Pte. Ltd., 3 Church Street, #08-01 Samsung Hub, Singapore 049483 up to 5.00 p.m. on 12 May 2008 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.

(e) Interim dividend declared and paid for the current reporting period

Name of Dividend	Interim Dividend	Special Interim Dividend
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	1.5 cents, tax exempt one tier	3.989 cents, less tax
Tax Rate	Non applicable	18%
Date of Payment	6 September 2007	14 June 2007

Name of Dividend	Special Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	6.5 cents, tax exempt one tier
Tax Rate	Non applicable
Date of Payment	6 September 2007

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.

Early Adoption of FRS 108: Operating Segments

FRS 108 Operating Segments was adopted by the Group in 2007. FRS 108 replaces FRS 14 Segment Reporting with effect from 1 January 2009. The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. In contrast, the predecessor FRS required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. The segments are now reported in a manner that is more consistent with the internal reporting provided to the chief operating decision maker. Except for the changes in accounting policies mentioned in paragraph 5, there had been no changes from prior periods in the measurement methods used to determine reportable segment profit or loss. There has been no impact on the measurement of the Group's assets and liabilities due to the adoption of FRS 108. Comparatives for 2006 have been restated.

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they required different technologies and strategies. The following summary describes the operations in each of the Group's reportable segments:

- rental and investment: rental of residential, commercial properties and warehouse as well as investment holdings.
- insurance: general insurance as well as investment holding.
- trading and investment: manufacturing and trading of chemicals and packing and trading of edible oils as well as investment holding.

Information regarding the operations of the reportable segments is included below.

For purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors performance based on segment profit before income tax. Segment profit is measured as management believes that such segment transactions are determined on an arm's length basis.

There are no asymmetrical allocations to reportable segments.

Profit and loss account FY2007	Rental & Investments $'000	Insurance $'000	Trading & Investments $'000	Corporate & Others $'000	Eliminations $'000	Total $'000
Revenue						
- external	32,540	30,812	13,361	3	(806)	75,910
- inter-segment	468	48	–	145,607	(146,123)	–
						75,910
Interest income (other income)	931	2,230	116	62	(174)	3,165
Interest expense	(4,535)	–	–	(1)	625	(3,911)
Depreciation of property, plant and equipment and investment properties	(1,393)	(538)	(69)	(238)	–	(2,238)
Non-cash expenses other than depreciation						
- Allowance for doubtful receivables (Associates)	–	–	(481)	(116)	–	(597)
- Profit on disposal of non-current investment securities	12,134	1,280	–	–	–	13,414
- Profit on disposal of investments properties	97	–	–	–	–	97
Other non-cash expenses	722	(70)	(426)	(435)	1,043	834
Share of profits less losses of associates	88,988	–	(4,950)	79	–	84,117
Income tax	(458)	(1,226)	–	(565)	823	(1,426)
Reportable segment profit/(loss) before tax	105,538	7,961	(8,042)	140,316	(140,166)	105,607

	Rental & Investments	Insurance	Trading & Investments	Corporate & Others	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000
FY2006						
Revenue						
- external	48,042	25,402	14,968	453	–	88,865
- inter-segment	539	35	249	4,464	(5,287)	–
						88,865
Interest income	1,069	2,321	48	98	(15)	3,521
Interest expense	(2,371)	–	(31)	–	520	(1,882)
Depreciation of property, plant and equipment and investment properties	(916)	(599)	(182)	(209)	–	(1,906)
Non-cash expenses other than depreciation						
- Allowance for doubtful receivables (Associates)	–	–	(537)	–	–	(537)
- Profit on disposal of investment securities	3,722	424	–	3	–	4,149
- Profit on disposal of investments properties	2,417	–	–	–	–	2,417
Other non-cash expenses	854	349	138	97	–	1,438
Share of profits less losses of associates	647	–	114	(29)	–	732
Income tax	(392)	(1,897)	–	(972)	893	(2,368)
Reportable segment profit/(loss) before tax	13,419	11,205	(1,621)	4,809	(4,056)	23,756

	Rental & Investments	Insurance	Trading & Investments	Corporate & Others	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000
<u>**Balance sheet**</u>						
FY2007						
Segment assets	366,552	120,713	15,506	253,710	(279,889)	476,592
Investment in associates	81,449	–	–	684	–	82,133
Interest in unincorporated joint venture	1,148	–	–	–	–	1,148
						559,873

Segment liabilities	(146,172)	(48,372)	(23,558)	(5,765)	54,256	(169,611)
Capital expenditure	10,500	98	–	15	–	10,613

	Rental & Investments	Insurance	Trading & Investments	Corporate & Others	Eliminations	Total
FY2006						
Segment assets	420,808	115,683	8,178	248,225	(342,512)	450,382
Investment in associates	50,535	–	4,858	604	–	55,997
Interest in unincorporated joint venture	9,577	–	–	–	–	9,577
						515,956
Segment liabilities	(80,634)	(47,578)	(13,002)	(55,675)	100,373	(96,516)
Capital expenditure	30,701	92	334	496	–	31,622

Reconciliations of profit and loss items, assets, liabilities and other material items to Group total.

	FY2007 $'000	FY2006 $'000
Revenue		
Total revenue for reportable segments	222,839	94,152
Elimination of inter segment revenue	(146,929)	(5,287)
Total revenue	75,910	88,865
Interest income (in other income)		
Total interest income for reportable segments	3,339	3,536
Elimination of inter segment interest income	(174)	(15)
Total interest income (in other income)	3,165	3,521
Interest expense		
Total interest expense for reportable segments	4,536	2,402
Elimination of inter segment interest expense	(625)	(520)
Total interest expense	3,911	1,882

	FY2007 $'000	FY2006 $'000
Profit before tax		
Total profit before tax for reportable segments	245,773	25,925
Eliminations of inter segment profits	(140,166)	(2,169)
Total profit before tax	105,607	23,756
Assets		
Segment assets	756,481	792,894
Investment in associates	82,133	55,997
Interest in unincorporated joint venture	1,148	9,577
Elimination of cost of investment in subsidiaries	(233,342)	(237,192)
Elimination entries of intercompany receivables	(46,547)	(104,205)
Others	–	(1,115)
Total assets	559,873	515,956
Liabilities		
Total liabilities for reportable segments	223,867	196,889
Elimination entries at intercompany payables	(54,256)	(100,373)
Total liabilities	169,611	96,516

Geographical information:

	FY2007		FY2006	
	Revenue $'000	Non-current assets $'000	Revenue $'000	Non-current assets $'000
Singapore	70,757	224,244	85,164	165,830
United Kingdom	5,047	54,104	3,548	58,742
Others	106	2,878	153	3,534
	75,910	281,226	88,865	228,106

Inter-segment assets, liabilities, revenues, interest income, interest expenses are eliminated on consolidation.

Other non-cash expenses consist of allowance for doubtful receivables, write-back of quoted equity investment securities and profit/(loss) on disposal of property, plant and equipment.

In presenting information on the basis of geographical segments, segment revenue and non-current assets are based on geographical location of customers and assets respectively.

There has been no transaction with a single external customer that amount to 10% of the Group revenue.

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.

BY BUSINESS SEGMENTS

Rental & Investments

Decrease in revenue was due to lower proceeds from sale of current investments.

Increase in reportable profit for the segment was due mainly to increase in profits contributed by associates as explained in paragraph 8.

Insurance

Increase in revenue was due to increase in gross premium income due to strong growth in motor insurance business in FY2007.

Decrease in reportable profit for the segment was due to higher net claims incurred due to lower release of reserves and also due to higher general and administrative expenses.

Trading & Investments

Decrease in revenue was due to lower proceeds from sale of current investments.

Increase in reportable loss for the segment was due to increase in loss contributed by an associate, Norwest Holdings Pte Ltd and its subsidiaries due to the write-down of its assets as explained in paragraph 8.

15. A breakdown of sales.

	GROUP		
	FY2007 $'000	FY2006 (restated) $'000	+/(–) %
(a) Revenue reported for first half year	38,552	40,278	(4.29)
(b) Operating profit after tax before deducting minority interests reported for first half year	70,621	10,471	n.m.
(c) Revenue reported for second half year	37,358	48,587	(23.11)
(d) Operating profit after tax before deducting minority interests reported for second half year	33,560	10,917	n.m.

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

	GROUP	
	FY2007 $'000	FY2006 $'000
Ordinary	80,355	13,070
Preference	–	–
Total	80,355	13,070

17. Comparative figures

Certain comparatives figures for the year ended 31 December 2006 have been reclassified from the previous financial year due to the following:

i) Upon adoption of FRS 40 *Investment Property*, the Group had adopted the cost model and depreciates the investment properties over fifty years. The impact of the change is taken up retrospectively.

ii) To align the basis for accounting policy for investment properties and the Company's investment in subsidiaries, the Group have changed the accounting policy for its investment in subsidiaries from fair value to the cost basis.

iii) The change in accounting policy by an associate.

iv) The following items have also been split into current and non-current to conform with current year presentation:

	Current $'000	Non-current $'000
Provision for outstanding claims (Liabilities)	(5,133)	(18,262)
Provision for unearned premiums (Liabilities)	(12,804)	–
Provision for premium deficiency (Liabilities)	(1,839)	–
Reinsurer's share of provision for unearned premiums (Assets)	3,037	–
Reinsurer's share of provision for outstanding claims (Assets)	626	2,222
Deferred acquisition costs (Assets)	2,469	–
Deferred reinsurance commissions (Liabilities)	(56)	–

18. Subsequent Events

Subsequent to year end, the High Court approved the appointment of the liquidator for an associate, Norwest Holdings Pte Ltd.

19. Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year 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)
Goh Kian Hwee – professional fees charged by Rajah & Tann	183,967	Not applicable
Hong Leong Investment Holdings Pte. Ltd. Group – Interest charged on shareholder loan to Hong Property Investment Pte Ltd	334,363	Not applicable

Submitted by

Simon Ong
Chief Financial Officer
15 February 2008