

UNAUDITED RESULTS FOR SECOND QUARTER ENDED 30 JUNE 2013
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		
	30.6.2013	30.6.2012	+ / (-)	30.6.2013	30.6.2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	7,889	5,465	44.4	16,892	11,115	52.0
Cost of sales	(5,232)	(3,216)	62.7	(11,633)	(6,182)	88.2
Gross profit	2,657	2,249	18.1	5,259	4,933	6.6
Other income	1,752	2,080	(15.8)	3,754	4,201	(10.6)
General and administrative costs	(1,672)	(2,548)	(34.4)	(4,533)	(4,640)	(2.3)
Selling and distribution costs	(50)	(44)	13.6	(99)	(101)	(2.0)
Other operating costs	(700)	(201)	n.m.	(700)	(201)	n.m.
Finance costs	(96)	(89)	7.9	(193)	(192)	0.5
Share of after tax results of associates and unincorporated joint venture	333	(229)	n.m.	1,099	(487)	n.m.
Profit before taxation	2,224	1,218	82.6	4,587	3,513	30.6
Taxation	(408)	(143)	n.m.	(928)	(883)	5.1
Net profit after taxation	1,816	1,075	68.9	3,659	2,630	39.1
Net profit after taxation attributable to:						
Owners of the Company	1,816	1,075	68.9	3,659	2,630	39.1
Non-controlling interests	-	-	-	-	-	-
	<u>1,816</u>	<u>1,075</u>		<u>3,659</u>	<u>2,630</u>	

n.m. denotes not meaningful.

Note:

- Revenue increased by \$5.8 million year-on-year (“yoy”) and \$2.4 million quarter-on-quarter (“qoq”) mainly due to:-
 - Increase in proceeds from sale of investment securities by \$5.8 million yoy and \$2 million qoq arising from an increase in share trading activities;
 - Increase in rental income by \$1.5 million yoy and \$1.1 million qoq arising mainly from rental income from Paya Lebar property, which achieved completion in redevelopment in February 2013;
 - Reduction in interest income by \$1.4 million yoy and \$0.7 million qoq mainly due to a change in interest rate for a loan extended to an associate.
- Cost of sales increased by \$5.4 million yoy and \$2 million qoq mainly due to higher share trading activities.

3. Other income comprised the following:

	2Q2013	2Q2012	+ / (-)	FY2013	FY2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income	135	81	66.7	246	160	53.8
Dividend income	176	146	20.5	190	160	18.8
Gain on sale of investment securities	2	1	100.0	46	5	n.m.
Gain on disposal of investment properties	1,418	1,844	(23.1)	3,246	3,853	(15.8)
Sundry	21	8	n.m.	26	23	13.0
	<u>1,752</u>	<u>2,080</u>		<u>3,754</u>	<u>4,201</u>	

4. General and administrative costs decreased by \$0.9 million from \$2.6 million in 2Q2012 to \$1.7 million in 2Q2013 mainly due to a favourable exchange impact of \$0.9 million in unrealised foreign exchange. The unrealised foreign exchange impact arose mainly from the translation of assets denominated in Sterling Pounds relating to the Group's investment in the United Kingdom.
5. Other operating costs increased by \$0.5 million yoy and qoq mainly due to higher allowance for impairment loss on investment securities.
6. Share of tax results of associates and unincorporated joint venture turned around from a loss of \$0.5 million in 1H2012 and \$0.3 million in 2Q2012 to profit of \$1.1 million in 1H2013 and \$0.3 million in 2Q2013 primarily due to positive contribution from its associated company, Scotts Spazio Pte Ltd. The positive contribution came from a reduction of interest payable arising from a change in the interest rate on the loan extended from the Group.
7. Effective tax rates for 1H2013 and 2Q2013 were 20.2% (1H2012: 25%) and 18.3% (2Q2012: 11.7%) respectively. The taxation charge for the Group for 1H2013 and 2Q2013 were higher than that arrived at by applying the statutory tax rate of 17% to the profit before taxation mainly due to an under-provision of tax in prior years, certain non-deductible expenses and income that was capital in nature.

Profit before taxation included the following:

	Group					
	Second Quarter Ended			Six Months Ended		
	30.6.2013	30.6.2012	+ / (-)	30.6.2013	30.6.2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Investment income	300	380	(21.1)	449	559	(19.7)
Interest income (included in revenue)	205	923	(77.8)	404	1,818	(77.8)
Interest on borrowings	(96)	(89)	7.9	(193)	(192)	0.5
Depreciation on property, plant and equipment and investment properties	(583)	(408)	42.9	(1,100)	(786)	39.9
Allowance made/(written-back) for doubtful debts and bad debts (associate)	-	-	-	-	-	-
Allowance made for impairment loss on						
- quoted non-current investments	-	(36)	(100.0)	-	(36)	(100.0)
- quoted current investments	(700)	(165)	n.m.	(700)	(165)	n.m.
(Under)/over provision of taxation in prior years	(120)	-	n.m.	(120)	-	n.m.
Foreign exchange gain/(loss)	531	(338)	n.m.	(432)	(365)	18.4
Gain on disposal of investments						
- included in gross profit	260	(14)	n.m.	1,270	613	n.m.
- included in other income	2	1	100.0	46	6	n.m.
Loss on disposal of property, plant and equipment	-	-	-	-	-	-
Gain on disposal of investment properties						
- included in other income	1,418	1,844	(23.1)	3,246	3,853	(15.8)

Statement of Comprehensive Income

	Group					
	Second Quarter Ended			Six Months Ended		
	30.6.2013	30.6.2012	+ / (-)	30.6.2013	30.6.2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit after taxation	1,816	1,075	68.9	3,659	2,630	39.1
<u>Other comprehensive income/(loss):</u>						
Net gain/(loss) on available-for-sale investments (net of tax)	524	(881)	n.m.	2,024	5,849	(65.4)
Exchange difference arising from						
- consolidation	62	(88)	n.m.	(125)	(96)	30.2
- revaluation of net investment in foreign operation	308	(143)	n.m.	(262)	(232)	12.9
Revaluation gain realised by an associate to income statement	-	(178)	(100.0)	(157)	(360)	(56.4)
Other comprehensive gain/(loss), net of tax	894	(1,290)		1,480	5,161	
Total comprehensive gain/(loss) for the period	2,710	(215)		5,139	7,791	
Total comprehensive gain for the period attributable to:						
Owners of the Company	2,710	(215)	n.m.	5,139	7,791	(34.0)
Non-controlling Interests	-	-	-	-	-	-
	2,710	(215)		5,139	7,791	

Net gain on available-for-sale investments (net of tax) in FY2012 of \$5.8 million, FY2013 of \$2 million and 2Q2013 of \$0.5 million were mainly due to increases in fair value of the available-for-sale investments arising from favourable market conditions on certain shares held by the Group. There was a general decline in market conditions in 2Q2012 which resulted in a net loss of \$0.9m.

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	
	30.6.2013 \$'000	31.12.2012 \$'000	30.6.2013 \$'000	31.12.2012 \$'000
Non-current assets				
Property, plant and equipment	5,844	6,003	-	-
Investment properties	90,716	89,331	-	-
Investment in subsidiaries	-	-	164,904	164,904
Investment in associates	10,937	9,838	746	746
Investment securities	10,769	10,899	-	-
Amounts due from associates	3,658	3,640	-	-
Deferred rental income	1,482	-	-	-
Other receivables	-	1	-	-
	123,406	119,712	165,650	165,650
Current assets				
Inventories	3	5	-	-
Trade receivables	554	970	-	-
Properties classified as held for sale	-	1,451	-	-
Prepayments and deposits	315	554	15	59
Other receivables	9,443	9,266	26	17
Amounts due from subsidiaries	-	-	12,840	12,940
Amounts due from associates	15,282	15,181	-	-
Investment securities	31,689	29,341	-	-
Cash and bank balances	44,346	51,827	5,437	12,366
	101,632	108,595	18,318	25,382
Current liabilities				
Trade payables	(661)	(661)	-	-
Other payables	(3,404)	(3,010)	(274)	(271)
Accrued operating expenses	(1,332)	(1,781)	(83)	(127)
Amounts due to associates	(528)	(520)	(335)	(327)
Bank overdraft (unsecured)	-	-	-	-
Bank loans (secured)	(15,961)	(19,160)	-	-
Tax payable	(2,075)	(2,021)	(2)	(7)
	(23,961)	(27,153)	(694)	(732)
Net current assets	77,671	81,442	17,624	24,650
Non-current liabilities				
Deferred tax liabilities	(4,754)	(3,777)	-	-
Other payables	(673)	(331)	-	-
	(5,427)	(4,108)	-	-
Net assets	195,650	197,046	183,274	190,300

	Group		Company	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012
	\$'000	\$'000	\$'000	\$'000
Equity attributable to Owners of the Company				
Share capital	172,154	172,154	172,154	172,154
Capital reserve	1,308	1,465	-	-
Revenue reserve	27,458	30,334	11,120	18,146
Fair value reserve	10,608	8,584	-	-
Currency translation reserve	(15,878)	(15,491)	-	-
	195,650	197,046	183,274	190,300
Non-controlling interests	-	-	-	-
Share capital and reserves	195,650	197,046	183,274	190,300

Note:

- Investment properties increased by \$1.4 million mainly due to costs incurred in the re-development of the investment property at Paya Lebar, which was completed in February 2013.
- Increase in investment in associates by \$1.1 million was mainly due to share of profits in associates for the period.
- Deferred rental income relates to lease income that remains to be amortised over the lease term on a straight line basis.
- Decrease in trade receivables by \$0.4 million was mainly due to decrease in GST receivables.
- The property classified as held for sale as at 31 December 2012 was sold during the period.
- Decrease in cash and bank balances by \$6.9 million at the Company level was mainly due to payment of dividends during the period. At the Group level, decrease in cash and bank balances by \$7.4 million was mainly due to payment of dividends, settlement of a bank loan offset by receipts from net income.
- Increase in current investment securities by \$2.3 million was mainly due to fair value change of available-for-sale investments.
- Increase in current other payables by \$0.4 million was mainly due to accruals of agent commission in relation to the tenancy acquired for the Paya Lebar property, offset by payments for the re-development costs incurred.
- Reduction in accrued operating expenses was mainly due to payment of bonuses, audit fees, interest expense and property tax during the period.
- Decrease in bank loans was mainly due to settlement of an outstanding bank loan during the period.
- Increase in deferred tax liabilities of \$1 million was mainly due to provision made for accrued interest income, deferred rental income and the fair value increases of available-for-sale investments.
- Increase in non-current other payables by \$0.3 million was mainly due to increases in tenancy deposits.

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

Amount repayable in one year or less, or on demand

	30.6.2013		31.12.2012	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Short term bank loans	15,961	-	19,160	-

Amount repayable after one year

	30.6.2013		31.12.2012	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	-	-	-	-

The Group has sufficient resources to repay the short-term bank loans.

Details of any collateral

Short term bank loans comprised:

- a) An amount of \$14.9 million (2012: \$15.1 million) secured by a pledge of \$13.3 million (2012: \$13.3 million) on a subsidiary's fixed deposits and a corporate guarantee for \$6.66 million (2012: \$6.66 million) from the Company.
- b) An amount of \$1.1 million (2012: \$1.1 million) secured by a deed of guarantee and indemnity of \$4 million (2012: \$4 million) from a subsidiary.

- 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		Six Months Ended	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
	\$'000	\$'000	\$'000	\$'000
Cash flow from operating activities:				
Profit before taxation	2,224	1,218	4,587	3,513
Adjustments for:				
Interest income	(340)	(916)	(650)	(1,978)
Interest expense	96	89	193	192
Depreciation of property, plant and equipment and investment properties	582	408	1,100	786
Share of results of associates and unincorporated joint venture	(333)	229	(1,099)	487
Allowance made for impairment loss on quoted - non current investment securities	-	36	-	36
- current investment securities	700	165	700	165
Gain on disposal of investment properties	(1,418)	(1,844)	(3,246)	(3,853)
	(713)	(1,833)	(3,002)	(4,165)
Operating profit/(loss) before reinvestment in working capital	1,511	(615)	1,585	(652)
(Increase)/decrease in receivables and current investments	(2,338)	1,665	(1,328)	202
(Increase)/decrease in inventories	(2)	(18)	2	27
Decrease in payables	(768)	(190)	(859)	(949)
	(3,108)	1,457	(2,185)	(720)
Cash (used in)/generated from operations	(1,597)	842	(600)	(1,372)
Interest received	279	41	479	453
Interest paid	(96)	(89)	(193)	(192)
Income taxes (paid)/recovered	(362)	412	(479)	(17)
	(179)	364	(193)	244
Net cash (used in)/generated from operating activities	(1,776)	1,206	(793)	(1,128)
Cash flow from investing activities:				
Decrease/(increase) in other investments	380	(739)	301	234
Increase in other receivables	-	(3,446)	-	(3,446)
Increase in amounts due from associates	(156)	(529)	(111)	(91)
Proceeds from disposal of investment properties	1,724	3,335	4,847	6,747
Additions to investment properties	-	(3,695)	(2,099)	(5,039)
Purchase of property, plant and equipment	(55)	(17)	(55)	(393)
Net cash generated from/(used in) investing activities	1,893	(5,091)	2,883	(1,988)
Net cash generated from/(used in) operating and investing activities carried forward	117	(3,885)	2,090	(3,116)

	Group			
	Second Quarter Ended		Six Months Ended	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
	\$'000	\$'000	\$'000	\$'000
Net cash generated from/(used in) operating and investing activities brought forward	117	(3,885)	2,090	(3,116)
Cash flow from financing activities:				
Proceeds from bank loans	-	8,453	-	8,453
Repayments of bank loans	-	(5,016)	(2,900)	(5,182)
Dividends paid	(6,535)	(6,535)	(6,535)	(6,535)
Increase in pledged short term deposits	-	(4,000)	-	(4,000)
Net cash used in financing activities	(6,535)	(7,098)	(9,435)	(7,264)
Net decrease in cash and cash equivalents	(6,418)	(10,983)	(7,345)	(10,380)
Cash and cash equivalents at beginning of the period	33,347	32,865	34,487	32,276
Effects of exchange rate changes on cash and cash equivalents	77	(314)	(136)	(328)
Cash and cash equivalents at end of the period	27,006	21,568	27,006	21,568

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

	Group		Group	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	44,346	38,916	44,346	38,916
Less: cash and bank balances pledged	(17,340)	(17,340)	(17,340)	(17,340)
Less bank overdraft secured	-	(8)	-	(8)
Cash and cash equivalents at end of the period	27,006	21,568	27,006	21,568

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	----- Attributable to Owners of the Company -----						Total equity \$'000
	Share capital \$'000	Capital reserve ** \$'000	Revenue reserve \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Non- controlling interests \$'000	
Group							
Balance at 1.1.2013	172,154	1,465	30,334	8,584	(15,491)	-	197,046
Total comprehensive gain/(loss) for the period	-	(157)	1,843	1,500	(757)	-	2,429
Balance at 31.3.2013	172,154	1,308	32,177	10,084	(16,248)	-	199,475
Total comprehensive gain/(loss) for the period	-	-	1,816	524	370	-	2,710
Dividends paid	-	-	(6,535)	-	-	-	(6,535)
Balance at 30.6.2013	172,154	1,308	27,458	10,608	(15,878)	-	195,650
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
Total comprehensive gain/(loss) for the period	-	(178)	1,075	(881)	(231)	-	(215)
Dividends paid	-	-	(6,535)	-	-	-	(6,535)
Balance at 30.6.2012	172,154	1,465	25,913	12,101	(15,374)	-	196,259

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

	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
Company			
Balance at 1.1.2013	172,154	18,146	190,300
Total comprehensive loss for the period	-	(215)	(215)
Balance at 31.3.2013	172,154	17,931	190,085
Total comprehensive gain for the period	-	(276)	(276)
Dividends paid	-	(6,535)	(6,535)
Balance at 30.6.2013	172,154	11,120	183,274
Balance at 1.1.2012	172,154	8,068	180,222
Total comprehensive gain for the period	-	(162)	(162)
Balance at 31.3.2012	172,154	7,906	180,060
Total comprehensive gain for the period	-	(227)	(227)
Dividends paid	-	(6,535)	(6,535)
Balance at 30.6.2012	172,154	1,144	173,298

- 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. 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.

- 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 2012, there were no changes to the total number of 653,504,000 issued ordinary shares of the Company.

As at 31 December 2012 and 30 June 2013, 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 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 2012.

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 2012 and 1 January 2013:-

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 1 Presentation of Items of Other Comprehensive Income	1 July 2012
Revised FRS 19 Employee Benefits	1 January 2013
FRS 113 Fair Value Measurement	1 January 2013
Amendments to FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Improvements to FRSs 2012	
- Amendment to FRS 1 Presentation of Financial Statements	1 January 2013
- Amendment to FRS 16 Property, Plant and Equipment	1 January 2013
- Amendment to FRS 32 Financial Instruments: Presentation	1 January 2013

The adoption of the revised FRS did not have any material financial impact on the financial statements of the Group and the Company for the quarter ended 30 June 2013.

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	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
Earnings per ordinary share after deducting any provision for preference dividends:				
(i) Based on the weighted average number of ordinary shares in issue (cents)	0.28	0.16	0.56	0.40
(ii) On a fully diluted basis (cents)	0.28	0.16	0.56	0.40

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 30.6.2013	As at 31.12.2012	As at 30.6.2013	As at 31.12.2012
Net asset value per ordinary share (cents)	29.94	30.15	28.04	29.12

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)

	2Q2013 \$'000	2Q2012 \$'000	+ / (-) %	FY2013 \$'000	FY2012 \$'000	+ / (-) %
Rental	2,421	1,349	79.5	4,194	2,679	56.6
Investments	5,318	4,017	32.4	12,400	8,063	53.8
Corporate and Others	150	99	51.5	298	373	(20.1)
	<u>7,889</u>	<u>5,465</u>		<u>16,892</u>	<u>11,115</u>	

Increase in revenue for rental segment by \$1.5 million yoy and \$1.1 million qoq was mainly due to rental income from Paya Lebar property subsequent to its completion in re-development in February 2013.

Increase in revenue for investments segment by \$4.3 million yoy and \$1.3 million qoq was mainly due to:-

- Increase in proceeds from sale of investment securities by \$5.8 million yoy and \$2 million qoq arising from an increase in share trading activities;
- Reduction in interest income by \$1.4 million yoy and \$0.7 million qoq mainly due to a change in interest rate for a loan extended to an associate.

Profit before taxation (excluding all inter-segment transactions)

	2Q2013 \$'000	2Q2012 \$'000	+ / (-) %	FY2013 \$'000	FY2012 \$'000	+ / (-) %
Rental	1,998	1,430	39.7	3,787	3,224	17.5
Investments	286	617	(53.6)	2,229	1,870	19.2
Corporate and Others	(484)	(637)	(24.0)	(955)	(1,131)	(15.6)
	<u>1,800</u>	<u>1,410</u>		<u>5,061</u>	<u>3,963</u>	
Unallocated items	424	(192)	n.m.	(474)	(450)	5.3
	<u>2,224</u>	<u>1,218</u>		<u>4,587</u>	<u>3,513</u>	

Rental segment refers to rental of residential, commercial properties and warehouse. Profit before taxation for Rental segment increased by \$0.5 million yoy and qoq mainly due to:-

- increase in rental income from the Paya Lebar property by \$1.5 million yoy and \$1.1 million qoq;
- decrease in gain from disposal of investment property by \$0.6 million yoy and \$0.4 million qoq;
- increase in depreciation of investment properties by \$0.3 million yoy and \$0.1 million qoq.

Investment segment refers to investment holding and profit before taxation for Investment segment increased by \$0.4 million yoy mainly due to:-

- increase in share of profits of the associates of \$1.6 million yoy;
- increase in gain on disposal of investments of \$0.7 million yoy;
- decrease in interest income from an associate of \$1.4 million yoy;
- increase in impairment loss on quoted current investments of \$0.5 million yoy.

Investment segment decreased by \$0.4 million qoq mainly due to:-

- increase in share of profits of the associates of \$0.6 million qoq;
- increase in gain on disposal of investments of \$0.3 million qoq;
- decrease in interest income from an associate of \$0.8 million qoq;
- increase in impairment loss on quoted current investments of \$0.5 million qoq.

The increase in share of profits of the associates was primarily due to positive contribution from its associated company, Scotts Spazio Pte Ltd. The positive contribution came from a reduction of interest payable arising from a change in the interest rate on the loan extended from the Group.

Corporate segment refers to the provision of management, administrative and support services to related companies and investment holding, as well as trading of edible oil products. The loss before tax of the Corporate segment were mainly contributed by salaries, bonuses, accruals of director fees and trading of edible oil products. The loss before tax of the Corporate segment reduced by \$0.2 million yoy and qoq mainly due to decrease in salary costs.

Unallocated items refer to items such as finance costs and certain foreign exchange differences which are managed on a Company basis and were not allocated to the segments. The unallocated items for 1H2013 and 1H2012 remained relatively the same. The loss turnaround from \$0.2 million in 2Q2012 to a profit of \$0.4 million in 2Q2013 was mainly due to a favourable foreign exchange impact arising from the strengthening of Sterling Pound against Singapore Dollar during the quarter.

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.

Recent concerns arising from the possible tapering of quantitative easing in the US affected bond yields and equity markets. In addition, stricter home loan requirements introduced by MAS are likely to affect prices in residential properties.

However, rental income from our residential and commercial properties in Singapore and UK will continue to support our revenue.

An associate has recently sold one medical suite at Lucky Plaza with completion expected in Q3 2013. The share of results of the associate relating to this gain is estimated at approximately \$0.3 million. The associate has also recently granted options for the sale of another 6 medical suites. Assuming the options are exercised and the sale of these medical suites are completed, the share of results of the associate relating to this gain is estimated at approximately \$2.2 million. Another 16 units are presently marketed for sale and the associate has a balance of 24 units which are leased out.

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)
Ong Hian Eng – interest earned on convertible note issued by a company in which the above director has a substantial interest for six months ended 30 June 2013	\$170,615	Not applicable^
Hong Leong Investment Holdings Pte. Ltd. Group – interest charged on shareholder loan to Hong Property Investment Pte Ltd for six months ended 30 June 2013	\$133,693	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.

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

Lee Soo Wei
Chief Financial Officer
23 July 2013