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**UNAUDITED RESULTS FOR FIRST QUARTER ENDED 31 March 2013**


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**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.**

	First Quarter Ended		+ / (-) %
	31.3.2013 \$'000	31.3.2012 \$'000	
<b>Revenue</b>	9,003	5,650	59.3
Cost of sales	(6,401)	(2,966)	n.m.
<b>Gross profit</b>	2,602	2,684	(3.1)
Other income	2,002	2,121	(5.6)
General and administrative costs	(2,861)	(2,092)	36.8
Selling and distribution costs	(49)	(57)	(14.0)
Finance costs	(97)	(103)	(5.8)
Share of after tax results of associates and unincorporated joint venture	766	(258)	n.m.
Profit before taxation	2,363	2,295	3.0
Taxation	(520)	(740)	(29.7)
<b>Net profit after taxation</b>	1,843	1,555	18.5
Net profit after taxation attributable to:			
Owners of the Company	1,843	1,555	18.5
Non-controlling interests	-	-	-
	<u>1,843</u>	<u>1,555</u>	

n.m. denotes not meaningful.

Profit from continuing operations, before taxation included the following:

	<b>Group</b>		
	<b>First Quarter Ended</b>		
	<b>31.3.2013</b>	<b>31.3.2012</b>	<b>+/(-) %</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Investment income	149	179	(16.8)
Interest income (included in revenue)	199	895	(77.8)
Interest on borrowings	(97)	(191)	(49.2)
Depreciation on property, plant and equipment and investment properties	(517)	(378)	36.8
Allowance for doubtful debts (trade)	-	-	-
Foreign exchange loss	(963)	(27)	n.m.
Gain on disposal of investments			
- included in gross profit	1,010	627	61.1
- included in other income	44	5	n.m.
Gain on disposal of property, plant and equipment	-	-	-
(Under)/over provision of taxation in prior years	-	-	-
Gain on disposal of investment property	1,828	2,009	(9.0)
Write-back/(allowance made) for impairment loss			
- investment properties	-	-	-
- quoted non-current investments	-	-	-
- quoted current investments	-	-	-

Note:

- Revenue increased by \$3.4 million or 59.3% from \$5.6 million in first quarter ended 31 March 2012 (1Q2012) to \$9 million in first quarter ended 31 March 2013 (1Q2013) mainly due to:-
  - Increase in proceeds from sale of investment securities by \$3.7 million (1Q2013: \$6.7 million; 1Q2012: \$3 million) arising from an increase in share trading activities;
  - Increase in rental income by \$0.4 million (1Q2013: 1.7 million; 1Q2012: \$1.3 million) arising mainly from rental income from Paya Lebar property, which achieved completion in redevelopment in February 2013;
  - Reduction in interest income by \$0.7 million (1Q2013: \$0.2 million; 1Q2012: \$0.9 million) mainly due to a change in interest rate for a loan extended to an associate.
- Cost of sales increased by \$3.4 million in 1Q2013 due to higher share trading activities.
- Other income comprised the following:

	<b>1Q2013</b>	<b>1Q2012</b>	<b>+/(-) %</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Interest income	111	79	41
Dividend income	14	14	-
Gain on sale of investment securities	44	5	n.m.
Gain on disposal of investment properties	1,828	2,009	(9)
Sundry	5	14	(64)
	<u>2,002</u>	<u>2,121</u>	

4. General and administrative costs increased by \$0.8 million from \$2.1 million in 1Q2012 to \$2.9 million in 1Q2013 mainly due to an increase of \$0.9 million in unrealised foreign exchange loss (1Q2013: \$0.9 million; 1Q2012: nil). Unrealised foreign exchange losses arose from the translation of net monetary assets denominated in Sterling Pounds.
5. Share of after tax results of associates and unincorporated joint venture turned around from a loss of \$0.3 million in 1Q2012 to profit of \$0.8 million in 1Q2013 mainly due to positive contributions from its associated companies, Scotts Spazio Pte Ltd and Riverwalk Promenade Pte Ltd.
6. Effective tax rates for 1Q2013 and 1Q2012 were 22% and 32.2% respectively. The taxation charge for the Group in 1Q2013 was higher than that arrived at by applying the statutory tax rate of 17% to the profit before taxation due to certain non-deductible expenses and losses in foreign joint ventures which are not available for set off against profits in Singapore.

## 7. Statement of Comprehensive Income

	Group		
	First Quarter Ended		+ / (-) %
	31.3.2013 \$'000	31.3.2012 \$'000	
<b>Net profit after taxation</b>	1,843	1,555	18.5
Other comprehensive gain/(loss):			
Net gain on available-for-sale investments (net of tax)	1,500	6,730	(77.7)
Exchange difference arising from			
- consolidation	(187)	(8)	n.m.
- revaluation of net investment in foreign operations	(570)	(89)	n.m.
Revaluation gain realised by an associate to income statement	(157)	(182)	(13.7)
Other comprehensive gain , net of tax	586	6,451	(90.9)
<b>Total comprehensive gain for the period</b>	<b>2,429</b>	<b>8,006</b>	
Total comprehensive gain for the period attributable to:			
Owners of the Company	2,429	8,006	
Non-controlling interests	-	-	
	<b>2,429</b>	<b>8,006</b>	

Net gain on available-for-sale investments (net of tax) in 1Q2013 of \$1.5 million (1Q2012: \$6.7 million) was mainly due to increase in fair value gain of available-for-sale investments arising from favourable market conditions during the quarter. In 1Q2012, included in the \$6.7 million was an amount of \$5.8 million fair value gain on an investment in which the Group has a 17.82% interest.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31.3.2013 \$'000	31.12.2012 \$'000	31.3.2013 \$'000	31.12.2012 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	5,882	6,003	-	-
Investment properties	90,489	89,331	-	-
Investment in subsidiaries	-	-	164,904	164,904
Investment in associates	10,604	9,838	746	746
Investment securities	11,063	10,899	-	-
Amounts due from associates	3,570	3,640	-	-
Deferred rental income	390	-	-	-
Other receivables	26	1	-	-
	122,024	119,712	165,650	165,650
<b>Current assets</b>				
Inventories	1	5	-	-
Trade receivables	737	970	-	-
Properties classified as held for sale	-	1,451	-	-
Prepayments and deposits	309	554	26	59
Other receivables	8,672	9,266	32	17
Amounts due from subsidiaries	-	-	12,840	12,940
Amounts due from associates	15,228	15,181	-	-
Investment securities	30,199	29,341	-	-
Cash and bank balances	50,687	51,827	12,342	12,366
	105,833	108,595	25,240	25,382
<b>Current liabilities</b>				
Trade payables	(732)	(661)	-	-
Other payables	(3,196)	(3,010)	(265)	(271)
Accrued operating expenses	(1,105)	(1,781)	(198)	(127)
Amounts due to associates	(542)	(520)	(335)	(327)
Bank overdraft (unsecured)	(1)	-	-	-
Bank loans (secured)	(15,621)	(19,160)	-	-
Tax payable	(2,229)	(2,021)	(7)	(7)
	(23,426)	(27,153)	(805)	(732)
<b>Net current assets</b>	82,407	81,442	24,435	24,650
<b>Non-current liabilities</b>				
Deferred tax liabilities	(4,297)	(3,777)	-	-
Other payables	(659)	(331)	-	-
	(4,956)	(4,108)	-	-
<b>Net assets</b>	199,475	197,046	190,085	190,300

	Group		Company	
	31.3.2012	31.12.2012	31.3.2012	31.12.2012
	\$'000	\$'000	\$'000	\$'000
<b>Equity attributable to Owners of the Company</b>				
Share capital	172,154	172,154	172,154	172,154
Capital reserve	1,308	1,465	-	-
Revenue reserve	32,177	30,334	17,931	18,146
Fair value reserve	10,084	8,584	-	-
Currency translation reserve	(16,248)	(15,491)	-	-
	199,475	197,046	190,085	190,300
Non-controlling interests	-	-	-	-
<b>Share capital and reserves</b>	199,475	197,046	190,085	190,300

Note:

- Investment properties increased by \$1.1 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 \$0.8 million was mainly due to share of profits in associates for this period.
- Deferred rental income relates to lease income that remains to be amortised over the lease term on a straight line basis.
- The property classified as held for sale as at 31 December 2012 was sold during the period.
- Decrease in other receivables by \$0.6 million was mainly due to unrealised foreign exchange losses on translation of monetary assets denominated in Sterling Pound.
- Increase in current investment securities by \$0.9 million was mainly due to fair value change of available-for-sale investments offset by sale during the period.
- Decrease in cash and bank balances by \$1.1 million was mainly due to payment of bank loan offset by receipts from net income.
- Reduction in accrued operating expenses by \$0.7 million was mainly due to payment of bonuses 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 by \$0.5 million was mainly due to provision made for accrued interest income and the fair value increases of available-for-sale investments.
- Increase in 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**

	31.3.2013		31.12.2012	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank overdraft	-	1	-	-
Short term bank loans	15,621	-	19,160	-
	<u>15,621</u>	<u>1</u>	<u>19,160</u>	<u>-</u>

**Amount repayable after one year**

	31.3.2013		31.12.2012	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 \$14.5 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	
	31.3.2013	31.3.2012
	\$'000	\$'000
<b>Cash flow from operating activities:</b>		
Profit before taxation	2,363	2,295
Adjustments for:		
Interest income	(310)	(1,062)
Interest expense	97	191
Depreciation on property, plant and equipment and investment properties	518	378
Share of results of associates and unincorporated joint venture	(766)	258
Gain on disposal of investment properties	(1,828)	(2,009)
	<u>(2,289)</u>	<u>(2,244)</u>
<b>Operating income before reinvestment in working capital</b>	74	51
Decrease/(increase) in receivables and current investments	1,649	(1,463)
Decrease in inventories	4	45
Decrease in payables	(91)	(759)
	<u>1,562</u>	<u>(2,177)</u>
<b>Cash generated from (used in) operations</b>	1,636	(2,126)
Interest received	200	412
Interest paid	(97)	(191)
Income taxes paid	(117)	(429)
	<u>(14)</u>	<u>(208)</u>
<b>Net cash generated from/(used in) operating activities</b>	1,622	(2,334)
<b>Cash flow from investing activities:</b>		
(Increase)/decrease in other investments	(79)	973
Decrease in amounts due from associates	45	438
Proceeds from disposal of investment properties	3,123	3,412
Addition to investment properties	(2,099)	(1,344)
Purchase of property, plant and equipment	-	(376)
<b>Net cash generated from investing activities</b>	990	3,103
<b>Cash flow from financing activities:</b>		
Repayments in bank loans	(3,539)	(166)
<b>Net cash used in financing activities</b>	(3,539)	(166)
Net (decrease)/increase in cash and cash equivalents	(927)	603
Cash and cash equivalents at beginning of the period	34,487	32,276
Effects of exchange rate changes on cash and cash equivalents	(214)	(14)
<b>Cash and cash equivalents at end of the period</b>	<u>33,346</u>	<u>32,865</u>



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

	Group	
	31.3.2013 \$'000	31.3.2012 \$'000
Cash and bank balances	50,687	47,615
Less: cash and bank balances pledged	(17,340)	(13,340)
Bank overdraft	(1)	(1,410)
Cash and cash equivalents at end of the period	33,346	32,865

**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	
<b>Group</b>							
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
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

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

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

- 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 58<sup>th</sup> 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 31 March 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 financial impact on the financial statements of the Group and the Company for the quarter ended 31 March 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.**

	<b>GROUP</b>	
	<b>First Quarter Ended</b>	
	<b>31.3.2013</b>	<b>31.3.2012</b>
Earnings per ordinary share after deducting any provision for preference dividends:		
(i) Based on the weighted average number of ordinary shares in issue (cents)	0.28	0.24
(ii) On a fully diluted basis (cents)	0.28	0.24

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

**(a) current financial period reported on; and**

**(b) immediately preceding financial year.**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 31.3.2013</b>	<b>As at 31.12.2012</b>	<b>As at 31.3.2013</b>	<b>As at 31.12.2012</b>
Net asset value per ordinary share (cents)	30.52	30.15	29.09	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)

	1Q2013 \$'000	1Q2012 \$'000	+/(-) %
Rental	1,773	1,330	33.3
Investments	7,082	4,046	75.0
Corporate and Others	148	274	(46.0)
	<u>9,003</u>	<u>5,650</u>	

Increase in revenue for rental segment by \$0.4 million was mainly due to rental income from the Paya Lebar property subsequent to its completion in re-development in February 2013.

Increase in revenue for investments segment by \$3 million was mainly due to:-

- Increase in share trading activities by \$3.7 million (1Q2013: \$6.7 million; 1Q2012: \$3 million) was mainly due to the increase in share trading activities;
- Decrease in interest income by \$0.7 million (1Q2013: \$0.2 million; 1Q2012: \$0.9 million) mainly due to a change in interest rate for a loan extended to an associate.

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

	1Q2013 \$'000	1Q2012 \$'000	+/(-) %
Rental	1,789	1,794	(0.3)
Investments	1,943	1,253	55.1
Corporate and Others ("Corporate")	(471)	(494)	(4.7)
	<u>3,261</u>	<u>2,553</u>	
unallocated items	(898)	(258)	n.m.
	<u>2,363</u>	<u>2,295</u>	

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 for 1Q2013 and 1Q2012 remained relatively the same and were mainly contributed by salaries, bonuses, accruals of director fees and trading of edible oil products.

Rental segment refers to rental of residential, commercial properties and warehouse. The profit before taxation for Rental in 1Q2013 and 1Q2012 remained relatively the same.

Investment segment refers to investment holding and the increase in profit before taxation in 1Q2013 by \$0.7 million was mainly due to:-

- increase in share of profits of the associates of \$1 million (1Q2013: \$0.8 million; 1Q2012: (\$0.2) million);
- increase in gain on disposal of investments of \$0.4 million (1Q2013: \$1 million; 1Q2012: \$0.6 million);
- decrease in interest income from an associate of \$0.7 million (1Q2013: nil; 1Q2012: \$0.7 million) arising from a change in interest rate for a loan extended to the associate.

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 loss increased from \$0.3 million in 1Q2012 to \$0.9 million in 1Q2013 million mainly due to increase in foreign exchange loss arising from the weakening of Sterling Pound against Singapore Dollar.

**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.**

Following the issue of Temporary Occupation Permit for the Paya Lebar property in February, negotiations to lease the building were successfully concluded for rental income of approximately \$3.7 million for year 2013. The market value of this property is now at \$90 million with the benefit of this lease.

The leasing of the building will supplement the recurrent income from other investment properties of the Group.

The Group has sold one London residential unit and will recognise a gain of approximately \$1.4 million in the second quarter.

The performance of our serviced offices in UK outside of London continues to be challenging given the difficult economic climate in Europe.

Various measures in Singapore to curb rising property prices can also affect the value of our remaining apartments in Rivergate.

The equity and currency markets remain volatile in the midst of continuing uncertainties in the world economies.

**11. Dividend**

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

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

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

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

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

Not applicable.

**13. INTERESTED PERSON TRANSACTIONS**

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

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

**14. CONFIRMATION BY THE BOARD**

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

**SUBMITTED BY**

Lee Soo Wei  
Chief Financial Officer  
19 April 2013