

**UNAUDITED RESULTS FOR SECOND QUARTER ENDED 30 JUNE 2011****PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS****1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group					
	Second Quarter Ended			Six Months Ended		
	30.6.2011	30.6.2010	+/(-) %	30.6.2011	30.6.2010	+/(-) %
	\$'000	\$'000	%	\$'000	\$'000	%
<u>Continuing operations</u>						
Revenue	6,112	9,989	(38.8)	14,916	24,559	(39.3)
Cost of sales	(2,740)	(5,063)	(45.9)	(8,127)	(13,028)	(37.6)
Gross profit	3,372	4,926	(31.5)	6,789	11,531	(41.1)
Other income	240	3,553	n.m.	459	3,647	n.m.
General and administrative costs	(2,516)	(2,683)	(6.2)	(5,058)	(5,594)	(9.6)
Selling and distribution costs	(38)	(53)	(28.3)	(87)	(107)	(18.7)
Other operating costs	(83)	(476)	(82.6)	(83)	(476)	(82.6)
Finance costs	(160)	(388)	(58.8)	(303)	(854)	(64.5)
Share of after tax results of associates and unincorporated joint venture	(311)	(235)	n.m.	(547)	(160)	n.m.
Profit from continuing operations, before taxation	504	4,644	(89.1)	1,170	7,987	(85.4)
Taxation	(198)	(685)	(71.1)	(430)	(1,080)	n.m.
Profit from continuing operations, after taxation	306	3,959	(92.3)	740	6,907	(89.3)
<u>Discontinued operation</u>						
Profit from discontinued operation, after taxation	-	36,735	n.m.	-	37,054	n.m.
Net profit after taxation	306	40,694	n.m.	740	43,961	n.m.
Net profit after taxation attributable to:						
Equity holders of the Company	306	40,694	n.m.	740	43,961	n.m.
Minority Interests	-	-	-	-	-	-
	306	40,694		740	43,961	

n.m. denotes not meaningful.

Note:

- Revenue decreased by \$9.6 million year-on-year (“yoy”), from \$24.6 million for six months ended 30 June 2010 (“1H2010”) to \$15 million for same period ended 2011 (“1H2011”) and was mainly due to decrease in
 - proceeds from sale of investment securities by \$5.8 million (1H2011: \$8.6 million; 1H2010: \$14.4 million);
 - interest income by \$3.8 million (1H2011: \$1.8 million; 1H2010: \$5.6 million) as an investment security which contributed significantly to interest income was redeemed in 2Q2010; and
 - rental income by \$0.4 million (1H2011: \$3.5 million; 1H2010: \$3.9 million).

The decrease in revenue was mitigated by an increase in dividend income by \$0.3million for the period ended 30 June 2011.

Decrease in revenue by \$3.9 million quarter-on-quarter (“qoq”) from \$10 million for second quarter ended 30 June 2010 (“2Q2010”) to \$6.1 million for the same period in 2011 (“2Q2011”) was mainly due to

- decrease in proceeds from sale of investment securities by \$2.2 million (2Q2011: \$2.8 million; 2Q2010: \$5 million).
 - decrease in interest income by \$1.8 million (2Q2011: \$0.9 million; 2Q2010: \$2.7 million).
2. Decrease in cost of sales by \$4.9 million yoy and decrease of \$2.3 million qoq was due to the decrease in the value of investment securities sold.
 3. Decrease in other income by \$3.2 million yoy and \$3.3 million qoq was mainly due to the absence of gain on disposal of investment properties. In the previous financial period, we recorded a gain on investment of investment properties of \$3.1 million in 2Q2011.
 4. General and administrative costs decreased by \$0.5 million yoy and \$0.2 million qoq and was mainly due to
 - decrease in legal and professional fees by \$0.4 million yoy (1H2011: \$0.1 million; 1H2010: \$0.5 million) and \$0.1 million qoq (2Q2011: \$0.2 million; 2Q2010: \$0.1 million).
 - decrease in salary and staff costs by \$0.1 million yoy (1H2011: \$2.7 million; 1H2010: \$2.8 million) (2Q2011: \$1.1 million; 2Q2010: \$1.2 million).
 5. Decrease in other operating costs by \$0.4 million yoy and \$0.3 million qoq was mainly due to
 - lower allowance made for impairment on investment securities by \$0.2 million yoy (1H2011: \$0.1 million; 1H2010: \$0.3 million) and qoq (2Q2011: \$0.1 million; 2Q2010: \$0.3 million).
 - lower allowance made for doubtful debts receivable from associates by \$0.2 million for the year and for the quarter (1H2011: nil ; 1H2010: \$0.2 million).
 6. Finance Costs decreased by \$0.5 million yoy and \$0.2 million qoq and was due to repayment of interest bearing loans in 2010.
 7. Increase in share of after tax loss of associates and unincorporated joint venture by \$0.4 million yoy was mainly due to decrease in share of profit from Hong Property by \$0.3 million (1H2011: share of loss of \$0.03 million; 1H2010: share of profit of \$0.3 million).
 8. Effective tax rates for 1H2011 and 2Q2011 were 36.8% (1H2010: 13.5%) and 39.2% (2Q2010: 14.8%) respectively. The taxation charge for the Group was higher than that arrived at by applying the statutory tax rate of 17% to the profit before taxation from continuing operations because losses incurred by foreign subsidiaries are not available for set off against profits in Singapore. In the previous financial period, the effective rate was lower than that arrived at by applying the statutory rate of 17% to the profit before taxation because certain income were taxed at concession rates or were capital in nature.

Profit from continuing operations, before taxation included the following:

	Group					
	Second Quarter Ended			Six Months Ended		
	30.6.2011	30.6.2010	+/(-) %	30.6.2011	30.6.2010	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
Investment income	495	305	62.3	684	370	84.9
Other income including interest income	1,115	6,206	(82.0)	2,228	9,182	(75.7)
Interest on borrowings	(160)	(388)	(58.8)	(303)	(854)	(64.5)
Depreciation on property, plant and equipment and investment properties	(413)	(425)	(2.8)	(834)	(874)	(4.6)
Allowance made/(written-back) for doubtful debts and bad debts (associate)	-	(157)	(100.0)	-	(157)	(100.0)
Allowance made for impairment loss on						
- quoted non-current investments	-	(318)	(100.0)	-	(318)	(100.0)
- quoted current investments	(85)	(1)	n.m.	(85)	(1)	n.m.
(Under)/over provision of taxation in prior years	-	(94)	(100.0)	-	(94)	(100.0)
Foreign exchange gain/(loss)	(222)	309	(171.8)	(534)	(97)	n.m.
Gain on disposal of investments						
- included in gross profit	663	444	49.3	1,515	2,401	(36.9)
- included in other income	1	36	(97.2)	1	24	(95.8)
Loss on disposal of property, plant and equipment	-	-		-	-	
Gain on disposal of investment properties	-	3,076	(100.0)	-	3,076	(100.0)

Statement of Comprehensive Income

	Group					
	Second Quarter Ended			Six Months Ended		
	30.6.2011	30.6.2010	+/(-) %	30.6.2011	30.6.2010	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
Net profit after taxation	306	40,694	n.m.	740	43,961	n.m.
<u>Other comprehensive income/(loss):</u>						
Net gain/(loss) on available-for-sale investments (net of tax)	(1,991)	250	n.m.	(2,987)	(2,228)	n.m.
Exchange difference arising from						
- consolidation	(70)	(335)	n.m.	(38)	(266)	n.m.
- revaluation of net investment in foreign operation	(149)	(425)	n.m.	(283)	(1,214)	n.m.
Revaluation gain realised by an associate to income statement	-	(215)	(100.0)	-	(215)	(100.0)
Reclassification of fair value reserve on disposal of discontinued operation	-	(261)	n.m.	-	(261)	n.m.
Other comprehensive (loss)/gain, net of tax	(2,210)	(986)	n.m.	(3,308)	(4,184)	n.m.
Total comprehensive (loss)/gain for the period	(1,904)	39,708		(2,568)	39,777	
Total comprehensive gain for the period attributable to:						
Equity holders of the Company	(1,904)	39,708	n.m.	(2,568)	39,777	(106.5)
Minority Interests	-	-	-	-	-	-
	<u>(1,904)</u>	<u>39,708</u>		<u>(2,568)</u>	<u>39,777</u>	

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	
	30.6.2011 \$'000	31.12.2010 \$'000	30.6.2011 \$'000	31.12.2010 \$'000
Non-current assets				
Property, plant and equipment	6,050	6,218	14	28
Investment properties	82,851	84,419	-	-
Investment in subsidiaries	-	-	194,984	194,984
Investment in associates	677	1,185	746	746
Investment securities	7,754	8,399	-	-
Other receivables	10,784	9,296	-	-
Amounts due from associates	17,419	17,565	-	-
	125,535	127,082	195,744	195,758
Current assets				
Inventories	26	18	-	-
Asset classified as held for sale	2,323	-	-	-
Trade receivables	780	1,336	-	-
Prepayments and deposits	536	490	47	34
Other receivables	3,645	3,729	-	50
Amounts due from subsidiaries	-	-	1,800	1,800
Amounts due from associates	14,281	14,070	-	-
Investment securities	28,820	32,538	-	-
Cash and bank balances	61,982	128,940	38,036	43,919
	112,393	181,121	39,883	45,803
Current liabilities				
Trade payables	(768)	(1,575)	-	-
Other payables	(1,865)	(1,676)	(226)	(205)
Accrued operating expenses	(1,732)	(2,818)	(87)	(137)
Amounts due to associates	(524)	(520)	(330)	(349)
Amounts due to subsidiaries	-	-	(45,475)	(43,030)
Bank overdraft (secured)	(958)	(650)	-	-
Bank loans (secured)	(8,229)	(8,382)	-	-
Tax payable	(1,734)	(2,389)	-	-
	(15,810)	(18,010)	(46,118)	(43,721)
Net current assets	96,583	163,111	(6,235)	2,082
Non-current liabilities				
Deferred tax liabilities	(5,374)	(5,272)	-	-
Bank loans (secured)	(7,456)	(7,591)	-	-
Other payables	(335)	(459)	-	-
	(13,165)	(13,322)	-	-
Net assets	208,953	276,871	189,509	197,840

**Equity attributable to equity holders
of the Company**

Share capital	172,154	172,154	172,154	172,154
Capital reserve	2,040	2,040	-	-
Revenue reserve	44,744	109,355	17,355	25,686
Fair value reserve	5,012	7,999	-	-
Currency translation reserve	(14,997)	(14,677)	-	-
	<u>208,953</u>	<u>276,871</u>	<u>189,509</u>	<u>197,840</u>
Non-controlling interests	-	-	-	-
Share capital and reserves	<u><u>208,953</u></u>	<u><u>276,871</u></u>	<u><u>189,509</u></u>	<u><u>197,840</u></u>

Note:

- Investment properties decreased by \$1.5 million and was mainly due to
 - change in accounting classification for two properties in Singapore amounting to \$2.3 million to “asset held for sale”.
 - the addition of our share of the cost of an acquisition of a property in Sheffield UK by a 50% owned joint venture of approximately \$1 million.
- Decrease in investment in associates by \$0.5 million was mainly due to the equity accounting for our share of the losses of the associates.
- Increase in non current other receivables by \$1.5 million was due to the accrual of interest income receivable from an associate.
- Reduction in current investment securities by \$3.7 million was mainly due to disposals during the period and decrease in fair value of available for sale investment securities.
- Decrease in cash and bank balances by \$67 million was mainly due to payment of dividend during the period.
- Reduction in accrued operating expenses by \$1 million was mainly due to reduction in accruals for bonus and payments made during the period.

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

Amount repayable in one year or less, or on demand

	30.6.2011		31.12.2010	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank Overdrafts	958	-	650	-
Short term bank loans	1,100	-	1,100	-
Long term bank loans	7,129	-	7,282	-
	<u>9,187</u>	<u>-</u>	<u>9,032</u>	<u>-</u>

Amount repayable after one year

	30.6.2011		31.12.2010	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	<u>7,456</u>	<u>-</u>	<u>7,591</u>	<u>-</u>

Details of any collateral

Long term bank loans of \$14.6 million (31.12.2010: \$14.9 million) are secured by a fixed charge over subsidiaries' investment properties. Short term bank loans of \$1.1 million (31.12.2010: \$1.1 million) are secured by an existing deed of guarantee and indemnity of \$4 million from a subsidiary.

Bank Overdraft is secured by a corporate guarantee from the Company for \$15 million.

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

	Group			
	Second Quarter Ended		Six Months Ended	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	\$'000	\$'000	\$'000	\$'000
Cash flow from operating activities:				
Profit before taxation				
- continuing operations	504	4,644	1,170	7,987
- discontinued operation	-	36,533	-	36,951
	504	41,177	1,170	44,938
Adjustments for:				
Interest income	(2,490)	(3,145)	(3,475)	(6,386)
Interest expense	160	388	303	854
Depreciation of property, plant and equipment and investment properties	413	491	834	1,030
Share of results of associates and unincorporated joint venture	311	235	547	160
Net claims incurred	-	1,913	-	6,701
Provision for unexpired risks	-	(100)	-	2,626
Allowance made for impairment loss on quoted	-			
- non current investment securities	-	1,410	-	1,410
- current investment securities	85	1	85	1
Allowance made/(written-back) for doubtful receivables (associate)	-	157	-	157
Gain on disposal of property, plant and equipment	-	-	-	(1)
Gain on disposal of investment properties	-	(3,076)	-	(3,076)
Gain on disposal of subsidiary	-	(36,261)	-	(36,261)
Property, plant and equipment written off	-	-	-	-
	(1,521)	(37,987)	(1,706)	(32,785)
Operating income before reinvestment in working capital	(1,017)	3,190	(536)	12,153
(Increase)/decrease in receivables and current investments	76	4,501	1,179	(193)
Increase in inventories	(12)	(14)	(8)	(14)
(Decrease)/increase in payables	547	(1,670)	(1,284)	(2,229)
	611	2,817	(113)	(2,436)
Cash generated from/(used in) operations	(406)	6,007	(649)	9,717
Net claims paid	-	(2,102)	-	(5,132)
Interest received	1,604	1,037	1,848	1,526
Interest paid	(160)	(387)	(303)	(854)
Income taxes recovered/(paid)	(511)	87	(852)	89
	933	(1,365)	693	(4,371)
Net cash generated from/(used in) operating activities	527	4,642	44	5,346
Cash flow from investing activities:				
Dividends received from associate	-	-	-	8,000
Decrease in other investments	105	59,251	583	59,751
(Increase)/ Decrease in amounts due from associates	(11)	512	(110)	355
Net cash inflow from disposal of subsidiary	-	22,191	-	22,191
Proceeds from disposal of investment properties	-	8,864	-	8,864
Proceeds from disposal of property, plant and equipment	-	-	-	1
Purchase of investment properties	(1,103)	-	(1,103)	-
Refurbishment of investment properties	(789)	(10)	(1,110)	(10)
Purchase of property, plant and equipment	(55)	(50)	(106)	(775)
Net cash generated from/(used in) investing activities	(1,853)	90,758	(1,846)	98,377
Net cash generated from/(used in) operating and investing activities carried forward	(1,326)	95,400	(1,802)	103,723

	Group			
	Second Quarter Ended		Six Months Ended	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	\$'000	\$'000	\$'000	\$'000
Net cash generated from/(used in) operating and investing activities brought forward	(1,326)	95,400	(1,802)	103,723
Cash flow from financing activities:				
Proceeds from bank loans	-	-	-	-
Repayments in bank loans	(24)	(14,671)	(24)	(16,798)
Increase/(decrease) in bank overdrafts	(222)	14	-	14
Dividends paid	(65,350)	(8,169)	(65,350)	(8,169)
Decrease/(increase) in pledged cash and bank balances	-	3,649	-	4,429
Net cash (used in)/generated from financing activities	(65,596)	(19,177)	(65,374)	(20,524)
Net increase in cash and cash equivalents	(66,922)	76,223	(67,176)	83,199
Cash and cash equivalents at beginning of the period	114,656	91,501	114,950	84,624
Effects of exchange rate changes on cash and cash equivalents	(50)	3	(90)	(96)
Cash and cash equivalents at end of the period	47,684	167,727	47,684	167,727

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

	Group		Group	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances				
- continuing operations	61,982	181,067	61,982	181,067
- discontinued operation	-	-	-	-
Less: cash and bank balances pledged	(13,340)	(13,340)	(13,340)	(13,340)
Less bank overdraft secured	(958)	-	(958)	-
Cash and cash equivalents at end of the period	47,684	167,727	47,684	167,727

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

----- Attributable to Equity Holders of the Company -----								
	Share capital \$'000	Capital reserve ** \$'000	Revenue reserve \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Reserve of disposal group classified as held for sale \$'000	Minority interests \$'000	Total equity \$'000
Group								
Balance at 1.1.2011	172,154	2,040	109,355	7,999	(14,677)	-	-	276,871
Total comprehensive gain/(loss) for the period	-	-	433	(996)	(101)	-	-	(664)
Balance at 31.3.2011	172,154	2,040	109,788	7,003	(14,778)	-	-	276,207
Total comprehensive gain/(loss) for the period	-	-	306	(1,991)	(219)	-	-	(1,904)
Dividends paid	-	-	(65,350)	-	-	-	-	(65,350)
Balance at 30.6.2011	172,154	2,040	44,744	5,012	(14,997)	-	-	208,953
Balance at 1.1.2010	172,154	2,411	111,713	8,160	(13,531)	(192)	-	280,715
Total comprehensive gain/(loss) for the period	-	-	3,267	(2,101)	(720)	(377)	-	69
Balance at 31.3.2010	172,154	2,411	114,980	6,059	(14,251)	(569)	-	280,784
Total comprehensive gain/(loss) for the period	-	(215)	40,694	(580)	(760)	569	-	39,708
Dividends paid	-	-	(8,169)	-	-	-	-	(8,169)
Balance at 30.6.2010	172,154	2,196	147,505	5,479	(15,011)	-	-	312,323

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

Company	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
Balance at 1.1.2011	172,154	25,686	197,840
Total comprehensive loss for the period	-	(200)	(200)
Balance at 31.3.2011	172,154	25,486	197,640
Total comprehensive gain for the period	-	57,219	57,219
Dividends paid	-	(65,350)	(65,350)
Balance at 30.6.2011	172,154	17,355	189,509
Balance at 1.1.2010	172,154	37,149	209,303
Total comprehensive gain for the period	-	(466)	(466)
Balance at 31.3.2010	172,154	36,683	208,837
Total comprehensive gain for the period	-	7,734	7,734
Dividends paid	-	(8,169)	(8,169)
Balance at 30.6.2010	172,154	36,248	208,402

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 options have been granted under the Hwa Hong Corporation Limited (2001) Share Option Scheme since its adoption on 29 May 2001.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Since 31 December 2010, there was no change to the total number of 653,504,000 issued ordinary shares of the Company.

As at 31 December 2010 and 30 June 2011, the Company's share capital was \$172,153,626 with 653,504,000 ordinary shares issued and fully paid.

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

Not applicable.

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

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

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

Not applicable.

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

Except as explained in paragraph 5, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the most recently audited consolidated financial statements for the financial year ended 31 December 2010.

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 that are mandatory for financial periods beginning on 1 July 2010 and 1 January 2011:-

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 32 <i>Financial Instruments: Presentation Classification of Right Issues</i>	1 February 2010
INT FRS 119 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010
Revised FRS 24 <i>Related Party Disclosures</i>	1 January 2011
Amendments to INT FRS 114 <i>Prepayments of a Minimum Funding Requirement</i>	1 January 2011
INT FRS 115 <i>Agreements for the Construction of Real Estate</i>	1 January 2011
Improvements to FRSs issued in 2010:	
- Amendments to FRS 1 <i>Presentation of Financial Statements</i>	1 January 2011
- Transition requirements for amendments arising as a result of FRS 27 <i>Consolidated and Separate Financial Statements</i>	1 July 2010
- Amendment to FRS 34 <i>Interim Financial Reporting</i>	1 January 2011
- Amendment to FRS 101 <i>First-time Adoption of Financial Reporting Standards</i>	1 January 2011
- Amendments to FRS 103 <i>Business Combinations</i>	1 July 2010
- Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2011
- Amendments to INT FRS 113 <i>Customer Loyalty Programmes</i>	1 January 2011

The adoption of the above FRS and INT FRS did not have financial impact on the Group and the Company for first quarter ended 30 June 2011.

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	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
<u>Continuing operations</u>				
Earnings per ordinary share after deducting any provision for preference dividends:				
(i) Based on the weighted average number of ordinary shares in issue (cents)	0.05	0.61	0.11	1.06
(ii) On a fully diluted basis (cents)	0.05	0.61	0.11	1.06
<u>Discontinued operation</u>				
Earnings per ordinary share after deducting any provision for preference dividends:				
(i) Based on the weighted average number of ordinary shares in issue (cents)	-	5.62	-	5.67
(ii) On a fully diluted basis (cents)	-	5.62	-	5.67

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	As at	As at	As at
	30.6.2011	31.12.2010	30.6.2011	31.12.2010
Net asset value per ordinary share (cents)	31.97	42.37	29.00	30.27

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.

First Half Ended 30 June 2011 ("1H2011") vs First Half Ended 30 June 2010 ("1H2010")

Revenue (excluding all inter-segment transactions)

	Group		
	Six Months Ended		
	30.6.2011	30.6.2010	+/(-) %
	\$'000	\$'000	
Rental and Investments ("RI")	7,908	15,230	(48.1)
Trading and Investments ("Trading")	7,008	9,329	(24.9)
Corporate and Others	-	-	(100.0)
	<u>14,916</u>	<u>24,559</u>	

Decrease in revenue for RI segment by \$7.3 million was mainly due to

- lower proceeds from sale of investment securities of \$3.5 million (1H2011: \$1.8 million; 1H2010: \$5.4 million).
- decrease in rental income by \$0.4 million (1H2011: \$3.5 million; 1H2010: \$3.9 million).
- decrease in interest income by \$3.8 million (1H2011: \$1.8 million; 1H2010: \$5.6 million) due to redemption of an investment security in 2Q2010.

The above decrease was mitigated by increase in dividend income by \$0.3 million.

Decrease in revenue for Trading segment by \$2.3 million was mainly due to decrease in proceeds from sale of investment securities by \$2.2 million (1H2011: \$6.8 million; 1H2010: \$9 million).

Profit before taxation (excluding all inter-segment transactions)

	Group		
	Six Months Ended		
	30.6.2011	30.6.2010	+/(-) %
	\$'000	\$'000	
Rental and Investments ("RI")	2,273	9,377	(75.8)
Trading and Investments ("Trading")	70	695	(89.9)
Corporate and Others	(1,173)	(2,085)	(43.7)
	<u>1,170</u>	<u>7,987</u>	

Profit before taxation for RI segment decreased by \$7.1 million or 75.8%, from \$9.4 million in 1H2010 to \$2.3 million in 1H2011 and was mainly due to

- absence of gain on disposal of investment properties in 1H2011 (1H2010: \$3.1 million);
- decrease in rental income by \$0.4 million and interest income of \$3.8 million (see above);
- increase in share of loss of associates and unincorporated joint venture by \$0.3 million (1H2011: \$0.5 million; 1H2010: \$0.2 million);

The above decrease was mitigated by lower finance cost of \$0.5 million (See note 6 on page 2).

Decrease in profit before taxation for Trading segment by \$0.6 million was mainly due to

- lower gain from sale of investment securities of \$0.5 million (1H2011: \$0.6 million; 1H2010: \$1.1 million).
- allowance for impairment loss of \$0.1 million was made for investment securities in 1H2011 (1H2010: nil).

Decrease in loss before taxation for Corporate and Others segment by \$0.9 million was mainly due to lower legal and professional fees by \$0.3 million and bonus of \$0.4 million provided in 1H2010. Higher legal and professional fees and bonus were incurred in connection with the disposal of Tenet Insurance.

Second Quarter Ended 30 June 2011 ("2Q2011") vs Second Quarter Ended 30 June 2010 ("2Q2010")

Revenue (excluding all inter-segment transactions)

	Group		
	Second Quarter Ended		
	30.6.2011	30.6.2010	+/(-)
	\$'000	\$'000	%
Rental and Investments ("RI")	3,926	7,719	(49.1)
Trading and Investments ("Trading")	2,186	2,270	(3.7)
Corporate and Others	-	-	-
	<u>6,112</u>	<u>9,989</u>	

Revenue decreased for RI segment by \$3.8 million and was mainly due to

- reduction in proceeds from sale of investment securities by \$2 million (2Q2011: \$0.9 million; 2Q2010: \$2.9 million).
- lower interest income by \$1.9 million due to the redemption of an investment security in 2Q2010.

Trading segment revenue decreased mainly due to decrease in proceeds from sale of investment securities.

Profit before taxation (excluding all inter-segment transactions)

	Group		
	Second Quarter Ended		
	30.6.2011	30.6.2010	+/(-)
	\$'000	\$'000	%
Rental and Investments ("RI")	1,200	5,986	(80.0)
Trading and Investments ("Trading")	(61)	(49)	24.5
Corporate and Others	(635)	(1,293)	(50.9)
	<u>504</u>	<u>4,644</u>	

Decrease in profit before taxation in RI segment by \$4.8 million or 80%, from \$6 million in 2Q2010 to \$1.2 million in 2Q2011 was mainly due to

- absence of gain on disposal of investment properties in 2Q2011 (2Q2010: \$3.1 million).
- lower interest income of \$1.8 million (2Q2011: \$0.9 million; 2Q2010: \$2.7 million).
- increase in share of loss of associates and unincorporated joint venture by \$0.1 million (2Q2011: \$0.3 million; 2Q2010: \$0.2 million).

The above decrease was mitigated by lower finance costs.

Decrease in loss before taxation in Corporate and Others segment by \$0.7 million was mainly due to lower general and administrative expenses. Professional fees and bonuses amounting to \$0.1 million and \$0.4 million respectively were incurred in 2Q2010 in connection with the disposal of Tenet.

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.

With the completion of the sale of 2 units of the RiverGate apartments in July, the Group will recognise a gain of about \$2.5 million in 3Q2011.

An investment fund in which the group has a 17.82% interest has successfully divested one of its investments in a workers' dormitory for a substantial gain. This gain is expected to be distributed to investors in the fund and our group will recognise a gain of approximately US\$3 million (approximately S\$3.6 million) in 3Q2011 from the said distribution.

Tenders for the asset enhancement of the property in Paya Lebar were received and are being vetted by consultants. Works are expected to commence in January 2012 when all existing tenants have vacated.

The apartments and commercial space in RiverGate are all leased.

The business environment in UK remains challenging and this has some impact on the Group's commercial property investments. However, the residential properties continue to enjoy high occupancy.

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

11. Dividend

(a) Current Financial Period Reported On

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

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

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	1 cent one-tier, 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	Special Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	5 cents one-tier, tax exempt
Tax Rate	Not applicable

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	1 cent one-tier, tax exempt
Tax Rate	Not applicable

(c) Date payable

26 August 2011

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 18 August 2011 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Share Registrars, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 up to 5.00 p.m. on 17 August 2011 will be registered before entitlements to the dividend are determined. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the said dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

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

Not applicable.

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 2011	\$106,148	Nil
Hong Leong Investment Holdings Pte. Ltd. Group – interest charged on shareholder loan to Hong Property Investment Pte Ltd for six months ended 30 June 2011	\$139,359	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

Simon Ong
Chief Financial Officer
29 July 2011