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**SGX QUERIES ON THE ANNUAL REPORT**

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In response to queries by the Singapore Exchange Securities Trading Limited (**SGX-ST**) on the 2011 Annual Report, the Board of Directors of Hwa Hong Corporation Limited would like to announce the following .

**1. Clarification of disclosures in the Annual Report**Rule 1207(19) . Dealing in Securities

With reference to the section entitled **Dealings in Securities** on page 27 of the 2011 Annual Report and Rule 1207(19) of the SGX-ST Listing Manual, the Company would like to clarify as follows:

The Company has adopted an internal code on dealings in securities, which has been disseminated to all employees within the Group (the **Code**). Under the Code, employees are prohibited from dealing in the Company's securities in the period commencing one month before announcement of the full year results and two weeks before the announcement of the quarterly results and ending on the date of announcement of the relevant results, and at any time whilst in possession of price-sensitive information. Employees are discouraged from dealing in the Company's securities based on short-term considerations. Employees are also reminded to be mindful of insider trading prohibitions under the Securities and Futures Act, Chapter 289 of Singapore.

**2. Explanation of difference in Unaudited Full Year Results Announcement & Audited Financial Statements**

Subsequent to the release of the full year financial results announcement for the financial year ended 31 December 2011 (**FY 2011**) made on 3 February 2012 (**2011 Results Announcement**), there was a reclassification made to the cash and bank balances in the Balance Sheet and adjustments to certain items in the Consolidated Cash Flow Statement. The auditors made a reclassification of approximately \$470,000 from cash and bank balances to other receivables as the balance was held in a managing agent's bank account and not held in the joint venture companies' bank accounts.

Details of the differences of the cash flow statements are set out in Appendix A. The differences arose mainly because of the reason stated above and also because of allocation of foreign exchange translation differences to the foreign currency cash flow items.

SUBMITTED BY

Simon Ong  
Chief Financial Officer

16 April 2012

## Consolidated Cash Flow Statement

	Per Results Announce- ment <b>2011</b> \$000	Per FY 2011 Audited Results <b>2011</b> \$000	Differences \$000
<b>Cash flows from operating activities</b>			
Profit before taxation from continuing operations	2,958	2,958	
Profit before taxation from discontinued operation			
Profit before taxation, total	2,958	2,958	
Adjustments for:			
Interest income	(4,037)	(4,172)	135
Interest expense	640	640	
Depreciation of property, plant and equipment and investment properties	1,644	1,644	
Share of results in associates and unincorporated joint venture	1,063	1,714	70
Net claims incurred	.	.	.
Provision for unexpired risks	.	.	.
Allowance (written-back)/made for impairment loss on	.	.	.
- current investment securities	.	.	.
- non current investment securities	100	100	.
- current investment securities	5,314	5,314	.
Allowance made for doubtful receivables (associates)	.	.	.
Gain on disposal of property, plant and equipment	.	.	.
Gain on disposal of investment properties	(2,574)	(2,574)	.
Gain on disposal of subsidiary	.	.	.
Loss on disposal of property, plant and equipment	15	4	11
Provision for indemnity given to liquidator of an associate	.	.	.
<b>Operating profit before reinvestment in working capital</b>	5,123	5,047	76
Decrease in receivables, current investment securities	(4,129)	(4,599)	470
(Increase) in inventories	(48)	(48)	.
(Decrease) in payables	(1,529)	(1,530)	1
Cash (used in)/generated from operations	(583)	(1,130)	547
Net claims paid	.	.	.
Interest received	826	961	(135)
Interest paid	(640)	(640)	.
Income tax (paid)/received	(1,722)	(1,722)	.
Net cash (used in)/generated from operating activities carried forward	(2,119)	(2,531)	412

	Per Results Announce- ment <b>2011</b> \$000	Per FY 2011 Audited Results <b>2011</b> \$000	Differences \$000
Net cash (used in)/generated from operating activities brought forward	(2,119)	(2,531)	412
<b>Cash flows from investing activities</b>			
Cash distribution received from unincorporated joint venture	.	.	.
Dividends received from associate	.	.	.
(Increase)/decrease in other investments	1,563	1,563	.
(Increase)/decrease in amounts due from associates	2,349	2,349	.
Net cash inflow from disposal of subsidiary	.	.	.
Proceeds from capital reduction exercise conducted by an associate	.	.	.
Proceeds from disposal of investment properties	4,492	4,492	.
Purchase of investment properties from an associate	.	.	.
Purchase of investment properties	.	.	.
Addition to investment properties	(4,476)	(4,188)	(288)
Purchase of property, plant and equipment	(345)	(346)	1
<b>Net cash(used in)/generated from investing activities</b>	<b>3,583</b>	<b>3,870</b>	<b>(287)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank loans	.	.	.
Repayment of bank loans	(1,883)	(2,127)	244
Increase/(decrease) in bank overdrafts	.	.	.
Dividends paid	(81,688)	(81,688)	.
<b>Net cash generated from/(used in) financing activities</b>	<b>(83,517)</b>	<b>(83,815)</b>	<b>244</b>
Net (decrease)/increase in cash and cash equivalents	(82,107)	(82,476)	369
Cash and cash equivalents at the beginning of year	114,950	114,950	.
Effects of exchange rate changes on cash and cash equivalents	(97)	(198)	101
<b>Cash and cash equivalents at the end of the year</b>	<b>32,746</b>	<b>32,276</b>	<b>470</b>