

**UNAUDITED RESULTS FOR FIRST QUARTER ENDED 31 MARCH 2005****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		
	1st Quarter ended 31.3.2005 \$'000	31.3.2004* \$'000	+/(–) %
Revenue	11,137	14,056	(20.77)
Cost of sales	(5,272)	(8,042)	(34.44)
Gross profit	5,865	6,014	(2.48)
Other income	1,398	1,500	(6.80)
General and administrative costs	(3,656)	(3,361)	8.78
Selling and distribution costs	(1,142)	(1,095)	4.29
Other operating costs	(8)	(218)	(96.33)
Operating profit	2,457	2,840	(13.49)
Finance costs	(159)	(307)	(48.21)
Share of results of associated companies	(699)	(298)	134.56
Profit before taxation	1,599	2,235	(28.46)
Taxation	(342)	(530)	(35.47)
Profit after taxation	1,257	1,705	(26.28)
Attributable to:			
Equity holders of the Company	1,260	1,705	
Minority interests	(3)	–	
	1,257	1,705	

* Certain comparative figures have been reclassified to conform with current period's presentation.

	GROUP		
	31.3.2005	31.3.2004*	+/(–)
	\$'000	\$'000	%
Investment income	75	49	53.06
Other income including interest income	2,633	2,503	5.19
Interest on borrowings	(159)	(307)	(48.21)
Depreciation and amortisation and impairment loss on fixed assets	(368)	(301)	22.26
Allowance for doubtful debts and bad debts written off	(13)	(27)	(51.85)
Write-off for stock obsolescence	–	–	–
Write-back of provision for impairment in value of investments	–	5	(100.00)
Write-back of provision for impairment in value of investment properties	374	–	n.m.
Foreign exchange gain	1	156	(99.36)
Adjustments for (under) or overprovision of tax in respect of prior years	–	–	–
Gain on disposal of investments	361	1,284	(71.88)
Gain on disposal of investment properties	–	–	–
Gain on disposal of fixed assets	–	97	(100.00)
Exceptional items	–	–	–
Extraordinary items	–	–	–

* Certain comparative figures have been reclassified to conform with current period's presentation. n.m. denotes not meaningful.

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

	GROUP		COMPANY	
	As at 31.3.2005 \$'000	As at 31.12.2004 \$'000	As at 31.3.2005 \$'000	As at 31.12.2004 \$'000
Fixed assets	14,685	13,550	4,681	4,731
Investment properties	109,897	111,306	–	–
Investment in subsidiaries	–	–	465,739	457,654
Investment in associated companies	56,780	57,801	–	–
Long term investments	85,907	85,526	3,323	3,323
Other receivables	489	319	–	–
Reinsurer's share of technical provisions				
Provision for unearned premiums	3,138	3,169	–	–
Provision for outstanding claims	7,450	8,552	–	–
Current assets				
Short term investments	53,629	54,320	–	–
Inventories	345	368	–	–
Trade receivables	5,149	3,503	–	–
Amount due from associated companies	110,866	105,763	–	–
Amount due from subsidiaries	–	–	4,039	11,421
Amount due from affiliated companies	138	88	96	88
Other receivables, deposits and prepayments	8,769	6,092	115	80
Cash and bank balances	60,313	57,518	41	91
	239,209	227,652	4,291	11,680
Current liabilities				
Trade payables and accruals	(6,510)	(1,958)	–	–
Other payables	(6,701)	(9,742)	(1,828)	(1,484)
Amount due to subsidiaries	–	–	(40,346)	(48,138)
Advance premiums	–	(974)	–	–
Hire purchase creditors	–	–	–	–
Bank overdrafts	(1,047)	(458)	(422)	–
Bank loans	(194)	(1,171)	–	–
Provision for taxation	(1,009)	(717)	(27)	(27)
	(15,461)	(15,020)	(42,623)	(49,649)
Net current assets/(liabilities)	223,748	212,632	(38,332)	(37,969)
Non current liabilities				
Bank loans	(9,205)	(8,608)	–	–
Tenancy deposits	(170)	(163)	–	–
Deferred taxation	(4,269)	(2,625)	(45)	(45)
Provision for unearned premiums	(13,086)	(11,841)	–	–
Provision for outstanding claims	(37,973)	(39,895)	–	–
Provision for premium deficiency	(2,021)	(2,021)	–	–
	(66,724)	(65,153)	(45)	(45)
	435,370	427,702	435,366	427,694

	GROUP		COMPANY	
	As at 31.3.2005 \$'000	As at 31.12.2004 \$'000	As at 31.3.2005 \$'000	As at 31.12.2004 \$'000
Share capital	163,376	163,376	163,376	163,376
Share premium	8,778	8,778	8,778	8,778
Capital reserve	125,017	125,016	240,127	232,043
Fair value reserve	6,608	–	–	–
Revenue reserve	127,892	126,719	23,085	23,497
Currency translation adjustment reserve	3,695	3,805	–	–
Share capital and reserves	435,366	427,694	435,366	427,694
Minority interests	4	8	–	–
Total equity	435,370	427,702	435,366	427,694

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

Amount repayable in one year or less, or on demand

As at 31.3.2005		As at 31.12.2004	
Secured	Unsecured	Secured	Unsecured
\$1,241,000	–	\$1,629,000	–

Amount repayable after one year

As at 31.3.2005		As at 31.12.2004	
Secured	Unsecured	Secured	Unsecured
\$9,205,000	–	\$8,608,000	–

Details of any collateral

The amount of long term bank loans repayable after one year and an amount of \$0.19 million (31.12.2004: \$1.07 million) of long term bank loans repayable within one year of a subsidiary are secured over the investment properties of the Group. Short term bank overdrafts of \$1.051 million (31.12.2004: \$0.458 million) of two subsidiaries are secured by corporate guarantees supported by charges over time deposits.

The amount of \$0.11 million of short term bank loan as at 31 December 2004 of another subsidiary secured by its plant and machinery had been fully repaid.

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	
	31.3.2005	31.3.2004
	\$'000	\$'000
Cash flow from operating activities:		
Operating profit	2,457	2,840
<i>Adjustments for:-</i>		
Interest income	(1,982)	(1,857)
Depreciation and impairment loss on fixed assets	368	301
Gain on disposal of fixed assets	–	(97)
Movement on provision for outstanding claims	820	1,870
Write-back of impairment loss on investment property	(374)	–
Movement on provision for unearned premiums	240	1,085
	(928)	1,302
Operating income before reinvestment in working capital	1,529	4,142
Increase in receivables and short term investments	(3,907)	(1,725)
Decrease in inventories	23	9
Increase/(decrease) in payables	2,444	(1,985)
	(1,440)	(3,701)
Cash generated from operations	89	441
Net claims paid	(2,332)	(2,777)
Interest received	1,982	1,857
Interest paid	(159)	(307)
Income taxes paid	(43)	(19)
	(552)	(1,246)
Net cash used in operating activities	(463)	(805)
Cash flow from investing activities:		
Purchase of fixed assets	–	(300)
Decrease in other investments	8,202	1,716
Increase in amounts due from associated companies	(5,103)	–
Proceeds from disposal of fixed assets	–	98
Net cash generated from investing activities	3,099	1,514
Cash flow from financing activities:		
(Decrease)/increase in bank loans	(380)	476
Increase in bank overdrafts	589	631
Increase in amount due from affiliated companies	(50)	–
Decrease in amount due to associated companies	–	(5,344)
Repayment to hire purchase creditors	–	(13)
Proceeds from issue of shares	–	5
Net cash generated from/(used in) financing activities	159	(4,245)
Net increase/(decrease) in cash and cash equivalents	2,795	(3,536)
Cash and cash equivalents at beginning of the period	57,518	63,140
Cash and cash equivalents at end of the period	60,313	59,604

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

	GROUP		COMPANY	
	1st Quarter ended 31.3.2005 \$'000	31.3.2004 \$'000	1st Quarter ended 31.3.2005 \$'000	31.3.2004 \$'000
Share capital				
Balance at beginning of the period	163,376	163,255	163,376	163,255
Issue of ordinary shares	–	3	–	3
Balance at end of the period	163,376	163,258	163,376	163,258
Share premium				
Balance at beginning of the period	8,778	8,681	8,778	8,681
Premium on issue of ordinary shares	–	2	–	2
Balance at end of the period	8,778	8,683	8,778	8,683
Capital reserve				
Balance at beginning of the period	125,016	130,070	232,043	230,761
Exchange difference arising on consolidation	1	–	–	–
Net surplus on revaluation of subsidiaries	–	–	8,084	2,557
Deferred tax adjustment due to reduction in corporate tax rate	–	245	–	–
Balance at end of the period	125,017	130,315	240,127	233,318
Fair value reserve				
Balance at beginning of the period as previously reported	–	–	–	–
Adoption of FRS 39	6,711	–	–	–
Deferred tax adjustment	(1,342)	–	–	–
Balance at beginning of the period as restated	5,369	–	–	–
Surplus on revaluation of investments for the period	1,549	–	–	–
Deferred tax adjustment	(310)	–	–	–
Balance at end of the period	6,608	–	–	–
Revenue reserve				
Balance at beginning of the period as previously reported	126,719	121,216	23,497	21,615
Adoption of FRS 39	(87)	–	–	–
Balance at beginning of the period as restated	126,632	121,216	23,497	21,615
Profit/(loss) for the period	1,260	1,705	(412)	(395)
Balance at end of the period	127,892	122,921	23,085	21,220
Currency translation adjustment reserve				
Balance at beginning of the period	3,805	1,090	–	–
Exchange differences arising on consolidation	(110)	212	–	–
Balance at end of the period	3,695	1,302	–	–
Share capital and reserves				
	435,366	426,479	435,366	426,479
Minority interests				
Balance at beginning of the period	8	26	–	–
Exchange difference arising on consolidation	(1)	–	–	–
Share of loss in a subsidiary	(3)	–	–	–
Balance at end of the period	4	26	–	–
Total equity				
	435,370	426,505	435,366	426,479

- 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 at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Since 31 December 2004, there were no changes to the issued ordinary share capital of the Company. As at 31 March 2005, the Company's issued share capital was \$163,376,000 divided into 653,504,000 ordinary shares of \$0.25 each.

As at 31 March 2005, there were no outstanding options to subscribe for ordinary shares of \$0.25 each in the capital of the Company under the *terminated* Hwa Hong Corporation Limited Executives' Share Option Scheme as compared with 472,000 unexercised options as at 31 March 2004.

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

- 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 in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the most recently audited consolidated financial statements for the financial year ended 31 December 2004.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the following new and revised Financial Reporting Standards (FRS) that are mandatory for financial year beginning on or after 1 January 2005:

FRS 1 Presentation of Financial Statements
FRS 2 Inventories
FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 Events after the Balance Sheet Date
FRS 16 Property, Plant and Equipment
FRS 17 Leases
FRS 21 The Effects of Changes in Foreign Exchange Rates
FRS 24 Related Party Disclosures
FRS 27 Consolidated and Separate Financial Statements
FRS 28 Investments in Associates
FRS 31 Interests in Joint Ventures
FRS 33 Earnings per Share
FRS 39 Financial Instruments: Recognition and Measurement
FRS 102 Share-based Payment
FRS 104 Insurance Contracts
FRS 105 Non-current Assets Held for Sale and Discontinued Operations

The adoption of the new and revised FRS did not have any material impact on the results of the Group and of the Company for the first quarter ended 31 March 2005. The effect of the adoption of *FRS 39 Financial Instruments: Recognition and Measurement* on the financial statements is set out in the Statement of Changes in Equity on page 6 of this announcement.

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	
	1st Quarter ended	
	31.3.2005	31.3.2004
Earnings per \$0.25 ordinary share after deducting any provision for preference dividends:-		
(i) Based on the weighted average number of ordinary shares in issue	0.19 cents	0.26 cents
(ii) On a fully diluted basis	0.19 cents	0.26 cents

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
	31.3.2005	31.12.2004	31.3.2005	31.12.2004
Net asset value per \$0.25 ordinary share	66.62 cents	65.45 cents	66.62 cents	65.45 cents

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 of the Group for the first quarter ended 31 March 2005 ("1Q 2005") decreased by about \$2.92 million or 20.77%, as compared to \$14.06 million for the first quarter ended 31 March 2004 ("1Q 2004"). This was largely attributable to lower proceeds from the disposal of investments (1Q 2005: \$0.57 million; 1Q 2004: \$3.0 million) and lower gross written premiums (1Q 2005: \$7.2 million; 1Q 2004: \$8.0 million) from Tenet Insurance Company Ltd ("Tenet Insurance"). During 1Q 2005, trading conditions in the stock market were not as favourable as in 1Q 2004 and Tenet Insurance was affected by keen competition in the motor insurance business.

In line with the drop in revenue as mentioned above, cost of sales and gross profit also decreased by about 34.44% from \$8.04 million in 1Q 2004 to \$5.27 million in 1Q 2005 and 2.48% from \$6.01 million in 1Q 2004 to \$5.87 million in 1Q 2005 respectively. The decrease in cost of sales was mainly due to lower cost on disposal of investments (1Q 2005: \$0.26 million; 1Q 2004: \$1.95 million), lower reinsurance premium (1Q 2005: \$1.7 million; 1Q 2004: \$2.4 million) and lower claims incurred (1Q 2005: \$1.5 million; 1Q 2004: \$1.9 million).

In 1Q 2005, other income fell by about 6.8% as compared to 1Q 2004. The decrease in other income was mainly due to lower interest income (1Q 2005: \$0.75 million; 1Q 2004: \$0.85 million), lower exchange gain, lower gain on disposal of fixed assets and loss of rental income of \$0.157 million on a property currently occupied as an office by Tenet Insurance. However, these decreases were partially offset by higher dividend income of \$0.047 million and an amount of \$0.374 million of write-back of provision for impairment loss on the investment property in Batu Pahat, Malaysia.

General and administrative costs, on the other hand, increased by about 8.78% with the increase in staff cost due to increment and recruitment, increase in expenses due to the translation of expenses of the operations in United Kingdom at a higher exchange rate and increase in professional fees incurred due to the Company's appeal on certain tax matters.

Selling and distribution costs also increased as net commission expense of Tenet Insurance increased. This increase in net commission expense was due mainly to lower commission rate received.

There was a decrease in other operating costs in 1Q 2005. In 1Q 2004, other operating costs included a provision for repairs and maintenance of about \$0.2 million.

With the decrease in borrowings which were used to finance the purchase of properties in United Kingdom, finance costs had also decreased.

The increase in the share of net losses of associated companies was mainly due to lower rental income from Riverwalk Promenade Pte Ltd whose property at Martin Road is being redeveloped into residential use and tenancies were therefore not renewed to pave the way for the redevelopment.

Overall, profit before taxation decreased by about \$0.636 million or 28.46% in 1Q 2005 as compared to 1Q 2004.

On the balance sheet of the Group as at 31 March 2005, there was an increase in fixed assets and this was due to the reclassification of an investment property which is being used by the Group and has a carrying value of about \$1.45 million. The change in accounting treatment for this particular property did not have any significant impact on Group results for 1Q 2005.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Uncertainties in the equities market and expected slowdown of the economy will affect the results of Tenet Insurance and investment income of the Group. However, this will be mitigated by profits from realisation of some of the Group's residential and commercial properties in London to be recognised in the current quarter. Standard & Poor's has recently upgraded Tenet Insurance from BBB- to BBB with stable outlook and this will have a positive effect on the business development of Tenet Insurance.

The soft launch of the residential development called "RiverGate", a 50% owned joint venture with CapitaLand Residential Limited, was well received. 80 units were purchased by Ferrell Premier Real Estate Investment Fund with another 50 units committed by various purchasers, out of a total of 545 units. The contributions, which is expected to be positive from this 50% owned associated company, Riverwalk Promenade Pte Ltd, will be progressively recognised over the project tenure based on current accounting standards.

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/recommendeded, a statement to that effect.

No dividend has been declared or recommended for the first quarter ended 31 March 2005.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

- 15. A breakdown of sales.**

Not applicable.

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

Not applicable.

- 17. Comparative figures**

Certain comparative figures have been reclassified to conform with current period's presentation.

18. INTERESTED PERSON TRANSACTIONS

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

BY ORDER OF THE BOARD

TAN MEE CHOO
COMPANY SECRETARY
11 MAY 2005