

**UNAUDITED RESULTS FOR SECOND QUARTER ENDED 30 JUNE 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.**

	<b>GROUP</b>					
	<b>2nd Quarter ended</b>			<b>Six Months ended</b>		
	<b>30.6.2005</b>	<b>30.6.2004*</b>	<b>+/(–)</b>	<b>30.6.2005</b>	<b>30.6.2004*</b>	<b>+/(–)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Revenue</b>	25,157	15,563	61.65	36,294	29,619	22.54
Cost of sales	(18,400)	(10,031)	83.43	(23,672)	(18,072)	30.99
<b>Gross profit</b>	6,757	5,532	22.14	12,622	11,547	9.31
Other income	8,240	3,271	151.91	9,638	4,771	102.01
General and administrative costs	(3,894)	(3,755)	3.70	(7,550)	(7,116)	6.10
Selling and distribution costs	(973)	(933)	4.29	(2,115)	(2,028)	4.29
Other operating costs	(138)	(12)	n.m.	(147)	(231)	(36.36)
<b>Operating profit</b>	9,992	4,103	143.53	12,448	6,943	79.29
Finance costs	(233)	(328)	(28.96)	(392)	(635)	(38.27)
Share of results of associated companies and joint venture	326	989	(67.04)	(373)	691	(153.98)
<b>Profit before taxation</b>	10,085	4,764	111.69	11,683	6,999	66.92
Taxation	(449)	(305)	47.21	(791)	(835)	(5.27)
<b>Profit after taxation</b>	9,636	4,459	116.10	10,892	6,164	76.70
Attributable to:						
Equity holders of the Company	9,640	4,470		10,900	6,175	
Minority interests	(4)	(11)		(8)	(11)	
	9,636	4,459		10,892	6,164	

\* Certain comparative figures have been reclassified to conform with current period's presentation and restated for effect of adoption of FRS 28.  
n.m. denotes not meaningful.

	<b>GROUP</b>		
	<b>2nd Quarter ended</b>		
	<b>30.6.2005</b>	<b>30.6.2004</b>	<b>+/(–)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Investment income	1,010	491	105.70
Other income including interest income	9,490	4,265	122.51
Interest on borrowings	(233)	(328)	(28.96)
Depreciation and amortisation and impairment loss on fixed assets	(243)	(211)	15.17
Allowance for doubtful debts and bad debts written off	(53)	(96)	(44.79)
Write-off for stock obsolescence	(93)	–	n.m.
Write-back of provision for impairment in value of investments	–	30	(100.00)
Foreign exchange loss	(136)	(16)	n.m.
Adjustments for (under) or overprovision of tax in respect of prior years	–	(204)	(100.00)
Gain on disposal of investments	252	90	180.00
Gain on disposal of investment properties <i>(Included in other income)</i>	6,854	1,847	271.09
(Loss)/gain on disposal of fixed assets <i>(Included in other income)</i>	(75)	2	n.m.
Exceptional items	–	–	–
Extraordinary items	–	–	–

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 30.6.2005 \$'000	As at 31.12.2004* \$'000	As at 30.6.2005 \$'000	As at 31.12.2004* \$'000
Fixed assets	14,395	13,550	4,631	4,731
Investment properties	127,702	111,306	–	–
Investment in subsidiaries	–	–	465,471	460,205
Investment in associated companies	60,443	61,236	–	–
Long term investments	84,506	84,642	3,323	3,323
Other receivables	485	319	–	–
<b>Reinsurer's share of technical provisions</b>				
Provision for unearned premiums	3,180	3,169	–	–
Provision for outstanding claims	7,493	8,552	–	–
<b>Current assets</b>				
Short term investments	53,540	51,558	–	–
Inventories	168	368	–	–
Trade receivables	4,093	3,503	–	–
Amount due from associated companies	111,693	105,763	–	–
Amount due from subsidiaries	–	–	4,058	11,421
Amount due from affiliated companies	146	88	97	88
Other receivables, deposits and prepayments	9,490	8,854	170	80
Cash and bank balances	82,585	57,518	77	91
	261,715	227,652	4,402	11,680
<b>Current liabilities</b>				
Trade payables and accruals	(1,817)	(1,958)	–	–
Other payables	(9,167)	(9,742)	(1,355)	(1,484)
Amount due to subsidiaries	–	–	(42,696)	(48,138)
Advance premiums	–	(974)	–	–
Bank overdrafts	(1,282)	(458)	(672)	–
Bank loans	(12,628)	(1,171)	–	–
Provision for taxation	(856)	(717)	(27)	(27)
	(25,750)	(15,020)	(44,750)	(49,649)
<b>Net current assets/(liabilities)</b>	235,965	212,632	(40,348)	(37,969)
<b>Non current liabilities</b>				
Bank loans	(44,126)	(8,608)	–	–
Tenancy deposits	(50)	(163)	–	–
Deferred taxation	(3,271)	(2,625)	(45)	(45)
Provision for unearned premiums	(13,431)	(11,841)	–	–
Provision for outstanding claims	(38,238)	(39,895)	–	–
Provision for premium deficiency	(2,021)	(2,021)	–	–
	(101,137)	(65,153)	(45)	(45)
	433,032	430,253	433,032	430,245

\* Certain comparative figures have been reclassified to conform with current period's presentation and restated for effect of adoption of FRS 28.

	GROUP		COMPANY	
	As at 30.6.2005 \$'000	As at 31.12.2004* \$'000	As at 30.6.2005 \$'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	114,005	125,016	239,861	234,594
Revenue reserve	134,084	128,499	21,017	23,497
Fair value reserve	8,400	–	–	–
Currency translation adjustment reserve	4,389	4,576	–	–
<b>Share capital and reserves</b>	<b>433,032</b>	<b>430,245</b>	<b>433,032</b>	<b>430,245</b>
Minority interests	–	8	–	–
<b>Total equity</b>	<b>433,032</b>	<b>430,253</b>	<b>433,032</b>	<b>430,245</b>

\* Certain comparative figures have been reclassified to conform with current period's presentation and restated for effect of adoption of FRS 28.

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

##### Amount repayable in one year or less, or on demand

As at 30.6.2005		As at 31.12.2004	
Secured	Unsecured	Secured	Unsecured
\$13,910,000	–	\$1,629,000	–

##### Amount repayable after one year

As at 30.6.2005		As at 31.12.2004	
Secured	Unsecured	Secured	Unsecured
\$44,126,000	–	\$8,608,000	–

##### Details of any collateral

The amount of long term bank loans repayable after one year and an amount of \$12.63 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 \$1.28 million (31.12.2004: \$0.458 million) 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.

	<b>GROUP</b>	
	<b>2nd Quarter ended 30.6.2005 \$'000</b>	<b>30.6.2004 \$'000</b>
<b>Cash flow from operating activities:</b>		
<b>Operating profit</b>	9,992	4,103
<i>Adjustments for:-</i>		
Interest income	(2,016)	(1,754)
Depreciation and impairment loss on fixed assets	243	211
Gain on disposal of investment properties	(6,854)	(1,847)
Loss/(gain) on disposal of fixed assets	75	(2)
Movement on provision for outstanding claims	2,109	2,354
Write-back of provision for obligation and warranties	374	-
Movement on provision for unearned premiums	1,350	(154)
	(4,719)	(1,192)
<b>Operating income before reinvestment in working capital</b>	5,273	2,911
Decrease/(increase) in receivables and short term investments	142	(3,496)
Decrease in inventories	177	99
Decrease in payables	(4,264)	(604)
	(3,945)	(4,001)
<b>Cash generated from/(used in) operations</b>	1,328	(1,090)
Net claims paid	(1,196)	(2,959)
Interest received	2,016	1,754
Interest paid	(233)	(328)
Income taxes paid	(609)	(1,211)
	(22)	(2,744)
<b>Net cash generated from/(used in) operating activities</b>	1,306	(3,834)
<b>Cash flow from investing activities:</b>		
Purchase of investment properties	(55,057)	-
Purchase of fixed assets	-	(556)
Decrease in other investments	1,472	2,351
Increase in amount due from associated companies	(827)	(321)
Proceeds from disposal of investment properties	32,968	3,301
Proceeds from disposal of fixed assets	-	132
<b>Net cash (used in)/generated from investing activities</b>	(21,444)	4,907
<b>Cash flow from financing activities:</b>		
Increase/(decrease) in bank loans	47,353	(525)
Increase/(decrease) in bank overdrafts	235	(159)
Decrease in amount due from affiliated companies	50	-
Dividends paid	(5,228)	(5,228)
Repayment to hire purchase creditors	-	(13)
Proceeds from issue of shares	-	186
<b>Net cash generated from/(used in) financing activities</b>	42,410	(5,739)
Net increase/(decrease) in cash and cash equivalents	22,272	(4,666)
Cash and cash equivalents at beginning of the period	60,313	59,604
<b>Cash and cash equivalents at end of the period</b>	82,585	54,938

**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.**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2nd Quarter ended 30.6.2005 \$'000</b>	<b>30.6.2004<sup>^</sup> \$'000</b>	<b>2nd Quarter ended 30.6.2005 \$'000</b>	<b>30.6.2004<sup>^</sup> \$'000</b>
<b>Share capital</b>				
Balance at beginning of the period	163,376	163,258	163,376	163,258
Issue of ordinary shares	–	103	–	103
Balance at end of the period	163,376	163,361	163,376	163,361
<b>Share premium</b>				
Balance at beginning of the period	8,778	8,683	8,778	8,683
Premium on issue of ordinary shares	–	83	–	83
Balance at end of the period	8,778	8,766	8,778	8,766
<b>Capital reserve</b>				
Balance at beginning of the period	125,017	130,315	240,127	233,318
Exchange difference arising on consolidation	3	–	–	–
Adjustment due to disposal of investment properties	(11,015)	(2,027)	–	–
Net deficit on revaluation of subsidiaries	–	–	(266)	(1,136)
Deferred tax adjustment	–	(45)	–	–
Balance at end of the period	114,005	128,243	239,861	232,182
<b>Revenue reserve</b>				
Balance at beginning of the period as previously reported	127,892	122,921	23,085	21,220
Adjustment due to adoption of FRS 28	1,780	(858)	–	–
Balance at beginning of the period as restated	129,672	122,063	23,085	21,220
Profit for the period as previously reported	8,750	3,152	3,160	2,590
Adjustment due to adoption of FRS 28	890	1,318	–	–
Profit for the period as restated	9,640	4,470	3,160	2,590
Dividend	(5,228)	(5,228)	(5,228)	(5,228)
Balance at end of the period	134,084	121,305	21,017	18,582
<b>Fair value reserve</b>				
Balance at beginning of the period	6,608	–	–	–
Surplus on revaluation of investments for the period	140	–	–	–
Deferred tax adjustment	1,652	–	–	–
Balance at end of the period	8,400	–	–	–
<b>Currency translation adjustment reserve</b>				
Balance at beginning of the period as previously reported	3,695	1,302	–	–
Adjustment due to adoption of FRS 28	771	(242)	–	–
Balance at beginning of the period as restated	4,466	1,060	–	–
Exchange differences arising on consolidation	(77)	156	–	–
Balance at end of the period	4,389	1,216	–	–
<b>Share capital and reserves</b>				
	433,032	422,891	433,032	422,891
<b>Minority interests</b>				
Balance at beginning of the period	4	26	–	–
Share of loss in a subsidiary	(4)	(11)	–	–
Balance at end of the period	–	15	–	–
<b>Total equity</b>				
	433,032	422,906	433,032	422,891

<sup>^</sup> Certain comparative figures have been restated to conform with current period's presentation.

- 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 March 2005, there were no changes to the issued ordinary share capital of the Company. As at 30 June 2005, the Company's issued share capital was \$163,376,000 divided into 653,504,000 ordinary shares of \$0.25 each.

As at 30 June 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 60,000 unexercised options as at 30 June 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*

Except as described below, 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 second quarter ended 30 June 2005. The effect of the adoption of *FRS 39 Financial Instruments: Recognition and Measurement* on the financial statements has been set out in the announcement of results for the first quarter ended 31 March 2005 released by the Company on 11 May 2005.

The Group had previously accounted for its investment in Norwest Holdings Pte Ltd and its subsidiaries ("Norwest Group") using the cost method as the investment was held with a view to disposal. Norwest Group (49.5% owned) is principally involved in the manufacturing and trading of phosphate chemicals. The revised FRS 28 requires the use of the equity method unless the investment is classified as held for sale in accordance with FRS 105. The Directors of the Company considered that the investment in Norwest Group no longer meets the criteria in FRS 105 and accordingly, had accounted for this investment using the equity method. The effect of this change is as follows:

- (i) Increase in revenue reserve, currency translation adjustment reserve and net tangible assets as at 31 December 2004 by \$1.78 million, \$0.77 million and \$2.55 million respectively; and
- (ii) Increase in profit before taxation by \$0.89 million for the six months ended 30 June 2005.



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>2nd Quarter ended 30.6.2005</b>	<b>30.6.2004 (restated)</b>
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	1.47 cents	0.68 cents
(ii) On a fully diluted basis	1.47 cents	0.68 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.

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 30.6.2005</b>	<b>As at 31.12.2004 (restated)</b>	<b>As at 30.6.2005</b>	<b>As at 31.12.2004 (restated)</b>
Net asset value per \$0.25 ordinary share	66.26 cents	65.84 cents	66.26 cents	65.84 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.**

Group profit for the six months ended 30 June 2005 ("1H 2005") increased as compared to the six months ended 30 June 2004 ("1H 2004") mainly due to:

- (i) higher gain on disposal of investment properties (included in other income as explained below); and
- (ii) higher profit before tax (1H 2005: \$2.73 million; 1H 2004: \$1.53 million) recorded by Tenet Insurance Company Ltd ("Tenet Insurance") mainly due to lower claims incurred (1H 2005: \$2.9 million; 1H 2004: \$4.2 million) because of release of prior years' reserves and improvement in loss ratio (1H 2005: 64%; 1H 2004: 74%).

In the second quarter ended 30 June 2005 ("2Q 2005"), the Group recorded an increase in profit after taxation of 116.10% as compared to the second quarter ended 30 June 2004 ("2Q 2004"). However, the increase in 1H 2005 as compared to 1H 2004 was only 76.70%. This was mainly due to lower profit after taxation recorded in the first quarter.

The main reasons for the fluctuations in the Group's results for 2Q 2005 are set out below:

Group revenue increased by 61.65% to \$25.16 million in 2Q 2005 mainly attributable to higher revenue recorded from sale of investments (2Q 2005: \$14.7 million; 2Q 2004: \$5.8 million) and increase in gross written premiums (2Q 2005: \$6.4 million; 2Q 2004: \$5.95 million) from Tenet Insurance. With higher revenue, cost of sales and gross profit increased by 83.43% and 22.14% respectively.

Other income increased mainly due to higher gain on disposal of investment properties in United Kingdom (2Q 2005: \$6.85 million; 2Q 2004: \$1.85 million).

General and administrative costs increased mainly because of higher staff cost due to increment and increase in headcount.

Selling and distribution costs increased mainly due to increase in net commission expense (2Q 2005: \$937,000; 2Q 2004: \$902,000) of Tenet Insurance as a result of lower reinsurance commission earned.

Other operating costs increased mainly due to stock written off by a subsidiary.

Additional bank borrowings were taken up in 2Q 2005 to finance the acquisition of properties in United Kingdom. However, the new borrowings were only taken up during the month of June 2005. Hence, the decrease in finance costs was mainly attributable to the repayment of borrowings upon disposal of certain properties in United Kingdom.

Share of profits of associated companies and joint venture decreased mainly due to higher losses recorded by the associated companies because of higher finance costs incurred by them, and lower contribution from Norwest Holdings Pte Ltd and its subsidiaries.

Taxation increased as more tax is payable on the higher profit before taxation.

On the balance sheet of the Group as at 30 June 2005, the increase in investment properties and the increase in bank borrowings was mainly due to the acquisition of investment properties in United Kingdom.

**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.**

The insurance subsidiary, Tenet Insurance, continues to operate in a competitive environment. Premium income and underwriting result are not likely to increase substantially for the year, but are expected to match 2004.

The recent package of policy changes by the Government in the property market is expected to have a positive impact on residential properties. To date, approximately 178 units (out of a total of 545 units) of RiverGate development have been sold. The Group is expected to take up its share of gains from the sale of units in RiverGate when Riverwalk Promenade Pte Ltd, 50% owned joint venture with CapitaLand Residential Limited, recognises the gains from these sales.

Rental income from the Paya Lebar property is expected to remain stable for the year following the improvement in the Singapore economy.

The Group continued to rationalise its property portfolio in London. Some residential properties and an office building were sold and part of the proceeds re-invested in six commercial properties which give an annual yield of 6.5%. The remaining residential apartments are fully let for the year and no significant disposal is expected for the second half of the year.

**11. Dividend**

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

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

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	1 cent, less tax
Optional:- Dividend Rate (in %)	4%, less tax
Par value of shares	\$0.25
Tax Rate	20%

***(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	Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	1 cent, less tax
Optional:- Dividend Rate (in %)	4%, less tax
Par value of shares	\$0.25
Tax Rate	20%

***(c) Date payable***

2 September 2005

***(d) Books closure date***

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 22 August 2005 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Share Registrars, Lim Associates (Pte) Ltd, 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315 up to 5.00 p.m. on 19 August 2005 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.

**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 and restated 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 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)
Nil	Nil	Nil

**BY ORDER OF THE BOARD**

TAN MEE CHOO  
COMPANY SECRETARY  
5 AUGUST 2005