UNAUDITED RESULTS FOR FIRST QUARTER ENDED 31 MARCH 2006

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		
	First Quarter Ended		
	31.3.2006	31.3.2005 (restated)	+/(–)
	$'000	$'000	%
Revenue	25,016	11,137	124.62
Cost of sales	(18,056)	(5,272)	242.49
Gross profit	6,960	5,865	18.67
Other income	486	1,398	(65.24)
General and administrative costs	(4,052)	(3,656)	10.83
Selling and distribution costs	(1,257)	(1,142)	10.07
Other operating costs	(174)	(8)	n.m.
Finance costs	(324)	(159)	103.77
Share of results of associates and unincorporated joint venture	194	(390)	n.m.
Profit before taxation	1,833	1,908	(3.93)
Taxation	(426)	(342)	24.56
Profit for the period	1,407	1,566	(10.15)
Attributable to:			
Equity holders of the Company	1,407	1,569	
Minority interests	–	(3)	
	1,407	1,566	

Note

Profit before taxation included the following:

	GROUP		
	First Quarter Ended		
	31.3.2006	31.3.2005 (restated)	+/(–)
	$'000	$'000	%
Investment income	39	75	(48.00)
Other income including interest income	1,899	2,633	(27.88)
Interest on borrowings	(324)	(159)	103.77
Depreciation and amortisation and impairment loss on property, plant and equipment	(227)	(368)	(38.32)
Allowance for doubtful debts and bad debts written off	(174)	(13)	n.m.
Write-back of impairment loss on investment properties	–	374	(100.00)
Foreign exchange (loss)/gain *(included in other income)*	(866)	1	n.m.
Gain on disposal of investments ^	1,448	361	301.11

^ Included an amount of about $0.248 million under other income.
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 31.3.2006	As at 31.12.2005	As at 31.3.2006	As at 31.12.2005 (restated)
	$'000	$'000	$'000	$'000
Property, plant and equipment	13,816	14,031	4,492	4,527
Investment properties	105,468	108,090	–	–
Investment in subsidiaries	–	–	471,043	471,043
Investment in associates	61,536	61,606	643	643
Long term investments	66,419	78,994	1,038	3,040
Other receivables	307	415	–	–
Reinsurer's share of technical provisions				
Provision for unearned premiums	2,851	2,695	–	–
Provision for outstanding claims	6,337	6,474	–	–
Current assets				
Short term investments	72,421	63,875	–	–
Inventories	223	144	–	–
Trade receivables	4,205	4,243	–	–
Amount due from associates	115,260	114,072	122	124
Amount due from subsidiaries	–	–	2,617	2,589
Deferred acquisition costs	2,452	2,266	–	–
Other receivables, deposits and prepayments	8,912	8,361	75	75
Tax recoverable	2,224	2,495	–	–
Cash and bank balances	68,270	63,444	1,686	86
	273,967	258,900	4,500	2,874
Current liabilities				
Trade payables and accruals	(1,928)	(1,379)	–	–
Other payables	(7,972)	(9,871)	(844)	(828)
Amount due to subsidiaries	–	–	(46,178)	(46,578)
Amount due to associates	(433)	(446)	(433)	(446)
Advance premiums	(78)	(1,195)	–	–
Bank overdrafts	(531)	(457)	–	–
Bank loans	(4,902)	(4,952)	–	–
Provision for taxation	(692)	(859)	(3)	(60)
	(16,536)	(19,159)	(47,458)	(47,912)
Net current assets/(liabilities)	257,431	239,741	(42,958)	(45,038)
Non current liabilities				
Bank loans	(24,793)	(25,527)	–	–
Other payables	(35)	(38)	–	–
Deferred taxation	(4,645)	(4,255)	(50)	(50)
	(29,473)	(29,820)	(50)	(50)
Technical provisions				
Provision for unearned premiums	(13,445)	(11,777)	–	–
Provision for outstanding claims	(33,724)	(34,025)	–	–
Provision for premium deficiency	(2,245)	(2,245)	–	–
	435,278	434,179	434,208	434,165

	GROUP		COMPANY	
	As at 31.3.2006	As at 31.12.2005	As at 31.3.2006	As at 31.12.2005 (restated)
	$'000	$'000	$'000	$'000
Share capital	172,154	163,376	172,154	163,376
Share premium	–	8,778	–	8,778
Capital reserve	117,607	117,718	–	–
Revenue reserve	134,592	133,185	16,637	16,593
Fair value reserve	11,883	9,919	245,417	245,418
Currency translation adjustment reserve	(958)	1,203	–	–
	435,278	434,179	434,208	434,165
Minority interests	–	–	–	–
	435,278	434,179	434,208	434,165

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

Amount repayable in one year or less, or on demand

As at 31.3.2006		As at 31.12.2005	
Secured	Unsecured	Secured	Unsecured
$5,433,000	–	$5,409,000	–

Amount repayable after one year

As at 31.3.2006		As at 31.12.2005	
Secured	Unsecured	Secured	Unsecured
$24,793,000	–	$25,527,000	–

Details of any collateral

The amount of long term bank loans repayable after one year and an amount of $0.47 million (31.12.2005: $0.49 million) of long term bank loans repayable within one year are secured over the investment properties of the Group. Short term bank loans of $4.43 million (31.12.2005: $4.47 million) and bank overdrafts are secured by corporate guarantees supported by charges over time deposits.

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	
	First Quarter Ended	
	31.3.2006 $'000	31.3.2005 $'000
Cash flow from operating activities:		
Profit before taxation	1,833	1,908
Adjustments for:		
Interest income	(2,382)	(1,982)
Interest expense	324	159
Depreciation and impairment loss on property, plant and equipment	227	368
Share of results of associates and unincorporated joint venture	(194)	390
Movement on provision for outstanding claims	(165)	820
Movement on provision for unearned premiums	1,513	240
Write-back of impairment loss on investment property	–	(374)
	(677)	(379)
Operating income before reinvestment in working capital	1,156	1,529
Increase in receivables and short term investments	(819)	(3,907)
(Increase)/decrease in inventories	(79)	23
(Decrease)/increase in payables	(388)	2,444
	(1,286)	(1,440)
Cash (used in)/generated from operations	(130)	89
Net claims paid	(2,081)	(2,332)
Interest received	2,382	1,982
Interest paid	(324)	(159)
Income taxes paid	(321)	(43)
	(344)	(552)
Net cash used in operating activities	(474)	(463)
Cash flow from investing activities:		
Purchase of property, plant and equipment	(19)	–
Decrease in other investments	7,230	8,202
Increase in amounts due from associates	(1,201)	(5,103)
	6,010	3,099
Cash flow from financing activities:		
(Decrease)/increase in bank loans	(784)	(380)
Increase in bank overdrafts	74	589
Increase in amount due from an associate	–	(50)
	(710)	159
Net increase in cash and cash equivalents	4,826	2,795
Cash and cash equivalents at beginning of the period	63,444	57,518
Cash and cash equivalents at end of the period	68,270	60,313

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	
	First Quarter Ended		First Quarter Ended	
	31.3.2006	31.3.2005* (restated)	31.3.2006	31.3.2005* (restated)
	$'000	$'000	$'000	$'000
Share capital				
Balance at beginning of the period	163,376	163,376	163,376	163,376
Transfer from share premium **	8,778	–	8,778	–
Balance at end of the period	172,154	163,376	172,154	163,376
Share premium				
Balance at beginning of the period	8,778	8,778	8,778	8,778
Transfer to share capital **	(8,778)	–	(8,778)	–
Balance at end of the period	–	8,778	–	8,778
Revenue reserve				
Balance at beginning of the period as previously reported	133,185	126,718	16,593	23,497
Reclassification	–	(849)	–	–
Adoption of FRS 28	–	1,862	–	–
	133,185	127,731	16,593	23,497
Adoption of FRS 39	–	(94)	–	–
Balance at beginning of the period as restated	133,185	127,637	16,593	23,497
Profit/(loss) for the period	1,407	1,566	44	(412)
Balance at end of the period	134,592	129,203	16,637	23,085
Capital reserve				
Balance at beginning of the period as previously reported	117,718	125,016	–	232,042
Reclassification	–	849	–	–
Balance at beginning of the period as restated	117,718	125,865	–	232,042
Exchange differences arising on consolidation	(33)	–	–	–
Adoption of FRS 39	–	–	–	(232,042)
Deferred tax	(78)	–	–	–
Balance at end of the period	117,607	125,865	–	–
Fair value reserve				
Balance at beginning of the period as previously reported	9,919	–	245,417	–
Adoption of FRS 39	–	6,439	–	232,042
Balance at beginning of the period as restated	9,919	6,439	245,417	232,042
Increase in fair value of investment securities	2,455	1,549	–	8,085
Deferred tax	(491)	(310)	–	–
Balance at end of the period	11,883	7,678	245,417	240,127
Currency translation adjustment reserve				
Balance at beginning of the period as previously reported	1,203	3,805	–	–
Adoption of FRS 28	–	771	–	–
Balance at beginning of the period as restated	1,203	4,576	–	–
Exchange differences arising from revaluation of monetary items forming part of net investment in foreign operation	(539)	–	–	–
Exchange differences arising on consolidation	(1,622)	(110)	–	–
Balance at end of the period	(958)	4,466	–	–
Minority interests				
Balance at beginning of the period	–	8	–	–
Exchange differences arising on consolidation	–	(1)	–	–
Share of loss in a subsidiary	–	(3)	–	–
Balance at end of the period	–	4	–	–
	435,278	439,370	434,208	435,366

* The comparative figures have been restated and explained in the announcement of results for the financial year ended 31 December 2005 released by the Company on 23 February 2006.

** With the introduction of the Companies (Amendment) Act 2005 on 30 January 2006, the amount standing to the credit of the Company's share premium account became part of the Company's share capital on that date.

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 2005, there were no changes to the total number of issued shares of the Company. As at 31 March 2006, the Company's share capital was $172,154,000 divided into 653,504,000 ordinary shares.

As at 31 March 2006 and 31 March 2005, there were no outstanding options to subscribe for ordinary shares in the capital of the Company under the Hwa Hong Corporation Limited Executives' Share Option Scheme (which had been terminated and is no longer in operation).

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.

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 2005.

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.

There are no changes in accounting policies and methods of computation.

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	
	First Quarter Ended	
	31.3.2006	31.3.2005 (restated)
Earnings per ordinary share after deducting any provision for preference dividends:		
(i) Based on the weighted average number of ordinary shares in issue	0.22 cents	0.24 cents
(ii) On a fully diluted basis	0.22 cents	0.24 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 31.3.2006	As at 31.12.2005	As at 31.3.2006	As at 31.12.2005
Net asset value per ordinary share	66.61 cents	66.44 cents	66.44 cents	66.44 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.

The Group achieved revenue of $25.016 million for the first quarter ended 31 March 2006 ("1Q 2006"), representing an increase of 124.62% from the first quarter ended 31 March 2005 ("1Q 2005"). The increase in Group revenue was mainly attributable to the following:

(a) higher proceeds from the disposal of investments (1Q 2006: $14.2 million; 1Q 2005: $0.57 million) mainly due to improvement in trading condition in the stock market; and

(b) higher gross written premiums (1Q 2006: $7.8 million; 1Q 2005: $7.2 million) from Tenet Insurance Company Ltd ("Tenet").

In line with the increase in revenue as mentioned above, cost of sales registered increase of about 242%. The increase in cost of sales was mainly a result of higher cost of sales from investment trading activities (1Q 2006: $13 million; 1Q 2005: $0.25 million). As a result, gross profit increased by 18.67%.

The Group registered a profit before taxation of $1.833 million in 1Q 2006 which was 3.93% lower than the profit of $1.908 million in 1Q 2005. Despite higher revenue and gross profit in 1Q 2006, the lower profit before taxation was primarily due to the following key factors:

(a) lower profit contribution from Tenet which fell from $1.16 million in 1Q 2005 to $0.87 million in 1Q 2006 mainly due to lower underwriting gains; and

(b) unrealised exchange losses of Thackeray Properties Limited and Pumbledon Limited arising from the appreciation of Singapore Dollar against Sterling Pound.

Against this, contribution from associates and unincorporated joint venture boosted Group profit before taxation.

Other income fell about 65% from $1.398 million in 1Q 2005 to $0.49 million in 1Q 2006 mainly due to unrealised exchange loss of $0.87 million recognised in 1Q 2006, as compared to an exchange gain of $1,000 in 1Q 2005. The exchange loss in 1Q 2006 was mainly due to appreciation of Singapore Dollar against Sterling Pound. In addition, there was a write-back of impairment loss on an investment property amounting to about $0.37 million in 1Q 2005. These decreases in other income were partially offset by higher interest income (1Q 2006: $0.862 million; 1Q 2005: $0.747 million), higher dividend income (1Q 2006: $0.112 million; 1Q 2005: $0.041 million) and higher gains on disposal of investments (1Q 2006: $0.248 million; 1Q 2005: $0.041 million).

General and administrative costs, on the other hand, increased about 11% to $4.052 million in 1Q 2006 as compared to 1Q 2005. This was mainly due to the following:

(a) increase in expenses of operations in United Kingdom due to acquisitions of properties in United Kingdom during the year 2005; and

(b) increase in corporate communication expenses incurred by Tenet to create brand awareness.

Selling and distribution costs increased about 10% to $1.257 million in 1Q 2006 as compared to 1Q 2005 mainly brought about by the increase in net commission expense of Tenet, in line with higher gross written premiums.

Other operating costs increased in 1Q 2006 as compared to 1Q 2005 mainly brought about by higher provision for doubtful debts.

Finance costs rose about 104% from $0.159 million in 1Q 2005 to $0.324 million in 1Q 2006 arising from borrowings to fund the acquisitions of properties in United Kingdom.

Share of results of associates and unincorporated joint venture improved in 1Q 2006 as compared to 1Q 2005 mainly attributable to Riverwalk Promenade Pte Ltd, a 50% owned associated company. This was mainly because borrowing costs relating to the RiverGate development were capitalised in 1Q 2006 whereas such borrowing costs were expensed off in 1Q 2005.

Taxation charge for the Group in 1Q 2006 was higher than that arrived at by applying the statutory tax rate of 20% to the profit before taxation mainly because losses incurred by foreign subsidiaries cannot be offset against the taxable profits of other companies in the Group.

Net current assets of the Group as at 31 March 2006 increased by $17.69 million from 31 December 2005 primarily due to the reclassification of approximately $9 million of investment maturing in this financial year ending 31 December 2006 from non-current assets to current assets.

Other significant changes to the balance sheet of the Group since 31 December 2005 arose from the following:

(a) decrease in investment properties by $2.622 million mainly due to the weakening of Sterling Pound against Singapore Dollar; and

(b) decrease in currency translation adjustment reserve mainly due to exchange losses arising from the appreciation of Singapore Dollar against Sterling Pound.

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 result for the second quarter of 2006 is expected to benefit from the gains on the disposal of the Group's investment in Equatorial Reinsurance (Singapore) Ltd and the disposal of a property at 36-38 Hatton Garden, London. The gains to be recognised from these two divestments are approximately $4 million. Occupancy level for the remaining residential and commercial properties in London remains high and is expected to maintain for the year. Occupancy level at the Paya Lebar warehouse stabilised at around 73% with marginal increase in rental rates.

The sale of condominium units at RiverGate development (50% joint venture with CapitaLand Residential Limited) has been brisk. As at the end of March 2006, 298 units were sold in the first phase. The bullish sentiment in the high end residential market is likely to continue and more sales in the project can be expected. Contribution from the RiverGate development is expected to be recognised in 2007.

Tenet continues to face many challenges in the general insurance industry as premium rates decline. However, rising interest rates will help to boost investment income.

The Group's 49.5% owned associate, Norwest Holdings Pte Ltd and its subsidiaries ("Norwest Group"), has been affected by adverse market conditions for its main product, yellow phosphorus. After the winter season, Norwest Group has also been affected by delays in the reopening of its mining operations caused by adverse weather conditions which resulted in the temporary closure of the only access road to the mines. Thus, contribution from Norwest Group decreased from $0.49 million in 1Q 2005 to $0.17 million in 1Q 2006. In the light of recent developments, Management of Norwest Group is currently reviewing plans to mitigate the effects. The contribution from Norwest Group to the Group's bottom line is expected to be much lower than the previous financial year.

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.

No dividend has been declared or recommended for the first quarter ended 31 March 2006.

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
28 APRIL 2006