

**UNAUDITED RESULTS FOR THIRD QUARTER ENDED 30 SEPTEMBER 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.**

	<b>GROUP</b>					
	<b>Third Quarter Ended</b>			<b>Nine Months Ended</b>		
	<b>30.9.2006</b>	<b>30.9.2005</b>	<b>+/(-) %</b>	<b>30.9.2006</b>	<b>30.9.2005</b>	<b>+/(-) %</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Revenue</b>	32,249	17,376	85.60	72,527	53,670	35.14
Cost of sales	(23,553)	(10,579)	122.64	(48,424)	(34,251)	41.38
<b>Gross profit</b>	8,696	6,797	27.94	24,103	19,419	24.12
Other income	2,314	682	239.30	11,052	10,320	7.09
General and administrative costs	(3,976)	(3,916)	1.53	(12,208)	(11,466)	6.47
Selling and distribution costs	(976)	(959)	1.77	(3,259)	(3,074)	6.02
Other operating cost	(346)	(120)	188.33	(451)	(267)	68.91
Finance costs	(377)	(691)	(45.44)	(1,097)	(1,083)	1.29
Share of results of associates and unincorporated joint venture	133	307	(56.68)	537	(66)	n.m.
<b>Profit before taxation</b>	5,468	2,100	160.38	18,677	13,783	35.51
Taxation	(765)	(506)	51.19	(2,239)	(1,297)	72.63
<b>Profit after taxation</b>	4,703	1,594	195.04	16,438	12,486	31.65
Attributable to:						
Equity holders of the Company	4,703	1,594		16,438	12,494	
Minority interests	-	-		-	(8)	
	4,703	1,594		16,438	12,486	

**Note**

Profit before taxation included the following:

	<b>GROUP</b>		
	<b>Third Quarter Ended</b>		
	<b>30.9.2006</b>	<b>30.9.2005</b>	<b>+/(-) %</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Investment income	678	483	40.37
Other income including interest income	4,451	2,166	105.49
Interest on borrowings	(377)	(691)	(45.44)
Depreciation and amortisation and impairment loss on fixed assets	(263)	(204)	28.92
Allowance for doubtful debts and bad debts written off <i>(included in other operating cost)</i>	(346)	(120)	188.33
Allowance for stock obsolescence	-	(1)	(100.00)
Foreign exchange gain/(loss)	369	(945)	n.m.
Adjustment for under provision of tax in respect of prior years	-	(31)	(100.00)
Gain on disposal of investment <sup>(1)</sup>	3,607	374	n.m.
Gain on disposal of investment properties <i>(included in other income)</i>	36	-	n.m.
Gain on disposal of fixed assets <i>(included in other income)</i>	123	-	n.m.

n.m. denotes not meaningful.

(1) Included in other income is an amount of \$0.027 million (30.9.2005 : \$0.036 million).

**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.**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 30.9.2006 \$'000</b>	<b>As at 31.12.2005 \$'000</b>	<b>As at 30.9.2006 \$'000</b>	<b>As at 31.12.2005 \$'000</b>
Property, plant and equipment	13,840	14,031	4,584	4,527
Investment properties	102,286	108,090	-	-
Investment in subsidiaries	-	-	471,043	471,043
Investment in associates	60,957	61,606	643	643
Long term investments	65,635	78,994	39	3,040
Other receivables	281	415	-	-
<b>Reinsurer's share of technical provisions</b>				
Provision for unearned premiums	2,924	2,695	-	-
Provision for outstanding claims	4,239	6,474	-	-
<b>Current assets</b>				
Short term investments	78,500	63,875	-	-
Inventories	70	144	-	-
Trade receivables	4,068	4,243	-	-
Amount due from associates	117,800	114,072	125	124
Amount due from subsidiaries	-	-	3,276	2,589
Deferred acquisition costs	2,496	2,266	-	-
Other receivables, deposits and prepayments	8,816	8,361	48	75
Tax recoverable	2,029	2,495	-	-
Cash and bank balances	59,856	63,444	1,199	86
	<b>273,635</b>	<b>258,900</b>	<b>4,648</b>	<b>2,874</b>
<b>Current liabilities</b>				
Trade payables and accruals	(1,351)	(1,379)	-	-
Other payables	(8,128)	(9,871)	(681)	(828)
Amount due to subsidiaries	-	-	(54,918)	(46,578)
Amount due to associates	(787)	(446)	(424)	(446)
Advance premiums	-	(1,195)	-	-
Bank overdrafts	(984)	(457)	-	-
Bank loans	(4,832)	(4,952)	-	-
Provision for taxation	(1,276)	(859)	(27)	(60)
	<b>(17,358)</b>	<b>(19,159)</b>	<b>(56,050)</b>	<b>(47,912)</b>
<b>Net current assets/(liabilities)</b>	<b>256,277</b>	<b>239,741</b>	<b>(51,402)</b>	<b>(45,038)</b>
<b>Non current liabilities</b>				
Bank loans	(20,924)	(25,527)	-	-
Other payables	(91)	(38)	-	-
Deferred taxation	(4,183)	(4,255)	(50)	(50)
	<b>(25,198)</b>	<b>(29,820)</b>	<b>(50)</b>	<b>(50)</b>
<b>Technical provisions</b>				
Provision for unearned premiums	(13,760)	(11,777)	-	-
Provision for outstanding claims	(28,056)	(34,025)	-	-
Provision for premium deficiency	(2,245)	(2,245)	-	-
	<b>437,180</b>	<b>434,179</b>	<b>424,857</b>	<b>434,165</b>

	GROUP		COMPANY	
	As at	As at	As at	As at
	30.9.2006	31.12.2005	30.9.2006	31.12.2005
	\$'000	\$'000	\$'000	\$'000
Share capital	172,154	163,376	172,154	163,376
Share premium	-	8,778	-	8,778
Capital reserve	116,133	117,718	-	-
Revenue reserve	136,553	133,185	7,285	16,593
Fair value reserve	10,904	9,919	245,418	245,418
Currency translation adjustment reserve	1,436	1,203	-	-
	437,180	434,179	424,857	434,165
Minority interests	-	-	-	-
	437,180	434,179	424,857	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 30.9.2006		As at 31.12.2005	
Secured	Unsecured	Secured	Unsecured
\$5,816,000	-	\$5,409,000	-

**Amount repayable after one year**

As at 30.9.2006		As at 31.12.2005	
Secured	Unsecured	Secured	Unsecured
\$20,924,000	-	\$25,527,000	-

**Details of any collateral**

The amount of long term bank loans repayable after one year and an amount of \$1.18 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 \$3.65 million (31.12.2005 : \$4.47 million) and bank overdrafts are secured by corporate guarantees and by a pledge of bank balances of \$6.26 million (31.12.2005 : \$2.663 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.

	<b>GROUP</b>	
	<b>Third Quarter Ended</b>	
	<b>30.9.2006</b>	<b>30.9.2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flow from operating activities:</b>		
Profit before taxation	5,468	2,100
<i>Adjustments for:</i>		
Interest income	(2,536)	(2,221)
Interest expense	377	691
Depreciation and impairment loss on fixed assets	263	204
Share of results of associates and unincorporated joint venture	(133)	(307)
Gain on disposal of investment properties	(36)	-
Gain on disposal of property, plant and equipment	(123)	-
Movement in provision for outstanding claims	24	1,136
Movement in provision for unearned premiums	328	10
	<u>(1,836)</u>	<u>(487)</u>
<b>Operating income before reinvestment in working capital</b>	<b>3,632</b>	<b>1,613</b>
Decrease/(Increase) in receivables, short term investments and loans	1,854	(1,948)
Decrease/(Increase) in inventories	122	(75)
Decrease in payables	331	2,421
	<u>2,307</u>	<u>398</u>
<b>Cash generated from operations</b>	<b>5,939</b>	<b>2,011</b>
Net claims paid	(1,871)	(2,911)
Interest received	2,536	2,221
Interest paid	(377)	(691)
Income taxes paid	(442)	(516)
	<u>(154)</u>	<u>(1,897)</u>
<b>Net cash generated from operating activities</b>	<b>5,785</b>	<b>114</b>
<b>Cash flow from investing activities:</b>		
Deposit paid for acquisition of properties under development	-	(3,653)
Purchase of property, plant and equipment	(155)	-
Increase in other investments	1,725	6,769
Proceeds from disposal of investment properties	5,300	-
Amounts due from associated companies	(1,569)	(1,116)
Proceeds from disposal of fixed assets	123	-
<b>Net cash generated from investing activities</b>	<b>5,424</b>	<b>2,000</b>
<b>Cash flow from financing activities:</b>		
Decrease in bank loans	(4,338)	(9,784)
Increase/(Decrease) in bank overdrafts	218	(1,282)
Dividends paid	(7,842)	(5,228)
<b>Net cash used in financing activities</b>	<b>(11,962)</b>	<b>(16,294)</b>
Net decrease in cash and cash equivalents	(753)	(14,180)
Cash and cash equivalent at beginning of the period	60,609	82,585
<b>Cash and cash equivalent at end of the period</b>	<b>59,856</b>	<b>68,405</b>

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	
	Third Quarter Ended 30.9.2006	30.9.2005 (restated)	Third Quarter Ended 30.9.2006	30.9.2005 (restated)
	\$'000	\$'000	\$'000	\$'000
<b>Share capital</b>				
Balance at beginning and end of the period	172,154	163,376	172,154	163,376
<b>Share premium</b>				
Balance at beginning and end of the period	-	8,778	-	8,778
<b>Capital reserve</b>				
Balance at beginning of the period	116,460	114,854	-	-
Exchange differences arising on consolidation	-	(4)	-	-
Net deficit on revaluation of investment properties	(288)	-	-	-
Deferred tax	(39)	(43)	-	-
Balance at end of the period	116,133	114,807	-	-
<b>Revenue reserve</b>				
Balance at beginning of the period	139,692	133,301	15,048	21,016
Profit for the period	4,703	1,594	79	-
Dividend	(7,842)	(5,228)	(7,842)	(5,228)
Balance at end of the period	136,553	129,667	7,285	15,788
<b>Fair value reserve</b>				
Balance at beginning of the period	8,326	8,128	245,418	240,128
Increase in fair value of investment securities	2,465	2,595	-	-
Deferred tax	113	-	-	-
Balance at end of the period	10,904	10,723	245,418	240,128
<b>Currency translation adjustment reserve</b>				
Balance at beginning of the period	927	4,388	-	-
Exchange differences arising on consolidation	509	(2,545)	-	-
Balance at end of the period	1,436	1,843	-	-
	437,180	429,194	424,857	428,070

- 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 30 June 2006, there were no changes to the total number of issued shares of the Company. As at 30 September 2006, the Company's share capital was \$172,154,000 divided into 653,504,000 ordinary shares.

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.**

Not applicable.

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>Third Quarter Ended 30.9.2006</b>	<b>30.9.2005</b>
Earnings per ordinary share after deducting any provision for preference dividends:		
(i) Based on the weighted average number of ordinary shares in issue	0.72 cents	0.24 cents
(ii) On a fully diluted basis	0.72 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.**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 30.9.2006</b>	<b>As at 31.12.2005</b>	<b>As at 30.9.2006</b>	<b>As at 31.12.2005</b>
Net asset value per ordinary share	66.90 cents	66.44 cents	65.01 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.**

**Nine months ended 30 September 2006 versus Nine months ended 30 September 2005**

Group profit before taxation for the nine months ended 30 September 2006 ("YTD 30/9/06") increased by 35.5% to \$18.6 million. The increase in Group profit before taxation for YTD 30/9/06 was mainly due to:-

- (i) higher gain on disposal of investments (YTD 30/9/06 \$5 million : YTD 30/9/05 \$0.98 million);
- (ii) higher profit before taxation recorded by Tenet Insurance Company Ltd ("Tenet Insurance") (YTD 30/9/06 \$7.3 million : YTD 30/9/05 \$4.5 million) due to lower claims incurred (YTD 30/9/06 \$2.16 million : YTD 30/9/05 \$4.06 million) and higher dividend income ( YTD 30/9/06 \$1.6 million : YTD 30/9/05 \$1.2 million);
- (iii) the Group recorded an exchange gain of \$0.28 million compared to exchange loss of \$1.08 million in the previous period;
- (iv) increase in contribution from associated companies due to lower losses recorded by an associated company;

The above was offset by lower gains from disposal of investment properties (YTD 30/9/06 \$2.5 million : YTD 30/9/05 \$6.8 million).

#### **Quarter ended 30 September 2006 versus Quarter ended 30 September 2005**

The revenue of the Group for the third quarter ended 30 September 2006 ("3Q 2006") increased by about 85.6% from \$17.38 million in the third quarter ended 30 September 2005 ("3Q 2005") to \$32.25 million. This was mainly due to higher revenue recorded from sale of investments (3Q 2006 : \$21.98 million; 3Q 2005 : \$8.3 million) and higher interest income (3Q 2006 : \$1.65 million; 3Q 2005 : \$1.4 million). The increase was partially offset by lower rental income (3Q 2006 : \$1.1 million; 3Q 2005 : \$1.4 million) as certain investment properties were disposed of during the period.

The increases in cost of sales and gross profit were in line with the higher revenue received.

Other income increased from \$0.68 million to \$2.3 million in 3Q 2006, as the Group recorded an exchange gain of \$0.36 million compared to a loss of \$0.95 million in the previous corresponding period. The strengthening of Sterling Pounds against Singapore Dollars resulted in the exchange gain in 3Q 2006.

General and administrative costs for 3Q 2006 increased by about 1.53%, as compared to 3Q 2005. This was mainly due to higher legal and professional fees incurred.

Selling and distribution costs for 3Q 2006 also increased, mainly due to increase in net commission expense incurred by Tenet Insurance (3Q 2006 : \$0.98 million; 3Q 2005 : \$0.9 million).

The decrease in finance costs in 3Q 2006 was mainly due to lower bank borrowings as proceeds from sale of properties were used to repay bank borrowings.

The Group recorded lower share of profits of associated companies and joint venture of \$0.13 million in 3Q 2006 compared to \$0.31 million in 3Q 2005. This was mainly due to lower contribution from Norwest Group (3Q 2006 : loss of \$0.118 million; 3Q 2005 : gain of \$0.11 million).

The tax charge for 3Q 2006 was lower than that arrived at by applying statutory rate of tax to profit before tax mainly because certain items were not taxable. The tax charge in 3Q 2005 was higher than that arrived at by applying statutory rate of tax to profit before tax as certain expenses were not allowable for tax.

On the balance sheet of the Group as at 30 September 2006, the following fluctuations are explained as follows:

- (i) Decrease in investment properties was mainly due to the disposal of investment properties in United Kingdom; and
- (ii) Decrease in bank borrowings was mainly due to repayment of bank loans.

**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.**

Up to October 2006, 390 units of RiverGate apartments and 4 units of commercial space were sold. A balance of 155 units in the project, which is 50% owned by the Group, remains to be sold. The demand for high end residential properties remains buoyant and this is expected to continue into 2007. The profit from this project will be recognised progressively in financial year ending 31 December 2007.

The Pier at Robertson (20% owned by the Group) was fully completed and handed over to respective owners. A number of smaller size apartments remains to be sold. The commercial areas have been totally leased to various food outlets.

In London, 27-29 Fitzroy Street was sold and the profit recognised in the third quarter. The remaining residential and commercial properties are fully let.

In spite of stiff competition, Tenet Insurance performed satisfactorily due primarily to a lower Incurred Loss Ratio and higher investment income. The general insurance market remains soft and pricing of some classes of business continue to be depressed. Achieving growth poses a challenge.

**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.**

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 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

19. **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.

**BY ORDER OF THE BOARD**

TAN MEE CHOO  
COMPANY SECRETARY  
8 NOVEMBER 2006