

**UNAUDITED RESULTS FOR FIRST QUARTER ENDED 31 MARCH 2008****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 31.3.2008	31.3.2007 (restated)	+ / (-)
	\$'000	\$'000	%
Revenue	22,761	18,818	21.0
Cost of sales	(14,232)	(12,276)	15.9
Gross profit	8,529	6,542	30.4
Other income	1,828	1,160	57.6
General and administrative costs	(5,458)	(4,238)	28.8
Selling and distribution costs	(2,272)	(1,263)	79.9
Other operating costs	(76)	(92)	(17.4)
Finance costs	(1,171)	(714)	64.0
Share of results of associates and unincorporated joint venture	16,376	35,842	(54.3)
Profit before taxation	17,756	37,237	(52.3)
Taxation	(377)	(600)	(37.2)
Profit after taxation	17,379	36,637	(52.6)
Attributable to:			
Equity holders of the Company	17,379	36,637	
Minority Interests	-	-	
	17,379	36,637	

Note

Profit before taxation included the following:

	Group		
	First Quarter Ended		+ / (-)
	31.3.2008	31.3.2007	
	\$'000	\$'000	%
Investment income	107	54	98.1
Other income including interest income	5,026	4,480	12.2
Interest on borrowings	(1,171)	(714)	64.0
Depreciation on property, plant and equipment and investment properties	(577)	(530)	8.9
Allowance for doubtful debts and bad debts written off	(35)	(92)	(62.0)
Write-back/(allowance made) for impairment loss			
- investment properties	270	-	n.m.
- quoted long term investments	(291)	-	n.m.
Underprovision of taxation in prior years	(166)	-	n.m.
Foreign exchange loss	(1,035)	(193)	n.m.
Gain on disposal of investments ^	1,525	755	n.m.
Gain on disposal of property, plant and equipment	-	85	n.m.
Gain on disposal of investment property	645	-	n.m.

^ Included an amount of about \$0.22 (2007: \$0.02 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	
	31.3.2008 \$'000	31.12.2007 \$'000	31.3.2008 \$'000	31.12.2007 \$'000
Non-current assets				
Property, plant and equipment	13,892	14,150	4,084	4,143
Investment properties	85,621	89,669	-	-
Investment in subsidiaries	-	-	191,460	191,460
Investment in associates	87,593	82,133	693	693
Investment securities	91,823	93,661	45	45
Other receivables	13	16	-	-
Reinsurers' share of provision for outstanding claims	1,566	1,597	-	-
	280,508	281,226	196,282	196,341
Current assets				
Inventories	18	20	-	-
Trade receivables	7,264	5,037	-	-
Reinsurers' share of provision for -outstanding claims	442	450	-	-
- unearned premium	3,525	3,052	-	-
Deferred acquisition costs	3,890	2,982	-	-
Tax recoverable	939	1,465	507	505
Prepayments and deposits	5,555	5,565	57	49
Other receivables	4,665	3,890	13	-
Amounts due from subsidiaries	-	-	12,827	13,395
Amounts due from associates	30,384	30,386	-	-
Investment securities	91,267	104,575	-	-
Cash and bank balances	117,591	121,225	76	200
	265,540	278,647	13,480	14,149
Current liabilities				
Trade payables	(1,435)	(1,427)	-	-
Advance premiums	-	(1,263)	-	-
Other payables	(6,634)	(6,023)	(265)	(326)
Accrued operating expenses	(4,255)	(9,422)	(608)	(1,443)
Provision for				
- outstanding claims	(4,662)	(4,411)	-	-
- unearned premium	(19,915)	(15,719)	-	-
- premium deficiency	(1,639)	(1,639)	-	-
Amounts due to associates	(23,941)	(24,123)	(370)	(390)
Amounts due to subsidiaries	-	-	(3,556)	(3,560)
Bank overdraft	(2,234)	(2,689)	(238)	-
Bank loans (secured)	(50,592)	(51,236)	-	-
Tax payable	(989)	(1,080)	(1)	-
	(116,296)	(119,032)	(5,038)	(5,719)
Net current assets	149,244	159,615	8,442	8,430
Balance carried forward	429,752	440,841	204,724	204,771

	Group		Company	
	31.3.2008	31.12.2007	31.3.2008	31.12.2007
	\$'000	\$'000	\$'000	\$'000
Balance brought forward	429,752	440,841	204,724	204,771
Non-current liabilities				
Deferred tax liabilities	(4,559)	(6,628)	(44)	(44)
Bank loans (secured)	(26,201)	(28,089)	-	-
Other payables	(146)	(121)	-	-
Provision for outstanding claims	(16,630)	(15,741)	-	-
	(47,536)	(50,579)	(44)	(44)
Net assets	382,216	390,262	204,680	204,727
Equity attributable to equity holders of the Company				
Share capital	172,154	172,154	172,154	172,154
Capital reserve	33,502	44,379	-	-
Revenue reserve	168,662	151,283	32,526	32,573
Fair value reserve	13,832	27,076	-	-
Currency translation reserve	(5,934)	(4,630)	-	-
	382,216	390,262	204,680	204,727
Minority interests	-	-	-	-
Share capital and reserves	382,216	390,262	204,680	204,727

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

Amount repayable in one year or less, or on demand

	As at 31.3.2008		As at 31.12.2007	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank overdrafts	\$1,996	\$238	\$2,689	-
Short-term bank loans	\$39,269	-	\$39,130	-
Long-term bank loans	\$11,323	-	\$12,106	-
	\$52,588	\$238	\$53,925	-

Amount repayable after one year

	As at 31.3.2008		As at 31.12.2007	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long-term bank loans	\$26,201	-	\$28,089	-

Details of any collateral

Long-term bank loans of \$37.5 million (31.12.2007: \$40.2 million) were secured by a fixed charge over subsidiaries' investment properties. Short-term bank loans were secured by a subsidiary's investment property and a charge of \$23 million on its fixed deposit. Bank overdrafts were secured by charges over fixed deposits and supported by corporate guarantee.

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 31.3.2008	31.3.2007 (restated)
	\$'000	\$'000
Cash flow from operating activities:		
Profit before taxation	17,756	37,237
Adjustments for:		
Interest income	(3,045)	(2,358)
Interest expense	1,171	714
Depreciation and impairment loss on property, plant and equipment and investment properties	577	530
Share of results of associates and unincorporated joint venture	(16,376)	(35,842)
Net claims incurred	3,888	2,173
Provision for unexpired risks	2,735	1,964
Gain on disposal of property, plant and equipment	-	(85)
Gain on disposal of investment property	(645)	-
	(11,695)	(32,904)
Operating income before reinvestment in working capital	6,061	4,333
(Increase)/decrease in receivables and current investments	(6,123)	5,931
Decrease in inventories	2	40
Decrease in payables	(5,575)	(2,625)
	(11,696)	3,346
Cash (used in)/generated from operations	(5,635)	7,679
Net claims paid	(2,708)	(2,059)
Interest received	3,045	2,358
Interest paid	(1,171)	(714)
Income taxes recovered/(paid)	32	(110)
	(802)	(525)
Net cash (used in)/generated from operating activities	(6,437)	7,154
Cash flow from investing activities:		
Decrease in other investments	1,876	4,062
(Increase)/decrease in amounts due from associates	(296)	128,955
Proceeds from disposal of property, plant and equipment	-	85
Proceeds from disposal of investment property	645	-
Net cash generated from investing activities	2,225	133,102
Cash flow from financing activities:		
Increase/(decrease) in bank loans	69	(4,756)
(Decrease)/increase in bank overdrafts	(455)	821
Net cash used in financing activities	(386)	(3,935)
Net (decrease)/increase in cash and cash equivalents	(4,598)	136,321
Cash and cash equivalents at beginning of the period	88,394	60,686
Effects of exchange rate changes on cash and cash equivalents	964	583
Cash and cash equivalents at end of the period	84,760	197,590

For purposes of presenting consolidated cash flow statements, the consolidated cash and cash equivalents comprise the following

	Group	
	31.3.2008	31.3.2007 (restated)
	\$'000	\$'000
Cash and bank balances	117,591	203,511
Less: fixed deposits pledged	(32,831)	(5,921)
Cash and cash equivalents at end of the period	<u>84,760</u>	<u>197,590</u>

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 31.3.2008	31.3.2007	First Quarter Ended 31.3.2008	31.3.2007
	\$'000	\$'000	\$'000	\$'000
Share capital				
Balance at beginning and end of the period	172,154	172,154	172,154	172,154
Capital reserve **				
Balance at beginning of the period	44,379	98,687	-	-
Share of valuation gain realised by an associate/ Total recognised income and expenses for the period	(10,877)	(25,778)	-	-
Balance at end of the period	<u>33,502</u>	<u>72,909</u>	-	-
Revenue reserve				
Balance at beginning of the period	151,283	127,457	32,573	(22,910)
Profit for the period/ Total recognised income and expenses for the period	17,379	36,637	(47)	4
Balance at end of the period	<u>168,662</u>	<u>164,094</u>	<u>32,526</u>	<u>(22,906)</u>

** Capital reserve relates mainly to revaluation gain on a property which is under development in an associate.

	GROUP		COMPANY	
	First Quarter Ended 31.3.2008 \$'000	31.3.2007 \$'000	First Quarter Ended 31.3.2008 \$'000	31.3.2007 \$'000
Fair value reserve				
Balance at beginning of the period	27,076	25,772	–	(7)
Net (loss)/gain on fair value changes	(15,286)	7,748	–	–
Deferred tax liabilities arising from fair value changes	2,042	(95)	–	–
Net income recognised directly in equity/Total recognised income and expenses for the period	(13,244)	7,653	–	–
Balance at end of the period	13,832	33,425	–	(7)
Currency translation reserve				
Balance at beginning of the period	(4,630)	(4,630)	–	–
Exchange differences arising from revaluation of monetary items forming part of net investment in foreign operation	(548)	(189)	–	–
Exchange differences arising on consolidation	(756)	(182)	–	–
Net income recognised directly in equity/Total recognised income and expenses for the period	(1,304)	(371)	–	–
Balance at end of the period	(5,934)	(5,001)	–	–
Minority interests				
Balance at beginning and at end of the period	–	–	–	–
Total equity	382,216	437,581	204,680	149,241
Net income recognised directly in equity	(14,548)	7,282	–	–
Total recognised income and expenses for the period	(8,046)	18,141	(47)	4

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer 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 2007, there were no changes to the total number of 653,504,000 issued ordinary shares of the Company.

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

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Not applicable.

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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 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 2007.

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 FRSs that are mandatory for financial periods beginning on or after 1 January 2008:-

INT FRS 111	Group and Treasury Share Transactions
INT FRS 112	Service Concession Arrangements

The adoption of the new FRSs did not have any impact on the results of the Group and of the Company for the quarter ended 31 March 2008.

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 31.3.2008	31.3.2007 (restated)
Earnings per ordinary share after deducting any provision for preference dividends:		
(i) Based on the weighted average number of ordinary shares in issue	2.66 cents	5.61 cents
(ii) On a fully diluted basis	2.66 cents	5.61 cents

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	GROUP		COMPANY	
	As at 31.3.2008	As at 31.12.2007	As at 31.3.2008	As at 31.12.2007
Net asset value per ordinary share	58.49 cents	59.72 cents	31.32 cents	31.33 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.

Commentary on First Quarter Ended 31 March 2008 vs First Quarter ended 31 March 2007

Consistent with the Group's strategy to grow revenue, the Group's revenue increased by 21% from \$18.8 million for the first quarter ended 31 March 2007 ("1Q 2007") to \$22.8 million for the first quarter ended 31 March 2008 ("1Q 2008"). The increase in Group revenue was mainly attributable to the following:-

- (i) Strong performance from Tenet Insurance Company Ltd ("Tenet") as it recorded higher gross written premium (1Q 2008: \$12.2 million; 1Q 2007: \$8.7 million);
- (ii) higher rental income (1Q 2008: \$1.6 million; 1Q 2007: \$1.3 million); and
- (iii) higher interest income (1Q 2008: \$2.4 million; 1Q 2007: \$1.6 million).

The above increases were partially offset by lower proceeds from the disposal of investments (1Q 2008: \$6.1 million; 1Q 2007: \$7.0 million).

Cost of sales increased due to higher cost of sales incurred by Tenet (1Q 2008: \$8.7 million; 1Q 2007: \$5.6 million) in line with the higher gross premium earned and also because of higher claims incurred (1Q 2008: \$3.9 million; 1Q 2007: \$2.2 million) and no release of prior year's reserves (1Q 2008: nil; 1Q 2007: \$0.8 million).

Other income increased 57.6% from \$1.2 million in 1Q 2007 to \$1.8 million in 1Q 2008 mainly due to higher gain on sale of investments (1Q 2008: \$0.2 million; 1Q 2007: \$0.02 million) and higher gain on sale of investment property (1Q 2008: \$0.7 million; 1Q 2007: nil).

General and administrative costs have increased by 28.8% mainly due to higher staff costs (1Q 2008: \$2.4 million; 1Q 2007: \$2.0 million) and higher exchange losses (1Q 2008: \$1.0 million; 1Q 2007: \$0.2 million) due to appreciation of the Singapore Dollar against the Korean Won and Sterling Pound.

Selling and distribution costs have increased due to higher commission expense incurred by Tenet in line with the higher gross premium income earned.

Finance costs rose about 64.0% from \$0.7 million in 1Q 2007 to \$1.2 million in 1Q 2008 due to borrowings taken up to fund the acquisition of investments and investment properties in FY2007.

The Group registered higher revenue and gross profit as highlighted above but a lower profit before taxation of \$17.8 million in 1Q 2008 compared to

\$37.2 million in 1Q 2007 mainly due to lower contribution from associates and unincorporated joint venture. Share of results of associates and unincorporated joint venture decreased in 1Q 2008 as compared to 1Q 2007 mainly because of lower profit recognised from the development of the RiverGate project (1Q 2008: \$7.0 million; 1Q 2007: \$11.4 million) and lower release of valuation gain from capital reserves (1Q 2008: \$10.0 million; 1Q 2007: \$23.2 million). The incremental percentages of profit recognised from the RiverGate project were 10.9% and 25.2% in 1Q 2008 and 1Q 2007 respectively.

Taxation charge for the Group was lower in 1Q 2008 than that arrived at by applying the statutory tax rate of 18% to the profit before taxation mainly because share of associate's tax amounting to \$1.5 million is included in share of results of associates and unincorporated joint venture. In addition, no tax has been provided on the valuation gain of \$10.0 million recognised in the share of results of associates and unincorporated joint venture as the amount is not taxable.

Segmental Analysis for First Quarter Ended 31 March 2008 vs First Quarter ended 31 March 2007

Revenue (excluding all inter-segment transactions)

	Group		+ / (-)
	For Quarter Ended		
	31.3.2008	31.3.2007	%
	\$'000	\$'000	
Rental and Investments	7,008	6,693	4.7
Insurance	12,197	8,685	40.4
Trading and Investments	3,556	3,440	3.4
Corporate and Others	-	-	-
	<u>22,761</u>	<u>18,818</u>	21.0

Profit before taxation (excluding all inter-segment transactions)

	Group		+ / (-)
	For Quarter Ended		
	31.3.2008	31.3.2007	%
	\$'000	\$'000	
Rental and Investments	19,783	37,491	(47.2)
Insurance	(262)	527	(149.7)
Trading and Investments	(947)	(210)	351.0
Corporate and Others	(818)	(571)	43.3
	<u>17,756</u>	<u>37,237</u>	(52.3)

Rental and Investments Segment

Revenue relates mainly to rental income from the investment properties and proceeds from sale of investments (see details above).

Profit before taxation for this segment has decreased because of lower share of results from associates and unincorporated joint venture (see details above).

Insurance Segment

Revenue relates to gross premium income.

The segment recorded a loss before taxation of \$0.3 million in 1Q 2008 compared to a profit of \$0.5 million in 1Q 2007 because of poorer insurance underwriting results (see details above).

Trading and Investments Segment

Revenue relates mainly to proceeds from sale of investment.

The higher loss before taxation recorded by this segment is due to loss on disposal of investments and also an allowance for impairment loss on a quoted investment.

Corporate and Others Segment

The higher loss incurred is due to higher general and administrative costs incurred.

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 current turmoil in the financial markets and credit squeeze, which were triggered by the sub-prime crisis, have affected sentiments in the property markets in Singapore and UK where the Group's investment properties are located and the stock market in Singapore.

Despite this challenging period, our properties in the UK are currently fully leased and rental and occupancy rates at our Paya Lebar Warehouse have improved from last year. The construction at the RiverGate development is proceeding well and only 3 penthouses remain unsold. Further profit contribution from the development will be recognised in the next 12 months.

Trading conditions in general insurance and the stock market remain challenging.

The Group is expected to remain profitable in FY2008 but the level of profits is expected to be lower than FY2007.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Special Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	3 cents tax exempt, one tier
Tax Rate	Not applicable

(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	Special Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	3.989 cents, less tax
Tax Rate	18%

(c) Date payable

10 June 2008

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 29 May 2008 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Share Registrars, Boardroom Corporate & Advisory Services Pte. Ltd., 3 Church Street, #08-01 Samsung Hub, Singapore 049483 up to 5.00 p.m. on 28 May 2008 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 restated from the previous financial period due to the change in accounting policy by an associate, details of which have already been provided in the Company’s announcements on 7 November 2007 and 15 February 2008.

The consolidated profit and loss account were restated as follows:

	Share of results of associates and unincorporated joint venture \$’000	Profit before tax \$’000
Balance for period 31 March 2007, as previously stated	33,652	35,047
Share of change in accounting policy by an associate	2,190	2,190
Balance for period 31 March 2007, as restated	<u>35,842</u>	<u>37,237</u>

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

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 in any material respect.

Submitted by

Simon Ong
Chief Financial Officer
29 April 2008