

**UNAUDITED RESULTS FOR SECOND QUARTER ENDED 30 JUNE 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					
	Second Quarter ended			Six Months Ended		
	30.6.2008	30.6.2007	+/(-)	30.6.2008	30.6.2007	+/(-)
	(restated)			(restated)		
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>	19,290	19,734	(2.2)	42,051	38,552	9.1
Cost of sales	(12,272)	(10,926)	12.3	(26,503)	(23,202)	14.2
<b>Gross profit</b>	7,018	8,808	(20.3)	15,548	15,350	1.3
Other income	2,742	10,343	(73.5)	4,571	11,503	(60.3)
General and administrative costs	(4,836)	(5,589)	(13.5)	(10,293)	(9,827)	4.7
Selling and distribution costs	(2,090)	(1,252)	66.9	(4,362)	(2,515)	73.4
Other operating income/(costs)	335	(167)	n.m.	259	(259)	n.m.
Finance costs	(1,098)	(864)	27.1	(2,270)	(1,578)	43.9
Share of results of associates and unincorporated joint venture	21,817	23,664	(7.8)	38,193	59,506	(35.8)
<b>Profit before taxation</b>	23,888	34,943	(31.6)	41,646	72,180	(42.3)
Taxation	(64)	(959)	(93.3)	(442)	(1,559)	(71.6)
<b>Profit after taxation</b>	23,824	33,984	(29.9)	41,204	70,621	(41.7)
Attributable to:						
Equity holders of the Company	23,824	33,984		41,204	70,621	
Minority interests	-	-		-	-	
	23,824	33,984		41,204	70,621	

**Note**

Profit before taxation included the following:

	Group		
	Second Quarter Ended		
	30.6.2008	30.6.2007	+/(-)
	\$'000	\$'000	%
Investment income	385	555	(30.6)
Other income including interest income	5,181	15,354	(66.3)
Interest on borrowings	(662)	(864)	(23.4)
Depreciation on property, plant and equipment and investment properties	(570)	(561)	1.6
Allowance for doubtful debts and bad debts written off	-	(167)	n.m.
Write-back/(allowance made) for impairment loss on			
- investment property	270	-	n.m.
- quoted long term investment securities	242	-	n.m.
Underprovision of taxation in prior years	-	-	n.m.
Foreign exchange (loss)/gain	(410)	184	n.m.
Gain on disposal of investment securities	2,082	9,352	(77.7)
Gain on disposal of property, plant and equipment	-	-	-

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	
	30.6.2008 \$'000	31.12.2007 \$'000	30.6.2008 \$'000	31.12.2007 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	13,627	14,150	4,024	4,143
Investment properties	84,201	89,669	-	-
Investment in subsidiaries	-	-	191,460	191,460
Investment in associates	96,414	82,133	693	693
Investment securities	91,240	93,661	45	45
Other receivables	11	16	-	-
Reinsurers' share of provision for outstanding claims	1,853	1,597	-	-
	<b>287,346</b>	<b>281,226</b>	<b>196,222</b>	<b>196,341</b>
<b>Current assets</b>				
Inventories	41	20	-	-
Trade receivables	6,488	5,037	-	-
Reinsurers' share of provision for - outstanding claims	523	450	-	-
- unearned premium	3,614	3,052	-	-
Deferred acquisition costs	4,471	2,982	-	-
Tax recoverable	829	1,465	507	505
Prepayments and deposits	5,599	5,565	84	49
Other receivables	3,542	3,890	17	-
Amounts due from subsidiaries	-	-	12,525	13,395
Amounts due from associates	30,482	30,386	77	-
Investment securities	83,950	104,575	-	-
Cash and bank balances	88,826	121,225	63	200
	<b>228,365</b>	<b>278,647</b>	<b>13,273</b>	<b>14,149</b>
<b>Current liabilities</b>				
Trade payables	(1,955)	(1,427)	-	-
Advance premiums	-	(1,263)	-	-
Other payables	(6,418)	(6,023)	(317)	(326)
Accrued operating expenses	(3,449)	(9,422)	(193)	(1,443)
Provision for - outstanding claims	(5,115)	(4,411)	-	-
- unearned premium	(21,657)	(15,719)	-	-
- premium deficiency	(1,639)	(1,639)	-	-
Amounts due to associates	(24,189)	(24,123)	(365)	(390)
Amounts due to subsidiaries	-	-	(3,552)	(3,560)
Bank overdraft	(1,957)	(2,689)	(111)	-
Bank loans (secured)	(50,395)	(51,236)	-	-
Tax payable	(650)	(1,080)	(1)	-
	<b>(117,424)</b>	<b>(119,032)</b>	<b>(4,539)</b>	<b>(5,719)</b>
<b>Net current assets</b>	<b>110,941</b>	<b>159,615</b>	<b>8,734</b>	<b>8,430</b>
Balance carried forward	398,287	440,841	204,956	204,771

	Group		Company	
	30.6.2008 \$'000	31.12.2007 \$'000	30.6.2008 \$'000	31.12.2007 \$'000
Balance brought forward	398,287	440,841	204,956	204,771
<b>Non-current liabilities</b>				
Deferred tax liabilities	(3,273)	(6,628)	(44)	(44)
Bank loans (secured)	(25,765)	(28,089)	-	-
Other payables	(81)	(121)	-	-
Provision for outstanding claims	(18,236)	(15,741)	-	-
	<u>(47,355)</u>	<u>(50,579)</u>	<u>(44)</u>	<u>(44)</u>
<b>Net assets</b>	<u>350,932</u>	<u>390,262</u>	<u>204,912</u>	<u>204,727</u>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	172,154	172,154	172,154	172,154
Capital reserve	20,544	44,379	-	-
Revenue reserve	159,811	151,283	32,758	32,573
Fair value reserve	5,449	27,076	-	-
Currency translation reserve	(7,026)	(4,630)	-	-
	<u>350,932</u>	<u>390,262</u>	<u>204,912</u>	<u>204,727</u>
Minority interests	-	-	-	-
<b>Share capital and reserves</b>	<u>350,932</u>	<u>390,262</u>	<u>204,912</u>	<u>204,727</u>

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

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

	30.6.2008		31.12.2007	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank overdrafts	1,846	111	2,689	-
Short term bank loans	39,216	-	39,130	-
Long term bank loans	11,179	-	12,106	-
	<u>52,241</u>	<u>111</u>	<u>53,925</u>	<u>-</u>

**Amount repayable after one year**

	30.6.2008		31.12.2007	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	25,765	-	28,089	-

**Details of any collateral**

Bank loans of \$36.9 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 \$23.0 million on its fixed deposit. Certain 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			
	Second quarter ended		Six Months Ended	
	30.6.2008	30.6.2007 (restated)	30.6.2008	30.6.2007 (restated)
	\$'000	\$'000	\$'000	\$'000
<b>Cash flow from operating activities:</b>				
Profit before taxation	23,888	34,943	41,646	72,180
Adjustments for:				
Interest income	(2,255)	(2,214)	(5,300)	(4,572)
Interest expense	1,099	864	2,270	1,578
Depreciation on property, plant and equipment and investment properties	570	561	1,146	1,091
Share of results of associates and unincorporated joint venture	(21,817)	(23,664)	(38,193)	(59,506)
Net claims incurred	4,640	703	8,528	2,876
Provision for unexpired risks	1,073	948	3,808	2,912
(Write-back)/allowance made for impairment loss on investment property	(270)	-	(270)	-
Gain on disposal of				
- property, plant and equipment	-	-	-	(85)
- investment property	-	-	(645)	-
	(16,960)	(22,802)	(28,656)	(55,706)
<b>Operating income before reinvestment in working capital</b>	6,928	12,141	12,990	16,474
Increase in receivables and current investment securities	(557)	(10,098)	(5,548)	(4,931)
(Increase)/decrease in inventories	(24)	(8)	(22)	32
(Decrease)/increase in payables	(518)	2,512	(6,093)	(56)
	(1,099)	(7,594)	(11,663)	(4,955)
<b>Cash generated from operations</b>	5,829	4,547	1,327	11,519
Net claims paid	(2,950)	(1,882)	(5,658)	(3,941)
Interest received	2,255	2,214	5,300	4,572
Interest paid	(1,099)	(864)	(2,270)	(1,578)
Income taxes paid	(281)	(707)	(250)	(562)
	(2,075)	(1,239)	(2,878)	(1,509)
<b>Net cash generated from/(used in) operating activities carried forward</b>	3,754	3,308	(1,551)	10,010

	Group			
	Second quarter ended		Six Months Ended	
	30.6.2008	30.6.2007 (restated)	30.6.2008	30.6.2007 (restated)
	\$'000	\$'000	\$'000	\$'000
Net cash generated from/(used in) operating activities brought forward	3,754	3,308	(1,551)	10,010
<b>Cash flow from investing activities:</b>				
Decrease in other investments	595	8,314	2,332	11,840
(Increase)/decrease in amounts due from associates	149	75	(147)	129,030
Purchase of property, plant and equipment	-	(51)	-	(51)
Purchase of investment property	-	(10,504)	-	(10,504)
Proceeds from disposal of				
- property, plant and equipment	-	3	-	85
- investment property	-	-	645	-
<b>Net cash generated from/(used in) investing activities</b>	<b>744</b>	<b>(2,163)</b>	<b>2,830</b>	<b>130,400</b>
<b>Cash flow from financing activities:</b>				
Increase/(decrease) in bank loans	(136)	6,512	845	3,575
(Decrease)/increase in bank overdrafts	(245)	3,393	(526)	4,220
Dividends paid	(32,675)	(28,075)	(32,675)	(28,075)
<b>Net cash used in financing activities</b>	<b>(33,056)</b>	<b>(18,170)</b>	<b>(32,356)</b>	<b>(20,280)</b>
Net (decrease)/increase in cash and cash equivalents	(28,558)	(17,025)	(31,077)	120,130
Cash and cash equivalents at beginning of the period	84,760	197,590	88,394	60,686
Effects of exchange rate changes on cash and cash equivalents	63	432	(1,052)	181
<b>Cash and cash equivalents at end of the period</b>	<b>56,265</b>	<b>180,997</b>	<b>56,265</b>	<b>180,997</b>
For purposes of presenting consolidated cash flow statements, the consolidated cash and cash equivalents comprise the following:				
Cash and bank balances	88,826	187,008	88,826	187,008
Less: fixed deposits pledged	(32,561)	(6,011)	(32,561)	(6,011)
Cash and cash equivalents at end of period	56,265	180,997	56,265	180,997

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	
	Second quarter ended 30.6.2008	30.6.2007 (restated)	Second quarter ended 30.6.2008	30.6.2007
	\$'000	\$'000	\$'000	\$'000
<b>Share capital</b>				
Balance at beginning and end of the period	172,154	172,154	172,154	172,154
<b>Capital reserve **</b>				
Balance at beginning of the period	33,502	72,908	-	-
Share of valuation gain realised by an associate/Total recognised income and expense for the period	(12,958)	(11,118)	-	-
Balance at end of the period	20,544	61,790	-	-
<b>Revenue reserve</b>				
Balance at beginning of the period	168,662	164,094	32,526	(22,906)
Profit for the period/Total recognised income and expense for the period	23,824	33,984	32,907	89,208
Dividends paid	(32,675)	(28,075)	(32,675)	(28,075)
Balance at end of the period	159,811	170,003	32,758	38,227
<b>Fair value reserve</b>				
Balance at beginning of the period	13,832	33,425	-	(7)
Net gain on fair value changes	(9,680)	1,575	-	-
Deferred tax liabilities arising from fair value changes	1,297	(526)	-	-
Net income recognised directly in equity/ Total recognised income and expense for the period	(8,383)	1,049	-	-
Balance at end of the period	5,449	34,474	-	(7)
<b>Currency translation reserve</b>				
Balance at beginning of the period	(5,934)	(5,001)	-	-
Exchange differences arising from - revaluation of monetary item forming part of net investment in foreign operation	(501)	423	-	-
- consolidation	(591)	260	-	-
Net income recognised directly in equity/ Total recognised income and expense for the period	(1,092)	683	-	-
Balance at end of the period	(7,026)	(4,318)	-	-
<b>Minority interests</b>				
Balance at beginning and end of the period	-	-	-	-
<b>Total equity</b>	350,932	434,103	204,912	210,374
<b>Net income recognised directly in equity</b>	(9,475)	1,732	-	-
<b>Total recognised income and expense for the period</b>	1,391	24,598	32,907	89,208

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

- 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 2008, 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.

- 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 Financial Reporting Standards (FRS) 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 FRS did not have any impact on the results of the Group and of the Company for the quarter and six months ended 30 June 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.

	<b>GROUP</b>	
	<b>Second Quarter Ended 30.6.2008</b>	<b>30.6.2007 (restated)</b>
Earnings per ordinary share after deducting any provision for preference dividends:		
(i) Based on the weighted average number of ordinary shares in issue	3.65 cents	5.20 cents
(ii) On a fully diluted basis	3.65 cents	5.20 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 30.6.2008</b>	<b>As at 31.12.2007</b>	<b>As at 30.6.2008</b>	<b>As at 31.12.2007</b>
Net asset value per ordinary share	53.70 cents	59.72 cents	31.36 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.

**Second Quarter Ended 30 June 2008 vs Second Quarter Ended 30 June 2007**

**Revenue** (excluding all inter-segment transactions)

	<b>Group</b>		
	<b>Second Quarter Ended</b>		<b>+ / (-) %</b>
	<b>30.6.2008 \$'000</b>	<b>30.6.2007 \$'000</b>	
Rental and Investments	7,708	8,086	(4.7)
Insurance	10,350	7,803	32.6
Trading and Investments	1,232	3,841	(67.9)
Corporate and Others	-	4	(100.0)
	<u>19,290</u>	<u>19,734</u>	

Reduction in revenue by 2.2%, or \$0.4 million in 2Q 2008 was due to reduction in revenue from Rental and Investments and Trading and Investments segments by \$0.4 million and \$2.6 million respectively. The reduction of revenue from these segments was mainly due to reduction in proceeds from disposal of short term investment securities of \$0.5 million and \$2.5 million respectively. Rental income from Rental and Investments segment remains strong at \$1.6 million for both quarters. Similarly, trading proceeds from Trading and Investment segment contributed \$0.4 million to total revenue for both quarters.



Reduction in revenue for 2Q 2008 was partially offset by the increase in gross written premium by \$2.5 million in the Insurance segment due to higher contributions from most product lines.

Cost of sales increased by 12.3% to \$12.3 million in 2Q 2008 mainly due to higher cost of sales incurred by the Insurance segment (2Q 2008: \$7.4 million; 2Q 2007: \$3.1 million) which is in line with the higher gross written premium earned and also because of resulting higher claims incurred and no release of prior years' reserves (2Q 2008: nil; 2Q 2007: \$3.2 million).

**Profit before taxation** (excluding all inter-segment transactions)

	<b>Group</b>		
	<b>Second Quarter Ended</b>		
	<b>30.6.2008</b>	<b>30.6.2007</b>	<b>+/(-)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Rental and Investments	24,463	33,821	(27.7)
Insurance	217	3,161	(93.1)
Trading and Investments	(262)	119	n.m.
Corporate and Others	(530)	(2,158)	n.m.
	<u>23,888</u>	<u>34,943</u>	

**Analysis by segment**

Reduction in profit before taxation of \$11.1 million or 31.6% was contributed by all segments except Corporate and Others segment.

Reduction in profit before taxation for Rental and Investments segment was mainly due to reduction in contribution from associates and unincorporated joint venture, lower gain from disposal of long term investment securities and unrealised exchange losses due to our monetary assets such as cash and receivables held in Sterling Pound. Reduction in profit before taxation for Insurance segment was due to absence of prior years' release of reserves and higher incurred claims. Reduction in profit before taxation for Trading and Investments segment was due to lower profit from disposal of short term investment securities and unrealised exchange losses due to investments denominated in Korean Won. Profit before taxation for Corporate and Others segment improved due to lower accruals for staff bonus in 2Q 2008.

**Analysis by nature**

Reduction in profit before taxation from \$34.9 million in Q2 2007 to \$23.9 million in Q2 2008 was mainly due to

- i) reduction in other income by \$7.6 million in Q2 2007 to \$2.7 million in Q2 2008. The reduction was mainly due to the reduction in gain from disposal of long term investment securities of \$7.0 million (Q2 2008: \$1.5 million; Q2 2007: \$8.5 million) and reduction in dividend income and interest income from long term investment securities of \$0.5 million (Q2 2008: \$0.6 million; Q2 2007: \$1.1 million) and \$0.3 million (Q2 2008: \$0.6 million; Q2 2007: \$0.9 million) respectively.
- ii) increase in selling and distribution costs by \$0.8 million was due to increase in net commission expense from the Insurance segment. The increase is in line with the increase in gross written premiums.
- iii) increase in finance costs by \$0.2 million was due to loans taken up to finance purchase of investment securities and investment property in FY2007.

- iv) reduction in share of results of associates and unincorporated joint venture by \$1.8 million was mainly because of lower profit recognised from the development of the RiverGate project (2Q 2008: \$9.7 million: 2Q 2007: \$12.8 million). In 2Q 2007, the profit from RiverGate project was higher because of higher incremental sales rate. The RiverGate project was already 98% sold by June 2007 and the profit recognition since then is dependant only on the incremental physical completion rate. The reduction is partially offset by higher release of valuation gain from capital reserve of \$1.8 million (2Q 2008: \$11.0 million 2Q 2007: \$9.2 million). The incremental percentages of profit recognised from the RiverGate project were 13.97% and 11.91% for Q2 2008 and Q2 2007 respectively.

Decrease in profit before taxation was partially mitigated by

- i) reduction in general and administrative costs by \$0.8 million mainly due to lower accruals for staff bonus in Q2 2008. The reduction is partially offset by increase in unrealised exchange losses in Q2 2008 amounting to \$0.4 million.
- ii) reduction in other operating costs by \$0.5 million mainly due to a write-back of impairment loss on investment property of \$0.3 million in Q2 2008.

Lower taxation charge for the Group in 2Q 2008 than that arrived at by applying the statutory tax rate of 18% to the profit before taxation mainly because share of associates' tax amounting to \$2.2 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 \$11.0 million recognised in the share of results of associates and unincorporated joint venture as the amount is not taxable.

#### **First Half Ended 30 June 2008 vs First Half Ended 30 June 2007**

##### **Revenue** (excluding all inter-segment transactions)

	<b>Group</b>		
	<b>Six Months Ended</b>		
	<b>30.6.2008</b>	<b>30.6.2007</b>	<b>+/(-)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Rental and Investments	14,716	14,779	(0.4)
Insurance	22,547	16,488	36.7
Trading and Investments	4,788	7,281	(34.2)
Corporate and Others	-	4	(100.0)
	<u>42,051</u>	<u>38,552</u>	

Revenue for first half ended 30 June 2008 ("1H 2008") was \$3.5 million higher than the corresponding period ended 30 June 2007 ("1H 2007").

The increase was mainly due to

- i) increase in rental income by \$0.3 million and interest income from investment securities by \$1.1 million from Rental and Investments segment;
- ii) increase in gross written premium by \$6.1 million from the Insurance segment; and
- iii) increase in trading proceeds by \$0.2 million from Trading and Investments segment.

The increase was partially offset by lesser sales proceeds from disposal of short term investments from Rental and Investments and Trading and Investments segments by \$1.3 million and \$2.7 million respectively.

**Profit before taxation** (excluding all inter-segment transactions)

	Group		
	Six Months Ended		+ / (-) %
30.6.2008 \$'000	30.6.2007 \$'000		
Rental and Investments	44,246	71,312	(38.0)
Insurance	(45)	3,688	n.m.
Trading and Investments	(1,208)	(91)	n.m.
Corporate and Others	(1,347)	(2,729)	n.m.
	<u>41,646</u>	<u>72,180</u>	

**Analysis by segment**

Profit before taxation decreased by \$30.5 million from \$72.2 million in 1H 2007 to \$41.6 million in 1H 2008. Reduction in profit before taxation is contributed by all segments except Corporate and Others segment.

Reduction in profit before taxation for Rental and Investments segment was mainly due to

- reduction in contribution from associates and unincorporated joint venture by \$21.5 million due to lower contribution from the RiverGate project;
- lower gain from disposal of long term investment securities by \$7.3 million;
- unrealised exchange losses of \$1.0 million due to our monetary assets such as cash and receivables held in Sterling Pound.

Reduction in profit before taxation for Insurance segment was due to absence of prior years' release of reserves. The incurred loss ratio, which had remained constant, was applied to a bigger earned premium base in 1H 2008, thus leading to higher incurred claims for 1H 2008 which in turn led to lower profit before taxation for 1H 2008.

Reduction in profit before taxation for Trading and Investments segment was due to lower profit from disposal of short term investment securities amounting to \$0.3 million and unrealised exchange losses of \$0.5 million due to investments denominated in Korean Won.

Profit before taxation for Corporate and Others segment improved by \$1.6 million due to lower accruals for staff bonus in 1H 2008.

Comparing 2Q 2008 and that for quarter ended 31 March 2008, profit before taxation for all segments improved by \$6.1 million, with Rental and Investments, Insurance and Trading and Investments segments contributing \$4.7 million; \$0.5 million and \$0.7 million respectively.

**Analysis by nature**

Reduction in profit before taxation from \$72.2 million in 1H 2007 to \$41.2 million in 1H 2008 was mainly due to the factors as discussed above.

The increase in general and administrative costs from \$9.8 million for 1H 2007 to \$10.3 million for 1H 2008 further contributed the reduction in profit before taxation. The increase in general and administrative costs was due to increase in unrealised exchange losses recognised.

**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 after shocks of the sub prime crisis continued to affect the financial markets. The results have been a tightening of bank credit and higher costs of borrowing. Together with escalating construction costs, the residential market in Singapore was affected. The Group did not aggressively pursue en bloc residential property purchases in 2007 and surplus cash was returned to shareholders via a series of special dividends.

The RiverGate development is expected to obtain TOP by year end and profits are recognised with each stage of completion of the project. Cash distribution from the joint venture company will be made only after TOP is obtained and outstanding liabilities settled.

The Paya Lebar warehouse achieved an occupancy level of 89% and average rental of \$1.04 per sqft.

The development of the site for transitional office at Scotts Road is expected to be handed to Prudential Assurance Company Singapore (Pte) Limited for fitting out purposes by September this year and rental income will then commence.

The residential and commercial properties in UK are still fully leased in spite of the weak market.

Gross written premium for Tenet Insurance is expected to show growth for 2008. However, underwriting results would be affected by lower prior years' releases of reserves and higher current loss ratios for motor and workman compensation portfolio. Investment income will continue to underpin the performance for the insurance operation.

While the Group will remain profitable for 2008, the profits will be less than that achieved for 2007.

**11. Dividend**

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

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

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	1.5 cents one-tier, tax exempt
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	Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	1.5 cents one-tier, tax exempt
Tax Rate	Not applicable
Name of Dividend	Special Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	6.5 cents one-tier tax exempt
Tax Rate	Not applicable

**(c) Date payable**

8 September 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 15 August 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 14 August 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:

	<b>Second Quarter Ended 30.6.2007 \$'000</b>	<b>Six Months Ended 30.6.2007 \$'000</b>
Balance for the period, as previously stated	24,262	57,914
Share of change in accounting policy by an associate	(598)	1,592
Balance for the period, restated	<u>23,664</u>	<u>59,506</u>

#### 18. INTERESTED PERSON TRANSACTIONS

<b>Name of interested person</b>	<b>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)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>
Hong Leong Investment Holdings Pte. Ltd. Group – interest charged on shareholder loan to Hong Property Investment Pte Ltd for six months ended 30 June 2008	\$169,852	Not applicable <sup>^</sup>

<sup>^</sup> There is no subsisting shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

#### 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  
31 July 2008