

**UNAUDITED RESULTS FOR THIRD QUARTER ENDED 30 SEPTEMBER 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					
	Third Quarter Ended			Nine Months Ended		
	30.9.2008	30.9.2007	+/(-) %	30.9.2008	30.9.2007	+/(-) %
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>	20,245	19,236	5.2	62,295	57,788	7.8
Cost of sales	(12,998)	(10,394)	25.1	(39,501)	(33,596)	17.6
<b>Gross profit</b>	7,247	8,842	(18.0)	22,794	24,192	(5.8)
Other income	991	5,188	(80.9)	5,562	16,691	(66.7)
General and administrative costs	(5,519)	(5,801)	(4.9)	(15,812)	(15,628)	1.2
Selling and distribution costs	(2,114)	(1,304)	62.1	(6,475)	(3,819)	69.5
Other operating costs	(2,156)	(526)	n.m.	(1,897)	(785)	n.m.
Finance costs	(1,031)	(1,168)	(11.7)	(3,301)	(2,746)	20.2
Share of results of associates and unincorporated joint venture	15,019	8,839	69.9	53,212	68,345	(22.1)
<b>Profit before taxation</b>	12,437	14,070	(11.6)	54,083	86,250	(37.3)
Taxation	(327)	(471)	(30.6)	(768)	(2,030)	(62.2)
<b>Profit after taxation</b>	12,110	13,599	(10.9)	53,315	84,220	(36.7)
Attributable to:						
Equity holders of the Company	12,110	13,599		53,315	84,220	
Minority interests	-	-		-	-	
	12,110	13,599		53,315	84,220	

**Note**

Profit before taxation included the following:

	Group		
	Third Quarter Ended		
	30.9.2008	30.9.2007	+/(-) %
	\$'000	\$'000	%
Investment income	450	267	68.5
Other income including interest income	6,298	7,531	(16.4)
Interest on borrowings	(1,031)	(1,168)	(11.7)
Depreciation on property, plant and equipment and investment properties	(582)	(442)	31.7
Write-back/(allowance made) for doubtful receivables from			
- trade and other receivables	-	(91)	(100.0)
- associate	3,696	-	100.0
Allowance made for impairment loss on			
- investment property	-	-	n.m.
- property, plant and equipment	-	(434)	(100.0)
- quoted short term investment securities	(5,823)	-	100.0
Underprovision of taxation in prior years	-	-	n.m.
Foreign exchange (loss)/gain	(766)	39	n.m.
(Loss)/gain on disposal of investment securities	(1,326)	3,892	n.m.
Gain on disposal of property, plant and equipment	1	-	100.0
Gain on disposal of investment property	-	-	n.m.

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	
	30.9.2008 \$'000	31.12.2007 \$'000	30.9.2008 \$'000	31.12.2007 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	13,870	14,150	3,977	4,143
Investment properties	86,854	89,669	-	-
Investment in subsidiaries	-	-	191,460	191,460
Investment in associates	102,033	82,133	693	693
Investment securities	93,917	93,661	45	45
Other receivables	8	16	-	-
Amount due from associates	17,540	-	-	-
Reinsurers' share of provision for outstanding claims	1,815	1,597	-	-
	<b>316,037</b>	<b>281,226</b>	<b>196,175</b>	<b>196,341</b>
<b>Current assets</b>				
Inventories	20	20	-	-
Trade receivables	5,642	5,037	-	-
Reinsurers' share of provision for - outstanding claims	512	450	-	-
- unearned premium	3,610	3,052	-	-
Deferred acquisition costs	4,985	2,982	-	-
Tax recoverable	1,120	1,465	507	505
Prepayments and deposits	5,639	5,565	115	49
Other receivables	3,221	3,890	8	-
Amounts due from subsidiaries	-	-	12,722	13,395
Amounts due from associates	19,581	30,386	-	-
Investment securities	67,680	104,575	-	-
Cash and bank balances	79,681	121,225	63	200
	<b>191,691</b>	<b>278,647</b>	<b>13,415</b>	<b>14,149</b>
<b>Current liabilities</b>				
Trade payables	(1,852)	(1,427)	-	-
Advance premiums	(5)	(1,263)	-	-
Other payables	(6,405)	(6,023)	(189)	(326)
Accrued operating expenses	(4,423)	(9,422)	(255)	(1,443)
Provision for - outstanding claims	(6,946)	(4,411)	-	-
- unearned premium	(23,040)	(15,719)	-	-
- premium deficiency	(1,639)	(1,639)	-	-
Amounts due to associates	(24,443)	(24,123)	(383)	(390)
Amounts due to subsidiaries	-	-	(3,548)	(3,560)
Bank overdraft	(3,346)	(2,689)	(232)	-
Bank loans (secured)	(56,576)	(51,236)	-	-
Tax payable	(359)	(1,080)	(1)	-
	<b>(129,034)</b>	<b>(119,032)</b>	<b>(4,608)</b>	<b>(5,719)</b>
<b>Net current assets</b>	<b>62,657</b>	<b>159,615</b>	<b>8,807</b>	<b>8,430</b>
Balance carried forward	378,694	440,841	204,982	204,771

	Group		Company	
	30.9.2008 \$'000	31.12.2007 \$'000	30.9.2008 \$'000	31.12.2007 \$'000
Balance brought forward	378,694	440,841	204,982	204,771
<b>Non-current liabilities</b>				
Deferred tax liabilities	(2,625)	(6,628)	(44)	(44)
Bank loans (secured)	(24,557)	(28,089)	-	-
Other payables	(125)	(121)	-	-
Provision for outstanding claims	(19,052)	(15,741)	-	-
	(46,359)	(50,579)	(44)	(44)
<b>Net assets</b>	<b>332,335</b>	<b>390,262</b>	<b>204,938</b>	<b>204,727</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	172,154	172,154	172,154	172,154
Capital reserve	11,228	44,379	-	-
Revenue reserve	162,119	151,283	32,784	32,573
Fair value reserve	(4,977)	27,076	-	-
Currency translation reserve	(8,189)	(4,630)	-	-
	332,335	390,262	204,938	204,727
Minority interests	-	-	-	-
<b>Share capital and reserves</b>	<b>332,335</b>	<b>390,262</b>	<b>204,938</b>	<b>204,727</b>

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

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

	30.9.2008		31.12.2007	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank overdrafts	3,114	232	2,689	-
Short term bank loans	45,892	-	39,130	-
Long term bank loans	10,684	-	12,106	-
	59,690	232	53,925	-

**Amount repayable after one year**

	30.9.2008		31.12.2007	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	24,557	-	28,089	-

**Details of any collateral**

Bank loans of \$35.2 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.**

	<b>Group</b>			
	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30.9.2008</b>	<b>30.9.2007 (restated)</b>	<b>30.9.2008</b>	<b>30.9.2007 (restated)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flow from operating activities:</b>				
Profit before taxation	12,437	14,070	54,083	86,250
Adjustments for:				
Interest income	(5,136)	(3,067)	(10,436)	(7,639)
Interest expense	1,031	1,168	3,301	2,746
Depreciation on property, plant and equipment and investment properties	582	442	1,728	1,533
Allowance made for impairment loss on property, plant and equipment	-	434	-	434
Share of results of associates and unincorporated joint venture	(15,019)	(8,839)	(53,212)	(68,345)
Net claims incurred	5,806	1,325	14,334	4,201
Provision for unexpired risks	873	775	4,681	3,687
Write-back of allowance made for doubtful receivables from associates	(3,696)	-	(3,696)	-
(Write-back)/allowance made for impairment loss on				
- investment property	-	-	(270)	-
- quoted investment securities (current)	5,823	-	5,823	-
Gain on disposal of				
- property, plant and equipment	(1)	-	-	(85)
- investment property	-	-	(645)	-
	(9,737)	(7,762)	(38,392)	(63,468)
<b>Operating income before reinvestment in working capital</b>	<b>2,700</b>	<b>6,308</b>	<b>15,691</b>	<b>22,782</b>
Increase in receivables and current investment securities	1,479	(8,659)	(2,776)	(13,590)
(Increase)/decrease in inventories	22	(22)	-	10
(Decrease)/increase in payables	998	2,600	(5,095)	2,544
	2,499	(6,081)	(7,871)	(11,036)
<b>Cash generated from operations</b>	<b>5,199</b>	<b>227</b>	<b>7,820</b>	<b>11,746</b>
Net claims paid	(3,109)	(2,419)	(8,767)	(6,360)
Interest received	959	3,067	4,965	7,639
Interest paid	(1,031)	(1,168)	(3,301)	(2,746)
Income taxes paid	(290)	(1,644)	(540)	(2,206)
	(3,471)	(2,164)	(7,643)	(3,673)
<b>Net cash generated from/(used in) operating activities carried forward</b>	<b>1,728</b>	<b>(1,937)</b>	<b>177</b>	<b>8,073</b>

	Group			
	Third Quarter Ended		Nine Months Ended	
	30.9.2008	30.9.2007 (restated)	30.9.2008	30.9.2007 (restated)
	\$'000	\$'000	\$'000	\$'000
Net cash generated from/(used in) operating activities brought forward	1,728	(1,937)	177	8,073
<b>Cash flow from investing activities:</b>				
(Increase)/decrease in other investments	(2,680)	(46,338)	(348)	(34,498)
(Increase)/decrease in amounts due from associates	(215)	(6,342)	(362)	122,688
Investment in an associate	-	(500)	-	(500)
Purchase of property, plant and equipment	(560)	-	(560)	(51)
Purchase of investment property	(4,877)	-	(4,877)	(10,504)
Proceeds from disposal of				
- property, plant and equipment	1	3	1	88
- investment property	-	-	645	-
Cash distribution from unincorporated joint venture	-	12,050	-	12,050
<b>Net cash generated from/(used in) investing activities</b>	<b>(8,331)</b>	<b>(41,127)</b>	<b>(5,501)</b>	<b>89,273</b>
<b>Cash flow from financing activities:</b>				
Increase/(decrease) in bank loans	6,464	32,718	7,310	36,293
(Decrease)/increase in bank overdrafts	1,499	(2,719)	973	1,501
Increase in pledged fixed deposits	(13,340)	(23,468)	(13,340)	(23,468)
Dividends paid	(9,802)	(52,280)	(42,478)	(80,355)
<b>Net cash used in financing activities</b>	<b>(15,179)</b>	<b>(45,749)</b>	<b>(47,535)</b>	<b>(66,029)</b>
Net (decrease)/increase in cash and cash equivalents	(21,782)	(88,813)	(52,859)	31,317
Cash and cash equivalents at beginning of the period	56,265	180,997	88,394	60,686
Effects of exchange rate changes on cash and cash equivalents	(158)	(74)	(1,210)	107
<b>Cash and cash equivalents at end of the period</b>	<b>34,325</b>	<b>92,110</b>	<b>34,325</b>	<b>92,110</b>
For purposes of presenting consolidated cash flow statements, the consolidated cash and cash equivalents comprise the following:				
Cash and bank balances	79,681	121,499	79,681	121,499
Less: fixed deposits pledged	(45,356)	(29,389)	(45,356)	(29,389)
Cash and cash equivalents at end of period	34,325	92,110	34,325	92,110

**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	----- Attributable to Equity Holders of the Company -----						Total equity \$'000
	Share capital	Capital reserve	Revenue reserve	Fair value reserve	Currency translation adjustment reserve	Minority interests	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1.7.2007	172,154	61,790	170,004	34,474	(4,318)	-	434,104
Exchange differences arising from							
- revaluation of monetary item forming part of net investment in foreign operation	-	-	-	-	(234)	-	(234)
- consolidation	-	-	-	-	56	-	56
Net loss on fair value changes	-	-	-	(4,455)	-	-	(4,455)
Deferred tax liabilities arising from fair value changes	-	-	-	(425)	-	-	(425)
Net income/(loss) recognised directly in equity	-	-	-	(4,880)	(178)	-	(5,058)
Profit for the period	-	-	13,599	-	-	-	13,599
Share of valuation gain realised by an associate	-	(7,735)	-	-	-	-	(7,735)
Total recognised income and expense for the period	-	(7,735)	13,599	(4,880)	(178)	-	806
Dividends paid	-	-	(52,280)	-	-	-	(52,280)
Balance at 30.9.2007	172,154	54,055	131,323	29,594	(4,496)	-	382,630
Balance at 1.7.2008	172,154	20,544	159,811	5,449	(7,026)	-	350,932
Exchange differences arising from							
- revaluation of monetary item forming part of net investment in foreign operation	-	-	-	-	(544)	-	(544)
- consolidation	-	-	-	-	(619)	-	(619)
Net loss on fair value changes	-	-	-	(10,605)	-	-	(10,605)
Deferred tax liabilities arising from fair value changes	-	-	-	179	-	-	179
Net income/(loss) recognised directly in equity	-	-	-	(10,426)	(1,163)	-	(11,589)
Profit for the period	-	-	12,110	-	-	-	12,110
Share of valuation gain realised by an associate	-	(9,316)	-	-	-	-	(9,316)
Total recognised income and expense for the period	-	(9,316)	12,110	(10,426)	(1,163)	-	(8,795)
Dividends paid	-	-	(9,802)	-	-	-	(9,802)
Balance at 30.9.2008	172,154	11,228	162,119	(4,977)	(8,189)	-	332,335

<b>Company</b>	<b>Share capital \$'000</b>	<b>Revenue reserve \$'000</b>	<b>Fair value reserve \$'000</b>	<b>Total equity \$'000</b>
Balance at 1.7.2007	172,154	38,227	(7)	210,374
Net loss on fair value changes/Net income/(loss) recognised directly in equity	-	-	(3)	(3)
Profit for the period	-	54,128	-	54,128
Total recognised income and expense for the period	-	54,128	(3)	54,125
Dividends paid	-	(52,280)	-	(52,280)
Balance at 30.9.2007	<u>172,154</u>	<u>40,075</u>	<u>(10)</u>	<u>212,219</u>
Balance at 1.7.2008	172,154	32,758	-	204,912
Profit for the period/Total recognised income and expense for the period	-	9,828	-	9,828
Dividends paid	-	(9,802)	-	(9,802)
Balance at 30.9.2008	<u>172,154</u>	<u>32,784</u>	<u>-</u>	<u>204,938</u>

**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 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 nine months ended 30 September 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		GROUP	
	Third Quarter Ended 30.9.2008	30.9.2007	Nine Months Ended 30.9.2008	30.9.2007
Earnings per ordinary share after deducting any provision for preference dividends:				
(i) Based on the weighted average number of ordinary shares in issue	1.85 cents	2.08 cents	8.16 cents	12.89 cents
(ii) On a fully diluted basis	1.85 cents	2.08 cents	8.16 cents	12.89 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 30.9.2008	As at 31.12.2007	As at 30.9.2008	As at 31.12.2007
Net asset value per ordinary share	50.85 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.

**Third Quarter Ended 30 September 2008 ("3Q 2008") versus Third Quarter Ended 30 September 2007 ("3Q 2007")**

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

	Group		
	Third Quarter Ended		
	30.9.2008	30.9.2007	+/(-) %
	\$'000	\$'000	%
Rental and Investments	6,567	7,708	(14.8)
Insurance	10,438	7,872	32.6
Trading and Investments	3,240	3,656	(11.4)
Corporate and Others	-	-	-
	20,245	19,236	

Increase in revenue by 5.2%, or \$1.0 million in 3Q 2008 was due to increase in revenue from Insurance segment by \$2.6 million. Gross written premium increased for all product lines in 3Q 2008. The increase in revenue was offset by reduction in revenue from Rental and Investments and Trading and Investments segments of \$1.1 million and \$0.4 million respectively.

Reduction in revenue in Rental and Investments segment was mainly due to reduction in proceeds from disposal of short term investment securities of \$3.6 million. The reduction is offset by increase in interest income of \$2.2 million in 3Q 2008. Rental income from Rental and Investments segment remains strong at \$1.6 million for both quarters.

Reduction in revenue in Trading and Investments segment was mainly due to reduction in proceeds from disposal of short term investment securities of \$0.5 million. Trading proceeds contributed about \$0.3 million to total revenue for both quarters.

Cost of sales increased by 25.1% to \$13.0 million in 3Q 2008 mainly due to higher cost of sales incurred by the Insurance segment (3Q 2008: \$8.3 million; 3Q 2007: \$3.5 million) mainly due to increase in current year's loss reserve and lower release of prior years' reserves (3Q 2008: \$0.2m; 3Q 2007: \$2.3m million). The increase was mitigated by the reduction in cost of sales by \$2.2 million (3Q 2008: \$4.7 million; 3Q 2007: \$6.9 million) due to reduction in sale of short term investment securities.

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

	Group		
	Third Quarter Ended		
	30.9.2008	30.9.2007	+/(-) %
	\$'000	\$'000	%
Rental and Investments	13,113	17,830	(26.5)
Insurance	(1,475)	2,018	n.m.
Trading and Investments	1,446	(4,405)	n.m.
Corporate and Others	(647)	(1,373)	(52.9)
	12,437	14,070	

#### Analysis by segment

Reduction in profit before taxation of \$1.6 million or 11.6% was contributed by all segments, except Trading and Investments and Corporate and Others segments.

Reduction in profit before taxation for Rental and Investments segment of \$4.7 million or 26.5% was mainly due to allowance made for impairment loss made for a quoted investment security (3Q 2008: \$5.8 million; 3Q 2007: nil). In addition, the segment also reported lower gain from disposal of long term investment securities and higher unrealised exchange losses due to our monetary assets such as cash and receivables held in Sterling Pound. The reduction was offset by increase in share of results of associates and unincorporated joint venture of \$1.6 million and reduction in accrual for staff bonus in the current quarter.

Profit before taxation for Insurance segment decreased by \$3.5 million from profit of \$2.0 million to loss of \$1.5 million mainly due to higher incurred claims and lower release of prior years' reserves.

Increase in profit before taxation of \$5.9 million for Trading and Investments segment was due to write-back of allowance for doubtful receivables from a former associate, Norwest Holdings Pte Ltd ("Norwest"), amounting to \$3.7 million as a result of transactions relating to its liquidation. In 3Q 2008, the Group did not have to equity account for its share of the result of Norwest as it was no longer an associate (3Q 2007: loss of \$4.5 million). The increase in profit before taxation is offset by lower profit from disposal of short term investment securities and higher unrealised exchange losses due to investments denominated in Korean Won.

Reduction in loss before taxation of \$0.7 million for Corporate and Others segment is mainly due to the reduction in accruals for staff bonus in 3Q 2008. There was also no allowance for impairment loss made for property, plant and equipment (3Q 2007: \$0.4 million).

#### Analysis by nature

Reduction in profit before taxation from \$14.1 million in 3Q 2007 to \$12.4 million in 3Q 2008 mainly due to

- i) reduction in other income by \$4.2 million from \$5.2 million in 3Q 2007 to \$1.0 million in 3Q 2008. The reduction was mainly due to the reduction in gain from disposal of long term investment securities of \$3.4 million (3Q 2008: loss of \$0.1 million; 3Q 2007: gain of \$3.3 million) and reduction in dividend income and interest income from long term investment securities of \$0.2 million (3Q 2008: \$0.5 million; 3Q 2007: \$0.7 million) and \$0.2 million (3Q 2008: \$0.6 million; 3Q 2007: \$0.8 million) respectively.
- ii) increase in selling and distribution costs by \$0.8 million 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 other operating costs by \$1.6 million mainly due to allowance made for impairment loss on quoted investment securities of \$5.8 million. The increase is offset by write-back of doubtful receivables from an associate of \$3.7 million. There was also no allowance for impairment made for property, plant and equipment (3Q 2007: \$0.4 million).

Decrease in profit before taxation was mitigated by

- i) reduction in general and administrative costs by \$0.3 million mainly due to lower accruals for staff bonus in 3Q 2008. The reduction is partially offset by increase in unrealised exchange losses in 3Q 2008 amounting to \$0.8 million.
- ii) increase in share of results of associates and unincorporated joint venture by \$6.2 million mainly because of higher profit recognised from the development of the RiverGate project (3Q 2008: \$8.2 million; 3Q 2007: \$6.7 million). 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 increase is also contributed by release of valuation gain from capital reserve of \$6.5 million (3Q 2007: \$6.2 million). The incremental percentages of profit recognised from the

RiverGate project were 9.32% and 7.78% for 3Q 2008 and 3Q 2007 respectively.

In addition, in 3Q 2008, the Group did not have to equity account for its share of the result of Norwest as it was no longer an associate (3Q 2007: loss of \$4.5 million).

Lower taxation charge for the Group in 3Q 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 \$5.1 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 \$6.5 million recognised in the share of results of associates and unincorporated joint venture as the amount is not taxable.

**Nine Months Ended 30 September 2008 ("FY2008") versus Nine Months Ended 30 September 2007 ("FY2007")**

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

	Group		
	Nine Months Ended		
	30.9.2008	30.9.2007	+/(-) %
	\$'000	\$'000	
Rental and Investments	21,282	22,487	(5.4)
Insurance	32,985	24,360	35.4
Trading and Investments	8,028	10,937	(26.6)
Corporate and Others	-	4	(100.0)
	62,295	57,788	

Revenue for FY2008 was \$4.5 million or 7.8% higher than FY2007. The increase was mainly due to

- i) increase in rental income by \$0.2 million and interest income by \$3.3 million from Rental and Investments segment.
- ii) increase in gross written premium by \$8.6 million from the Insurance segment.
- iii) increase in trading proceeds by \$0.3 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 \$4.9 million and \$3.2 million respectively.

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

	Group		
	Nine Months Ended		
	30.9.2008	30.9.2007	+/(-) %
	\$'000	\$'000	
Rental and Investments	57,359	88,392	(35.1)
Insurance	(1,520)	5,421	n.m.
Trading and Investments	239	(4,690)	n.m.
Corporate and Others	(1,995)	(2,873)	(30.6)
	54,083	86,250	

**Analysis by segment**

Profit before taxation decreased by \$32.2 million, from \$86.3 million in FY2007 to \$54.1 million in FY2008. Reduction in profit before taxation is mainly due to lower profit earned by Rental and Investments and Insurance segments.

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

- i) reduction in contribution from associates and unincorporated joint venture by \$15.1 million due to lower contribution from the RiverGate project.
- ii) lower gain from disposal of long term investment securities by \$10.2 million.
- iii) unrealised exchange losses of \$1.2 million due to our monetary assets such as cash and receivables held in Sterling Pound.
- iv) allowance for impairment loss made for a quoted investment security of \$5.8 million (FY2007: nil).

Reduction in profit before taxation for Insurance segment was due to

- i) lower release of prior years' reserves.
- ii) increase in current year's reserves due to greater uncertainty of motor and work injury claims trend and worsening industry claims ratio for these two classes. These trends in the market have made actuarial estimates of the company's reserves uncertain and challenging.

The reduction was mitigated by increase in profit before taxation for Trading and Investments and Corporate and Others segments by \$4.9 million and \$0.9 million respectively.

Increase in profit before taxation for Trading and Investments segment was due to write-back of doubtful receivables from a former associate, Norwest, of \$3.7 million. In addition, in FY2008, the Group did not have to equity account for its share of the result of Norwest as it was no longer an associate (FY2007: loss of \$4.5 million). The increase was offset by losses from disposal of investment securities amounting to \$0.5 million and unrealised exchange losses of \$1.0 million due to investments denominated in Korean Won.

Profit before taxation for Corporate and Others segment improved by \$0.9 million due to lower accruals for staff bonus in FY2008. There was also no allowance for impairment loss made for property, plant and equipment (FY2007: \$0.4 million).

#### Analysis by nature

Reduction in profit before taxation from \$86.3 million in FY2007 to \$54.1 million in FY2008 was mainly due to the factors as discussed above.

The increase in finance costs from \$2.7 million for FY2007 to \$3.3 million for FY2008 further contributed to the reduction in profit before taxation. The increase in finance costs was due to increase in bank borrowings.

**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 global financial crisis and tight credit market have affected business confidence. Worldwide stock prices have plummeted and an economic recession stretching beyond the first half of 2009 has been forecast. The Group's business will face challenges in this uncertain environment.

The transitional office project at Scotts Road received TOP in September 2008 and the tenant commenced fitting out for their use. TOP for RiverGate Project is not expected until January 2009 due to construction delays.

The Group is well capitalised and is in a good position to take advantage of opportunities that may present themselves during this period of financial turmoil.

**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.**

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 to conform with current year's presentation and classification.

## 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 nine months ended 30 September 2008	\$256,517	Not applicable <sup>^</sup>
Dr Ong Hian Eng – proceeds received by the Group from sale of Norwest Chemicals Pte Ltd and related debts in connection with the liquidation of Norwest Holdings Pte Ltd	\$4,000,000	Not applicable <sup>^</sup>
Goh Kian Hwee – professional fees for services rendered by Rajah & Tann for nine months ended 30 September 2008	\$119,266	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 October 2008