

UNAUDITED RESULTS FOR SECOND QUARTER ENDED 30 JUNE 2016
PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS
1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Second Quarter Ended			Six Months Ended		
		30.6.2016 \$'000	30.6.2015 \$'000	+ /(-) %	30.6.2016 \$'000	30.6.2015 \$'000	+ /(-) %
Revenue		2,902	3,466	(16.3)	5,255	6,795	(22.7)
Cost of sales	1	(1,034)	(954)	8.4	(2,184)	(1,888)	15.7
Gross profit		1,868	2,512	(25.6)	3,071	4,907	(37.4)
Other income	2	4,720	1,531	n.m.	8,585	2,074	n.m.
General and administrative costs	3	(1,547)	(1,921)	(19.5)	(2,975)	(3,441)	(13.5)
Other operating costs	4	(805)	(990)	(18.7)	(1,732)	(1,088)	59.2
Finance costs	5	(402)	(205)	96.1	(617)	(375)	64.5
Share of after tax results of associates and joint ventures	6	107	421	(74.6)	557	700	(20.4)
Profit before taxation		3,941	1,348	n.m.	6,889	2,777	n.m.
Taxation	7	(615)	(252)	n.m.	(778)	(470)	65.5
Net profit after taxation		3,326	1,096	n.m.	6,111	2,307	n.m.
Attributable to:							
Owners of the Company		3,326	1,096	n.m.	6,111	2,307	n.m.
Profit for the year attributable to owners of the Company		3,326	1,096		6,111	2,307	

n.m. denotes not meaningful.

Notes to Group Profit and Loss Statement

1. Cost of sales increased by \$0.3 million year-on-year (“yoy”) and \$0.1 million quarter-on-quarter (“qoq”) mainly due to UK business rates payable on the Eagle House property as the property is undergoing asset enhancement work and not tenanted. In the past, the tenant was liable for the UK business rates payable.

2. Other income comprised the following:

	2Q2016 \$'000	2Q2015 \$'000	+ /(-) %	FY2016 \$'000	FY2015 \$'000	+ /(-) %
Interest income	77	19	n.m.	92	40	n.m.
Dividend income	-	224	n.m.	-	235	n.m.
Gain on disposal of investment properties	334	1,539	(78.3)	2,247	1,539	46.0
Other investment income	841	41	n.m.	841	149	n.m.
Foreign exchange gain	2,424	(317)	n.m.	4,284	-	n.m.
Refund of property tax	957	-	n.m.	957	-	n.m.
Sundry	87	25	n.m.	164	111	47.7
	<u>4,720</u>	<u>1,531</u>		<u>8,585</u>	<u>2,074</u>	

The weakening of the Sterling Pound against Singapore Dollars resulted in unrealised translation gain mainly attributable to our Sterling Pound loans. Sterling Pound has declined from \$2.1159 as at 31 December 2015 to \$1.88025 as at 30 June 2016.

3. General and administrative costs decreased by \$0.5 million yoy and \$0.4 million qoq mainly due to prior year foreign exchange loss of \$0.5 million classified within general and administrative costs in 1H2015 and 2Q2015 . This unrealised foreign exchange loss in 1H2015 and 2Q2015 arose mainly from the translation of bank loans denominated in Sterling Pound.

4. Other operating costs comprised the following:

	2Q2016	2Q2015	+ / (-)	FY2016	FY2015	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Allowance made for impairment on						
- current investments	744	990	(24.8)	1,334	1,088	22.6
Allowance made for doubtful debts						
- due from other receivables	18	-	n.m.	18	-	n.m.
- due from an associate	43	-	n.m.	380	-	n.m.
	<u>805</u>	<u>990</u>		<u>1,732</u>	<u>1,088</u>	

Allowance for impairment loss on current investment securities relates to investment securities that had suffered a significant or prolonged decline in the market value below the acquisition cost of those investments.

5. Finance costs increased \$0.2 million yoy and qoq mainly due to draw down of interest bearing loan facilities during the period.

6. Share of after tax results of associates and joint ventures decreased by \$0.1 million yoy and \$0.3 million qoq mainly due to share of loss of \$0.3 million from a newly acquired associated company, Clan Kilmuir (Jersey) Limited in 2Q2016. \$0.2 million share of loss in Clan Kilmuir resulted from the need to depreciate the investment property arising from realignment to Group accounting policy. The share of loss was offset by higher contributions from associated company, Scotts Spazio Pte Ltd and from two joint ventures, Neo Pav E Investments LLP and Neo Bankside Retail LLP of \$0.2 million yoy.

7. Effective tax rates for 1H2016 and 2Q2016 were 11.3% (1H2015: 16.9%) and 15.6% (2Q2015: 18.7%) respectively. The taxation charge for the Group for 1H2016 and 2Q2016 were lower than that arrived at by applying the statutory tax rate of 17% to the profit before taxation mainly due to certain gains being capital in nature, absence of tax effect on the share of results of associates and joint ventures, offset by certain non-deductible expenses and losses incurred by foreign subsidiaries which are not available for set off against profits of local subsidiaries.

Profit before taxation included the following:

	Group					
	Second Quarter Ended			Six Months Ended		
	30.6.2016 \$'000	30.6.2015 \$'000	+ /(-) %	30.6.2016 \$'000	30.6.2015 \$'000	+ /(-) %
Investment income	615	436	41.1	686	651	5.4
Interest income (included in revenue)	281	189	48.7	632	283	n.m.
Interest on borrowings	(402)	(205)	96.1	(617)	(375)	64.5
Depreciation on property, plant and equipment and investment properties	(507)	(634)	(20.0)	(1,073)	(1,268)	(15.4)
Allowance made for doubtful debts						
- due from an associate	(43)	-	n.m.	(380)	-	n.m.
- due from other receivables	(18)	-	n.m.	(18)	-	n.m.
Allowance made for impairment loss on						
- quoted current investments	(744)	(990)	(24.8)	(1,334)	(1,088)	22.6
(Under)/over provision of taxation in prior years	-	-	-	-	-	-
Foreign exchange gain/(loss)	2,424	(801)	n.m.	4,284	(484)	n.m.
Gain on disposal of investments (included in revenue)	195	664	(70.6)	324	1,467	(77.9)
Loss on disposal of property, plant and equipment						
- included in general and administrative expenses	-	-	-	-	(4)	n.m.
Gain on disposal of investment properties						
- included in other income	334	1,539	(78.3)	2,247	1,539	46.0

Statement of Comprehensive Income

	Note	Second Quarter Ended			Six Months Ended		
		30.6.2016 \$'000	30.6.2015 \$'000	+ /(-) %	30.6.2016 \$'000	30.6.2015 \$'000	+ /(-) %
Net profit after taxation		3,326	1,096	n.m.	6,111	2,307	n.m.
<u>Other comprehensive gain/(loss):</u>							
Items that may be reclassified subsequently to profit or loss							
Net (loss)/gain on available-for-sale investments (net of tax)	1	(31)	(1,246)	(97.5)	(173)	(2,655)	(93.5)
Exchange difference arising from							
- consolidation	2	(1,531)	629	n.m.	(3,285)	303	n.m.
- revaluation of net investment in foreign operations	2	(2,928)	1,301	n.m.	(6,234)	706	n.m.
Other comprehensive (loss)/gain, net of tax		(4,490)	684	n.m.	(9,692)	(1,646)	n.m.
Total comprehensive (loss)/gain for the period		(1,164)	1,780	n.m.	(3,581)	661	n.m.
Total comprehensive (loss)/gain for the period attributable to:							
Owners of the Company		(1,164)	1,780	n.m.	(3,581)	661	n.m.
Non-controlling Interests		-	-	-	-	-	-
		(1,164)	1,780		(3,581)	661	

- 1) Net losses on available-for-sale investments (net of tax) in 1H2016 and 2Q2016 were mainly due to decrease in fair value of available-for-sale investments arising from unfavourable market conditions.
- 2) Exchange differences arising from the consolidation of \$3.3 million in 1H2016 and \$1.5 million in 2Q2016 and revaluation of net investment in foreign operation of \$6.2 million in 1H2016 and \$2.9 million in 2Q2016 were mainly due to unfavourable foreign exchange impact arising from the translation of Sterling Pound against Singapore Dollars for those UK net investments and assets. The weakening of the Sterling Pound against Singapore Dollar resulted in overall net foreign exchange loss of approximately \$5.2 million for 1H2016 made up of \$3.3 million and \$6.2 million in the Other Comprehensive Income net of a translation gain in the profit and loss of \$4.3 million mainly attributable to our Sterling Pound loans. For 2Q2016, the overall net foreign exchange loss was approximately \$2 million made up of \$1.5 million and \$2.9 million in the Other Comprehensive Income net of a translation gain in the profit and loss of \$2.4 million.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	Group		Company	
		30.6.2016 \$'000	31.12.2015 \$'000	30.6.2016 \$'000	31.12.2015 \$'000
Non-current assets					
Property, plant and equipment		4,836	4,883	-	-
Investment properties	1	118,891	100,300	-	-
Investment in subsidiaries		-	-	170,164	170,164
Investment in joint ventures	2	7,432	8,375	-	-
Investment in associates	3	26,890	16,527	746	746
Investment securities		22,076	22,187	-	-
Other receivables	4	6,654	7,143	-	-
Amounts due from associates		2,000	2,000	-	-
		188,779	161,415	170,910	170,910
Current assets					
Tax recoverable		-	18	-	-
Properties classified as held for sale	5	803	1,524	-	-
Trade receivables	6	489	154	-	-
Prepayments and deposits		432	231	35	49
Other receivables		14,447	14,329	-	3
Amounts due from subsidiaries	7	-	-	4,624	8,200
Amounts due from associates	8	7,386	8,814	-	-
Investment securities	9	28,715	29,748	-	-
Cash and bank balances	10	38,820	40,538	882	4,340
		91,092	95,356	5,541	12,592
Current liabilities					
Bank overdrafts (secured)		-	(229)	-	-
Trade payables		(353)	(351)	-	-
Other payables	11	(2,546)	(2,011)	(317)	(318)
Accrued operating expenses	12	(1,784)	(2,345)	(148)	(203)
Amounts due to associates		(546)	(571)	(363)	(376)
Bank loans (secured)	13	(60,469)	(39,253)	-	-
Tax payable	14	(1,866)	(1,457)	-	-
		(67,564)	(46,217)	(828)	(897)
Net current assets		23,528	49,139	4,713	11,695
Non-current liabilities					
Deferred tax liabilities		(3,985)	(3,803)	-	-
Bank loans (secured)	13	(11,655)	-	-	-
Other payables		(460)	(428)	-	-
		(16,100)	(4,231)	-	-
Net assets		196,207	206,323	175,623	182,605

	Group		Company	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015
	\$'000	\$'000	\$'000	\$'000
Equity attributable to Owners of the Company				
Share capital	172,154	172,154	172,154	172,154
Capital reserve	1,202	1,202	-	-
Revenue reserve	37,154	37,578	3,469	10,451
Fair value reserve	5,002	5,175	-	-
Currency translation reserve	(19,305)	(9,786)	-	-
	196,207	206,323	175,623	182,605
Non-controlling interests	-	-	-	-
Share capital and reserves	196,207	206,323	175,623	182,605

Note:

1. Investment properties increased by \$18.6 million mainly due to acquisition of a property at Herbal Hill, Clerkenwell of \$24.9 million. The increase was offset by :
 - a. disposal of a UK residential property in London and a UK commercial property in Liverpool;
 - b. translation loss arising from the UK properties as Sterling Pound had weakened against the Singapore Dollar;
 - c. and depreciation of the investment properties in this period.
2. Investment in joint ventures decreased by \$0.9 million mainly due to translation loss as Sterling Pound had weakened against the Singapore Dollar.
3. Investment in associates increased by \$10.4 million mainly due to a \$12.7 million investment in an UK associated company, Clan Kilmuir (Jersey) Limited and share of results of associates of \$0.6 million during the period. The increase was offset by \$2.5 million payment of dividends received from 2 associated companies.
4. Non-current other receivables decreased by \$0.5 million mainly due to partial repayment of a loan of \$0.8 million from a UK joint venture offset by an increase of \$0.2 million from deferred rental income from its Paya Lebar Property.
5. Properties classified as held for sale in FY2015 relates to the commercial property in Liverpool which was disposed in 2Q2016. The student accommodation site in Sheffield was reclassified to held for sale as the Company has intention to dispose the site.
6. Trade receivables increased by \$0.3 million mainly due to higher VAT recoverable as at end June 2016.
7. Amount due from subsidiaries reduced by \$3.6 million mainly due to receipts from subsidiaries and the amounts were used for dividend payment.
8. Amounts due from associates reduced by \$1.4 million mainly due to payment received from one of the associated companies.
9. Decrease in current investment securities by \$1 million was mainly due to disposals and fair value change of available-for-sale investments during the period.
10. Decrease in the Company's cash and bank balances by \$3.5 million was mainly due to payment of dividends during the period. Decrease in the Group's cash and bank balances by \$1.7 million was mainly due to payment of dividends offset by receipts from the disposal of investment properties and property tax refund from Comptroller of Income Tax.
11. Other payables increased by \$0.5 million mainly due to refurbishment costs payable for the property at Eagle House.

12. Reduction in accrued operating expenses by \$0.6 million was mainly due to payment of bonuses during the period.
13. Bank loans increased by \$32.9 million mainly due to funds obtained to finance the acquisitions of Herbal Hill, Clan Kilmuir (Jersey) Limited and loan to one of the UK joint partners. The increase was offset by translation gain due to the weakening of Sterling Pound against Singapore Dollars.
14. Tax payable increased by \$0.4 million mainly due to provision for tax on certain chargeable income.

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

Amount repayable in one year or less, or on demand

	30.6.2016		31.12.2015	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank overdrafts	-	-	229	-
Short term bank loans	60,469	-	39,253	-
	<u>60,469</u>	<u>-</u>	<u>39,482</u>	<u>-</u>

	30.6.2016		31.12.2015	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	-	-	-	-

Amount repayable after one year

	30.6.2016		31.12.2015	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	11,655	-	-	-

The Group has sufficient resources to repay the short-term and long-term bank loans.

Details of any collateral

Short term bank loans comprised:

- a) An amount of \$25.2 million (2015: \$17.4 million) secured by a pledge of \$15 million (2015: \$15 million) on a subsidiary's fixed deposits and a corporate guarantee from the Company.
- b) An amount of \$25 million (2015: \$10.6 million) secured by a legal charge over a subsidiary's investment property and assignment of tenancy agreement in respect of the property.
- c) An amount of \$2.9 million (2015: \$2.9 million) secured by a deed of guarantee and indemnity of \$4 million (2015: \$4 million) from a subsidiary.
- d) An amount of \$7.4 million (2015: \$8.4 million) secured by a pledge of \$4 million (2015: \$4 million) on a subsidiary's fixed deposits.

Bank overdraft was secured by a corporate guarantee from the Company for \$15 million.

Long term bank loan of \$11.7 million is secured by a legal charge over a subsidiary's investment property.

1(c) **A statement of cash flows (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	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:				
Profit before taxation	3,941	1,348	6,889	2,777
Adjustments for:				
Interest income	(358)	(208)	(724)	(323)
Interest expense	402	205	617	375
Dividend income from investment securities	(615)	(660)	(686)	(886)
Depreciation of property, plant and equipment and investment properties	507	634	1,073	1,268
Share of results of associates and joint ventures	(107)	(421)	(557)	(700)
Allowance for doubtful receivables from an associate	43	-	380	-
Allowance made for impairment loss on				
- current investment securities	744	990	1,334	1,088
- other receivables	18	-	18	-
Gain on disposal of investment properties	(334)	(1,539)	(2,247)	(1,539)
Loss on disposal of property, plant and equipment	-	-	-	4
Unrealised exchange differences	(756)	69	(1,032)	(12)
	(456)	(930)	(1,824)	(725)
Operating cash flows before changes in working capital	3,485	418	5,065	2,052
Increase in receivables and current investments	(1,904)	(789)	(2,100)	(286)
Increase/(decrease) in payables	463	271	8	(1,435)
	(1,441)	(518)	(2,092)	(1,721)
Cash flows generated from operations	2,044	(100)	2,973	331
Interest received	362	183	400	273
Interest paid	(402)	(205)	(617)	(375)
Dividend income from investment securities	615	660	686	886
Income taxes paid	(122)	(43)	(172)	(83)
	453	595	297	701
Net cash flows generated from operating activities	2,497	495	3,270	1,032
Cash flows from investing activities:				
Increase in other investments	(257)	(3,789)	(519)	(3,507)
Decrease/(increase) in other receivables	1,621	581	1,621	(5,527)
Decrease in amounts due from associates	920	31	1,023	34
Dividend income from associates	2,535	750	2,535	750
Increase in investment in associates	(8,975)	-	(12,718)	-
Proceeds from disposal of investment properties	1,971	1,908	4,116	1,908
Additions to investment properties	(26,348)	(607)	(26,734)	(740)
Purchase of property, plant and equipment	(2)	-	(156)	(2)
Net cash flows used in investing activities	(28,535)	(1,126)	(30,832)	(7,084)
Net cash flows used in operating and investing activities carried forward	(26,038)	(631)	(27,562)	(6,052)

	Group			
	Second Quarter Ended		Six Months Ended	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	\$'000	\$'000	\$'000	\$'000
Net cash flows used in operating and investing activities brought forward	(26,038)	(631)	(27,562)	(6,052)
Cash flows from financing activities:				
Proceeds from bank loans	31,130	988	32,871	7,606
Dividends paid	(6,535)	(7,515)	(6,535)	(7,515)
Net cash flows generated from/(used in) financing activities	24,595	(6,527)	26,336	91
Net decrease in cash and cash equivalents	(1,443)	(7,158)	(1,226)	(5,961)
Cash and cash equivalents at beginning of the period	21,363	34,267	21,309	33,156
Effects of exchange rate changes on cash and cash equivalents	(100)	188	(263)	102
Cash and cash equivalents at end of the period	19,820	27,297	19,820	27,297

For the purpose of presenting consolidating cash flow statements, the consolidated cash and cash equivalents comprise the following:-

	Group		Group	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	38,820	46,378	38,820	46,378
Less: cash and bank balances pledged	(19,000)	(19,000)	(19,000)	(19,000)
Less bank overdraft secured	-	(81)	-	(81)
Cash and cash equivalents at end of the period	19,820	27,297	19,820	27,297

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.

----- Attributable to Owners of the Company -----							
	Share capital \$'000	Capital reserve ** \$'000	Revenue reserve \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Non-controlling interests \$'000	Total equity \$'000
Group							
Balance at 1.1.2016	172,154	1,202	37,578	5,175	(9,786)	-	206,323
Total comprehensive gain/(loss) for the period	-	-	2,785	(142)	(5,060)	-	(2,417)
Balance at 31.3.2016	172,154	1,202	40,363	5,033	(14,846)	-	203,906
Total comprehensive gain/(loss) for the period	-	-	3,326	(31)	(4,459)	-	(1,164)
Dividends paid	-	-	(6,535)	-	-	-	(6,535)
Balance at 30.6.2016	172,154	1,202	37,154	5,002	(19,305)	-	196,207

----- Attributable to Owners of the Company -----							
	Share capital \$'000	Capital reserve ** \$'000	Revenue reserve \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Non-controlling interests \$'000	Total equity \$'000
Group							
Balance at 1.1.2015	172,154	1,202	38,312	10,361	(11,542)	-	210,487
Total comprehensive gain/(loss) for the period	-	-	1,211	(1,409)	(921)	-	(1,119)
Balance at 31.3.2015	172,154	1,202	39,523	8,952	(12,463)	-	209,368
Total comprehensive gain/(loss) for the period	-	-	1,096	(1,246)	1,930	-	1,780
Dividends paid	-	-	(7,515)	-	-	-	(7,515)
Balance at 30.6.2015	172,154	1,202	33,104	7,706	(10,533)	-	203,633

** Capital reserve relates to unrealised revaluation gain on certain properties purchased from an associate.

Company	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
Balance at 1.1.2016	172,154	10,451	182,605
Total comprehensive loss for the period	-	(162)	(162)
Balance at 31.3.2016	172,154	10,289	182,443
Total comprehensive loss for the period	-	(285)	(285)
Dividends paid	-	(6,535)	(6,535)
Balance at 30.6.2016	172,154	3,469	175,623
Balance at 1.1.2015	172,154	8,350	180,504
Total comprehensive loss for the period	-	(225)	(225)
Balance at 31.3.2015	172,154	8,125	180,279
Total comprehensive loss for the period	-	(296)	(296)
Dividends paid	-	(7,515)	(7,515)
Balance at 30.6.2015	172,154	314	172,468

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.

No option has been granted under the Hwa Hong Corporation Limited (2001) Share Option Scheme since its adoption on 29 May 2001. At the 58th Annual General Meeting held on 27 April 2011, the shareholders of the Company approved the extension of the scheme for another ten years from 29 May 2011 to 28 May 2021.

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.

Since 31 December 2015, there were no changes to the total number of 653,504,000 issued ordinary shares of the Company.

Total number of issued shares excluding treasury shares, as at 30 June 2016 was 653,504,000 (31 December 2015: 653,504,000). As at 30 June 2016 and 31 December 2015, there were no treasury shares held.

As at 30 June 2016 and 31 December 2015, there were no outstanding convertibles.

1(d)(iv) A statement showing all sales, transfers, 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 and the Company have 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 2015.

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 and the Company have adopted the following new and revised FRSs standards that are mandatory for the financial periods beginning on 1 January 2016:-

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 27: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 111: <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
(b) Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
(c) Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016

The adoption of the revised FRS did not have any material financial impact on the financial statements of the Group and the Company for the quarter ended 30 June 2016.

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			
	Second Quarter Ended		Six Months Ended	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
Earnings per ordinary share after deducting any provision for preference dividends:				
(i) Based on the weighted average number of ordinary shares in issue (cents)	0.51	0.17	0.94	0.35
(ii) On a fully diluted basis (cents)	0.51	0.17	0.94	0.35

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 30.6.2016	As at 31.12.2015	As at 30.6.2016	As at 31.12.2015
Net asset value per ordinary share (cents)	30.02	31.57	26.87	27.94

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.

Revenue (excluding all inter-segment transactions)

	2Q2016 \$'000	2Q2015 \$'000	+/(-) %	FY2016 \$'000	FY2015 \$'000	+/(-) %
Rental	1,811	2,177	(16.8)	3,613	4,394	(17.8)
Investments	1,091	1,289	(15.4)	1,642	2,401	(31.6)
Corporate and Others	-	-	n.m.	-	-	n.m.
	<u>2,902</u>	<u>3,466</u>		<u>5,255</u>	<u>6,795</u>	

Decrease in revenue for rental segment by \$0.8 million yoy and \$0.4 million qoq was mainly due to decrease in rental income from Eagle House in London by \$0.7 million yoy and \$0.4 million qoq as the property is undergoing asset enhancement work.

Decrease in revenue for investments segment by \$0.8 million yoy and \$0.2 million qoq takes into account:-

- reduction in net gains from sale of investment securities by \$1.1 million yoy and \$0.5 million qoq mainly due to decrease in share trading activities;
- increase in dividend income by \$0.2 million qoq;
- increase in interest income by \$0.3 million yoy and \$0.1 million qoq.

Profit before taxation (excluding all inter-segment transactions)

	2Q2016 \$'000	2Q2015 \$'000	+/(-) %	FY2016 \$'000	FY2015 \$'000	+/(-) %
Rental	2,285	2,174	5.1	3,990	2,953	35.1
Investments	198	630	(68.6)	305	1,704	(82.1)
Corporate and Others	(543)	(553)	(1.8)	(1,030)	(1,080)	(4.6)
	<u>1,940</u>	<u>2,251</u>		<u>3,265</u>	<u>3,577</u>	
Unallocated items	2,001	(903)	n.m.	3,624	(800)	n.m.
	<u>3,941</u>	<u>1,348</u>		<u>6,889</u>	<u>2,777</u>	

Rental segment refers to rental of residential, commercial properties and warehouse. Increase in profit before taxation for Rental segment by \$1 million yoy and \$0.1 million qoq takes into account:-

- increase in gain from disposal of investment properties by \$0.7 million yoy and decrease in gain of \$1.2 million qoq;
- increase in allowance made for impairment loss on doubtful debts due from associates of \$0.4 million yoy. The allowance of \$0.4 million was made in 1H2016 following the disposal of the commercial property held by the associate;

- property tax refund of \$1 million in Q2 2016 following a mutually amicable settlement with Comptroller of Income Tax;
- recognition of other investment income of \$0.8 million in Q2 2016 from the development of Sheffield post office site;
- loss of results from Eagle House by \$0.9 million yoy and \$0.5 million qoq as the property is not revenue generating due to commencement of asset enhancement work in 1Q2016.

Investment segment refers to investment holding. Decrease in profit before taxation for Investment segment by \$1.4 million yoy and \$0.4 million qoq takes into account:-

- decrease in gain on disposal of investment securities of \$1.1 million yoy and \$0.5 million qoq;
- increase in impairment loss on quoted current investments of \$0.2 million yoy and decrease in \$0.2 million qoq. Impairment loss on available-for-sale investments are made when the investment securities suffer a significant or prolonged decline in the market value below the acquisition cost;
- decrease in dividend income by \$0.2 million yoy;
- increase in interest income by \$0.3 million yoy and \$0.1 million qoq;
- decrease in share of associates and joint venture by \$0.1 million yoy and \$0.3 million qoq.

Corporate segment refers to the provision of management, administrative and support services to related companies and investment holding. The loss before tax of the Corporate segment yoy and qoq remained relatively the same and were mainly contributed by salaries, bonuses and accruals of director fees.

Unallocated items refer to items such as finance costs and certain foreign exchange differences which are managed on a Group basis and were not allocated to the segments. The profits yoy and qoq were mainly due to favourable foreign exchange impact arising from the translation of Sterling Pound against Singapore Dollar.

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.

In a referendum held on 23 June 2016, the United Kingdom (“UK”) voted to leave the European Union (“EU”). The referendum result has introduced significant uncertainty for the UK and Global economy. As UK’s focus turns to redefining her relationships with the EU and globally, most businesses will need to reassess their position to take advantage of the opportunities and mitigate risks.

The Group has exposure to UK via its investment in UK entities to hold investment properties in UK and funding obtained in Sterling Pound. Brexit has resulted in uncertainty in relation to laws and regulations in UK, tax legislation, financial reform and stability of the economy which may have impact on the Group’s operations, assets and investment strategies.

Management has made a preliminary assessment of the implications of Brexit to the Group as follows:

- (i) The Group mainly has exposure to its net investment in UK entities, Sterling Pound quasi-receivables and Sterling Pound bank loans. The Group will recognise exchange gain in profit or loss accounts from declining Sterling Pound arising from its net liabilities denominated in Sterling Pound. Declines in Sterling Pound will result in increase in Group profits.
- (ii) The Group’s major assets in UK relate to its investment properties. Hence, the impact on the market values of the Group’s investment properties will affect the Group’s balance sheet. The Group may incur currency translation loss in the balance sheet on its net investment in UK entities. The Group’s investment properties are accounted using the cost model. Based on management’s preliminary analysis, most of the properties which were acquired some time ago, have fair value gains that will moderate any adverse drop in market valuation.
- (iii) On an overall net asset position, the decrease in Sterling Pound will result in currency translation losses that would be cushioned by the exchange gain impact referred to in (i) above.

As a result of Brexit, the Group decided to withhold the sale of the refurbished flats in London for the time being. The asset enhancement of 20 Midtown (formerly Eagle House) is expected to complete in Q3 and marketing to prospective tenants have been encouraging. In Singapore, our RiverGate apartments and commercial spaces remain fully let. The slower worldwide economy and the uncertainties in UK following Brexit will be challenging for the Group.

Due to economic and political turmoil, we expect to see increased volatility in many markets and this will have an impact on our investment portfolio.

Further to the 1st Quarter financial results announcement released on 27 April 2016, the Comptroller of Income Tax (“CPT”) and Singapore Warehouse Company (Private) Ltd., a wholly owned subsidiary, have amicably settled the Paya Lebar property tax matter on 31 May 2016. The Group received a tax refund of \$957,000 relating to the property tax paid for, in 2014 and 2015 and this was reflected under “other income”.

The disputes referred to in 2nd Quarter financial results 2015 announcement relating to claims from the MCST of the property developed by our associated company have been settled amicably with the Settlement Agreement (“SA”) signed by all parties in Q2 2016. Our associated company was not exposed to any financial claims arising from the SA.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared.

13. 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 [^]

[^] 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.

14. 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.

15. UNDERTAKINGS CONFIRMATION

The Company hereby confirms that the undertakings as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual has been procured from all its Directors and Executive Officers.

SUBMITTED BY

Lee Soo Wei
Chief Financial Officer
22 July 2016