

**UNAUDITED RESULTS FOR FIRST QUARTER ENDED 31 MARCH 2017****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	Group		+ / (-) %
		First Quarter Ended		
		31.3.2017 \$'000	31.3.2016 \$'000	
Revenue		2,907	2,353	23.5
Cost of sales		(1,060)	(1,150)	(7.8)
Gross profit		1,847	1,203	53.5
Other income	1	3,925	3,865	1.6
General and administrative costs		(1,346)	(1,428)	(5.7)
Other operating costs	2	(480)	(927)	(48.2)
Finance costs	3	(369)	(215)	71.6
Share of after tax results of associates and joint ventures	4	(154)	450	n.m.
Profit before taxation		3,423	2,948	16.1
Taxation	5	(202)	(163)	23.9
Net profit after taxation		3,221	2,785	15.7
Attributable to:				
Owners of the Company		3,221	2,785	15.7
Profit for the year attributable to owners of the Company		3,221	2,785	

n.m. denotes not meaningful.

Profit before taxation included the following:

	Group		
	First Quarter Ended		
	31.3.2017	31.3.2016	+ / (-)
	\$'000	\$'000	%
Investment income	58	71	(18.3)
Interest income (included in revenue)	331	351	(5.7)
Interest on borrowings	(369)	(215)	71.6
Depreciation on property, plant and equipment and investment properties	(548)	(566)	(3.2)
Foreign exchange gain	2,180	1,860	17.2
Gain on disposal of investments (included in revenue)	583	129	n.m.
(Under)/over provision of taxation in prior years	-	-	-
Gain on disposal of investment property - included in other income	1,655	1,913	(13.5)
Allowance made for impairment loss on - quoted current investments	(15)	(590)	(97.5)
- unquoted current investments	(465)	-	n.m.
Allowance made for doubtful debts - due from an associate	-	(337)	n.m.

Notes to Group Profit and Loss Statement:

1. Other income comprised the following:

	1Q2017	1Q2016	+ / (-)
	\$'000	\$'000	%
Interest income	1	15	(93)
Gain on disposal of investment properties	1,655	1,913	(13)
Foreign exchange gain	2,180	1,860	17
Sundry	89	77	16
	<u>3,925</u>	<u>3,865</u>	

The weakening of the Sterling Pound against Singapore Dollar had resulted in unrealised translation gain mainly attributable to our Sterling Pound loans. Sterling Pound has declined from 1.80876 as at 31 December 2016 to 1.72458 as at 31 March 2017.

2. Other operating costs comprised the following:

	1Q2017	1Q2016	+/(-)
	\$'000	\$'000	%
Allowance made for impairment loss on			
- current investment securities	15	590	(97.5)
- non-current investment securities	465	-	n.m.
Allowance made for doubtful debts			
- due from an associate	-	337	n.m.
	<u>480</u>	<u>927</u>	

- Allowance for impairment loss on current and non-current investment securities relate to investment securities that had suffered a significant or prolonged decline in the market value below the acquisition cost of those investments;
 - Allowance for receivables due from an associate of \$0.3 million was made in 1Q 2016 following the disposal of the commercial property held by the associate.
3. Finance costs increased by \$0.2 million mainly due to higher average loan balances in 1Q2017 compared to 1Q2016.
4. Share of after tax results of associates and joint ventures declined from profit from \$0.5 million in 1Q2016 to a loss of \$0.2 million in 1Q2017 mainly due to share of loss of \$0.6 million qoq from an associated company, Clan Kilmuir (Jersey) Limited which the Group acquired in March 2016. A portion of the share of loss of \$0.2 million is attributable to depreciation of an investment property.
5. Effective tax rates for 1Q2017 and 1Q2016 were 5.9% and 5.5% respectively. The taxation charge for the Group in 1Q2017 was 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, offset by certain non-deductible expenses and losses incurred by foreign subsidiaries which are not available for set off against profits of local subsidiaries.

Statement of Comprehensive Income

	Note	Group		+ / (-) %
		First Quarter Ended		
		31.3.2017 \$'000	31.3.2016 \$'000	
Net profit after taxation		3,221	2,785	15.7
<u>Other comprehensive gain/(loss):</u>				
Items that may be reclassified subsequently to profit or loss				
Net gain/(loss) on available-for-sale investments (net of tax)	1	2,420	(142)	n.m.
Exchange difference arising from				
- consolidation	2	(264)	(1,754)	(84.9)
- revaluation of net investment in foreign operations	2	(3,930)	(3,306)	18.9
Other comprehensive loss , net of tax		(1,774)	(5,202)	(65.9)
Total comprehensive income/(loss) for the period		1,447	(2,417)	
Total comprehensive income/(loss) for the period attributable to:				
Owners of the Company		1,447	(2,417)	
Non-controlling interests		-	-	
		<u>1,447</u>	<u>(2,417)</u>	

- 1) Net gain on available-for-sale investments (net of tax) in 1Q2017 of \$2.4 million was mainly due to increase in fair value of available-for-sale investments arising from favourable market conditions.
- 2) Exchange differences arising from the consolidation of \$0.3 million and \$3.9 million from revaluation of net investment in foreign operation in 1Q2017 were mainly due to unfavourable foreign exchange impact arising from the translation of Sterling Pound against Singapore Dollar for those UK net investments and assets. The weakening of the Sterling Pound against the Singapore Dollar resulted in an overall net foreign exchange loss of approximately \$2 million for 1Q2017. This is made up of \$0.3 million and \$3.9 million in Other Comprehensive Income, which is partially offset by a translation gain in the profit and loss account of \$2.2 million mainly attributable to our Sterling Pound loans.

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	
		31.3.2017 \$'000	31.12.2016 \$'000	31.3.2017 \$'000	31.12.2016 \$'000
Non-current assets					
Property, plant and equipment		4,597	4,672	-	-
Investment properties	1	116,339	120,254	-	-
Investment in subsidiaries		-	-	169,687	169,687
Investment in joint ventures	2	6,883	7,311	-	-
Investment in associates		25,879	26,550	746	746
Investment securities	3	23,104	20,780	-	-
Other receivables		5,418	5,362	-	-
Amounts due from associates		2,000	2,000	-	-
		184,220	186,929	170,433	170,433
Current assets					
Tax recoverable		5	-	-	-
Trade receivables	4	1,607	595	-	-
Prepayments and deposits		213	223	47	53
Other receivables	5	12,489	13,519	-	-
Amounts due from subsidiaries		-	-	8,694	8,674
Amounts due from associates		7,287	7,355	-	-
Investment securities	6	29,769	28,872	-	-
Cash and bank balances		36,781	36,866	1,251	1,381
		88,151	87,430	9,992	10,108
Current liabilities					
Bank overdrafts (secured)		(17)	-	-	-
Trade payables		(852)	(683)	-	-
Other payables		(1,893)	(1,924)	(396)	(350)
Accrued operating expenses	7	(1,543)	(1,944)	(244)	(199)
Amounts due to associates		(562)	(563)	(380)	(381)
Bank loans (secured)	8	(54,810)	(57,705)	-	-
Tax payable		(1,445)	(1,419)	-	-
		(61,122)	(64,238)	(1,020)	(930)
Net current assets		27,029	23,192	8,972	9,178
Non-current liabilities					
Bank loans (secured)	8	(10,690)	(11,212)	-	-
Deferred tax liabilities		(4,242)	(4,034)	-	-
Other payables		(451)	(456)	-	-
		(15,383)	(15,702)	-	-
Net assets		195,866	194,419	179,405	179,611

	Group		Company	
	31.3.2017	31.12.2016	31.3.2017	31.12.2016
	\$'000	\$'000	\$'000	\$'000
Equity attributable to Owners of the Company				
Share capital	172,154	172,154	172,154	172,154
Treasury shares	(98)	(98)	(98)	(98)
Capital reserve	1,202	1,202	-	-
Revenue reserve	40,813	37,592	7,349	7,555
Fair value reserve	8,746	6,326	-	-
Currency translation reserve	(26,951)	(22,757)	-	-
	195,866	194,419	179,405	179,611
Non-controlling interests	-	-	-	-
Share capital and reserves	195,866	194,419	179,405	179,611

Note:

1. Investment properties decreased by \$3.9 million mainly due to:
 - a. disposal of a UK residential property in London;
 - b. translation loss arising from the UK properties as Sterling Pound had weakened against Singapore Dollar;
 - c. and depreciation of the investment property in this period.
2. Investment in joint ventures decreased by \$0.4 million mainly due to translation loss as Sterling Pound had weakened against Singapore Dollar.
3. Non-current investment securities increased by \$2.3 million mainly due to additions made during the period and fair value change of the available-for-sale investments.
4. Trade receivables increased by \$1 million mainly due to receivables from a share transaction amounting to \$0.9 million.
5. Current other receivables decreased by \$1 million mainly due to decrease in amounts due from estate agents and translation loss from Sterling Pound receivables as Sterling Pound had weakened against the Singapore Dollar.
6. Current investment securities increased by \$0.9 million mainly due to fair value change of available-for-sale investments offset by disposals during the period.
7. Accrued operating expenses decreased by \$0.4 million mainly due to payment of employee bonuses during the period.
8. Bank loans decreased by \$3.4 million mainly due to repayment of \$0.3 million and translation gain as Sterling Pound had weakened against the Singapore Dollar.

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

Amount repayable in one year or less, or on demand

	31.3.2017		31.12.2016	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank overdrafts	17	-	-	-
Short term bank loans	54,810	-	57,705	-
	<u>54,827</u>	<u>-</u>	<u>57,705</u>	<u>-</u>

Amount repayable after one year

	31.3.2017		31.12.2016	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	10,690	-	11,212	-

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

Details of any collateral

Short term bank loans comprised:

- An amount of \$22.6 million (2016: \$24.1 million) secured by a pledge of \$15 million (2016: \$15 million) on a subsidiary's fixed deposits and a corporate guarantee from the Company.
- An amount of \$24.1 million (2016: \$25.3 million) is secured by a legal charge over a subsidiary's investment property and assignment of tenancy agreement in respect of the property.
- An amount of \$2.9 million (2016: \$2.9 million) secured by a deed of guarantee and indemnity for \$4 million (2016: \$4 million) from a subsidiary.
- An amount of \$5.2 million (2016: \$5.4 million) secured by a pledge of \$4 million (2016: \$4 million) on a subsidiary's fixed deposits.

Bank overdraft is secured by a legal charge over a subsidiary's property and assignment of tenancy agreement in respect of the property.

Long term bank loan of \$10.7 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	
	First Quarter Ended	
	31.3.2017	31.3.2016
	\$'000	\$'000
Cash flows from operating activities:		
Profit before taxation	3,423	2,948
Adjustments for:		
Interest income	(332)	(366)
Interest expense	369	215
Depreciation on property, plant and equipment and investment properties	548	566
Dividend income from investment securities	(58)	(71)
Share of results of associates and joint ventures	153	(450)
Allowance made for impairment loss on current investment securities	104	590
Allowance made for impairment loss on non-current investment securities	465	-
Allowance made for doubtful debts due from an associate	-	337
Gain on disposal of investment properties	(1,655)	(1,913)
Unrealised exchange differences	(2,639)	(276)
	(3,045)	(1,368)
Operating cash flows before changes in working capital	378	1,580
Decrease/(increase) in receivables and current investments	583	(196)
Decrease in payables	(170)	(455)
	413	(651)
Cash flows from operations	791	929
Dividend income from investment securities	58	71
Interest received	86	38
Interest paid	(369)	(215)
Income taxes paid	(102)	(50)
	(327)	(156)
Net cash flows from operating activities	464	773
Cash flows from investing activities:		
Increase in other investments	(2,399)	(262)
Decrease in other receivable	456	-
Decrease in investment in joint ventures	137	-
Increase in investment in associates	-	(3,743)
Decrease in amounts due from associates	103	103
Proceeds from disposal of investment properties	2,162	2,145
Purchase of property, plant and equipment	(2)	(154)
Additions to investment properties	(527)	(386)
Net cash flows used in investing activities	(70)	(2,297)
Cash flows from financing activities:		
Repayment of bank loans	(345)	-
Proceeds from bank loans	-	1,741
Net cash flows (used in)/from financing activities	(345)	1,741
Net increase in cash and cash equivalents	49	217
Cash and cash equivalents at beginning of the period	17,866	21,309
Effects of exchange rate changes on cash and cash equivalents	(151)	(163)
Cash and cash equivalents at end of the period	17,764	21,363

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

	Group	
	31.3.2017 \$'000	31.3.2016 \$'000
Cash and bank balances	36,781	40,693
Less: cash and bank balances pledged bank overdraft	(19,000) (17)	(19,000) (330)
Cash and cash equivalents at end of the period	17,764	21,363

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.

	Share capital \$'000	Treasury shares \$'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 1.1.2017	172,154	(98)	1,202	37,592	6,326	(22,757)	-	194,419
Total comprehensive gain/(loss) for the period	-	-	-	3,221	2,420	(4,194)	-	1,447
Balance at 31.3.2017	172,154	(98)	1,202	40,813	8,746	(26,951)	-	195,866
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

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

	Share capital \$'000	Treasury shares \$'000	Revenue reserve \$'000	Total equity \$'000
Company				
Balance at 1.1.2017	172,154	(98)	7,555	179,611
Total comprehensive loss for the period	-	-	(206)	(206)
Balance at 31.3.2017	172,154	(98)	7,349	179,405
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

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

(a) 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.

(b)

	31/3/2017	31/12/2016
	\$'000	\$'000
Share capital	172,154	172,154
	31/3/2017	31/12/2016
	'000	'000
Total number of issued shares	653,504	653,504
Total number of treasury shares	(330)	(330)
Total number of subsidiary holdings	-	-
Total number of issued shares excluding treasury shares and subsidiary holdings	653,174	653,174

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.

	31/3/2017	31/12/2016
	'000	'000
Total number of issued shares	653,504	653,504
Total number of treasury shares	(330)	(330)
Total number of issued shares excluding treasury shares	653,174	653,174

As at 31 March 2017 and 31 December 2016, there were no outstanding convertibles.

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

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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.

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 2016.

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 2017:-

Description	Effective for annual periods beginning on or after
Amendments to FRS 7: Disclosure Initiative	1 January 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

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 31 March 2017.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	GROUP	
	First Quarter Ended	
	31.3.2017	31.3.2016
Earnings per ordinary share after deducting any provision for preference dividends:		
(i) Based on the weighted average number of ordinary shares in issue (cents)	0.49	0.43
(ii) On a fully diluted basis (cents)	0.49	0.43

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	
	31.3.2017	31.12.2016	31.3.2017	31.12.2016
Net asset value per ordinary share (cents)	29.97	29.77	27.46	27.50

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)

	1Q2017	1Q2016	+ / (-)
	\$'000	\$'000	%
Rental	1,935	1,802	7.4
Investments	972	551	76.4
Corporate and Others	-	-	n.m.
	<u>2,907</u>	<u>2,353</u>	

Increase in revenue for investments segment by \$0.4 million mainly due to increase in net gains from sale of investment securities arising from increases in share trading activities.

Profit before tax (excluding all inter-segment transactions)

	1Q2017 \$'000	1Q2016 \$'000	+/(-) %
Rental	2,056	1,705	20.6
Investments	25	107	(76.6)
Corporate and Others ("Corporate")	(475)	(487)	(2.5)
	1,606	1,325	
unallocated items	1,817	1,623	12.0
	<u>3,423</u>	<u>2,948</u>	

Rental segment refers to rental of residential, commercial and industrial properties. Increase in profit before taxation for Rental segment by \$0.4 million qoq takes into account:-

- Profits of \$0.1 million from Herbal Hill qoq subsequent to acquisition in May 2016;
- Allowance for receivables due from an associates of \$0.3 million was made in 1Q2016 following the disposal of the commercial property held by the associate.

Investment segment refers to investment holding and the decrease in profit before taxation in 1Q2017 takes into account:-

- increase in net gain on disposal of investment securities of \$0.5 million qoq;
- decrease in impairment loss on quoted current and unquoted non-current investment of \$0.1 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 of those investments.
- increase in share of losses of associates and joint ventures of \$0.6 million qoq mainly due to share of loss of \$0.6 million qoq from an associated company, Clan Kilmuir (Jersey) Limited which the Group acquired in March 2016. A portion of the share of loss of \$0.2 million is attributable to depreciation of an investment property.

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 for 1Q2017 and 1Q2016 remained relatively the same and were mainly attributable to 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 are not allocated to the segments. The profit increased \$0.2 million qoq mainly due to favourable 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.

The uncertainties surrounding Brexit and other geopolitical events are factors which continue to affect business confidence and may pose challenges for the next 12 months. In addition, the current low interest rate environment and availability of capital for investments globally makes investment in the real estate sector highly competitive.

With the depreciation of Sterling Pound, UK properties have become more attractive to foreign investors. Notwithstanding this, the uncertainties surrounding Brexit may temper investor sentiment. The Group has been able to sell one of the refurbished flats with a profit of GBP947,751 for Q1. Another unit is under offer and assuming successful completion, the gain could be recognised in Q2.

Meanwhile, leasing efforts for 20 Midtown are being actively pursued and several offers made to potential tenants.

In Singapore, the Group's residential and commercial properties remain fully leased.

Fluctuations in the GBP/SGD exchange rate will continue to impact our results.

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.

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
27 April 2017