

**UNAUDITED RESULTS FOR FIRST QUARTER ENDED 31 MARCH 2018****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		
		31.3.2018 \$'000	31.3.2017 \$'000	
Revenue		2,603	2,907	(10.5)
Cost of sales		(924)	(1,060)	(12.8)
Changes in fair value of investment securities	1	(408)	-	n.m.
Gross profit		1,271	1,847	(31.2)
Other income	2	1,656	3,925	(57.8)
General and administrative costs	3	(1,763)	(1,346)	31.0
Other operating costs	4	-	(480)	n.m.
Finance costs		(283)	(369)	(23.3)
Share of after tax results of associates and joint ventures	5	201	(154)	n.m.
Profit before taxation		1,082	3,423	(68.4)
Taxation	6	(386)	(202)	91.1
Net profit after taxation		696	3,221	(78.4)
Attributable to:				
Owners of the Company		696	3,221	(78.4)
Profit for the year attributable to owners of the Company		696	3,221	

n.m. denotes not meaningful.

Profit before taxation included the following:

	Group		
	First Quarter Ended		
	31.3.2018	31.3.2017	+/(-) %
	\$'000	\$'000	%
Investment income	215	58	n.m.
Interest income (included in revenue)	153	331	(53.8)
Interest on borrowings	(201)	(369)	(45.5)
Depreciation on property, plant and equipment and investment properties	(538)	(548)	(1.8)
Foreign exchange (loss)/gain	(266)	2,180	n.m.
Gain on disposal of investments (included in revenue)	-	583	n.m.
Fair value changes in investment securities	(408)	-	n.m.
(Under)/over provision of taxation in prior years	-	-	-
Gain on disposal of investment property			
- included in other income	1,572	1,655	(5.0)
Allowance made for impairment loss on			
- quoted current investments	-	(15)	n.m.
- unquoted current investments	-	(465)	n.m.

Notes to Group Profit and Loss Statement:

- Changes in fair value of investment securities of \$0.4 million in 1Q2018 was due to decreases in fair values for fair value through profit and loss ("FVTPL") investment securities arising from unfavourable market conditions (refer to 4 and 5 on pages 11 and 12 for more information).
- Other income comprised the following:

	1Q2018	1Q2017	+/(-) %
	\$'000	\$'000	%
Interest income	3	1	n.m.
Gain on disposal of investment properties	1,572	1,655	(5)
Foreign exchange gain	-	2,180	n.m.
Sundry	82	89	(8)
	<u>1,657</u>	<u>3,925</u>	

In 1Q2017, 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.

- General and administrative costs increased by \$0.4 million qoq mainly due to increase in foreign exchange loss of \$0.3 million. The strengthening of the Sterling Pound against Singapore Dollar had resulted in unrealised translation loss mainly attributable to our Sterling Pound loans. Sterling Pound has increased from 1.817029 as at 31 December 2017 to 1.830601 as at 31 March 2018.

4. Other operating costs comprised the following:

	1Q2018	1Q2017	+/(⁻)
	\$'000	\$'000	%
Allowance made for impairment loss on			
- current investment securities	-	15	n.m.
- non-current investment securities	-	465	n.m.
	<u>-</u>	<u>480</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. Arising from the adoption of new accounting standard SFRS(I) 9, the Group no longer needs to perform assessment for impairment (please refer to 4 and 5 on pages 11 and 12 for more information).

5. Share of after tax results of associates and joint ventures improved from a loss of \$0.2 million in 1Q2017 to a profit of \$0.2 million 1Q2018 mainly due to share of profit of \$0.4 million qoq from an associated company, Clan Kilmuir (Jersey) Limited.

6. Effective tax rates for 1Q2018 and 1Q2017 were 35.7% and 5.9% respectively. The taxation charge for the Group in 1Q2018 was higher than that arrived at by applying the statutory tax rate of 17% to the profit before taxation mainly due to certain non-deductible expenses and losses incurred by foreign subsidiaries which are not available for set off against profits of local subsidiaries. Utilisation of losses incurred by a local subsidiary under group tax relief would only be considered as at year-end.

Statement of Comprehensive Income

	Note	Group		+/(-) %
		First Quarter Ended		
		31.3.2018 \$'000	31.3.2017 \$'000	
Net profit after taxation		696	3,221	(78.4)
<u>Other comprehensive (loss)/income:</u>				
<i>Items that will not be reclassified to profit or loss</i>				
Net loss on investment securities	1	(1,323)	-	n.m.
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net gain on available-for-sale investments (net of tax)	1	-	2,420	n.m.
Exchange difference arising from				
- consolidation	2	225	(264)	n.m.
- revaluation of net investment in foreign operations	2	300	(3,930)	n.m.
Revaluation gain realised by an associate to profit or loss		(110)	-	n.m.
Other comprehensive loss, net of tax		<u>(908)</u>	<u>(1,774)</u>	(48.8)
Total comprehensive (loss)/income for the period		<u>(212)</u>	<u>1,447</u>	
Total comprehensive (loss)/income for the period attributable to:				
Owners of the Company		(212)	1,447	
Non-controlling interests		-	-	
		<u>(212)</u>	<u>1,447</u>	

- 1) Arising from the adoption of SFRS(I) 9, available-for sale investments are either classified under fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI"). Net loss on FVTOCI investment securities in 1Q2018 of \$1.3 million was mainly due to decrease in fair values arising from unfavourable market conditions.
- 2) Exchange differences arising from the consolidation of \$0.2 million and \$0.3 million from revaluation of net investment in foreign operation in 1Q2018 were mainly due to favourable foreign exchange impact arising from the translation of Sterling Pound against Singapore Dollar for those UK net investments and assets. The strengthening of the Sterling Pound against the Singapore Dollar resulted in an overall net foreign exchange gain of approximately \$0.2 million for 1Q2018. This is made up of \$0.2 million and \$0.3 million in Other Comprehensive Income, which is partially offset by a translation loss in the profit and loss account of \$0.3 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	
		31.3.2018 \$'000	31.12.2017 \$'000	31.3.2018 \$'000	31.12.2017 \$'000
Non-current assets					
Property, plant and equipment		4,378	4,452	-	-
Investment properties	1	125,909	112,040	-	-
Investment in subsidiaries		-	-	170,464	170,464
Investment in joint ventures		3,127	3,106	-	-
Investment in associates		28,091	27,812	746	746
Investment securities	2	31,266	23,212	-	-
Other receivables		5,927	5,582	-	-
Amounts due from associates		-	-	-	-
		198,698	176,204	171,210	171,210
Current assets					
Tax recoverable		2	2	-	-
Trade receivables	3	1,513	494	-	-
Prepayments and deposits		245	225	62	53
Other receivables		3,133	3,228	-	6
Amounts due from subsidiaries		-	-	6,694	6,694
Amounts due from associates		6,497	6,465	-	-
Investment securities	4	17,583	24,773	-	-
Cash and bank balances	5	48,219	50,683	3,816	3,959
		77,192	85,870	10,572	10,712
Current liabilities					
Bank overdrafts (secured)		(110)	-	-	-
Trade payables		(488)	(424)	-	-
Other payables	6	(2,506)	(2,192)	(453)	(369)
Accrued operating expenses	7	(1,638)	(2,224)	(275)	(248)
Amounts due to associates		(536)	(542)	(351)	(361)
Bank loans (secured)	8	(59,707)	(53,177)	-	-
Tax payable	9	(2,579)	(2,012)	-	-
		(67,564)	(60,571)	(1,079)	(978)
Net current assets		9,628	25,299	9,493	9,734
Non-current liabilities					
Bank loans (secured)	8	(7,460)	-	-	-
Deferred tax liabilities	9	(3,531)	(3,970)	-	-
Other payables		(406)	(392)	-	-
		(11,397)	(4,362)	-	-
Net assets		196,929	197,141	180,703	180,944

	Group		Company	
	31.3.2018	31.12.2017	31.3.2018	31.12.2017
	\$'000	\$'000	\$'000	\$'000
Equity attributable to Owners of the Company				
Share capital	172,154	172,154	172,154	172,154
Treasury shares	(165)	(165)	(165)	(165)
Capital reserve	891	1,001	-	-
Revenue reserve	45,898	38,567	8,714	8,955
Fair value reserve	(500)	7,558	-	-
Currency translation reserve	(21,349)	(21,874)	-	-
	<u>196,929</u>	<u>197,241</u>	<u>180,703</u>	<u>180,944</u>
Non-controlling interests	-	-	-	-
Share capital and reserves	<u>196,929</u>	<u>197,241</u>	<u>180,703</u>	<u>180,944</u>

Notes to Statement of Financial Position:

1. Investment properties increased by \$13.9 million mainly due to:
 - a. purchase of a commercial property, 46 Loman Street in UK;
 - b. translation gain arising from the UK properties as Sterling Pound had strengthened against Singapore Dollar; offset by
 - c. disposal of a residential property in Singapore;
 - d. and depreciation of the investment property in this period.
2. Non-current investment securities increased by \$8.1 million mainly due to additional \$3.1 million investment made during the period, reclassification of \$6.3 million from current investment securities to non-current due to SFRS(I) 9 adoption, offset by a fair value loss of \$1.3 million in FVTOCI investments
3. Trade receivables increased by \$1 million mainly due to receivables from a share transaction amounting to \$0.7 million and \$0.3 million due from tenants.
4. Current investment securities decreased by \$7.2 million mainly due to \$6.3 million reclassification to non-current investment securities arising from SFRS(I) 9 adoption.
5. Decrease in Group's cash at bank balances of \$2.5 million was mainly due to purchase made on non-current investments, investment property in 46 Loman Street offset by proceeds from disposal of a residential property in Singapore.
6. Other payables increased by \$0.3 million mainly due to \$0.1 million increased in deferred rents and \$0.1 million in professional fees.
7. Accrued operating expenses decreased by \$0.6 million mainly due to payment of employee bonuses during the period.
8. Current bank loans increased by \$6.5 million and non-current bank loans increased by \$7 million mainly due to drawn down of loans for the investment of a new property in 46 Loman Street.
9. Tax payable increased by \$0.6 million and deferred tax liabilities decreased by \$0.4 million mainly due to reclassification of \$0.5 million from deferred tax liabilities to tax payable arising from the income tax treatment upon adoption of SFRS (I) 9.

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

Amount repayable in one year or less, or on demand

	31.3.2018		31.12.2017	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank overdrafts	110	-	-	-
Short term bank loans	59,707	-	53,177	-
	<u>59,817</u>	<u>-</u>	<u>53,177</u>	<u>-</u>

Amount repayable after one year

	31.3.2018		31.12.2017	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	7,460	-	-	-

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:

- a) An amount of \$24.4 million (2017: \$18.2 million) secured by a pledge of \$15 million (2017: \$15 million) on a subsidiary's fixed deposits and a corporate guarantee from the Company.
- b) An amount of \$15.2 million (2017: \$15.1 million) is 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 \$1.8 million (2017: \$1.8 million) secured by a deed of guarantee and indemnity for \$4 million (2017: \$4 million) from a subsidiary.
- d) An amount of \$3.7 million (2017: \$3.6 million) secured by a pledge of \$4 million (2017: \$4 million) on a subsidiary's fixed deposits.
- e) An amount of \$14.6 million (2017: \$14.5 million) secured by a legal charge over a subsidiary's investment property.

Long term bank loan of \$7.5 million is secured by a legal charge over a subsidiary's investment property and a corporate guarantee from another subsidiary.

Bank overdraft is secured by a legal charge over a subsidiary's property and assignment of tenancy agreement in respect of the 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	
	31.3.2018	31.3.2017
	\$'000	\$'000
Cash flows from operating activities:		
Profit before taxation	1,082	3,423
Adjustments for:		
Interest income	(156)	(332)
Interest expense	283	369
Depreciation on property, plant and equipment and investment properties	538	548
Dividend income from investment securities	(215)	(58)
Share of results of associates and joint ventures	(201)	153
Allowance made for impairment loss on current investment securities	-	104
Allowance made for impairment loss on non-current investment securities	-	465
Gain on disposal of investment properties	(1,572)	(1,655)
Unrealised exchange differences	329	(2,639)
	<u>(994)</u>	<u>(3,045)</u>
Operating cash flows before changes in working capital	88	378
(Increase)/decrease in receivables and current investments	(321)	583
Decrease in payables	(216)	(170)
	<u>(537)</u>	<u>413</u>
Cash flows (used in)/from operations	(449)	791
Dividend income from investment securities	215	58
Interest received	86	86
Interest paid	(283)	(369)
Income taxes paid	(258)	(102)
	<u>(240)</u>	<u>(327)</u>
Net cash flows (used in)/from operating activities	(689)	464
Cash flows from investing activities:		
Increase in other investments	(3,079)	(2,399)
Decrease in other receivable	-	456
Decrease in investment in joint ventures	-	137
(Increase)/decrease in amounts due from associates	(6)	103
Proceeds from disposal of investment properties	2,468	2,162
Purchase of property, plant and equipment	-	(2)
Additions to investment properties	(14,903)	(527)
Net cash flows used in investing activities	(15,520)	(70)
Cash flows from financing activities:		
Repayment of bank loans	-	(345)
Proceeds from bank loans	13,606	-
Net cash flows from/(used in) financing activities	13,606	(345)
Net (decrease)/increase in cash and cash equivalents	(2,603)	49
Cash and cash equivalents at beginning of the period	31,683	17,866
Effects of exchange rate changes on cash and cash equivalents	29	(151)
Cash and cash equivalents at end of the period	29,109	17,764

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

	Group	
	31.3.2018 \$'000	31.3.2017 \$'000
Cash and bank balances	48,219	36,781
Less: cash and bank balances pledged bank overdraft	(19,000) (110)	(19,000) (17)
Cash and cash equivalents at end of the period	29,109	17,764

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	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 1.1.2018, as previously stated	172,154	(165)	1,001	38,467	7,558	(21,874)	-	197,141
Impact on adoption of SFRS(I) 9	-	-	-	6,735	(6,735)	-	-	-
Balance at 1.1.2018, as restated	172,154	(165)	1,001	45,202	823	(21,874)	-	197,141
Total comprehensive (loss)/gain for the period	-	-	(110)	696	(1,323)	525	-	(212)
Balance at 31.3.2018	172,154	(165)	891	45,898	(500)	(21,349)	-	196,929
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

** 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 1.1.2018	172,154	(165)	8,955	180,944
Total comprehensive loss for the period	-	-	(241)	(241)
Balance at 31.3.2018	<u>172,154</u>	<u>(98)</u>	<u>8,714</u>	<u>180,703</u>
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	<u>172,154</u>	<u>(98)</u>	<u>7,349</u>	<u>179,405</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 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)

	31/3/2018 \$'000	31/12/2017 \$'000
Share capital	<u>172,154</u>	<u>172,154</u>
Total number of issued shares	653,504	653,504
Total number of treasury shares	(546)	(546)
Total number of subsidiary holdings	-	-
Total number of issued shares excluding treasury shares and subsidiary holdings	<u>652,958</u>	<u>652,958</u>

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.

	31/3/2018	31/12/2017
	'000	'000
Total number of issued shares	653,504	653,504
Total number of treasury shares	(546)	(546)
Total number of issued shares excluding treasury shares	<u>652,958</u>	<u>652,958</u>

As at 31 March 2018 and 31 December 2017, 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.

There was no share buy-back during the current quarter.

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 Accounting Standards Council has issued a new financial reporting framework – Singapore Financial Reporting Standards (International) (“SFRS(I)”), which is to be adopted by Singapore incorporated companies listed on the Singapore Exchange, for annual period beginning on or after January 1, 2018. As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at the end of the first SFRS(I) reporting period (December 31, December), except for areas of exceptions and optional exemptions set out in SFRS(I) 1.

The Group has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there are no changes to the Group's and the Company's current accounting policies under the Financial Reporting Standards in Singapore or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time.

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 2017 except for the adoption of SFRS(I) 9 Financial Instruments.

The effect of the adoption was discussed in item 5 below.

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 SFRS(I)s, amendments to and interpretations of SFRS(I) that are effective for the financial periods beginning on 1 January 2018:-

Description	Effective for annual periods beginning on or after
SFRS(I) 15 Revenue from Contracts with Customers	1 January 2018
SFRS(I) 9 Financial Instruments	1 January 2018
Amendments to SFRS(I)15: Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 January 2018
Amendments to SFRS(I) 2: Classification and Measurement of Share based Payment Transaction	1 January 2018
Amendments to SFRS(I) 1-28 Investments in Associates and Joint Ventures	1 January 2018
SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

The adoption of the revised SFRS(I)s did not have any material financial impact on the financial statements of the Group and the Company for the quarter ended 31 March 2018 except for SFRS(I) 9 (previously FRS 109).

The changes in accounting policies have been applied retrospectively and the Group has elected to apply the limited exemption in SFRS(I) 9 and has not restated comparative periods in the year of initial application. Any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application are recognised in the opening retained earnings.

For equity securities, the Group measures its currently available-for-sale quoted equity securities of \$18.4 million held as at 1 Jan 2018 at fair value through profit or loss (FVTPL). The fair value reserve of \$1.8m previously recognised in other comprehensive income was adjusted against retained earnings on initial application. The Group measures the remaining available-for-sale equity securities amounting to \$6.3 million as at 1 Jan 2018 at fair value through other comprehensive income (FVTOCI). The impairment loss of \$5 million previously recognised in profit or loss was adjusted against revenue reserve on initial application.

The impacts arising from SFRS(I) 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

The effects to opening retained earnings and opening fair value reserves on the financial statements are shown under 1(d)(i).

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	
	31.3.2018	31.3.2017
Earnings per ordinary share after deducting any provision for preference dividends:		
(i) Based on the weighted average number of ordinary shares in issue (cents)	0.11	0.49
(ii) On a fully diluted basis (cents)	0.11	0.49

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	
	31.3.2018	31.12.2017	31.3.2018	31.12.2017
Net asset value per ordinary share (cents)	30.16	30.19	27.67	27.71

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)

	1Q2018	1Q2017	+/(-)
	\$'000	\$'000	%
Rental	2,235	1,935	15.5
Investments	368	972	(62.1)
Corporate and Others	-	-	n.m.
	<u>2,603</u>	<u>2,907</u>	

Increase in revenue for rental segment by \$0.3 million was mainly due to increase in rental income from 20 Midtown property in London by \$0.3 million as the property had completed asset enhancement work in 2016 and was leased out in 2017.

Decrease in investments segment by \$0.6 million was mainly due to:

- absence of net gain on disposal of investment securities of \$0.6 million qoq subsequent to SFRS(I) 9 adoption;
- decrease in interest income by \$0.2 million qoq;
- increase in dividend income by \$0.2 million qoq.

Profit before tax (excluding all inter-segment transactions)

	1Q2018 \$'000	1Q2017 \$'000	+/(-) %
Rental	2,348	2,056	14.2
Investments	(208)	25	n.m.
Corporate and Others ("Corporate")	(540)	(475)	13.7
	1,600	1,606	
unallocated items	(518)	1,817	
	1,082	3,423	

Rental segment refers to rental of residential, commercial and industrial properties. Increase in profit before taxation for Rental segment by \$0.3 million qoq takes into account:-

- increase in profits of \$0.5 million from 20 Midtown property qoq;
- decrease in gain from disposal of investment properties by \$0.1 million qoq.

Investment segment refers to investment holding and the decrease in profit before taxation in 1Q2018 takes into account:-

- absence of net gain on disposal of investment securities of \$0.6 million qoq subsequent to SFRS(I) 9 adoption;
- loss in fair value changes in FVTPL of \$0.4 million qoq;
- increase in share of profits of associates and joint ventures of \$0.4 million qoq mainly due to share of profit of \$0.4 million qoq from an associated company, Clan Kilmuir (Jersey) Limited;
- decrease in interest income of \$0.2 million qoq;
- increase in dividend income of \$0.2 million qoq;
- absence of allowance for impairment loss on investment securities of \$0.5 million as the Group no longer needs to assess for impairment arising from the SFRS(I) 9 adoption.

Corporate segment refers to the provision of management, administrative and support services to related companies and investment holding.

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 decreased from \$1.8 million to a loss of \$0.5 million qoq mainly due to unfavourable 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.

Fears over increased trade protectionism continues to unsettle equity markets globally.

The improvement in the Singapore property market, especially the residential segment, continues from the previous year. The volume of enbloc residential property sales reached a new high with developers making aggressive bids. The Group participated in some smaller tenders, but was unsuccessful.

In UK, the rentals and capital values for commercial properties remain steady notwithstanding Brexit concerns. In the prime London residential market, sentiment remains tepid with rents generally stable.

As announced on 24 April 2018, the Group has acquired the remaining interest in 20 Midtown property and disposed of its 50% interest in Herbal Hill property. We expect to record a gain of approximately \$6.6 million in 2Q2018 results arising from the completion of these transactions subject to a purchase price allocation exercise to be completed within FY2018.

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
25 April 2018