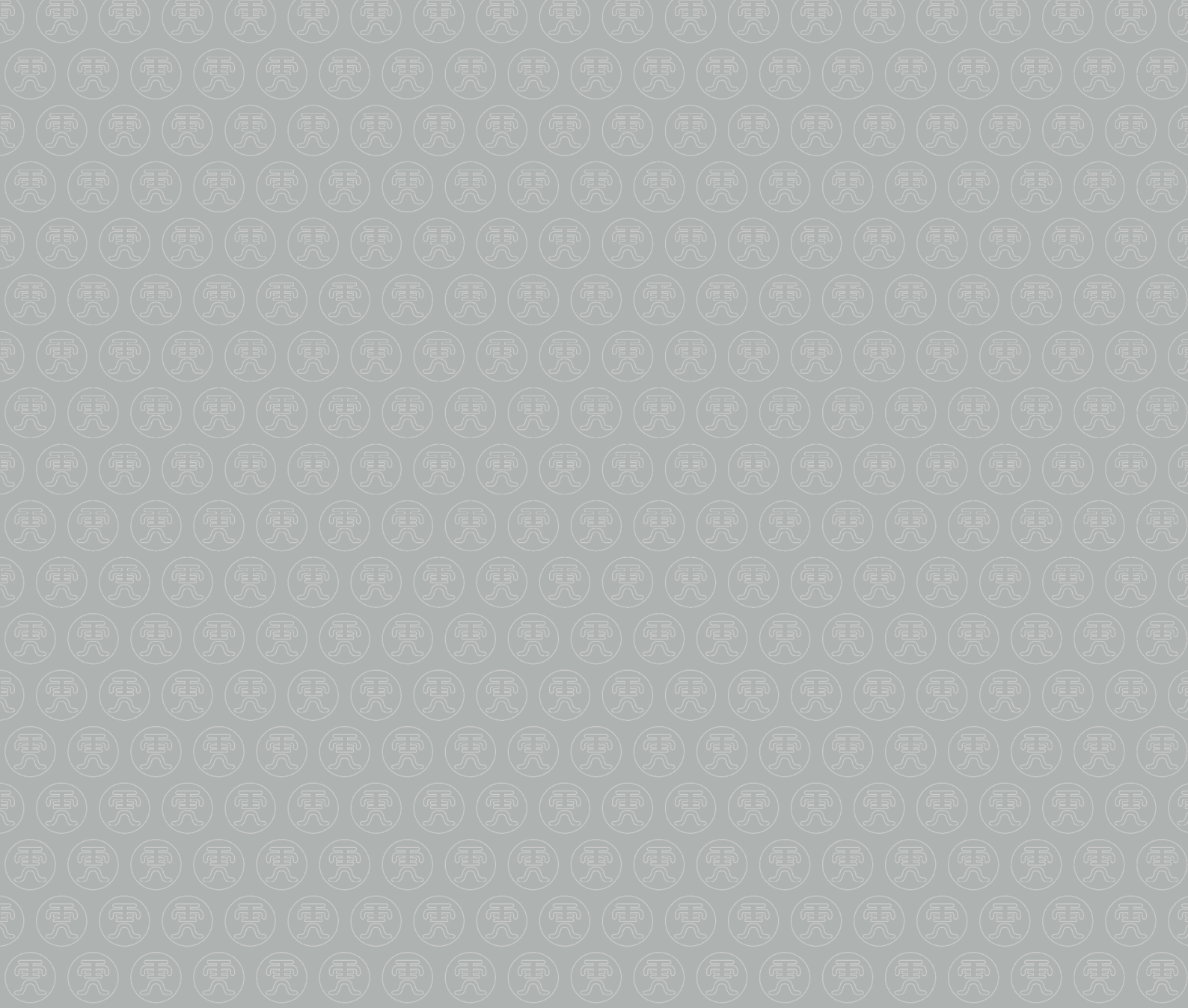




虎豹 HAW PAR

HAW PAR CORPORATION LIMITED

ANNUAL REPORT 2014



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FOCUS



RESILIENCE



SUSTAINABILITY



CORPORATE PROFILE

Haw Par Corporation Limited has been listed on The Singapore Exchange since 1969.

Headquartered in Singapore, the Group's core healthcare and leisure businesses promote healthy lifestyles through its healthcare products and oceanariums.

Haw Par's healthcare products are manufactured and marketed under its various established brands - Tiger Balm and Kwan Loong. Tiger Balm, a renowned ointment is used worldwide to invigorate the body as well as to relieve aches and pains. Its product extensions such as Tiger Balm Medicated Plaster, Tiger Balm Joint Rub, Tiger Balm Neck and Shoulder Rub, Tiger Balm Mosquito Repellent Patch and Tiger Balm ACTIVE range cater to the lifestyle needs of a new health-conscious generation.

The Group owns and operates two oceanariums, namely Underwater World Singapore at Sentosa and Underwater World Pattaya in Thailand.

The Group also has interests in investment properties and manages its own portfolio of investments in securities.

The Group's primary corporate strategy is to expand its core healthcare and leisure businesses through product extensions under its own established brands, form strategic alliances with partners in various key markets and explore acquisition of compatible businesses. It also aims to manage efficiently its portfolio of investments in properties and securities to achieve a reasonable return.

CORE OPERATIONS

HEALTHCARE

Haw Par Healthcare Limited
Tiger Balm (Malaysia) Sdn. Bhd.
Xiamen Tiger Medicals Co., Ltd

LEISURE

Haw Par Leisure Pte Ltd
Underwater World Singapore Pte Ltd
Underwater World Pattaya Ltd

PROPERTY

Haw Par Properties (Singapore)
Private Limited
Haw Par Centre Private Ltd
Setron Limited
Haw Par Land (Malaysia) Sdn. Bhd.

INVESTMENTS

Haw Par Investment Holdings Private
Limited
Straits Maritime Leasing Private
Limited
Pickwick Securities Private Limited
Haw Par Equities Pte Ltd
Haw Par Trading Pte Ltd
M & G Maritime Services Pte. Ltd.
Haw Par Capital Pte Ltd
Haw Par Securities (Private) Limited
Haw Par Brothers International
(H.K.) Limited
Haw Par Pharmaceutical Holdings
Pte. Ltd.

ASSOCIATED COMPANIES

Hua Han Bio-Pharmaceutical Holdings
Limited
UIC Technologies Pte Ltd

CHAIRMAN'S STATEMENT



During 2014, a number of significant events adversely impacted the world economy and businesses in Asia. In particular, travel mishaps and currency devaluations both negatively affected tourist sentiments. Singapore recorded its first drop in tourist arrival since 2009. Wage pressures remained high amidst tight labour constraints especially in South East Asia. Inflationary pressure however eased as commodities went down, led by a slide in oil prices.

I am pleased to report however that the Group turnover increased 9% to \$154.2m with strong contribution from the sale of Healthcare products. Profit from operations increased 16% to \$112.0m (2013: \$96.6m) due mainly to higher profit from Healthcare and increases in investment income. Total earnings for the financial year ended 31 December 2014 increased 10% to \$118.8m (2013: \$107.9m).

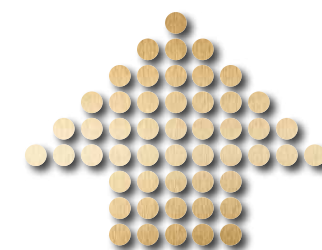
Besides the increased turnover in Healthcare, lower costs of raw materials, as well as favourable foreign exchange rates, helped to improve margins. Profits increased 31% to \$33.9m (2013:

\$25.9m). Leisure revenue was \$15.6m, which was 24% lower than the previous year, due to declining visitorship and competition. Property was affected by lower occupancy rate with a profit of \$12.4m (2013: \$13.4m).

HIGHLIGHTS OF OPERATIONS

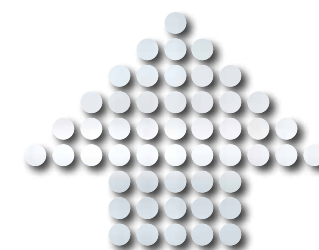
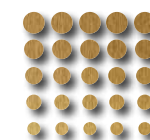
Healthcare recorded higher sales, based on sales of new products that were launched over the past years. The Company benefited from the trusted products that it makes and markets. New products like the Tiger Balm Mosquito Repellent products have been well received by the markets.

Leisure was affected by declining visitorship and competition from newer attractions both in Singapore and Thailand. Underwater World Singapore focused on different customer segments to differentiate itself from the competition. Underwater World Pattaya was affected by lower tourist arrivals. Upgrading of facilities and displays were progressively done to maintain the competitiveness of Underwater World in Pattaya.



+9%

TURNOVER S\$154.2M



+10%

PROFIT AFTER TAX S\$118.8M



DIVIDEND

The Board recommends a final tax-exempt (one-tier) dividend of 14 cents per share. Together with the interim dividend of 6 cents paid in September, the total dividend per share for the financial year ended 31 December 2014 is 20 cents per share.

2015 BUSINESS OUTLOOK AND STRATEGY

Many factors in the markets we operate in can dampen future growth. The Group continues to seek more productive ways of managing its businesses. Healthcare is well positioned to see growth in key Asian markets. Leisure will continue to meet challenges from intense competition both in Singapore and Thailand.

The Group continues to seek new investments to add to our core businesses.

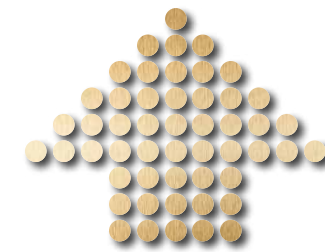
ACKNOWLEDGEMENT

On behalf of the Board, I would like to welcome Mr Gn Hiang Meng, our new independent director, who was appointed to the Board in August 2014. Mr Gn brings with him more than 30 years of investment banking and hospitality industry experience. His skills and experience will complement the Board's expertise and contribute to the diversity of skills and overall effectiveness of the Board.

On behalf of the Board, I would also like to thank all stakeholders including our customers, business associates and shareholders for their unwavering support and, management and staff for their commitment and dedication.

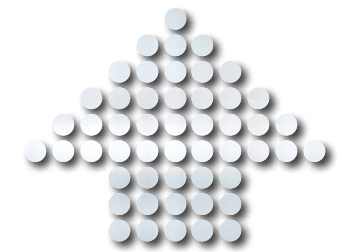
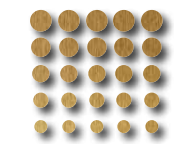
I would also like to express my most sincere gratitude to my fellow Board members for their wise counsel and guidance in the past year.

WEE CHO YAW
Chairman



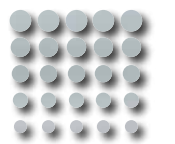
+9%

营业额1亿5,420万元



+10%

除税后盈利1亿1,880万元



2014年，许多事件对世界经济和亚洲的企业造成不利影响。特别是航空事故和货币贬值对旅游业带来冲击。新加坡自2009年以来入境游客数量首次下降。东南亚地区仍受劳动力紧缺造成的薪资压力影响。然而，油价引领的大宗商品价格下跌，使得通胀压力有所缓解。

集团的营业额增长9%，达到1亿5,420万元，其中来自保健产品销售的贡献突出。营业盈利增长16%，达到1亿1,200万元（2013年：9,660万元），主要受益于保健业务较高的盈利和投资收入的增加。截至2014年12月31日，总计财年税后净盈利增加了10%，达到1亿1,880万元（2013年：1亿790万元）。

保健业务除了营业额增加，原料成本较低以及有利的汇率有助于提高利润率。盈利增长了31%，达到3,390万元（2013年：2,590万元）。休闲业务因

游客人数下降与竞争激烈，收入为1,560万元，较上年下降24%。物业受出租率较低的影响，盈利为1,240万元（2013年：1,340万元）。

营运重点摘要

近几年来推出的新产品促进了保健业务的销售额增加。业务增长也得益于本公司制造和营销产品的良好声誉。虎标驱蚊贴等新产品受到市场的欢迎。

新加坡和泰国休闲业务受游客数量下降以及新开放旅游景点的竞争影响。新加坡海底世界仍专注于不同的客户群，以便实现差异化竞争优势。芭堤雅海底世界在旅游人数下降的情况下，受到影响。另一方面，芭堤雅海底世界逐步完成了对设施与展示的翻新，以便保持景点的竞争力。

股息

董事局建议派发年终（单一）免税股息每股14分。加上九月派发的中期股息每股6分，截至2014年12月31日财年的每股总计股息为20分。

2015年业务展望及策略

在本集团营运的市场，有许多因素可能抑制未来的增长。本集团将继续寻求更高效的管理方式。保健业务的良好定位将有助于实现在亚洲关键市场的增长。集团在新加坡和泰国的休闲业务将继续面对激烈的竞争。

本集团将继续寻求新的投资机会，增加集团的核心业务。

鸣谢

本人代表董事局欢迎鄧宪民先生，他于2014年8月受委任为独立董事。鄧先生拥有30多年的投资银行和酒店业经验。鄧先生的丰富经验有助于扩大董事局的专业领域视野，为董事局的整体效能做出贡献。

本人谨此代表董事局感谢客户、商业伙伴和股东对本集团坚定不移的支持，以及管理层和全体员工对工作的全力投入和贡献。

本人也对董事局同仁过去一年提供的真知灼见和指导致以谢意。

黄祖耀
主席

BOARD OF DIRECTORS



WEE CHO YAW
Non-Executive Chairman

Dr Wee Cho Yaw, aged 85, has been Chairman of the Company and of the Haw Par Group since 1978. He was appointed to the Board on 31 October 1975 and was last re-appointed on 28 April 2014. He is the Chairman of the Investment Committee and a member of the Remuneration and Nominating Committees.

A career banker with more than 50 years' experience in the banking industry, Dr Wee is Chairman Emeritus and Advisor of United Overseas Bank Limited and Far Eastern Bank Limited. He chairs the boards of United Overseas Insurance Limited, UOL Group Limited, Pan Pacific Hotels Group Limited, United Industrial Corporation Limited, Marina Centre Holdings Private Limited and Wee Foundation.

He was Chairman of United International Securities Limited from 1973 till 2013 and of Singapore Land Limited from 1996 till 2014.

He is Honorary President of the Singapore Federation of Chinese Clan Associations, Singapore Hokkien Huay Kuan and Singapore Chinese Chamber of Commerce & Industry.

Dr Wee received Chinese high school education and was conferred Honorary Degree of Doctor of Letters by National University of Singapore in 2008 and by Nanyang Technological University in August 2014. He is currently the Pro-Chancellor of Nanyang Technological University.

Dr Wee was conferred the Businessman Of The Year award twice at the Singapore Business Awards in 2001 and 1990. He received the inaugural Credit Suisse-Ernst & Young Lifetime Achievement Award in 2006 for his outstanding achievements in the Singapore business community and The Asian Banker's Lifetime Achievement Award in 2009. For his contributions to the community and to education, Dr Wee received in 2011 the Distinguished Service Order, Singapore's highest National Day Award.



WEE EE LIM
President & CEO

Mr Wee Ee Lim, aged 53, joined the Group in 1986 and became President & CEO of Haw Par Corporation Limited in 2003. He was appointed to the Board on 23 March 1994 and was last re-elected on 24 April 2013. Mr Wee is a member of the Investment Committee. He has been closely involved in the management and growth of the Group over the last 28 years.

He is a Director of United Industrial Corporation Limited, UOL Group Limited and Hua Han Bio-Pharmaceutical Holdings Limited (a company listed on the Hong Kong Stock Exchange) and Wee Foundation.

He was a Director of Pan Pacific Hotels Group Limited from 2006 till 2013 and of Singapore Land Limited from 1999 till August 2014.

He holds a Bachelor of Arts (Economics) degree from Clark University, USA.



SAT PAL KHATTAR
Independent Director

Mr Sat Pal Khattar, aged 72, was a founding partner and later consultant in Messrs KhattarWong with over 40 years' experience in the legal profession. He was appointed to the Board on 1 January 1977 and was last re-appointed on 28 April 2014. He is Chairman of the Remuneration and Nominating Committees.

He is the Chairman and Director of Khattar Holdings Pte Ltd Group of Companies which is principally engaged in investments. He is also a Director of the Institute of South Asian Studies.

He was Chairman of Guocoland Limited from 1990 till 2012, Director of Guoco Group Limited from 1991 till 2012 and that of GuocoLeisure Limited from 2009 till 2012.

He was also Chairman of the Board of Trustees of the Singapore Business Federation and Member of Presidential Council for Minority Rights till 2012 after completing various terms.

He holds a LLM degree and LLB (Hons) degree from the University of Singapore.

He was presented the SICCI-DBS Singapore-India Business Award in 2009 and was bestowed the Padma Shri award by the President of India in 2011.



HWANG SOO JIN
Independent Director

Mr Hwang Soo Jin, aged 79, is a chartered insurer with more than 50 years of business experience. He was appointed to the Board on 28 October 1986 and was last re-appointed on 28 April 2014. He is a member of the Audit and Remuneration Committees.

Mr Hwang is the Chairman Emeritus, Director and Senior Advisor of Singapore Reinsurance Corporation Ltd, a Director of United Industrial Corporation Limited and United Overseas Insurance Limited.

He was a Director of Singapore Land Limited from 2003 till August 2014.

He is a Chartered Insurer of the Chartered Insurance Institute, UK, an advisor to the ASEAN Insurance Council, an Honorary Fellow of The Singapore Insurance Institute and a Justice of the Peace.

BOARD OF DIRECTORS



LEE SUAN YEW
Independent Director

Dr Lee Suan Yew, aged 81, is a medical practitioner with over 50 years' experience. He was appointed to the Board on 18 December 1995 and was last re-appointed on 28 April 2014. He is a member of the Audit and Nominating Committees.

Dr Lee is an independent Director of K1 Ventures Limited.

He was appointed Justice of the Peace in 1998. Dr Lee was President of the Singapore Medical Council for 4 years (2000 – 2004) and was also Chairman of the Singapore National Medical Ethics Committee (2007 and 2008). For his numerous public services, he was awarded the Public Service Star in 1991 and Public Service Star (Bar) in 2002.

He holds a M.B.B. Chir. degree from the University of Cambridge and MRCP and FRCP from the Royal College of Physicians, Glasgow.



WEE EE-CHAO
Non-Executive Director

Mr Wee Ee-chao, aged 60, is a non-executive and non-independent director. He was appointed to the Board on 8 July 2003 and was last re-elected on 25 April 2012.

Mr Wee is the Chairman and Managing Director of UOB-Kay Hian Holdings Limited. He is a Director of UOL Group Limited and Wee Foundation. He also manages Kheng Leong Company (Private) Limited which is involved in real estate development and investments.

He was a Director of Pan Pacific Hotels Group Limited from 2006 till 2013.

He holds a Bachelor of Business Administration degree from The American University, Washington DC, USA.



CHEW KIA NGE
Independent Director

Dr Chew Kia Ngee, aged 69, is a Chartered Accountant with about 40 years' experience in the public accounting profession. He was appointed to the Board on 11 May 2011 and was last re-elected on 28 April 2014. He was appointed the Chairman of the Audit Committee in 2013.

He is a board member of the Singapore Eye Foundation and a member of the audit committee of Kong Meng San Phor Kark See Monastery.

He was the Chairman and Independent Director of AusGroup Ltd from 2006 till November 2014.

He holds a Bachelor of Economics (Honours) degree from the University of Malaya, a Master of Commerce from the University of Melbourne and a PhD in Business and Management from the University of South Australia.

He is a Fellow of the Institute of Chartered Accountants in Australia, CPA Australia and the Institute of Singapore Chartered Accountants.



PETER SIM SWEE YAM
Independent Director

Mr Peter Sim, aged 59, is a practising lawyer and Director of Sim Law Practice LLC and has more than 30 years of legal practice. He was appointed to the Board on 11 May 2011 and was last re-elected on 28 April 2014.

Mr Sim is currently an Independent Director of Lum Chang Holdings Ltd, Marco Polo Marine Ltd and Mun Siong Engineering Ltd. He sits on the Board of Young Men's Christian Association (YMCA) of Singapore and the Singapore Heart Foundation.

He was a Director of Pacific Healthcare Holdings Ltd from 2005 till 2011, and that of British and Malayan Trustees Limited from 1997 till 2013 and Latitude Tree International Group Ltd from 2011 till January 2014.

He holds a degree in law from the then University of Singapore (now known as the National University of Singapore).

He was awarded the Pingat Bakti Masyarakat in 2000 and Bintang Bakti Masyarakat in 2008.



GN HIANG MENG
Independent Director

Mr Gn Hiang Meng, aged 67, is a Non-Executive Independent Director. He was appointed to the Board on 13 August 2014. He is also presently an advisor to Cairnhill Group Holdings Pte Ltd and has more than 30 years of investment banking and hospitality industry experience.

Mr Gn was a senior banker with the United Overseas Bank Group for 28 years. He was the Deputy President of UOL Group prior to his retirement in 2007.

He is currently a Non-Executive and Independent Director of Centurion Corporation Limited, Koh Brothers Group Limited, Tee International Limited and SingHaiyi Group Limited.

He was a Non-Executive and Independent Director of United International Securities Limited from 2011 till 2013.

Mr Gn holds a Bachelor of Business Administration (Honours) degree from the National University of Singapore.



HAN AH KUAN
Executive Director

Mr Han Ah Kuan, aged 66, joined the Group in 1991 as the General Manager of Haw Par Healthcare Limited ("HPH") and was appointed as a director of HPH in 1995. He was appointed to the Board on 28 January 2005 and was last re-elected on 24 April 2013. He is a member of the Investment Committee.

He holds a Bachelor of Business Administration (Hons) degree from the University of Singapore.

CORPORATE INFORMATION

DIRECTORS

WEE CHO YAW

Chairman (Non-Executive)

WEE EE LIM

President & Chief Executive Officer

SAT PAL KHATTAR

Independent Director

HWANG SOO JIN

Independent Director

LEE SUAN YEW

Independent Director

WEE EE-CHAO

Non-Executive Director

CHEW KIA NGEE

Independent Director

PETER SIM SWEE YAM

Independent Director

GN HIANG MENG

Independent Director

HAN AH KUAN

Executive Director

AUDIT COMMITTEE

CHEW KIA NGEE

Chairman

HWANG SOO JIN

LEE SUAN YEW

INVESTMENT COMMITTEE

WEE CHO YAW

Chairman

WEE EE LIM

HAN AH KUAN

NOMINATING COMMITTEE

SAT PAL KHATTAR

Chairman

WEE CHO YAW

LEE SUAN YEW

REMUNERATION COMMITTEE

SAT PAL KHATTAR

Chairman

WEE CHO YAW

HWANG SOO JIN

COMPANY SECRETARY

ZANN LIM

AUDITORS

PRICEWATERHOUSECOOPERS LLP

YEE CHEN FAH (FROM 2013)

Audit Partner-in-charge

REGISTRAR

BOARDROOM CORPORATE & ADVISORY

SERVICES PTE LTD

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Singapore Land Tower

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Tel : 6536 5355

Fax : 6536 1360

REGISTERED OFFICE

401 Commonwealth Drive

#03-03 Haw Par Technocentre

Singapore 149598

Tel : 6337 9102

Fax : 6336 9232

Website: www.hawpar.com

Reg. No: 196900437M

INVESTOR RELATIONS

Email: InvestorRelations@hawpar.com

MANAGEMENT LISTING

CORPORATE OFFICE

WEE EE LIM

President & Chief Executive Officer

HAN AH KUAN

Executive Director

TARN SIEN HAO

Group General Manager

ZANN LIM

Chief Financial Officer &

Group Company Secretary

SHIU SIEW LENG

Group Internal Audit Manager

CHRIS LEE

Legal Counsel

ALVIN CHIEW

Group Finance Manager

GEORGE GIANG

Group Human Resource Manager

PAUL CHOW SAY SUAN

Head, Asset Management

LEE TANG LING

Corporate Communications Manager

TAN QUEE KIM

Corporate Secretarial Manager

HEALTHCARE

HAN AH KUAN

Executive Director

GOH BEE LEONG

Director & General Manager

(Manufacturing)

JASMIN HONG

General Manager

(Marketing)

KEETH CHUA

Deputy General Manager

(Marketing)

KOW MUI LICK

Senior Manager

(Quality and Regulatory Affairs)

NG WAH TONG

Deputy General Manager

(Manufacturing)

SONG TENG SOO

Group Finance Manager

ANINTHAYA SOONSATHAM

Country Manager

(Thailand & Indochina)

JENNY LAM

Country Manager

(Hong Kong & Macau)

BEN SONG

Country Manager

(China)

VIJAY ARORA

Country Manager

(India)

EVELYN TAN

Country Manager

(Malaysia)

YAP YEE SAH

Brand Manager

TEY CHEE TIONG

Regional Manager

JOYCE LUM

Regional Manager

FION PANG

Regional Manager

FELICIA LOW

Regional Manager

SOH WEE KUAN

Production Manager

LING CHIEW ENG

Manager

(Quality and Regulatory Compliance)

TAI VOON SAN

Director & Plant Manager, Malaysia

LEISURE

TARN SIEN HAO

Director, Leisure

KWEK MENG TIAM

Regional General Manager, Leisure

PETER CHEW

General Manager,

Underwater World Singapore

KELVIN WHANG

General Manager,

Underwater World Pattaya

ANTHONY CHANG

Curator,

Underwater World Singapore

GRACE NG

Director (Sales & Marketing),

Underwater World Singapore

DESMOND TUNG

Finance Manager,

Underwater World Singapore

PROPERTY

TARN SIEN HAO

Director, Property

BETTY KHOO

Group Finance Manager

P. TAMILMAHRAN

Facilities Manager

KEY & SENIOR EXECUTIVES

TARN SIEN HAO

Group General Manager

Joined the Group in 2001 as Deputy General Manager (Corporate Development) and was promoted to the position of General Manager (Corporate Development) in 2005 and General Manager (Corporate Development and Property Division) in 2010. Appointed to the present position in 2012.

Holds a Master of Business Administration from the University of Dubuque.

ZANN LIM

*Chief Financial Officer &
Group Company Secretary*

Joined the Group in 2006 as Group Finance Manager and promoted to Group Financial Controller & Group Company Secretary in 2008. Promoted to present position in 2013.

Holds a Master of Business Administration from INSEAD and Tsinghua University. A member of the Institute of Singapore Chartered Accountants.

SHIU SIEW LENG

Group Internal Audit Manager

Joined the Group in 1991 as Internal Auditor and promoted to Assistant Internal Audit Manager in 2003 and Internal Audit Manager in 2008. Promoted to the present position in 2012.

Holds a Bachelor's Degree in Accountancy from the National University of Singapore. A member of the Institute of Singapore Chartered Accountants.

GOH BEE LEONG

*Director & General Manager (Manufacturing),
Healthcare*

Joined Haw Par Healthcare in 1977 as Quality Control Pharmacist. Promoted to present position in 2006.

Holds a Bachelor of Science (Pharmacy) from the University of Singapore.

KOW MUI LICK

*Senior Manager (Quality & Regulatory Affairs),
Healthcare*

Joined Haw Par Healthcare in 1991 as QC / Laboratory Manager and promoted to Senior Manager (QC & QA) in 2007. Appointed to present position in 2011.

Holds a Bachelor of Science (Chemistry) from the University of Singapore.

NG WAH TONG

*Deputy General Manager (Manufacturing),
Healthcare*

Joined Haw Par Healthcare in 2009 as Production Manager, promoted to Manufacturing Manager in 2012. Promoted to present position in 2013.

Holds a Bachelor of Science (Pharmacy) from the National University of Singapore.

JASMIN HONG

*General Manager (Marketing),
Healthcare*

Joined Haw Par Healthcare in 2004 as Deputy General Manager (Marketing). Promoted to current position in 2014.

Holds a Bachelor of Commerce degree from the University of Melbourne.

KEETH CHUA

*Deputy General Manager (Marketing),
Healthcare*

Joined Haw Par Healthcare in 2011 as Deputy General Manager (Marketing).

Holds a Bachelor of Business in Business Administration from the Royal Melbourne Institute of Technology.

KWEK MENG TIAM

*Regional General Manager,
Leisure*

Joined Underwater World Singapore in 1991 as Maintenance Superintendent. Promoted to Operations Director in 2002 and General Manager of Underwater World Singapore Pte Ltd in 2005. Promoted to current position in 2010.

Holds a Bachelor of Arts in Business Studies, The Open University, UK.

PETER CHEW

*General Manager,
Underwater World Singapore*

Joined Underwater World Singapore in 1994 as Front Office Executive. Seconded to PGF Golf Driving Range in 1998 as Range Manager. Returned to Underwater World Singapore as a Senior Marketing Executive in 2000. Promoted to Assistant Director (Sales & Marketing) in 2007 and to Deputy General Manager in 2010. Promoted to current position in 2012.

Holds a General Certificate of Education – Ordinary Level.

ANTHONY CHANG

*Curator,
Underwater World Singapore*

Joined Underwater World Singapore and appointed to his current position as Curator in 2009.

Holds a Master of Science Degree from Capella University.

KELVIN WHANG

*General Manager,
Underwater World Pattaya*

Joined Underwater World Pattaya in 2008 as Marketing Manager. Promoted to his present position in 2011.

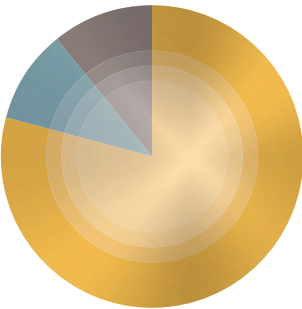
Attended college education at Dominion College, Ontario.

GROUP FINANCIAL HIGHLIGHTS



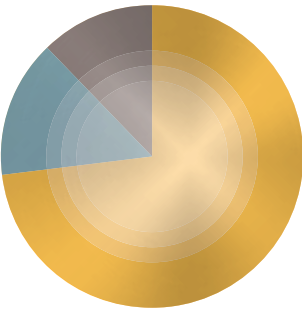
Turnover
\$154.2M

TURNOVER (%)
2014



HEALTHCARE 79.3
LEISURE 10.1
PROPERTY 10.6

2013

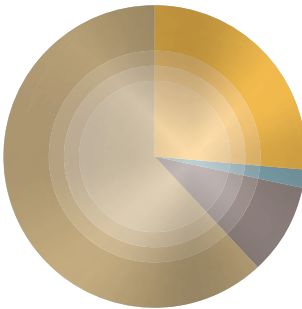


HEALTHCARE 73.3
LEISURE 14.5
PROPERTY 12.2



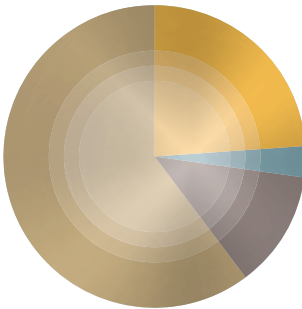
Profit Before Tax
\$127.0M

PROFIT CONTRIBUTION (%)
2014



HEALTHCARE 26.6
LEISURE 2.0
PROPERTY 9.7
INVESTMENT 61.7

2013

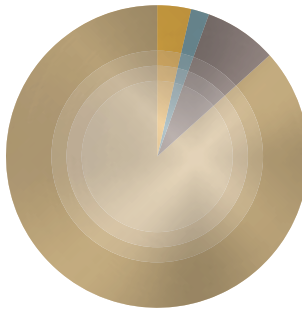


HEALTHCARE 23.9
LEISURE 3.5
PROPERTY 12.4
INVESTMENT 60.2



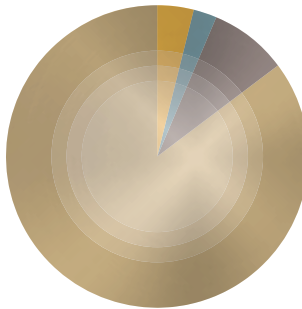
Assets
\$2.8B

ASSETS EMPLOYED (%)
2014



HEALTHCARE 3.7
LEISURE 2.0
PROPERTY 7.8
INVESTMENT 86.5

2013



HEALTHCARE 4.0
LEISURE 2.4
PROPERTY 8.4
INVESTMENT 85.2



+9.2%
TURNOVER



+10.1%
PROFIT AFTER TAX

FINANCIAL CALENDAR

DATE

14 May 2014
13 August 2014
4 September 2014
13 November 2014
27 February 2015
8 April 2015
28 April 2015
25 May 2015
4 June 2015

FINANCIAL HIGHLIGHTS

Group turnover increased 9.2% from \$141.2 million to \$154.2 million mainly from Healthcare. Profits from operations increased 15.9% to \$112.0 million contributed by Healthcare and higher investment income. Profit after tax increased 10.1% to \$118.8 million mainly due to higher profitability from Healthcare, higher investment income and higher share of results from associated companies.

Healthcare contributed a higher percentage of the Group's turnover from 73.3% in 2013 to 79.3% in 2014 from higher sales in key Asian markets. Percentage of profit contribution to the Group from Healthcare also increased from 23.9% in 2013 to 26.6% in 2014 due to higher profitability from the division and decrease in profit from Leisure and Property.

Percentage of the Group's total assets employed by Healthcare, Leisure and Property decreased compared to prior year. Increase in assets employed was mainly due to higher market valuation of the Group's Investment portfolio.

FINANCIAL POSITION

Shareholders' funds increased by 14.8% to \$2,807.5 million mainly due to the higher market valuation of the Group's available-for-sale financial assets and profits from operating divisions.

The Group ended the financial year with net cash balances of \$223.1 million, after dividend payments of \$43.8 million. Cash generated by operating activities was \$58.1 million in 2014.

DIVIDENDS

A second & final dividend of 14 cents per share is being proposed at the coming Annual General Meeting. Together with the interim dividend of 6 cents paid in September 2014, the total dividend per share for the financial year ended 31 December 2014 is 20 cents per share.

EVENT

Announcement of 2014 1st quarter results
Announcement of 2014 2nd quarter results
Payment of 2014 first and interim dividend
Announcement of 2014 3rd quarter results
Announcement of 2014 full-year audited results
Announcement of Notice of Annual General Meeting
46th Annual General Meeting
Proposed books closure date for dividend entitlement
Proposed payment of 2014 second and final dividend

FIVE-YEAR FINANCIAL SUMMARY

	2014	2013	2012	2011	2010
Results (\$'000)					
Group turnover	154,222	141,176	139,349	132,675	129,761
Profit from operations	111,976	96,574	84,526	77,816	84,806
- Healthcare	33,885	25,871	17,155	15,643	16,157
- Leisure	2,513	3,776	11,881	(1,893)	12,585
- Property	12,377	13,395	12,925	13,138	12,336
- Investment	66,850	57,002	48,587	55,691	48,993
- Unallocated expenses	(3,649)	(3,470)	(6,022)	(4,763)	(5,265)
Associates' contribution	11,917	8,039	19,308	8,656	23,521
Fair values gains/(losses) on investment properties	3,075	10,664	23,492	(97)	15,436
Profit before taxation	126,968	115,277	127,326	86,375	123,763
Profit attributable to equity holders of the Company	118,825	107,919	119,965	79,808	115,099
Per share					
Earnings (cents)	54.3	49.4	55.1	36.6	52.9
Dividend net (cents)	20.0	20.0	18.0	18.0	18.0
Dividend cover (times)	2.7	2.5	3.1	2.0	2.9

Statement of Financial Position (\$'000)

Shareholders' funds	2,807,465	2,444,721	2,253,217	1,788,970	1,951,892
Non-controlling interests	-	-	-	-	7,756
	2,807,465	2,444,721	2,253,217	1,788,970	1,959,648

Property, plant and equipment	33,187	35,758	37,947	37,865	43,848
Investment properties	225,249	222,139	211,545	187,039	181,642
Associated companies	137,690	119,097	114,484	100,468	91,702
Available-for-sale financial assets ("AFS")	2,311,492	1,934,728	1,815,844	1,421,681	1,574,861
Intangible assets & other long term assets	11,379	11,605	11,718	11,717	11,944
Other net current assets (excluding AFS)	152,312	174,968	110,968	65,429	100,016
Long term liabilities	(63,844)	(53,574)	(49,289)	(35,229)	(44,365)
Net assets	2,807,465	2,444,721	2,253,217	1,788,970	1,959,648

Statistics

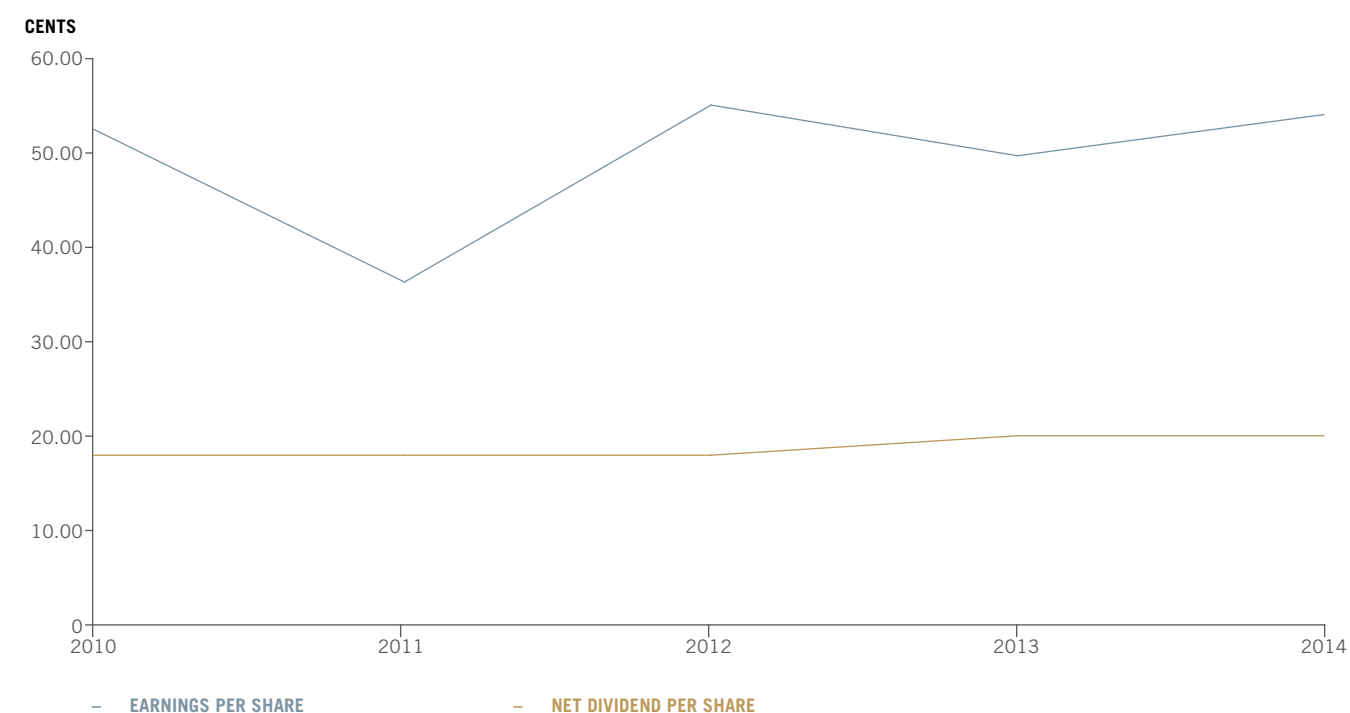
Return on equity (%)	4.2	4.4	5.3	4.5	5.9
Net assets per share (\$)	12.82	11.18	10.34	8.21	8.97
Debt/Equity (%)	2.0	1.0	1.0	0.7	-
Number of shareholders	20,039	20,316	20,821	21,216	21,454

Employees

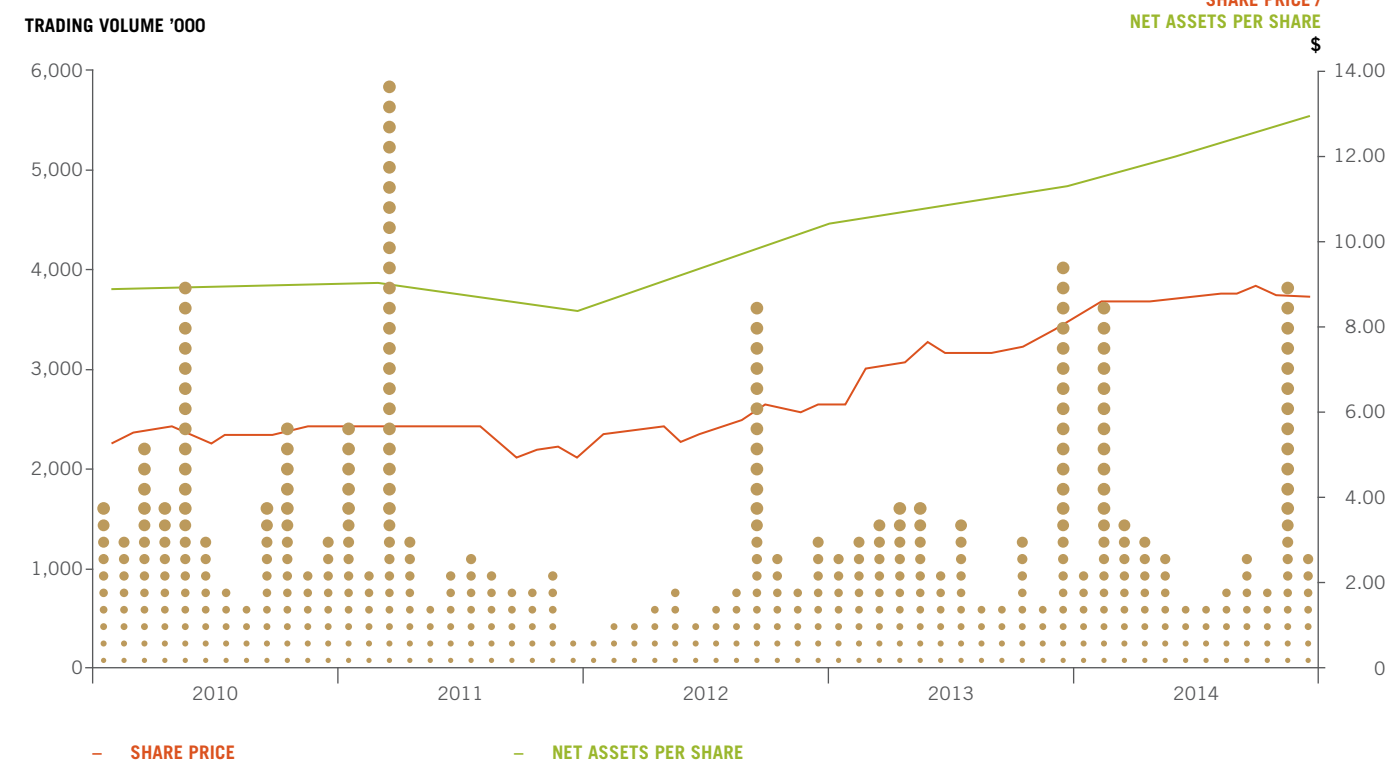
Number of employees	469	437	414	408	471
Group turnover per employee (\$'000)	329	323	337	325	276
Pre-tax profit [#] per employee (\$'000)	264	239	251	212	230

Excludes fair value changes on investment properties.

EARNINGS PER SHARE AND NET DIVIDEND PER SHARE



TRADING VOLUME, SHARE PRICE & NET ASSETS PER SHARE





In alignment with our strategic directions to widen the consumer franchise, we offer a broader spectrum of consumer appeals through a wider product range.

The good sales growth achieved in 2014 was mainly propelled by higher sales in certain Asian markets. Sales contributions increased for our non-ointment products, particularly, Plasters, Neck & Shoulder Rub and Mosquito Repellent Patch. This is in line with our strategic directions to widen the consumer franchise by offering a broader spectrum of consumer appeals through a wider product range. In 2014 we launched the Tiger Balm Neck & Shoulder Rub in Australia. The dengue threats in Singapore and Malaysia continued unabated and we saw our Tiger Balm Mosquito Repellent Patch sales soared.

Apart from the higher sales, earnings for the year benefitted significantly from lower raw material costs; the strengthening of US currency and the upward price adjustments for some of our markets.

We faced difficulties during 2014 due to adverse economic conditions in Europe and the decline of Chinese tourist visits to Singapore and some other markets, brought about by the air disasters.

We continued to build our Tiger Balm Plaster and Tiger Balm Neck & Shoulder Rub business in Singapore and Hong Kong with new TV campaigns that generated awareness and promoted wider consumer usage. We also launched a new TV

HEALTHCARE
LEISURE
PROPERTY
INVESTMENTS

Left:
Tiger Balm - Promoting active living through supporting marathons

Below & right:
Tiger Balm Ambassadors - Singapore's National Sprinter Dipna Lim Prasad and the professional flatland BMX Rider Terry Adams from the United States



Above:
2014 Tiger Balm Wellness Campaign in Taiwan launched by Celebrity Trainer Eddie Pan



The new advertisements for the Tiger Balm Neck & Shoulder Rub and the Tiger Balm Plaster with a modern execution

campaign in India through Medifacts Healthcare Information Advertising using a spokesperson to promote the benefits and uniqueness of Tiger Balm.

Having experienced the success in promoting our products through sports and encouraging healthy living, we continued to sponsor various marathons and keep-fit campaigns. During the year we participated in marathons in Germany, France, the United Kingdom, Singapore and Hong Kong. Our strategy is to selectively sponsor marathons where there are mass participation and wide publicity. In February 2014, Tiger Balm

officially appointed Dipna Lim-Prasad, Singapore's National sprinter as the brand ambassador for our sub-brand Tiger Balm ACTIVE. Through our sponsorship we did our bit for Dipna so that she could train full-time for the 2015 South East Asian Games (SEA Games). Similarly, we appointed BMX rider Terry Adams as the Tiger Balm ambassador for the United States.

Tiger Balm products being classified by most countries' health authorities under pharmaceutical means our new product's road to launch tends to be a long-drawn one as we comply with strict and stringent measures of each market.

We have been relentlessly taking active action to combat counterfeits and passing off infringements to our famous Tiger Mark in some of our markets. We deem it critical that we protect our IP rights for us to stay as a credible worldwide respected brand.

Our outlook for our business in 2015 remains cautiously optimistic as much of the difficulties we face now seem to be unresolved. The economic and political woes along with the latest high security threats in many of the markets we compete in are still looming.

TIGER BALM AVAILABILITY WORLDWIDE





Baby Pink Dolphin Splish swimming by its mother's side at the Dolphin Lagoon in Underwater World Singapore

HEALTHCARE
LEISURE
PROPERTY
INVESTMENTS

The Leisure Division demonstrates its resilience through staying nimble in the rapidly changing tourism landscape.

UNDERWATER WORLD SINGAPORE

In 2014, Underwater World Singapore (UWS) continued to operate in a demanding tourism environment characterised by intense competition from existing attractions and new entrants to the scene. The situation was exacerbated by the series of air accidents in the region that happened in the year, leading to faltering tourist numbers in Singapore, which adversely affected a number of UWS' tourist markets, further impacting its overall performance.

Despite the unfavourable market conditions, UWS demonstrated its resilience through staying nimble in the rapidly changing tourism landscape. Focusing on its strategy to grow and expand its market share amongst the tour group segment, UWS executed with precision effective pricing strategies that helped to offset the negative impact.

Curating a uniquely 'UWS' experience for guests remains a priority. Chinese New Year took on an entirely new spin this year as UWS broke the record for staging Singapore's first underwater

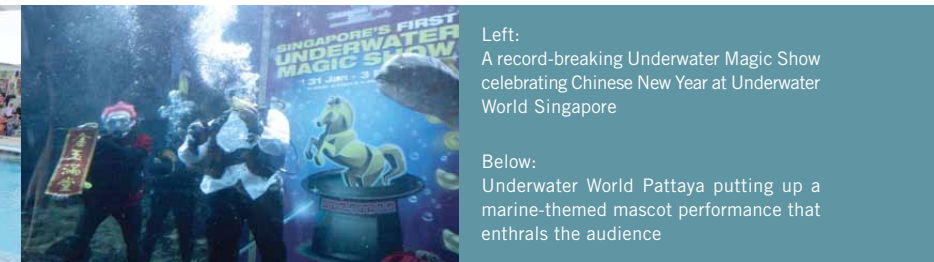
magic performance as certified by the Singapore Book of Records. From gold ingots to red packets, every trick was brilliantly crafted by the illusionist and infused with classical Chinese New Year elements. The event made headlines in the news.

In November 2014, the first public appearance of the pink dolphin calf born in UWS also captured media attention. Only five months old, the adorable baby dolphin endeared itself to the public and drew 220 submissions in a naming poll. The announcement of the winning name – Splish – was celebrated with the UWS Underwater Santa dressed in a pink scuba-diving Santa suit feeding sharks and rays. During the year-end holidays, the public had the opportunity to meet Baby Pink Dolphin Splish and Pink Santa.

2015 will be as challenging as 2014 with mounting competitive pressure from new attractions opened in the last quarter of 2014 and others slated to open next year both locally and in the neighbouring countries. Distinguishing UWS from its competitors through the emphasis on pink dolphins and dolphin interaction programmes as well as its positioning as an intimate, boutique aquarium will continue to be a focus area. UWS will leverage its partnerships with trade intermediaries to further strengthen its market and mindshare in group travel, and to expand UWS' reach to new market segments.



Above:
Pink dolphins and fur seals entertaining crowds at the Dolphin Lagoon in Underwater World Singapore



Left:
A record-breaking Underwater Magic Show celebrating Chinese New Year at Underwater World Singapore

Below:
Underwater World Pattaya putting up a marine-themed mascot performance that enthralls the audience

UNDERWATER WORLD PATTAYA

Located at one of the world's popular tourist destinations, Underwater World Pattaya (UWP) has been drawing visitors both locally and from around the world. The main features of the oceanarium include four interactive zones, a state-of-the-art jellyfish display zone and three signature underwater tunnels that provide visitors with an up-close experience with sharks and rays and a wide spectrum of tropical freshwater and marine animals found in Thailand and around the region.

The business operation in 2014, however, was affected by unrest in Thailand, which led to holidaymakers changing travelling plans and avoiding Thailand. Every effort was made to improve the local visitorship through promoting UWP's exhibits and education programmes at local trade shows and presentations to schools. Through maintaining close working relationships with foreign trade partners and scaling up participation in overseas trade fairs, UWP was able to enhance awareness in foreign markets and promote ticket sales.

Competing attractions recently opened in Pattaya and within its vicinity are also posing serious threats to UWP. To address the competition, UWP strengthened its appeal through rejuvenating its offerings and boosting its visibility in media

outlets, such as advertorials in magazines and appearances in television programmes, extending its reach to targeted audience both local and overseas.

During the Songkran Festival, underprivileged children were invited to UWP on 11 April 2014 for the preview of a new oceanarium adventure specially designed for the school holidays. Beginning with a conservation-themed performance titled "Saving Clowny, Sharky and Benny - the Ray" played by everyone's favourite marine mascots, the programme continued with an educational oceanarium tour where the children interacted with aquatic animals and learnt about them. The event was reported on popular television stations and news sites, as well as on social media, and captured the attention of travellers.

In the coming year, UWP will continue to operate in a challenging market, facing direct and indirect competition from other aquariums, upcoming new attractions and revamped existing ones in the region. To set itself apart from competitors, UWP will strive to innovate and enhance visitor experience. Marketing and sales efforts will be stepped up to bolster UWP's market share.

Notwithstanding the difficult conditions prevailing in the tourism market, UWP's prospects are deemed to be encouraging given its prime location.



HEALTHCARE
LEISURE
PROPERTY
INVESTMENTS



Left & above:
Haw Par Glass Tower and Haw Par Centre – two adjacent office buildings located in Clemenceau Avenue, a stone's throw away from the heart of Singapore's Orchard Road



Right:
Haw Par Technocentre – a light industrial building located in Commonwealth Drive in Singapore

Initiatives carried out to attract quality tenants are expected to elevate the portfolio yield towards the later part of 2015.

The Group's investment property portfolio comprises 45,816 square metres of commercial and industrial space in Singapore, Malaysia and Hong Kong.

SINGAPORE

Haw Par Centre and Haw Par Glass Tower are two office buildings conveniently located in Clemenceau Avenue with a total lettable area of 13,567 square metres. Haw Par Technocentre is a light industrial building located in Commonwealth Drive with a total lettable area of 15,700 square metres. In 2014, the properties in Clemenceau Avenue and Commonwealth Drive achieved 100% and 72% occupancy respectively. The increase in the supply of industrial space caused a downward pressure on the occupancy rate of Haw Par Technocentre. Take-up rate was slow despite a step-up effort to secure prospective tenants.

MALAYSIA

Menara Haw Par, a freehold commercial building located in Kuala Lumpur's Golden Triangle along Jalan Sultan Ismail, has a net lettable area of 16,074 square metres. With the persistent over-supply of office space in Kuala Lumpur, the building's occupancy averaged at 66% for the year. With approvals from the local authorities recently obtained, the building's frontage improvement plan is scheduled for commencement in 2015. Occupancy is anticipated to improve with a more appealing frontage.

HONG KONG

Three office/industrial units at Westlands Centre, Quarry Bay, which provide a lettable area of 475 square metres, were fully leased during the year.

The performance of our properties was slightly behind that of the previous year. With an increased supply in some segments which we operate, the challenge in achieving a healthy commitment level in these segments is expected to continue into 2015. Nevertheless, with the good locations at which our properties are situated, together with our expertise in tenancy management, any potential negative impact will likely be mitigated.

INVESTMENTS

The group has substantial investments in various securities that are actively managed under the guidance of the Investment Committee.

These strategic investments have provided the Group with a stable source of recurring dividend income and financial strength over the years.

THE KEY INVESTMENTS IN THE GROUP INCLUDE:

Investment Portfolio Profile	No. of Shares		Fair Value		Gross Investment Income	
	2014	2013	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Quoted Equity Securities						
United Overseas Bank Limited	69,692,097	67,952,169	1,707,456	1,443,304	51,312	47,567
UOL Group Limited	42,760,918	41,428,805	297,616	256,030	8,285	6,214
United Industrial Corporation Limited	68,197,350	67,558,000	228,461	200,647	2,027	2,027

COMMUNITY ENVIRONMENT



Haw Par Group has a long history of giving back to the communities in which we operate.

COMMUNITY

Our founders began the tradition of giving back to the community, which continues to the present.

In 2014, Haw Par Group responded to the call for support from the Chemical Industries Employees' Union (affiliated to the National Trade Union Congress of Singapore) and contributed to the Union's Education and Hardship Fund, which provides scholarships, bursaries and relief grants for needy union members and their families.

As a family-friendly oceanarium set up in 1991, Underwater World Singapore (UWS) has been the place where family memories were made. In support of the Care Corner Family Service Centre's cause to offer a safety net for vulnerable families and to enrich the quality of family life in Singapore,

UWS invited 20 families under the care of the Centre to join a unique pink Christmas celebration in December in commemoration of the naming of the UWS Pink Dolphin calf born in July. Parents and children were treated to a special appearance of the first-ever Pink Underwater Santa feeding sharks and rays in the Underwater Tunnel.

In September, UWS partnered Make-A-Wish Foundation to bring happiness to 5-year-old Irfan from Malaysia who was suffering from a life-threatening disease. His wish to visit UWS with his family was granted with the UWS team going all out to make his visit a memorable one.

At Underwater World Pattaya (UWP) in Thailand, bringing happiness to children was also the focus for this year's charity visit. To celebrate the Songkran Festival in a meaningful way, the team at UWP pulled out all the stops to make the oceanarium adventure for 40 children from the Anti-Human Trafficking and Child Abuse Center (ATCC) exciting and magical. In addition to the regular oceanarium tour, UWP put up a fun-filled mascot performance with a marine theme for the children.



Left & above:
Rural villagers receiving Tiger Balm Ointment as part of the medical aid given out at the Cambodia Medical Mission in November 2014

Right:
The first-ever Pink Santa at Underwater World Singapore sharing high-fives with children from the Care Corner Family Service Centre in December 2014



Right:
Participants at the 2014 Avon Walk for Breast Cancer held in the United States of which Tiger Balm was one of the sponsors



Haw Par Group continued to extend care and comfort to those in need at the fringes of society in regions where the company conducts business.

In November 2014, Tiger Balm supported the Cambodia Medical Mission organised by the Lutheran World Mission (LWM) for the second year. Many of the rural poor in Cambodia struggle to meet their basic needs. With typically only one paddy crop a year from their fields and few income alternatives, many rural families could barely make ends meet. The LWM medical mission provided free medical consultation, treatment and medications to the rural poor in Cambodia. Volunteers observed that some 80% of the villagers suffer severe body aches due to the daily backbreaking work tending to the fields and the Tiger Balm Ointment was much sought after at the mobile clinics.

Closer to home in Singapore, we supported numerous charities and causes with sponsorships of Tiger Balm products. Among the numerous charities that benefitted were nursing homes for the elderly such as St Luke's Hospital and St

Luke's Eldercare, Christalite Methodist Home, St Theresa's Home and Bright Hill Evergreen Home, as well as ground-up initiatives to reach out to the elderly such as the Grandparents' Day celebration organised by volunteers from the Thye Hua Kwan's Get Movin' for Charity movement and the Annual Medical Review for needy elderly conducted by the National University of Singapore Pharmaceutical Society.

Promoting health and wellness is an important focus area for Tiger Balm. This year, we sponsored charity walks and runs such as the Avon Walk in the United States that supports breast cancer research and the Yellow Ribbon Run in Singapore which provides social support for ex-offenders. To promote active living, We also provided sponsorship for a wide range of community sports projects, among which included the Basketball Battle @ Velocity, the Pilates Fitness Campaign, the NTUC Zumba Fitness 2014, the NUS Cyclohunt 2014 (a night cycling race), BodyCombat 2014 (a gym challenge) and the Singapore Paintball Series.



COMMUNITY
ENVIRONMENT



Left & above:
Haw Par – a sponsor of the Malayan Tiger Exhibit at the Night Safari of Singapore and the Leopard Exhibit at the Singapore Zoo since 1995 and 1986 respectively



Right:
The Pink Dolphin calf, Splish, born at Underwater World Singapore in July 2014

Haw Par, as a responsible global citizen, has been contributing towards environmental protection and conservation



ENVIRONMENT

Committed to fulfilling our role as a responsible global citizen, the Haw Par Group has been contributing in various ways towards environmental protection and conservation. We support the United Nations Decade for Biodiversity.

Over the years, we have been supporting efforts to promote the conservation of the tiger and the leopard, which are among the most endangered species on Earth. A number of projects in several countries including India, Germany, the United Kingdom and the United States have received assistance from the Haw Par Group towards tiger conservation. In Singapore, we have been sponsoring the Tiger exhibit at the Night Safari and the Leopard exhibit at the Singapore Zoo since 1995 and 1986 respectively, as our contribution towards wildlife conservation education.

In the United Kingdom, Tiger Balm partnered Born Free Foundation to raise funds and awareness of the plight of the tiger, of which there are only 3,500 left worldwide. The Born Free Foundation takes action worldwide to rescue and care for vulnerable animals, and to promote wildlife conservation through activities that inspire everyone to respect the wild. Created by Tiger Balm, the 'Born to Run' Campaign conducted via mainstream and social media platforms succeeded in assembling 101 runners dressed as tigers to run in the popular British 10K London Run in July, sending out the tiger conservation message in a unique way, generating publicity for the cause and made a lasting impression.

In July, Underwater World Singapore (UWS) welcomed the birth of a healthy pink dolphin calf, Splish, with a sense of pride. The first successful birth of a Pink Dolphin at UWS was in 2002, which was also the world's first successful and documented birth of the Pink Dolphin or Indo-Pacific Humpback Dolphin (*Sousa chinensis*) at a marine park. Pink dolphins are born grey and become pink as they age. To promote public awareness of this unique marine animal, the UWS

Marine Mammal Trainers conducted educational sessions during the December School Holidays on how they provided gynaecological care for the mother dolphin and kept 24-hour vigils watching over the mother dolphin and the calf after birth, and how the mother dolphin nurses its calf.

Like many other marine mammals, pink dolphins in the wild face numerous threats to their survival such as pollution, loss of feeding habitats due to coastal development, collisions with boats and getting entangled and drowning in fishing lines and nets. The Pink Dolphin is listed in the Convention on International Trade in Endangered Species (CITES) Appendix 1 and is classified as 'Endangered' in the Red List of Threatened Animals of Singapore. As one of the few facilities in the world that is home to this rare species of dolphin, UWS has been supporting research on pink dolphins and hosted visits from institutions such as the Chinese Academy of Sciences in August this year.

Entering the 11th year of participation in the Corporate and School Partnership Programme (CASP) organised by the National Environment Agency of Singapore, UWS continued its collaboration with Keming Primary School as part of the UWS Blue Mission – Inspire, Educate, Conserve. Benefitting from the partnership, Keming Primary School achieved the Gold Award for Green Schools in 2013. In April this year, UWS and Keming Primary



School were invited by the Singapore's Ministry of Education (MOE) to share their experience on the successful partnership at the Annual MOE Excel Festival - a platform for celebrating exciting, innovative practices in education.

In 2014, we continued to pledge our support for 'Earth Hour 2014 – Be a Superhero for the Planet'. At UWS, façade lights were switched off during the Earth Hour and the conservation message – "Reduce, Reuse, Recycle" was incorporated in the signage and the commentary for all the daily shows and feeding sessions, encouraging visitors to take action against climate change and environmental destruction. Marine Biologists at the UWS Curatorial Department also offered insights on environmental issues in their 'Do One Thing for the Environment' column in the newsletters for staff, encouraging all to do their part for Mother Earth.

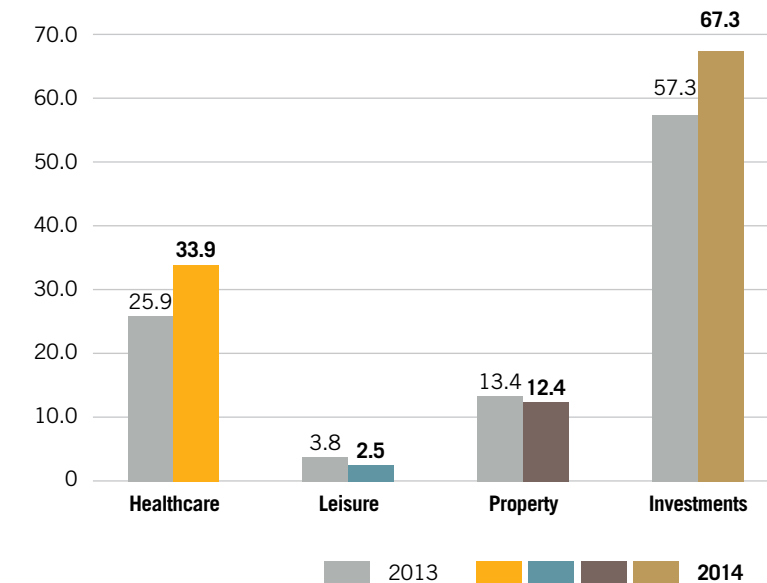
FINANCIAL REVIEW

OVERVIEW

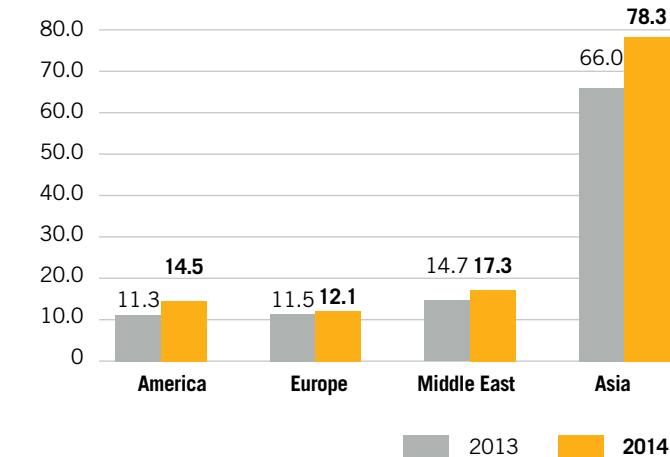
Group revenue at \$154.2 million was 9.2% higher than 2013, with Healthcare reporting an 18.1% growth in revenue. Profits from both Healthcare and Investments grew 31.0% and 17.5% respectively. Group earnings increased 10.1% to \$118.8 million due to higher profitability from Healthcare, higher investment income and higher share of results from associated companies.

With net higher earnings registered for the year, earnings per share increased to 54.3 cents (2013: 49.4 cents). Net assets per share increased to \$12.82 (2013: \$11.18) with the increase in earnings and higher market valuations of available-for-sale financial assets.

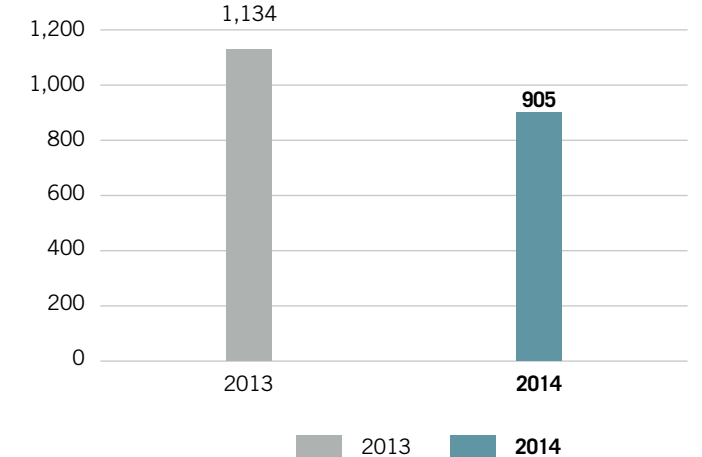
SEGMENT PROFITS BEFORE INTEREST EXPENSE AND TAX (\$M)



HEALTHCARE SALES BY REGION (\$M)



VISITORSHIP OF AQUARIUMS ('000)



HEALTHCARE

Healthcare's revenue of \$122.2 million increased 18.1% compared to prior year. Higher sales in key markets during the year also resulted in higher revenue contribution especially from Asian countries. Operating profits continued to grow 31% above 2013 to \$33.9 million as lower cost of raw materials and favourable foreign currency rate helped to improve margins.

LEISURE

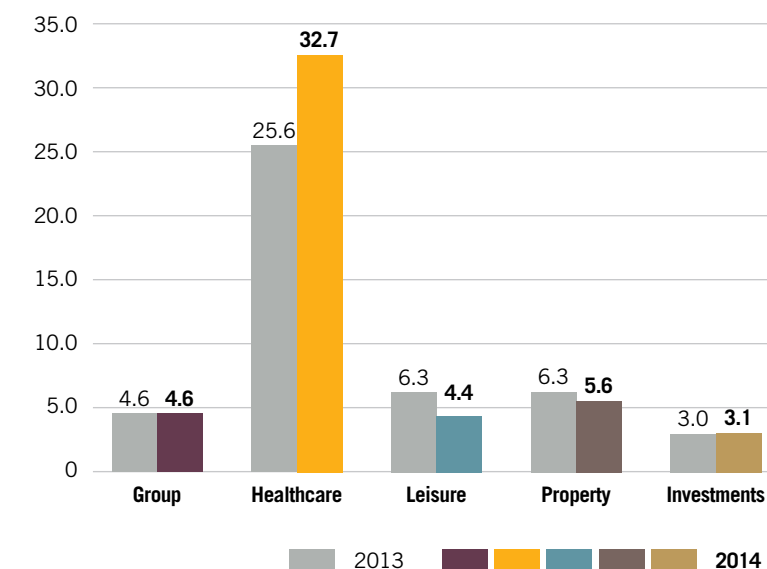
The number of visitors to the aquariums declined by 20.2% with weaker tourist sentiments and intense competition at the Oceanariums in the Group. Leisure contributed a lower revenue of \$15.6 million in 2014 compared to \$20.5 million in 2013. Continuous upgrading of facilities and displays at UWP are done to maintain competitiveness.

RETURN ON ASSETS EMPLOYED

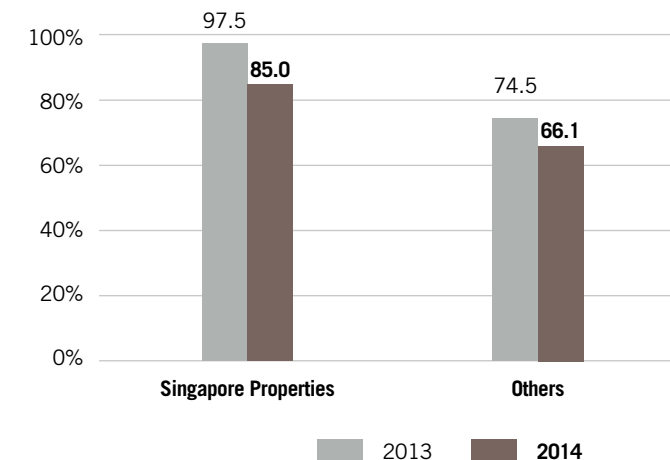
The Group applies a Return of Assets Employed ("ROA") measure to evaluate the performance of its business operations. The ROA measures profitability of assets utilised by the various operations.

In 2014, the Group's ROA maintained at 4.6%, from higher profitability of Healthcare, offset by decrease in profit from Leisure and Property. ROA of Healthcare division improved from 25.6% to 32.7%. The decline in ROA of Leisure to 4.4% is attributable to lower visitorship and intense competition. ROA of Property decreased to 5.6% from the net increase in fair value of investment properties and decrease in profit from lower occupancy rate. ROA of Investment increased slightly to 3.1%, consistent with the higher dividend income received during the year and larger asset base due to higher market valuations.

RETURN ON ASSETS EMPLOYED (%)



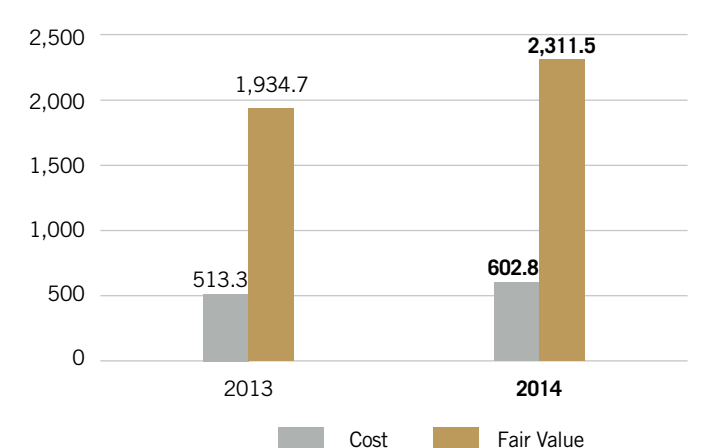
PROPERTY (BUILDING OCCUPANCY RATES)



PROPERTY

Property was affected by a lower occupancy rate. Rental revenue contributed by Property decreased 4.7% to \$16.4 million and profit from its operations decreased 7.6% to \$12.4 million. Property also recorded a lower net fair value gain of investment properties of \$3.1 million (2013: \$10.7 million).

INVESTMENTS (COST VS FAIR VALUE) (\$M)



INVESTMENTS

Investment income increased 10.4% from 2013 due to higher dividends received from our investment portfolio.

The fair value of the Group's investment portfolio increased from \$1,934.7 million as of 31 December 2013 to \$2,311.5 million as of 31 December 2014 mainly due to the increase in share prices of main equity investments. A net unrealized gain of \$279.8 million arising from changes in the fair value of investments has been recorded in the fair value reserve account in 2014.

CORPORATE GOVERNANCE REPORT 2014

CORPORATE GOVERNANCE REPORT

Haw Par Corporation Limited (the “Company, together with its subsidiaries, the “Group”) is committed to upholding good corporate governance practices in line with the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”). The following sections describe the Group’s corporate governance practices and structures that were in place during the financial year ended 31 December 2014 (“FY 2014”).

BOARD MATTERS

Board’s Conduct of its Affairs

The principal responsibilities of the Board include:

- approving strategic plans and annual budgets;
- approving major funding, investment and divestment proposals;
- ensuring that management establishes and maintains a sound system of internal controls, risk management, financial reporting and statutory compliance in order to safeguard shareholders’ interests and the Group’s assets;
- reviewing the performance of management in attaining agreed goals and objectives; and
- approving the announcement of financial results and declaring dividends.

All Board members bring their judgement and breadth of diversified knowledge and experience to bear on issues of strategy, performance, resources (including sustainability issues) and standards of conduct.

The Board meets at least four times a year to review the performance and business strategy of the Group. Meetings are scheduled in advance. Ad-hoc meetings can be called when there are important and urgent matters requiring the Board’s consideration. Board approval in writing is sometimes needed in between scheduled meetings.

The Group has adopted internal guidelines which set out specific matters requiring Board approval. These written guidelines also include financial and non-financial limits of authority given to management to facilitate operational efficiency. Under the guidelines, Board approval is required for material transactions such as joint ventures, mergers and acquisitions, as well as adoption and amendment of Group risk management policy.

The Board has delegated specific responsibilities to four Board Committees, which are the Audit, Nominating, Remuneration and Investment Committees.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Board held four meetings during the year. Directors can attend Board and Board Committee meetings by telephone conference if they are unable to attend in person. The attendance of Directors at Board and Board Committee meetings held in the financial year ended 31 December 2014 is as follows:

Table 1:
Number of meetings attended in FY2014

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee	Investment Committee
Wee Cho Yaw (Non-executive / non-independent)	4 ⁽²⁾	N/A	1	1	5 ⁽²⁾
Wee Ee Lim ⁽¹⁾ (Executive / non-independent)	4	4	N/A	1	5
Sat Pal Khattar (Non-executive / independent)	4	N/A	1 ⁽²⁾	1 ⁽²⁾	N/A
Chew Kia Ngee (Non-executive / independent)	4	4 ⁽²⁾	N/A	N/A	N/A
Hwang Soo Jin (Non-executive / independent)	4	3	N/A	1	N/A
Lee Suan Yew (Non-executive / independent)	4	4	1	N/A	N/A
Wee Ee-chao (Non-executive / non-independent)	2	N/A	N/A	N/A	N/A
Peter Sim Swee Yam (Non-executive / independent)	4	N/A	N/A	N/A	N/A
Han Ah Kuan (Executive / non-independent)	4	N/A	N/A	N/A	5
Gn Hiang Meng ⁽³⁾ (Non-executive / independent)	1	NA	NA	NA	NA
Number of meetings held in FY2014	4	4	1	1	5

Notes:

(1) Mr Wee Ee Lim was in attendance to provide management's perspective at the meetings of the Audit and Remuneration Committees although he is not a member of either Board Committee.

(2) Denotes chairman of the Board / Board Committee

(3) Mr Gn Hiang Meng was appointed as non-executive independent director on 13 August 2014.

Directors are appointed by way of formal letters of appointment which set out their duties and obligations. The Company has an orientation programme for newly appointed directors. The programme is tailored according to the profile and experience of new directors. It includes training in areas such as operational knowledge or accounting updates, duties as directors and how to discharge those duties as well as meetings with key personnel to understand the Group's businesses, governance practices, strategic plans and objectives. Site visits are conducted as needed. The Company arranges and funds the training of directors, if needed. Directors are continuously updated on developments in the regulatory and business environment affecting the Group.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board Composition and Guidance

The Board considers its present size of ten directors appropriate for the current scope and nature of the Group's operations. The Articles of Association of the Company allow for a maximum of 15 directors. The Nominating Committee ("NC") has reviewed the composition of the present Board and is satisfied that the Directors, as a group, possess core competencies in accounting, finance, management experience, strategic planning and the necessary industry knowledge.

The NC, having regard to the Code's guidance for assessing independence, has determined that the majority of Directors on the Board, being six of the Non-executive Directors, namely Mr Sat Pal Khattar, Dr Lee Suan Yew, Mr Hwang Soo Jin, Dr Chew Kia Ngee, Mr Peter Sim and Mr Gn Hiang Meng, are independent directors, as indicated in Table 1 above, and that they have maintained their independence throughout the year.

Such Non-executive independent Directors have no relationships or connections which are likely to interfere, or could reasonably be perceived to interfere, with their independent business judgement with a view to the best interests of the Company. They are not substantial shareholders and are independent from the substantial shareholders of the Company.

The Non-executive independent Directors are not immediate family members of a 10% shareholder of the Company and were not directly associated with a 10% shareholder of the Company in the current or immediate past financial year. They and their immediate family members did not have any financial dealings with the Group whether in the current or immediate past financial year, nor are or were they or any of their immediate family members, during the current or immediate past financial year, a substantial shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which the Group made, or from which the Group received, significant payments or material services (including auditing, banking, consulting and legal services) in the current or immediate past financial year. Also, neither they nor any of their immediate family members were in the past three financial years employed by the Group.

Although three of the directors, namely Mr Sat Pal Khattar, Dr Lee Suan Yew and Mr Hwang Soo Jin, have served as non-executive directors for more than nine years each, the NC and the Board are of the view that their length of service does not compromise their objectivity in the discharge of their duties. Notes of Board and Board Committee meetings show that each of the three Directors continues to express his individual independent viewpoints. Accordingly, the NC and the Board have determined that Mr Sat Pal Khattar, Dr Lee Suan Yew and Mr Hwang Soo Jin can continue to be designated as independent directors.

The Board will continue to look for new members who can serve the Board as older members step down in order to facilitate renewal of the Board.

Chairman and Chief Executive Officer

There is a clear division of the role and responsibilities between the Non-executive Chairman of the Board ("Chairman") and the Chief Executive Officer ("CEO"), who is the son of the Chairman. The Chairman's principal role is to lead and guide the Board. The scope of responsibilities and limits of authority of the CEO are set out in a written mandate. The CEO executes the strategic directions set by the Board and is responsible for the Group's day-to-day operations. Although the Chairman and CEO are related, the Board is of the opinion that it is not necessary to appoint a lead independent director. Shareholders can approach any independent director for assistance through the Company Secretary, if he has any issues that affect shareholders generally.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Nominating Committee

The NC comprises three members, namely, Mr Sat Pal Khattar, Dr Wee Cho Yaw and Dr Lee Suan Yew. The majority of the NC, including the chairman of the NC, Mr Sat Pal Khattar, are independent directors.

The principal responsibilities of the NC are to:

- appoint and re-appoint directors and key executives, including the CEO;
- review the composition of the Board and Board Committees;
- perform succession planning;
- assess the independence of directors;
- evaluate the performance of the Board and Board Committees; and
- review training and professional development programmes for directors.

Each year, the NC reviews the composition of the Board as part of its succession planning. Suitable candidates are identified through personal and professional networks and the NC reviews each candidate through an objective and comprehensive process. When assessing potential candidates, the NC takes into account the existing Board composition, the candidate's background, qualification, experience, time commitment and his/her ability to contribute to the Board's collective skills, knowledge and experience.

The NC makes annual recommendations to the Board on the re-appointment of directors having regard to their competencies, commitment, contributions and performance on a qualitative basis. Each year, one-third of the Board retires from office by rotation and may submit themselves for re-election. Directors who are above the age of 70 are subject to annual re-appointment at the AGM. New directors submit themselves for re-election at the AGM immediately following their appointment by the Board.

In its review of the directors' ability to commit time to the Company's affairs, the NC has taken into account whether a limit on the number of other listed boards directors could sit on was necessary. The NC decided that it was not necessary to prescribe a limit on the number of other boards that Directors of the Company sit on. Although some directors have multiple board representations and principal commitments, none of them had more than six listed companies' directorships and the NC is satisfied that each director has devoted sufficient time and attention to the Company's affairs to adequately and competently carry out his duties as a Director of the Company. For a full list of each director's directorships and principal commitments, please refer to the "Board of Directors" section of this Annual Report.

Board Performance

The NC evaluated and assessed the effectiveness of the Board's performance as a whole, taking into consideration, amongst other matters, the Board's discharge of its principal responsibilities, earnings of the Group, return on equity and the share price performance of the Company over a five-year period. The NC is of the opinion that the Board as a whole has performed well during the year and that the Chairman and each director have contributed to the overall effectiveness of the Board.

The NC evaluated and reviewed the performance of the Board Committees (except the NC itself). It is satisfied with the matters dealt with by the Board and Board Committees and the frequency of such deliberations.

The Chairman of the Board and the Chairman of the NC evaluated the collective performance, commitment and contribution of all directors based on each director's attendance and contribution at Board meetings. They also reviewed the contribution of the Executive Directors and are of the view that the performance of each of them has been satisfactory.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Access to Information

Directors have unfettered access and timely information on the Group's financials and operations. Comprehensive information including strategic, financials, key operational and compliance matters is provided to directors on a monthly/quarterly basis to enable them to make informed decisions. Matters requiring the Board's decision are generally sent to directors at least five working days prior to Board meetings. Board meetings for each year are scheduled at least three months in advance while urgent Board meetings, if needed, are scheduled at least five days in advance save in exceptional circumstances. The Board is also provided with opportunities to meet with managers and heads of divisions, as needed to understand the businesses of the Group.

Directors have separate, independent and unrestricted access to the Company Secretary for assistance. The Company Secretary attends all Board and Board Committee meetings and ensures that board procedures are followed and the rules and regulations applicable to the Board are complied with. The Company Secretary is responsible for ensuring information flows between the Board and Board Committees and between senior management and non-executive directors, advising the Board on all governance matters, as well as facilitating orientation and professional development as required. Directors may take independent professional advice, if necessary and with the approval of the Chairman, at the Company's expense, to carry out their duties. Under the Articles of Association of the Company, the decision to appoint or remove the Company Secretary rests with the Board as a whole.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") comprises three members, namely Mr Sat Pal Khattar, Dr Wee Cho Yaw and Mr Hwang Soo Jin. The majority of the RC, including the chairman of the RC, Mr Sat Pal Khattar, are independent directors. All the members of the RC are non-executive directors. The RC is supported by the Group Human Resource and/or external consultants if needed. During the year, the RC did not use the services of any external consultant.

The principal responsibilities of the RC include:

- a) in consultation with the Chairman of the Board, reviewing and recommending to the Board for its endorsement, a framework of remuneration for the Board and the key executives of the Company;
- b) determining the specific remuneration packages of each executive director;
- c) reviewing and approving the remuneration packages for key executives; and
- d) administering the Company's share option scheme.

During the year, the RC reviewed the amount of directors' fees to be recommended for shareholders' approval to the non-executive directors. It also assessed the performance of and determined all aspects of remuneration for the executive directors, and reviewed the remuneration packages for key executives and share options to eligible staff and the terms thereof.

The RC has reviewed the Group's obligations arising in the event of termination of the Executive Directors' and key executives' service contracts, to ensure that such service contracts contain fair and reasonable termination clauses.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Level and Mix of Remuneration and Disclosure on Remuneration

The RC takes into consideration current industry norms on compensation and adopts a remuneration policy in line with industry practices. None of the Non-executive Directors have any service contract or consultancy agreement with the Company. Non-executive Directors, including the Chairman of the Board, are paid directors' fees which comprise a basic fee and additional fees for serving on Board Committees. The RC recommends directors' fees to the Board for endorsement prior to submission to shareholders for approval at each annual general meeting. The Company's share option scheme allows for grants of share options to non-executive directors. To date, the Non-executive Directors have not been granted any share option.

The Group remunerates its employees at market competitive levels, commensurate with their performance and contribution to the long-term interests and success of the Group. The remuneration package comprises fixed and variable compensation, provident fund and share options (for eligible employees). A variable bonus scheme is in place. Key management in the Group is rewarded by share options, taking into consideration working capital efficiency, productivity, current year earnings and long-term sustainability and growth of the respective businesses and their contribution thereto.

In the annual review of the remuneration of the Executive Directors, the RC takes into consideration performance of the individuals and comparative remuneration of similarly placed persons in the market. The performance criteria include achievement of financial objectives using financial indicators such as overall profitability and return on assets over a period of time. Their remuneration is reviewed annually by the RC and include a variable bonus component which is performance-based.

Share options are granted to the Executive Directors and eligible key executives, based on their performance during the year. These share options are granted at market price around the date of grant and can only be exercised after a vesting period of usually one year to ensure that employees' interest gel with the longer term performance of the Group. In the event of misconduct on the part of a participant in the share option scheme, the RC may in its absolute discretion treat any outstanding option as lapsed and null and void. More information on the Haw Par Corporation Group 2002 Share Option Scheme can be found in the Directors' Report and Note 25(b) to the financial statements.

Disclosure of Remuneration

The details of the remuneration of each Director for FY 2014 are as follows:

Table 2:

Name	Directors' Fees ⁽¹⁾ \$'000	Base or fixed salary \$'000	Variable bonus \$'000	Benefit-in-kind and others \$'000	Total \$'000	Share options granted
						No. of shares
Wee Ee Lim	–	667	550	85	1,302	–
Han Ah Kuan	–	291	214	115	620	66,000
Wee Cho Yaw	82	–	–	–	82	–
Sat Pal Khattar	56	–	–	–	56	–
Hwang Soo Jin	51	–	–	–	51	–
Lee Suan Yew	51	–	–	–	51	–
Chew Kia Ngee	56	–	–	–	56	–
Peter Sim Swee Yam	36	–	–	–	36	–
Gn Hiang Meng	14	–	–	–	14	–
Wee Ee-chao	36	–	–	–	36	–

(1) Directors' fees are subject to shareholders' approval at the forthcoming annual general meeting on 28 April 2015.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Remuneration of Key Executives

The remuneration of each of the top six senior executives of the Group (who are not Directors), in no order of quantum sum, is as follows:

Table 3:

Name / Position	Base or fixed salary	Variable bonus	Benefit-in-kind and others	Total	Share options granted
\$250,000 - \$500,000	%	%	%	%	No. of shares
Goh Bee Leong, <i>GM – Manufacturing</i>	54	33	13	100	35,000
Jasmin Hong, <i>GM – Marketing</i>	57	31	12	100	33,000
Keeth Chua, <i>DGM – Marketing</i>	60	28	12	100	20,000
Kwek Meng Tiam, <i>Regional GM</i>	77	6	17	100	26,000
Tarn Sien Hao, <i>Group GM</i>	60	23	17	100	33,000
Zann Lim, <i>CFO</i>	58	27	15	100	33,000

The total remuneration paid/accrued to the top six senior executives is about \$1,963,000.

The aggregate amount of termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top six key management personnel is around \$500,000.

There is no employee (other than the CEO) who is an immediate family member of a Director or the CEO. A relative of the CEO, Mr Kelvin Whang, who is the General Manager of Underwater World Pattaya, received annual remuneration of between \$150,000 to \$200,000.

ACCOUNTABILITY AND AUDIT

Accountability

The Board provides shareholders with a balanced and clear assessment of the Group's performance through announcements of its quarterly and full-year results. Internal guidelines are in place to comply with legislative and regulatory requirements and Management provides the Investment Committee with monthly management accounts of the Group, to enable the Investment Committee to review, monitor and highlight to the Board any material information which may have a material impact on the Group's performance and prospects.

Risk Management and Internal Controls

The Group has established a formal risk management framework across the entire organisation to provide a structured approach for managing risks. The framework enables management to have a formal structure in risk management assessment. The framework is designed to ensure that risks are identified, assessed, monitored and effectively managed. It is in line with the best practices as contained in the Risk Governance Guidance for Listed Boards, issued by the Corporate Governance Council in May 2012.

The Risk Management Committee is chaired by the CEO and comprises an Executive Director, the Chief Financial Officer ("CFO"), the Internal Audit Manager and Group General Manager. It performs the following roles:

- oversees the development of risk management policies;
- provides overall leadership, vision, framework and direction for risk management;
- promotes a risk management culture through human resources, use of technology and organisation structure;
- monitors the effectiveness of risk management and makes refinements as and when necessary;
- ensures that any risks are properly addressed; and
- reports to the AC and the Board twice a year on risk management activities and attestation undertaken (if any).

CORPORATE GOVERNANCE REPORT (CONTINUED)

Risks are analysed and assessed in terms of risk impact and risk likelihood. Risk impact includes financial, operational (business interruption), regulatory/legal and reputational impact. Risk likelihood includes both quantitative and qualitative appraisals and classified as 'Low', 'Moderate', 'High' and 'Critical'. Management evaluates the options and controls needed to deal with identified risks, depending on the risk impact, likelihood and related costs and benefits. The AC monitors the Risk Management Committee's activities on behalf of the Board.

Risks are broadly categorised as follows:

Strategic risks

These include most of the inherent risks of each operating unit and the relevant macro-environment such as competition and epidemic outbreak risks. All such risks are reported to the AC and the Board. Measures taken to reduce risks include diversifying either geographically or in product offerings, putting in place business continuity plans and ensuring sufficient insurance coverage for various types of risks.

Operational risks

These relate to day-to-day operations and include effective and efficient use of the Group's resources. Operational risks include security threats, employee attrition and brand protection. The general manager of each operating unit implements policies and procedures to monitor such risks.

Compliance risks

Each operating unit is subject to various degrees of regulatory controls, particularly the Healthcare division. Compliance with local laws and regulations in various geographical locations is monitored by the operating unit and the functional departments in Singapore.

Financial risks

Financial risks are mitigated by using appropriate hedging instruments when necessary and actively managing foreign exchange and credit exposures. Further details on managing financial risks are disclosed in Note 26 on Page 96 of the Annual Report.

The operations of the Group do not require complex use of information technology or data. Thus the risks in this area are not material.

The Board reviews the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls.

For the year under review, the Board has received assurances from the CEO and the CFO:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) that the Company's risk management and internal control systems are adequate and effective in all material respects as at 31 December 2014.

Based on work performed by the internal and external auditors and reviews undertaken by the Risk Management Committee and the AC, the Board, with the concurrence of the AC, is satisfied that the internal controls addressing financial, operational, compliance and information technology risks, and risk management systems and processes were adequate and effective for the Group as at 31 December 2014.

The Group's internal controls and risk management systems provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any reasonably foreseeable event. The Board recognises that no system of internal controls and risk management can provide absolute assurance.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Audit Committee (“AC”)

The AC comprises three members, namely, Dr Chew Kia Ngee, Mr Hwang Soo Jin and Dr Lee Suan Yew, all of whom are Non-executive independent Directors. The chairman of the AC, Dr Chew Kia Ngee, is a senior accountant with over 40 years’ experience in the profession. Mr Hwang Soo Jin is a seasoned financial professional and has over 40 years of financial management expertise.

The principal responsibilities of the AC include:

- reviewing the audit plans with the internal and external auditors;
- reviewing the audit report of the external auditors and the results of the internal audit procedures;
- recommending the appointment, re-appointment and removal of external auditors and approving the compensation and terms of engagement of the external auditors;
- reviewing annually the independence and objectivity of the external auditors, the cost effectiveness of the audit, and the nature and extent of non-audit services;
- approving the hiring, removal and evaluation of the performance of Group Internal Audit Manager;
- ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group;
- reviewing the adequacy of the internal audit function annually;
- reviewing the Group’s quarterly and full-year results and annual financial statements prior to approval by the Board, and the appropriateness and consistency of accounting principles and policies adopted across the Group, including significant financial reporting issues and judgements;
- reviewing the adequacy and effectiveness of the Company’s system of internal controls, including accounting controls, and addressing financial, operational, compliance and information technology risks and risk management processes;
- reviewing interested person transactions; and
- reviewing whistle-blowing reports.

The AC has full authority to investigate any matter concerning issues of internal controls, suspected fraud or irregularity. It has full access to the management and may invite any staff to attend its meetings. The AC adopts key principles from the “Guidebook for Audit Committee in Singapore”, issued by the Audit Committee Guidance Committee in Singapore in 2008 and updated in 2014.

During the year, the AC held four meetings during which it performed its responsibilities as required under its charter and as set out above. It met the external and internal auditors separately in the absence of management and noted that there was no adverse feedback.

In reviewing non-audit services, the AC is satisfied that amount of non-audit services were not material and would not impair the independence of the external auditors. The AC has confirmed that the Company has complied with Rule 712 and Rule 715/716 of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual which set out the requirements on the appointment of the auditor. The AC has recommended to the Board the re-appointment of PricewaterhouseCoopers LLP as the Group’s auditor for the ensuing year. The aggregate amount of fees paid to PricewaterhouseCoopers LLP for FY 2014 was \$399,000. The breakdown of fees paid for audit and non-audit services were \$393,000 and \$6,000 respectively.

The AC members are continuously updated by management and auditors on changes to accounting standards and issues which have a direct impact on financial statements, compliance with legislation and accounting-related matters.

Whistle-Blowing Policy

The Group has in place a whistle-blowing policy and process under which employees may report to the AC any improprieties or suspected wrong-doing by management or other staff without fear of reprisal. All reports received are accorded confidentiality and independently investigated by the whistle-blowing unit, comprising the Group Human Resource Manager and Group Internal Audit Manager. Details of the whistle-blowing policy are posted on the Company’s intranet. New employees are briefed on the policy during their orientation.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Internal Audit

The Company has an internal audit (“IA”) department which is staffed with professionally qualified personnel. The Group Internal Audit Manager reports directly to the Chairman of the AC on audit matters and to the CEO on administrative matters. The appointment and removal of the Group Internal Audit Manager rests with the Chairman of the AC.

The IA function follows the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The IA adopts strict procedures in reporting its audit findings to the management and the AC.

The role of the IA function is to render support to the AC in ensuring that the Group maintains a sound system of internal controls by performing regular monitoring and testing of key controls and procedures, reviewing operational and financial activities and undertaking investigations as requested by the AC.

The IA department submits its internal audit plan to the AC for approval at the beginning of each year. Internal audit reviews are carried out on all significant business units in the Group and a summary of findings and recommendations is discussed during each AC meeting. The IA has unfettered access to the AC and to all documents, reports, properties and personnel for the purposes of its audit. The AC is of the view that the IA function is adequately resourced and staffed with persons with relevant qualifications and experience and has appropriate standing within the Company.

Shareholders Rights and Communication with Shareholders

The Group is guided by an investor relations policy that aims to promote regular, effective and fair communication with shareholders. Communication of relevant announcements of the Group is generally made through annual reports, press releases, SGXNET announcements and its corporate website at www.hawpar.com. The Company’s Annual Report is sent in a CD-ROM to all shareholders and posted on the Group’s website. Hard copies of the Annual Report are available on request.

A dedicated communications channel with the Investor Relations Department is available to shareholders and can be reached via email at investorrelations@hawpar.com. The Investor Relations Department is required to respond to shareholders’ queries in a timely and effective manner. When matters requiring shareholders’ meetings are to be held, notices are published in newspapers and reports or circulars are sent in a timely manner to all shareholders. Shareholders will be informed of the rules, including voting procedures, which govern the shareholders’ meetings. Resolutions of all general meetings of shareholders are conducted by electronic poll.

The Company holds regular meetings with research analysts, fund managers and institutional investors to review the Company’s performance and provide investors with a better understanding of the Group’s businesses.

Conduct of Shareholder Meetings

The Group encourages the attendance of shareholders at general meetings, which are always held at a central location in Singapore. At such general meetings, shareholders are invited to raise questions on any matter that needs clarification. The Chairman and the other Directors (in particular, the chairpersons of the AC, NC and RC) as well as the external auditor are present at general meetings to address queries from shareholders on matters affecting the Group and the conduct of external audit. Key management personnel are also present at such general meetings to respond to queries from shareholders.

The reception after each general meeting of shareholders provides an opportunity for shareholders to informally communicate their views and expectations to the Company’s representatives.

Separate resolutions on each issue are tabled at such general meetings. The Company allows shareholders who hold shares through nominees to attend general meetings as observers.

CORPORATE GOVERNANCE REPORT (CONTINUED)

OTHER GOVERNANCE PRACTICES

Investment Committee

The Investment Committee (“IC”) is headed by the Chairman of the Board and comprises two Executive Directors. The IC meets bi-monthly to review the performance of the Group’s investments, funding requirements and key strategic issues of each operating unit. As directed by the Board, the IC receives and reviews monthly the Group’s finances.

Interested Person Transactions

Management reports all interested person transactions to the AC. The Group does not have any general mandate from shareholders pursuant to Rule 920 with regard to interested person transactions. The following are details of interested person transaction during the year:

Name of Interested Person	Aggregate value of all Interested Person Transaction during 2014 (excluding transactions less than \$100,000)
Wee Ee Lim	\$787,200

During the financial year, Mr Wee who is a nominee director in an associated company, was granted shares options by an associated company. Upon exercising the share options, the shares were sold to the Group at cost.

Material Contracts

Except as disclosed on page 91 (Note 22 - Related Party Transactions) of the Annual Report, there were no other material contracts entered into by the Company or its subsidiaries involving the interests of the CEO, any director or controlling shareholder of the Company.

Dealings in Securities

The Group adopts best practices with respect to dealings in securities set out in Rule 1207(19) of the Listing Manual of the SGX-ST. It has a policy which prohibits its officers from dealing in the securities of the Company during the period commencing two weeks before the announcement of the financial results for each of the first three quarters and one month before the announcement of the full-year results. The Company Secretary issues guidelines periodically to directors and employees to remind them of the prohibitions in dealing with the Company’s securities on short-term considerations or while in possession of material unpublished price-sensitive information, and to comply with the insider trading laws at all times. The Group refrains from commenting in any way on the status of the current quarter’s financials and operations or giving guidance on future earnings estimates, during the period before announcement of the financial results.

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DIRECTORS' REPORT

For the financial year ended 31 December 2014

The Directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014.

DIRECTORS

The Directors of the Company in office at the date of this report are as follows:

Wee Cho Yaw	(Chairman)
Wee Ee Lim	(President & Chief Executive Officer)
Sat Pal Khattar	
Hwang Soo Jin	
Lee Suan Yew	
Wee Ee-chao	
Chew Kia Ngee	
Peter Sim	
Gn Hiang Meng	
Han Ah Kuan	(Executive Director)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of the financial year, nor at any time during the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares, warrants, share options in, or debentures of, the Company or any other body corporate, other than pursuant to the Haw Par Corporation Group 2002 Share Option Scheme ("2002 Scheme").

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The Directors holding office at 31 December 2014 had no interests in the shares, warrants, share options in, or debentures of, the Company and/or its subsidiaries as recorded in the register of Directors' shareholdings kept by the Company under Section 164 of the Companies Act, except as follows:

	<u>Direct interest as at</u>			<u>Deemed interest as at</u>		
	1.1.2014	31.12.2014	21.1.2015	1.1.2014	31.12.2014	21.1.2015
<u>Interest in the Company's ordinary shares</u>						
Wee Cho Yaw	1,092,373	1,092,373	1,092,373	74,612,505	75,812,505	75,812,505
Wee Ee Lim	437,192	437,192	437,192	69,885,353	71,085,353	71,085,353
Sat Pal Khattar	—	—	—	96,219	96,219	96,219
Hwang Soo Jin	55,000	75,000	75,000	—	—	—
Wee Ee-chao	13,826	13,826	13,826	70,018,951	71,218,951	71,218,951
Han Ah Kuan	66,000	92,000	92,000	—	—	—

Options to subscribe for the Company's ordinary shares (Under the 2002 Scheme)

Han Ah Kuan	144,000	114,000	114,000	—	—	—
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By virtue of Section 7 of the Companies Act (Cap. 50), Wee Cho Yaw, Wee Ee Lim and Wee Ee-chao, who by virtue of their interest of not less than 20% in the issued capital of the Company, are also deemed to have an interest in the shares of the various subsidiary companies held by the Company.

DIRECTORS' REPORT (CONTINUED)

For the financial year ended 31 December 2014

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director has received or has become entitled to receive benefits required to be disclosed by Section 201(8) of the Companies Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest except those disclosed in Note 22 to the financial statements.

SHARE OPTIONS

Haw Par Corporation Group 2002 Share Option Scheme

The 2002 Scheme was approved by members of the Company at an Extraordinary General Meeting held on 22 May 2002. The extension of the duration of the 2002 Scheme for a further period of 5 years to 2017 was approved by members of the Company at the Annual General Meeting held on 20 April 2011. The 2002 Scheme is granted to key executives personnel and directors (including non-executive directors) of the Company and the maximum life-span of exercising the options is 10 years. The exercise price of the options is determined at the average of the last dealt price of the Company's ordinary shares as quoted on the Singapore Exchange Securities Trading Limited for five market days immediately preceding the date of the grant. The options are exercisable beginning on the first anniversary from the date when the options are granted or the second anniversary if the options are granted at a discount to the market price. Once the options are vested, they are exercisable for a period of four years. The options may be exercised in full or in part in respect of 1,000 shares or any multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The share option scheme size shall not exceed 15% of the total number of issued shares of the Company on the day preceding grant date and exercise prices are allowed to be set at discounts of up to 20% to their market price.

The number of unissued ordinary shares of the Company covered by the options in relation to the 2002 Scheme outstanding at the end of the financial year was as follows:

Date of grant	Number of shares covered by the options		
	Balance at 31.12.2014	Exercise price	Exercise period
1.3.2010	36,000	\$5.86	1.3.2011 – 28.2.2015
1.3.2011	85,000	\$6.09	1.3.2012 – 29.2.2016
1.3.2012	67,000	\$5.95	1.3.2013 – 28.2.2017
4.3.2013	303,000	\$7.27	4.3.2014 – 3.3.2018
3.3.2014	512,000	\$8.55	3.3.2015 – 1.3.2019
	<u>1,003,000</u>		

In 2014, options to subscribe for 526,000 unissued shares in the Company at the exercise price of \$8.55 per share were granted and accepted under the 2002 Scheme. Options in respect of 4,972,000 have been granted and accepted since the adoption of the scheme on 22 May 2002. No options have been granted at a discount to the market price of shares of the Company. Further information can be found in Note 25 to the financial statements.

During the financial year, options to subscribe for 14,000 unissued shares were cancelled and 298,000 shares were issued by virtue of the exercise of options. The market price on the dates of exercise ranged from \$8.10 to \$8.89.

DIRECTORS' REPORT (CONTINUED)

For the financial year ended 31 December 2014

SHARE OPTIONS (CONTINUED)

Other information required by the Singapore Exchange Securities Trading Limited (Pursuant to Listing Rule 852 of the Listing Manual)

- (1) The Share Option Scheme of the Company is administered by the Remuneration Committee, comprising the following Directors:

Sat Pal Khattar (Chairman)
Wee Cho Yaw
Hwang Soo Jin

- (2) The details of options granted to the Directors of the Company under the 2002 Scheme are as follows:

Name of Director	Number of shares comprised in options granted during the financial year	Aggregate number of shares comprised in options granted since commencement of scheme to 31.12.2014	Aggregate number of shares comprised in options exercised since commencement of scheme to 31.12.2014	Aggregate number of shares comprised in options that have expired since commencement of scheme to 31.12.2014	Aggregate number of shares comprised in options outstanding as at 31.12.2014
Wee Ee Lim	—	48,000	48,000	—	—
Han Ah Kuan	66,000	569,000	407,000	48,000	114,000

- (3) No options are granted to controlling members of the Company and/or their associates (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited).
- (4) No participant has received 5% or more of the total number of options available under the share option scheme.
- (5) No options have been granted at a discount to the market price of shares of the Company for the financial year ended 31 December 2014.
- (6) Options granted by the Company do not entitle the holders of the options, by virtue of such options, any right to participate in any share issue of any other company in the Group.

DIRECTORS' REPORT (CONTINUED)

For the financial year ended 31 December 2014

AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are independent non-executive Directors. The members of the Audit Committee are as follows:

Chew Kia Ngee (Chairman)
Hwang Soo Jin
Lee Suan Yew

In accordance with Section 201B(5) of the Companies Act, the Audit Committee has reviewed with the Company's internal auditors their audit plan and the scope and results of their internal audit procedures. The Committee has also reviewed with the Company's independent auditor, PricewaterhouseCoopers LLP, their audit plan, their evaluation of the system of internal accounting controls, their audit report on the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 and the assistance given by the management of the Group to them. The statement of financial position of the Company and the consolidated financial statements of the Group, as well as the independent auditor's report on the same, have been reviewed by the Committee prior to their submission to the Board of Directors.

The Committee has recommended to the Board of Directors the re-appointment of PricewaterhouseCoopers LLP as independent auditor of the Company, at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP has expressed its willingness to accept re-appointment as independent auditor of the Company and a resolution proposing its re-appointment will be submitted at the forthcoming Annual General Meeting.

On behalf of the Directors

Wee Cho Yaw

Chairman

Wee Ee Lim

President & Chief Executive Officer

Singapore,
27 February 2015

STATEMENT BY DIRECTORS PURSUANT TO SECTION 201(15)

For the financial year ended 31 December 2014

In the opinion of the Directors:

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 51 to 109 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

Wee Cho Yaw

Chairman

Wee Ee Lim

President & Chief Executive Officer

Singapore,
27 February 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HAW PAR CORPORATION LIMITED

For the financial year ended 31 December 2014

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Haw Par Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 51 to 109, which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and statements of financial position and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore,
27 February 2015

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2014

		The Group	
	Note	2014	2013
		\$'000	\$'000
Revenue	3	154,222	141,176
Cost of sales		(63,983)	(61,214)
Gross profit		90,239	79,962
Other income	4	69,420	59,442
Distribution and marketing expenses		(37,079)	(31,729)
General and administrative expenses		(10,181)	(10,834)
Finance expenses		(423)	(267)
Profit from operations		111,976	96,574
Share of results of associated companies and gain on dilution of investment in associated company (net)		11,917	8,039
Fair value gains on investment properties (net)	10	3,075	10,664
Profit before taxation		126,968	115,277
Taxation	6	(8,143)	(7,358)
Profit for the financial year, net of tax		118,825	107,919
Earnings per share attributable to equity holders of the Company	8		
- Basic		54.3 cents	49.4 cents
- Diluted		54.3 cents	49.4 cents

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	The Group 2014 \$'000	2013 \$'000
Profit for the financial year, net of tax		118,825	107,919
Other comprehensive income, after tax, that may be reclassified subsequently to profit or loss:			
Fair value gains on available-for-sale financial assets (net)		283,208	113,912
Reclassification of fair value gain on disposal of available-for-sale financial assets		(3,400)	–
Currency translation differences on consolidation of foreign entities (net)		5,664	2,770
Share of associated company's other comprehensive income through equity accounting		57	3,877
Other comprehensive income for the financial year, net of tax		285,529	120,559
Total comprehensive income for the financial year		404,354	228,478

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

		<u>The Group</u>		<u>The Company</u>	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	33,187	35,758	–	–
Investment properties	10	225,249	222,139	–	–
Investment in subsidiaries	11	–	–	381,957	381,957
Investment in associated companies	12	137,690	119,097	2,895	2,895
Available-for-sale financial assets	13	1,842,662	1,537,531	330	357
Deferred income tax assets	20	263	489	–	–
Intangible assets	14	11,116	11,116	–	–
		2,250,167	1,926,130	385,182	385,209
Current assets					
Available-for-sale financial assets	13	468,830	397,197	–	–
Inventories	15	10,720	9,711	–	–
Trade and other receivables	16	19,911	22,671	121,464	85,064
Cash and bank balances	17	224,666	210,267	194,270	185,581
		724,127	639,846	315,734	270,645
Total assets		2,974,294	2,565,976	700,916	655,854
LIABILITIES					
Current liabilities					
Trade and other payables	18	39,066	36,996	72,286	115,564
Current income tax liabilities		7,587	6,901	283	186
Borrowings	19	56,332	23,784	56,332	23,784
		102,985	67,681	128,901	139,534
Non-current liabilities					
Deferred income tax liabilities	20	63,844	53,574	–	–
		63,844	53,574	–	–
Total liabilities		166,829	121,255	128,901	139,534
NET ASSETS		2,807,465	2,444,721	572,015	516,320
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	21	248,722	246,848	248,722	246,848
Retained profits		887,171	812,182	319,762	266,219
Other reserves		1,671,572	1,385,691	3,531	3,253
Total equity		2,807,465	2,444,721	572,015	516,320

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Attributable to equity holders of the Company							
	Share capital	Statutory reserve ¹	Capital reserve ²	Share option reserve ³	Fair value reserve	Foreign currency translation reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2014								
Balance at 1 January 2014	246,848	2,109	16,815	4,828	1,368,797	(6,858)	812,182	2,444,721
Issue of share capital	1,874	—	—	—	—	—	—	1,874
Expensing of share options (Note 25)	—	—	—	305	—	—	—	305
Transfer from retained profits to statutory reserve	—	47	—	—	—	—	(47)	—
Dividends paid (Note 7)	—	—	—	—	—	—	(43,789)	(43,789)
Total comprehensive income for the financial year	—	—	—	1,942	279,808	3,779	118,825	404,354
Balance at 31 December 2014	248,722	2,156	16,815	7,075	1,648,605	(3,079)	887,171	2,807,465

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the financial year ended 31 December 2014

	Attributable to equity holders of the Company							
	Share capital	Statutory reserve ¹	Capital reserve ²	Share option reserve ³	Fair value reserve	Foreign currency translation reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2013								
Balance at 1 January 2013	243,114	2,010	16,815	4,621	1,254,885	(13,539)	745,311	2,253,217
Issue of share capital	3,734	—	—	—	—	—	—	3,734
Expensing of share options (Note 25)	—	—	—	241	—	—	—	241
Transfer from retained profits to statutory reserve	—	99	—	—	—	—	(99)	—
Dividends paid (Note 7)	—	—	—	—	—	—	(40,949)	(40,949)
Total comprehensive income/ (expense) for the financial year	—	—	—	(34)	113,912	6,681	107,919	228,478
Balance at 31 December 2013	246,848	2,109	16,815	4,828	1,368,797	(6,858)	812,182	2,444,721

¹ The statutory reserve is legally required to be set aside in the countries of incorporation of certain subsidiaries. Those laws restrict the distribution and use of the reserve.

² The capital reserve relates to non-distributable profits arising from sale of long term investments according to certain subsidiaries' Articles of Association and share premium arising from issue of shares by certain subsidiaries.

³ The share option reserve relates to share option scheme of the Company and its associated companies.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	Note	The Group	
		2014	2013
		\$'000	\$'000
Cash flows from operating activities:			
Profit before tax		126,968	115,277
Adjustments for:			
Gross dividend income from quoted equity investments	4	(62,566)	(56,663)
Share of results of associated companies and gain on dilution of investment in associated company (net)		(11,917)	(8,039)
Depreciation of property, plant and equipment	9	5,415	5,378
Gain on disposal of available-for-sale financial assets	4	(3,400)	–
Fair value gains on investment properties (net)	10	(3,075)	(10,664)
Interest income	4	(1,434)	(868)
Finance expenses		423	267
Expensing of share options	25	305	241
Write-back of unclaimed dividends		(278)	(246)
Loss on disposal and write-off of property, plant and equipment	5	108	73
Inventories written off	15	98	54
Allowance for impairment of receivables	5	1	39
Impairment in value of available-for-sale financial assets	5	–	200
Currency translation gains		(512)	(89)
Operating profit before working capital changes		50,136	44,960
(Increase)/decrease in inventories		(1,107)	335
(Increase)/decrease in trade and other receivables		(2,292)	1
Increase/(decrease) in trade and other payables		2,380	(991)
Cash generated from operations		49,117	44,305
Investment income received		14,880	56,663
Interest income received		1,176	827
Net taxation paid		(7,059)	(7,184)
Net cash provided by operating activities		58,114	94,611
Cash flows from investing activities			
Dividends from associated companies		5,452	5,775
Purchase of property, plant and equipment	9	(2,530)	(2,576)
Improvements to investment properties	10	(339)	(978)
Proceeds from disposal of property, plant and equipment		7	2
Proceeds from disposal of available-for-sale financial assets	13	9,494	–
Purchase of available-for-sale financial assets	13	(47,742)	–
Purchase of additional stake in an associated company	22(c)	(1,574)	–
Net cash (used in)/provided by investing activities		(37,232)	2,223
Cash flows from financing activities			
Payment of dividends to members of the Company	7	(43,789)	(40,949)
Proceeds from issue of share capital	21	1,874	3,734
Interest expense paid		(427)	(273)
Repayment of borrowings		(12,413)	–
Bank deposits pledged		56	(6)
Proceeds from borrowings		47,746	–
Net cash used in financing activities		(6,953)	(37,494)
Net increase in cash and cash equivalents		13,929	59,340
Cash and cash equivalents at beginning of the financial year	17	208,606	149,460
Effects of currency translation on cash and cash equivalents		526	(194)
Cash and cash equivalents at end of the financial year	17	223,061	208,606

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Haw Par Corporation Limited (the “Company”) is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of its registered office is as follows:

401 Commonwealth Drive
#03-03 Haw Par Technocentre
Singapore 149598

The Company is the owner of the “Tiger” trademarks and is the holding company of the Group.

The principal activities of the Company are licensing of the “Tiger” trademarks and owning investments for long term holding purposes.

The principal activities of the Group are as follows:

- (a) manufacturing, marketing and trading healthcare products;
- (b) providing leisure-related goods and services; and
- (c) investing in properties and securities.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 2(y).

Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 112 *Disclosures of Interests in Other Entities*

The Group has adopted the above new FRS on 1 January 2014. The amendment is applicable for the annual period beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 *Consolidated Financial Statements* and FRS 111 *Joint Arrangements*, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) *Separate Financial Statements* and FRS 28 (revised 2011) *Investments in Associates and Joint Ventures*.

The adoption of FRS 112 does not have any material impact on the accounting policies of the Group. The Group has applied FRS 112 retrospectively and has incorporated the additional required disclosures into the financial statements.

(b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, in the ordinary course of the Group's activities, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(1) *Sale of goods*

Revenue from sale of goods is recognised when a Group entity has transferred to the customer the significant risks and rewards of the ownership of the goods, and collectibility of the related receivables is reasonably assured.

(2) *Rendering of services*

Revenue from services is recognised upon rendering of services.

(3) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

(4) *Dividend income*

Dividend income from subsidiaries, associated companies and available-for-sale financial assets is recognised when the right to receive payment is established.

(5) *Rental income*

Rental income from operating leases on investment properties is recognised on a straight-line basis over the lease term when collectability of the related receivable is reasonably assured.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Group accounting

(1) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity including those entities which the Group has less than 50% equity interest.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to Note 2(e)(1) for the Group's accounting policy on goodwill on acquisition of subsidiaries.

Please refer to Note 2(g) for the Company's accounting policy on investments in subsidiaries and associated companies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) **Group accounting** (continued)

(1) *Subsidiaries* (continued)

(iii) *Disposals*

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(2) *Associated companies*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Where the Group holds less than 20% of voting rights, the Group evaluates the extent of significant influence to determine if it should still regard the entity as an associated company. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any. Investments in associated companies in the consolidated statement of financial position include goodwill (net of accumulated impairment loss) identified on acquisition, where applicable. Please refer to Note 2(e)(1) for the Group's accounting policy on goodwill.

(i) *Acquisitions*

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has legal or constructive obligations to make or has made payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Group accounting (continued)

(2) *Associated companies* (continued)

(iii) *Disposals*

Gains and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are recognised in profit or loss.

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Please refer to Note 2(g) for the Company's accounting policy on investments in subsidiaries and associated companies.

(d) Property, plant and equipment

(1) *Leasehold land and buildings*

Leasehold land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses (Note 2(h)(2)).

(2) *Plant and equipment*

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (Note 2(h)(2)).

(3) *Components of costs*

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(4) *Depreciation*

Depreciation is calculated using a straight-line method to allocate the depreciable amounts of property, plant and equipment over their estimated useful lives as follows:

Leasehold land and buildings	-	50 years or over the term of the lease, whichever is shorter
Plant and equipment	-	4 to 10 years

Construction-in-progress assets are not depreciated until they are brought to use. Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each financial year-end to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. The effects of any revision are recognised in the profit or loss for the financial year in which the changes arise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(5) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in the profit or loss when incurred.

(6) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in the profit or loss.

(e) Intangible assets

(1) *Goodwill*

Goodwill on acquisitions of subsidiaries and business on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of their identifiable net assets at the date of acquisition.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(2) *Trademarks*

Trademarks are stated at cost less accumulated amortisation and accumulated impairment losses (Note 2(h)(2)). Amortisation is calculated using the straight line method to allocate the cost of trademarks over a period not exceeding 20 years. These have been fully amortised as at the end of the reporting period.

(3) *Deferred expenditure*

Deferred expenditure comprises technology fee paid in advance and clinical trial expenses, which are recognised as assets as they generate future economic benefits. Technology fee expense paid in advance for the use of a third party's technology is amortised using the straight line method over a 5-year period or the period of the contract with the third party, whichever is shorter. Clinical trial expenses incurred for product registrations are amortised using the straight line method over a 5-year period.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each financial year-end. The effects of any revision are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment properties

Investment properties of the Group, principally comprising office and industrial buildings, are held for long-term rental yields and/or capital appreciation and are not substantially occupied by the Group.

Investment properties are classified as non-current assets, initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(g) Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are stated at cost less accumulated impairment losses (Note 2(h)(2)) in the Company's statement of financial position. On disposal of investments in subsidiaries and associated companies, the difference between net disposal proceeds and the carrying amount of the net investments is recognised in profit or loss.

(h) Impairment of non-financial assets

(1) *Goodwill*

Goodwill, recognised separately as an intangible asset, is tested annually for impairment and whenever there is any indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash generating units ("CGU") expected to benefit from synergies of the business combination.

An impairment loss is recognised when the carrying amount of CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

(2) *Intangible assets, Property, plant and equipment and Investments in subsidiaries and associated companies*

Intangible assets, property, plant and equipment and investments in subsidiaries and associated companies are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of non-financial assets (continued)

(2) *Intangible assets, Property, plant and equipment and Investments in subsidiaries and associated companies* (continued)

For the purpose of impairment testing of these assets, recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(i) Financial assets

(1) *Classification*

The Group classifies its investments in financial assets in the following categories: loans and receivables, available-for-sale and at fair value through profit or loss. The classification depends on the nature of the asset and the purpose for which the assets have been acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Loans and receivables*

Loans and receivables (excluding prepayments) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

(ii) *Financial assets, available-for-sale*

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) **Financial assets** (continued)

(2) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in other comprehensive income and accumulated in the fair value reserve relating to that asset is reclassified to profit or loss.

(3) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(4) *Subsequent measurement*

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) denominated in foreign currencies are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences. Dividend income on available-for-sale equity securities is recognised separately in profit or loss and in accordance with Note 2(b)(4).

(5) *Impairment*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) **Financial assets** (continued)

(5) *Impairment* (continued)

(ii) *Financial assets, available-for-sale*

In addition to the objective evidence of impairment described in Note 2(i)(5)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(j) **Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but exclude borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable variable selling expenses.

(k) **Operating leases**

(1) *When a group company is the lessee:*

Leases of property, plant and equipment where a substantial portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(2) *When a group company is the lessor:*

Leases of investment properties to third parties where the Group retains substantially all risks and rewards incidental to ownership of the leased assets are classified as operating leases.

Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made by the lessee by way of penalty is recognised as an income in the period in which termination takes place, provided collection is reasonably assured.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently measured at amortised cost, using the effective interest method.

(m) Income taxes

Current income tax for current and prior periods are recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and
- (ii) based on the tax consequence that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities, except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expenses in profit or loss for the period, except to the extent that the tax arises from a business combination or a transaction, which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits

(1) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(2) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in profit or loss with a corresponding increase in share option reserve within equity over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on vesting date and recognises the impact of the revision of estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

(o) Hedging activities

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items. A non-derivative financial asset or non-derivative financial liability may be designated as a hedging instrument for a hedge of a foreign currency risk.

The fair value changes on the hedged item resulting from currency risk are recognised in profit or loss. The fair value changes on the portion of the hedging instrument designated as fair value hedges are recognised in profit or loss within the same line item as the fair value changes from the hedged item.

(p) Fair value estimation

The fair values of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their carrying amounts.

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices obtained from stock exchange at the end of the reporting period. The quoted market prices used for financial assets held by the Group are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods such as estimated discounted cash flow analyses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Currency translation

(1) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements of the Group are presented in Singapore Dollar, which is the Company’s functional currency.

(2) *Transactions and balances*

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss, except for currency translation differences on the net investment in foreign operations, borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges for foreign operations, which are included in other comprehensive income and accumulated in the foreign currency translation reserve within equity.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on non-monetary items whereby gains or losses are recognised in other comprehensive income, such as equity investments classified as available-for-sale financial assets are included in the fair value reserve.

(3) *Translation of Group entities’ financial statements*

The results and financial position of Group entities (none of which has the currency of a hyperinflationary economy) that are in functional currencies different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the dates of the transactions); and
- (iii) All resulting currency exchange differences are recognised in other comprehensive income and accumulated in currency translation reserve within equity. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity on or after 1 January 2005 are treated as assets and liabilities of the foreign entity and translated at the closing rates at the date of the end of the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the dates of the acquisition are used.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the management committee and Investment Committee whose members are responsible for allocating resources and assessing performance of the operating segments.

(s) **Cash and cash equivalents**

For purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash and bank balances, deposits with financial institutions, bank overdrafts, if any and excludes bank deposits pledged as security. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

(t) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account. When the Company's ordinary shares are repurchased, the weighted average cost of each share is written off against the share capital, with the remaining amounts written off against the retained earnings of the Company.

(u) **Dividends**

Final dividends to the Company's members are recognised when the dividends are approved by the members.

(v) **Government grants**

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Government grants relating to expenses are shown separately as other income.

(w) **Financial guarantees**

The Company had issued corporate guarantees to banks for credit facilities of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with terms of their credit facilities.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantee contracts are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank in the Company's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case, they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs are recognised in profit or loss using the effective interest method.

(y) Critical accounting estimates and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) *Investment in Hua Han Bio-Pharmaceutical Holdings Limited ("HHBP")*

Management has assessed the level of influence that the Group has on HHBP (Note 28) and determined that it has significant influence even though its shareholding is below 20 per cent because of its representations on the board of HHBP, to participate and influence all major decisions relating to the relevant activities of HHBP. Consequently, this investment has been classified as an associate.

(2) *Impairment of property, plant and equipment*

The Group tests annually whether property, plant and equipment have suffered any impairment, in accordance with the accounting policy stated in Note 2(h)(2). The recoverable amounts of these assets and where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates. Based on the calculations, the estimated recoverable amount is higher than the carrying amount of property, plant and equipment (Note 9), hence no impairment is considered necessary.

Based on the sensitivity analysis performed, any reasonable change in the key assumptions would not result in any impairment adjustments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

3. REVENUE

Revenue of the Group represents invoiced sales and services, and rental income but excludes dividend income, interest income and intra-group transactions.

	The Group	
	2014	2013
	\$'000	\$'000
Sale of goods	125,554	107,933
Rendering of services	12,281	16,046
Rental income	16,387	17,197
	154,222	141,176

4. OTHER INCOME

	The Group	
	2014	2013
	\$'000	\$'000
Gross dividend income from quoted equity investments	62,566	56,663
Gain on disposal of available-for-sale financial assets	3,400	–
Interest income	1,434	868
Miscellaneous income	2,020	1,911
	69,420	59,442

During the financial year, approximately \$47,686,000 of dividend income was received as non-cash available-for-sale financial assets in lieu of dividends.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

5. NATURE OF EXPENSES

	The Group	
	2014	2013
	\$'000	\$'000
Purchase of inventories	38,200	37,385
Changes in inventories	(1,107)	389
	37,093	37,774
Sales and marketing expenses	28,781	25,052
Employee benefits (Note 25(a))	23,410	21,548
Depreciation of property, plant and equipment (Note 9)	5,415	5,378
Utilities	3,466	3,778
Repair and maintenance	3,443	3,307
Property tax	1,720	2,355
Auditors' remuneration:		
- Auditor of the Company:		
- audit fees	394	382
- non-audit fees	6	3
- overprovision of audit fees in respect of prior year	(1)	(1)
- Other auditors:		
- audit fees	29	30
- non-audit fees	27	25
Professional and legal fee	630	592
Trademark expenses	397	403
Impairment in value of available-for-sale financial assets	-	200
Loss on disposal and write-off of property, plant and equipment	108	73
Inventories written off	98	54
Allowance for impairment of receivables	1	39
Foreign exchange gain, net	(96)	(135)

6. TAXATION

	The Group	
	2014	2013
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
Current taxation		
Current year:		
- Singapore	6,412	5,532
- Overseas	2,347	2,013
	8,759	7,545
(Over)/under provision in respect of previous years:		
- Singapore	(638)	29
- Overseas	(71)	(163)
	(709)	(134)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

6. TAXATION (CONTINUED)

	The Group	
	2014	2013
	\$'000	\$'000
Deferred taxation		
Origination and reversal of temporary differences:		
- Singapore	(147)	(163)
- Overseas	177	(95)
	30	(258)
Under provision in respect of previous years:		
- Singapore	9	27
- Overseas	54	178
	63	205
	8,143	7,358

The tax expense on accounting profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	2014	2013
	\$'000	\$'000
Profit before taxation	126,968	115,277
Share of results of associated companies and gain on dilution of investment in associated company (net)	(11,917)	(8,039)
Profit before taxation and share of results of associated companies and gain on dilution of investment in associated company (net)	115,051	107,238
Taxation at applicable Singapore tax rate of 17% (2013: 17%)	19,559	18,230
Adjustments:		
- Tax rate difference in subsidiaries	324	420
- Withholding taxes	1,081	646
- Tax effect of expenses not deductible for tax purposes	938	1,002
- Tax effect of income not subject to tax	(11,884)	(11,787)
- Tax rebates and exemptions	(752)	(450)
- Utilisation of previously unrecognised deferred taxes	(508)	(806)
- Deferred income tax asset not recognised	31	32
- (Over)/under provision in respect of previous years	(646)	71
Taxation expense	8,143	7,358

There is no tax charge/credit relating to the component of other comprehensive income except for fair value gains/(losses) on available-for-sale financial assets for which the deferred tax relating to it is disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

7. DIVIDENDS PAID

	The Group and the Company	
	2014	2013
	\$'000	\$'000
<i>Ordinary dividends paid:</i>		
Final exempt 2013 dividend of 14 cents per share (2013: Final 2012 dividend of 13 cents per share)	30,652	27,829
Interim exempt 2014 dividend of 6 cents per share (2013: 6 cents per share)	13,137	13,120
	43,789	40,949
Dividend per share (net of tax)	20 cents	19 cents

The Directors recommend a final tax exempt one-tier dividend of 14 cents per share, amounting to approximately \$30.7 million to be paid for the financial year ended 31 December 2014 (2013: 14 cents per share amounting to \$30.6 million). These financial statements do not reflect this dividend, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2015.

In accordance to Articles of Association (Article 134) of the Company, unclaimed dividends for more than 6 years are written back.

8. EARNINGS PER SHARE

	The Group	
	2014	2013
	\$'000	\$'000
Earnings for the financial year	118,825	107,919
	'000	'000
Weighted average number of ordinary shares for calculation of basic earnings per share	218,883	218,538
Dilution adjustment for share options	119	112
Adjusted weighted average number of shares for calculation of diluted earnings per share	219,002	218,650
Earnings per share attributable to equity holders of the Company		
- Basic	54.3 cents	49.4 cents
- Diluted	54.3 cents	49.4 cents

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

8. EARNINGS PER SHARE (CONTINUED)

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The diluted earnings per share is adjusted for the effects of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares which is share options. A calculation is carried out to determine the number of shares that could have been issued at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the denominator as an issuance of ordinary shares for no consideration. No adjustment is made to net profit (numerator).

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings \$'000	Plant and equipment \$'000	Total \$'000
The Group			
<i>Cost</i>			
At 1 January 2014	44,556	55,469	100,025
Additions	61	2,469	2,530
Disposals/write-offs	(70)	(617)	(687)
Currency translation differences	548	202	750
At 31 December 2014	45,095	57,523	102,618
<i>Accumulated depreciation and impairment losses</i>			
At 1 January 2014	23,471	40,796	64,267
Charge for 2014	1,904	3,511	5,415
Disposals/write-offs	(50)	(522)	(572)
Currency translation differences	239	82	321
At 31 December 2014	25,564	43,867	69,431
Net book value			
At 31 December 2014	19,531	13,656	33,187

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land and buildings \$'000	Plant and equipment \$'000	Total \$'000
The Group			
<i>Cost</i>			
At 1 January 2013	44,152	53,341	97,493
Additions	160	2,416	2,576
Disposals/write-offs	(45)	(553)	(598)
Currency translation differences	289	265	554
At 31 December 2013	44,556	55,469	100,025
<i>Accumulated depreciation and impairment losses</i>			
At 1 January 2013	21,651	37,895	59,546
Charge for 2013	1,980	3,398	5,378
Disposals/write-offs	(24)	(499)	(523)
Currency translation differences	(136)	2	(134)
At 31 December 2013	23,471	40,796	64,267
Net book value			
At 31 December 2013	21,085	14,673	35,758

Included in leasehold land and buildings is land use rights amounting to \$1,085,000 (2013: \$1,059,000).

10. INVESTMENT PROPERTIES

	The Group	
	2014 \$'000	2013 \$'000
Beginning of financial year	222,139	211,545
Improvements	339	978
Fair value gains on investment properties recognised in profit or loss (net)	3,075	10,664
Currency translation differences	(304)	(1,048)
End of financial year	225,249	222,139
At valuation:		
Freehold and 999-year leasehold properties	47,149	47,039
Leasehold properties	178,100	175,100

The Group's investment properties consist of both commercial and industrial properties. Investment properties are mainly leased to third parties under operating leases (Note 24(b)).

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. Discussions on the valuation processes, key inputs applied in the valuation approach and the reasons for the fair value changes are held amongst the Group's property manager, the chief financial officer and the independent valuer annually.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

10. INVESTMENT PROPERTIES (CONTINUED)

Fair value changes of investment properties amounted to gains of \$3,075,000 (2013: \$10,664,000). These fair value changes are non-cash in nature.

The following amounts are recognised in profit or loss:

	The Group	
	2014	2013
	\$'000	\$'000
Rental income (Note 3)	16,387	17,197
Direct operating expenses arising from investment properties that generated rental income	(4,882)	(4,757)

Certain investment properties valued at approximately \$178,100,000 (2013: \$175,100,000) are pledged to the banks as security for bank credit facilities (Note 19).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

Description	Fair value measurements using			Total \$'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	\$'000	\$'000	\$'000	
Recurring fair value measurement for:				
31 December 2014				
Commercial properties	–	–	148,435	148,435
Industrial properties	–	9,514	67,300	76,814
Total	–	9,514	215,735	225,249
31 December 2013				
Commercial properties	–	38,291	107,800	146,091
Industrial properties	–	8,748	67,300	76,048
Total	–	47,039	175,100	222,139

Level 2 fair values of the Group's properties have been generally derived using the investment method cross referenced with the direct sales comparison approach, where there have been recent transactions of similar properties in similar locations in an active market. The cross reference revealed no significant variation in valuation. The most significant input into the direct sales comparison approach is selling price per square metre. Level 3 fair values of the Group's properties have been derived using the income capitalisation approach which the valuers have also cross referenced with that obtained under the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size, age, tenure, condition of buildings, availability of carparking facilities, dates of transaction and prevailing market conditions. The most significant input into the income capitalisation valuation approach is capitalisation rate.

Under Level 3 fair value measurement, the fair value of the investment properties was calculated using a capitalisation rate ranging from 5.25% to 7% (2013: 5.3% to 6.25%) for commercial properties and 7% (2013: 7%) for Industrial properties. An increase in capitalisation rate will result in a decrease to the fair value of an investment property.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

10. INVESTMENT PROPERTIES (CONTINUED)

Reconciliation of fair value measurements categorised within Level 3:

	Commercial properties \$'000	Industrial properties \$'000
2014		
Beginning of financial year	107,800	67,300
Transfer to Level 3	37,635	–
Improvements	28	85
Fair value gains/(losses) recognised in profit or loss	2,972	(85)
End of financial year	148,435	67,300
2013		
Beginning of financial year	99,700	67,300
Improvements	46	–
Fair value gains recognised in profit or loss	8,054	–
End of financial year	107,800	67,300

There were no changes in valuation techniques during the year.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

The details of the Group's investment properties are as follows:

Investment properties	Description	Tenure of land	Independent valuer	Valuation date
Haw Par Glass Tower 178 Clemenceau Avenue Singapore 239926	9-storey office building on a land area of 899 square metres. The lettable area is 3,316 square metres.	99-year lease from 2 June 1970	DTZ Debenham Tie Leung (SEA) Pte Ltd	31 December 2014
Haw Par Centre 180 Clemenceau Avenue Singapore 239922	6-storey office building on a land area of 2,464 square metres. The lettable area is 10,251 square metres.	99-year lease from 1 September 1952	DTZ Debenham Tie Leung (SEA) Pte Ltd	31 December 2014
Haw Par Technocentre 401 Commonwealth Drive Singapore 149598	7-storey industrial building on a land area of 8,131 square metres. The lettable area is 15,700 square metres.	99-year lease from 1 March 1963	DTZ Debenham Tie Leung (SEA) Pte Ltd	31 December 2014
Menara Haw Par Lot 242, Jalan Sultan Ismail, 50250 Kuala Lumpur Malaysia	32-storey office building on a land area of 2,636 square metres and a parcel of commercial land of 1,294 square metres. The lettable area of the building is 16,074 square metres.	Freehold	DTZ Nawawi Tie Leung Property Consultants Sdn Bhd	31 December 2014
Westlands Centre Units 1405-1407 Westlands Centre 20 Westlands Road Quarry Bay Hong Kong	3 units of office/industrial space with a lettable area of 475 square metres.	999-year lease	DTZ Debenham Tie Leung Limited	31 December 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

11. INVESTMENT IN SUBSIDIARIES

	The Company	
	2014	2013
	\$'000	\$'000
Equity investments at cost:		
Unquoted, at written down cost	421,095	421,095
Allowance for impairment in value	(39,138)	(39,138)
Beginning and end of financial year	381,957	381,957

Details of significant subsidiaries are shown in Note 28.

12. INVESTMENT IN ASSOCIATED COMPANIES

	The Company	
	2014	2013
	\$'000	\$'000
Equity investment at cost	2,895	2,895

Set out below is the associated company of the Group as at 31 December 2014, which, in the opinion of the Directors, is material to the Group. The associated company as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

Name of company	Country of incorporation	Principal activities	% of ownership interest
Hua Han Bio-Pharmaceutical Holdings Limited ("HHBP")	Cayman Islands	Investment holding	14.4

HHBP is an investment holding company with subsidiaries which operate mainly in the People's Republic of China and its principal activity is that of manufacturing and sale of pharmaceutical products, trading of pharmaceutical products and the research and development of pharmaceutical products.

HHBP is listed on the Hong Kong Stock Exchange. The fair value at the end of the reporting period is \$229,893,000 (2013: \$118,090,000). This is based on its quoted bid price as at 31 December 2014 and the exchange rate of \$1 = HK\$5.92 (2013: \$1 = HK\$6.17).

The Group's investment in HHBP has a carrying amount denominated in Hong Kong dollars with a Singapore-dollars equivalent of \$134,208,000 (2013: \$115,845,000).

There are no contingent liabilities relating to the Group's interest in the associated company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

12. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

Set out below are the summarised financial information for HHBP.

Summarised statement of financial position

	As at 31 December	
	2014	2013
	\$'000	\$'000
Current assets	566,068	568,658
Includes:		
- Cash and cash equivalents	342,941	399,756
Current liabilities	(78,481)	(94,416)
Includes:		
- Financial liabilities (excluding trade and other payables)	(39,781)	(56,638)
Non-current assets	490,377	330,286
Non-current liabilities	(9,918)	(11,036)
Includes:		
- Financial liabilities	–	(5)
- Other liabilities	(9,918)	(11,031)
Non-controlling interests	(35,401)	(32,852)
Net assets	932,645	760,640

Summarised statement of comprehensive income

	For the year ended	
	31 December	
	2014	2013
	\$'000	\$'000
Revenue	264,495	337,181
Expenses includes:		
- Depreciation and amortisation	(8,618)	(7,724)
Profit before taxation	90,690	57,579
Taxation	(26,628)	(14,911)
Profit for the year, net of tax	64,062	42,668
Other comprehensive income for the year, net of tax	466	25,335
Total comprehensive income for the year	64,528	68,003

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

12. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

The financial year end for HHBP is 30 June. The above summarised statements of financial position and comprehensive income were presented based on the audited accounts for the year ended 30 June 2014 and unaudited six months results to 31 December 2014 as announced on the overseas stock exchange, adjusted for differences in accounting policies between the Group and the associated company.

Reconciliation of summarised financial information

	As at 31 December	
	2014	2013
	\$'000	\$'000
Net assets		
At 1 January	760,640	681,560
Profit for the year	64,062	42,668
Other comprehensive income	466	25,335
Dividends received/receivable	–	(65,439)
Other transactions with owners	70,526	54,839
Currency translation differences	36,951	21,677
At 31 December	932,645	760,640
Interest in associated company (2014: 14.39%; 2013: 15.23%)	134,208	115,845
Add:		
Carrying value of other associated company	3,482	3,252
Carrying value of Group's interest in associated companies	137,690	119,097
	For the year ended	31 December
	2014	2013
	\$'000	\$'000
Dividends received/receivable from HHBP	–	10,335

Investments in associated companies at 31 December 2014 include intangible assets of \$1,853,000 (2013: \$1,880,000).

Details of associated companies are set out in Note 28.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	1,934,728	1,815,844	357	401
Additions	95,428	–	–	–
Fair value gains/(losses) recognised in other comprehensive income	293,610	118,329	(27)	(44)
Impairment in value of available-for-sale financial assets	–	(200)	–	–
Disposals	(9,494)	–	–	–
Currency translation differences	(2,780)	755	–	–
End of financial year	2,311,492	1,934,728	330	357
Less: Non-current portion	(1,842,662)	(1,537,531)	(330)	(357)
Current portion	468,830	397,197	–	–

Available-for-sale financial assets are analysed as follows:

	The Group		The Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Quoted investments	2,311,062	1,934,251	–	–
Unquoted investments	430	477	330	357
	2,311,492	1,934,728	330	357

The quoted investments are mainly listed in Singapore (Note 26(a)).

During the financial year, approximately \$47,686,000 (2013: Nil) of additions were non-cash and shares obtained in lieu of dividends.

Certain available-for-sale financial assets valued at \$205,499,000 (2013: \$182,189,000) are pledged as security for bank credit facilities (Note 19).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

14. INTANGIBLE ASSETS

	<u>The Group</u>		<u>The Company</u>	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Goodwill on consolidation	11,116	11,116	–	–
Trademarks and deferred expenditure	–	–	–	–
	11,116	11,116	–	–

(a) Goodwill on consolidation

	<u>The Group</u>	
	2014	2013
	\$'000	\$'000
Cost		
Balance at beginning and end of financial year	11,116	11,116

Impairment test for goodwill

The goodwill is allocated to the healthcare division of the Group, which is regarded as a cash-generating unit ("CGU").

During the financial year, the Group has determined that there is no impairment of its CGU containing the goodwill. The recoverable amount (i.e. higher of value-in-use and fair value less costs to sell) of the CGU is determined on the basis of value-in-use calculations. These calculations incorporate cash flow projections by management covering a five-year period.

Key assumptions used for value-in-use calculations:

Discount rate	7.0% (2013: 6.7%)
Growth rate	0.0% (2013: 0.0%)

These assumptions have been used for the analysis of the CGU. The discount rate used is pre-tax and reflects specific risks relating to the healthcare division. Based on the sensitivity analysis performed, any reasonable change in the key assumptions would not result in any impairment adjustments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

14. INTANGIBLE ASSETS (CONTINUED)

(b) Trademarks and deferred expenditure

	Trademarks \$'000	Deferred expenditure \$'000
<u>The Group</u>		
<i>Net book value</i>		
2014 and 2013		
Beginning and end of financial year	–	–
At 31 December 2014 and 2013:		
Cost	3,200	1,400
Less: Accumulated amortisation	(3,200)	(1,400)
Net book value	–	–
		Trademarks \$'000

The Company

Net book value

2014 and 2013

Beginning and end of financial year

At 31 December 2014 and 2013:

Cost

Less: Accumulated amortisation

Net book value

2,000

(2,000)

–

The Company and its wholly-owned subsidiary, Haw Par Brothers International (HK) Ltd ("HPBIHK") own the "Tiger" (Cost: \$2.0 million) and "Kwan Loong" ("Double Lion") (Cost: HK\$5.58 million) trademarks respectively. The Company and HPBIHK (together "the Licensors"), licensed to Haw Par Healthcare Limited ("HPH"), another wholly-owned subsidiary, the exclusive right to manufacture, distribute, market and sell "Tiger" and "Kwan Loong" products worldwide until 31 December 2037 and can be renewable for a further period of 25 years on terms to be mutually agreed between the Licensors and HPH.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

15. INVENTORIES

	The Group	
	2014	2013
	\$'000	\$'000
Trading stocks	181	220
Manufacturing stocks	5,612	5,797
Finished stocks	4,927	3,694
Total	10,720	9,711

The cost of inventories recognised as expense and included in "Cost of sales" amounted to \$37,093,000 (2013: \$37,774,000).

During the financial year, the Group recognised inventories written off of \$98,000 (2013: \$54,000). The inventories written off have been included in "Cost of sales" in profit or loss.

16. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade receivables	17,175	14,259	2,393	2,045
Less: Allowance for impairment of receivables	(8)	(8)	–	–
Trade receivables (net)	17,167	14,251	2,393	2,045
Advances to subsidiaries	–	–	118,648	82,842
Other receivables	2,744	8,435	423	177
Less: Allowance for impairment of other receivables	–	(15)	–	–
Other receivables (net)	2,744	8,420	119,071	83,019
Total	19,911	22,671	121,464	85,064

Other receivables mainly comprise of other debtors and deposits of approximately \$1,982,000 (2013: dividend receivable from an associated company of approximately \$4,960,000 and other debtors and deposits of approximately \$3,040,000).

Advances to subsidiaries by the Company are non-trade, unsecured, interest-free and are repayable on demand. The carrying values of the advances approximate their fair values.

The carrying amounts of trade and other receivables approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

17. CASH AND BANK BALANCES

	<u>The Group</u>		<u>The Company</u>	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Short term bank deposits	197,306	189,737	186,493	183,011
Cash at bank and on hand	27,360	20,530	7,777	2,570
	224,666	210,267	194,270	185,581

The carrying amounts of cash and bank balances approximate their fair values.

Included in the cash and bank balances are bank deposits and cash on hand amounting to \$5,398,000 (2013: \$4,659,000) which is less freely remittable for use by the Group because of currency exchange restrictions.

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following:

	<u>The Group</u>	
	2014	2013
	\$'000	\$'000
Cash and bank balances (as above)	224,666	210,267
Less: Bank deposits pledged for banking facilities	(1,605)	(1,661)
Cash and cash equivalents per consolidated statement of cash flows	223,061	208,606

18. TRADE AND OTHER PAYABLES

	<u>The Group</u>		<u>The Company</u>	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade payables	2,921	3,098	–	–
Other payables and accruals	36,145	33,898	2,420	2,503
Advances from subsidiaries	–	–	69,866	113,061
	39,066	36,996	72,286	115,564

Other payables and accruals mainly comprise of accrued advertisement and promotion expenses, and accrued employee compensation.

The carrying values of trade and other payables approximate their fair values.

Advances from subsidiaries are non-trade, unsecured, interest free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

19. BORROWINGS

	The Group and the Company	
	2014	2013
	\$'000	\$'000
<i>Current</i>		
Bank borrowings	56,332	23,784

The bank borrowings of the Group and the Company are exposed to interest rate changes and contractual repricing in less than 6 months from the balance sheet date for both financial years.

Bank borrowings and credit facilities of the Group are secured over certain available-for-sale financial assets (Note 13) and certain investment properties (Note 10).

The carrying value of bank borrowings approximates its fair value.

20. DEFERRED INCOME TAXATION

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	The Group		The Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Deferred income tax assets				
- to be recovered within 12 months	(263)	(489)	—	—
	(263)	(489)	—	—
Deferred income tax liabilities				
- to be settled within 12 months	387	346	—	—
- to be settled after more than 12 months	63,457	53,228	—	—
	63,844	53,574	—	—
	63,581	53,085	—	—

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

20. DEFERRED INCOME TAXATION (CONTINUED)

The movements in the deferred income tax account are as follows:

	<u>The Group</u>		<u>The Company</u>	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	53,085	48,687	–	–
Tax charged to fair value reserve:				
- changes in fair value	10,402	4,417	–	–
Tax charged/(credited) to profit or loss:				
- others	93	(53)	–	–
	93	(53)	–	–
Currency translation differences	1	34	–	–
End of financial year	63,581	53,085	–	–

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised deferred income tax assets arising from tax losses of \$22.5 million (2013: \$22.7 million) at the end of the reporting period. These tax losses can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies in their respective countries of incorporation. These tax losses have no expiry date except for an amount of \$135,000 which will expire between 2016 and 2019.

Deferred income tax liabilities of \$118,000 (2013: \$170,000) have not been recognised for the withholding and other taxes that will be payable on the earnings of overseas subsidiaries when remitted to the holding company. These undistributed profits amount to \$824,000 (2013: \$1,230,000) at the balance sheet date.

The Group's and Company's deferred tax liabilities have been computed based on the corporate tax rate and tax laws prevailing at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

20. DEFERRED INCOME TAXATION (CONTINUED)

The Group

The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

Deferred income tax liabilities

	Fair value changes on current available-for- sale financial assets \$'000	Accelerated tax depreciation \$'000	Total \$'000
2014			
Beginning of financial year	52,124	1,450	53,574
Charged to equity:			
- changes in fair value	10,402	–	10,402
Credited to profit or loss:			
- others	–	(134)	(134)
Currency translation differences	–	2	2
End of financial year	62,526	1,318	63,844
2013			
Beginning of financial year	47,707	1,582	49,289
Charged to equity:			
- changes in fair value	4,417	–	4,417
Credited to profit or loss:			
- others	–	(133)	(133)
Currency translation differences	–	1	1
End of financial year	52,124	1,450	53,574

Deferred income tax assets

	Provisions \$'000	Tax losses \$'000	Total \$'000
2014			
Beginning of financial year	(368)	(121)	(489)
Charged to profit or loss	167	60	227
Currency translation differences	–	(1)	(1)
End of financial year	(201)	(62)	(263)
2013			
Beginning of financial year	(402)	(200)	(602)
Charged to profit or loss	24	56	80
Currency translation differences	10	23	33
End of financial year	(368)	(121)	(489)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

21. SHARE CAPITAL

<u>The Group and the Company</u>	Number of shares '000	Amount \$'000
2014		
Beginning of financial year	218,664	246,848
Issue of 298,000 ordinary shares by virtue of exercise of share options (Note 25(c))	298	1,874
End of financial year	218,962	248,722
2013		
Beginning of financial year	198,184	243,114
Issue of 609,000 ordinary shares by virtue of exercise of share options (Note 25(c))	609	3,734
Issue of 19,871,519 bonus shares by virtue of one bonus share for every ten existing ordinary shares	19,871	–
End of financial year	218,664	246,848

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

Please refer to Note 25(b) for details of share options.

22. RELATED PARTY TRANSACTIONS

In addition to other related party information disclosed elsewhere in the financial statements, the following transactions have been carried out between the Group and its related parties at terms agreed between the parties during the financial year:

(a) Share options granted to key management

The aggregate number of share options granted and accepted by the key management of the Group during the financial year is 246,000 (2013: 224,000). The share options have been granted on the same terms and conditions as those offered to the other employees of the Company (Note 25(b)). The aggregate number of share options granted to the key management of the Group outstanding as at the end of the financial year is 502,000 (2013: 420,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

22. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management's remuneration

The key management's remuneration includes fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or Company do not incur any costs, the value of the benefit. The key management's remuneration is as follows:

	<u>The Group</u>	
	2014	2013
	\$'000	\$'000
Directors' fees, salaries and other short-term employee benefits	4,288	3,752
Employer's contribution to Central Provident Fund and other defined contribution plans	96	90
Share options granted	162	128
	<u>4,546</u>	<u>3,970</u>

Total compensation to Directors of the Company included in the above amounted to \$2,304,000 (2013: \$2,130,000).

(c) Purchase of shares in an associated company

In the current financial year, an Executive Director and a key management personnel, who are nominee directors in an associated company, were granted share options by the associated company. Upon exercising the share options, the shares were sold by the nominee directors to the Group at cost of approximately \$1,574,000.

23. CONTINGENT LIABILITIES

Contingent liabilities relating to guarantees are:

	<u>The Company</u>	
	2014	2013
	\$'000	\$'000
In respect of guarantees given to banks in connection with facilities granted to subsidiaries	<u>68</u>	<u>68</u>

24. COMMITMENTS

(a) Capital commitments

	<u>The Group</u>		<u>The Company</u>	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Capital commitments authorised and contracted but not provided for in the consolidated financial statements	<u>340</u>	<u>746</u>	<u>—</u>	<u>—</u>

The capital commitments above relate to construction of/purchases of property, plant and equipment and improvements to investment properties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

24. COMMITMENTS (CONTINUED)

(b) Operating lease commitments

As a lessee

The Group leases certain offices, warehouses, and other premises under non-cancellable lease arrangements. Certain premises are further sub-leased to third parties under non-cancellable sub-lease agreements.

	<u>The Group</u>	
	2014	2013
	\$'000	\$'000
Lease rental expense	958	1,113
Sub-lease rental income recognised in consolidated income statement	(1,219)	(1,043)

Future minimum rentals payable under non-cancellable operating leases contracted for as of 31 December but not recognised as liabilities are as follows:

	<u>The Group</u>	
	2014	2013
	\$'000	\$'000
Within one year	568	560
Between one year and five years	1,521	1,842
After five years	1,476	1,712
	<u>3,565</u>	<u>4,114</u>

As a lessor

The Group owns certain investment properties, which are tenanted under non-cancellable lease arrangements.

Future minimum rentals receivable under non-cancellable operating leases contracted for as of 31 December but not recognised as receivables are as follows:

	<u>The Group</u>	
	2014	2013
	\$'000	\$'000
Within one year	13,716	14,399
Between one year and five years	10,086	14,108
	<u>23,802</u>	<u>28,507</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

25. EMPLOYEE BENEFITS

	The Group	
	2014	2013
	\$'000	\$'000
(a) Staff costs (including Executive Directors):		
- salaries, bonuses and other costs	21,469	19,743
- employer's contribution to Central Provident Fund and other defined contribution plans	1,636	1,564
- expensing of share options	305	241
	23,410	21,548

Key management's remuneration is disclosed in Note (22(b)).

- (b) The Company operates the Haw Par Corporation Group 2002 Share Option Scheme ("2002 Scheme"). The 2002 Scheme was approved by members of the Company on 22 May 2002 and further extended to 2017 on 20 April 2011.

The 2002 Scheme grants non-transferable options to selected employees and includes the participation by the non-executive directors. The maximum life-span of exercising the options is 10 years (exercise period). The options are exercisable beginning on the first anniversary from the date when the options are granted or the second anniversary if the options are granted at a discount to the market price under the 2002 Scheme. The options may be exercised in full or in part in respect of 1,000 shares or any multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The exercise price is equivalent to the average of the last dealt price for the share for five market days immediately before the offer date ("market price") at the time of grant and can be set at discounts of up to 20% to the market price under the 2002 Scheme.

During the financial year, options for 526,000 (2013: 438,000) shares were granted to qualifying employees on 3 March 2014 ("2014 Options") (2013: 4 March 2013 ("2013 Options")). The fair value of the options granted using the Trinomial valuation model is approximately \$323,000 (2013: \$264,000). The significant inputs into the model are exercise price of \$8.55 (2013: \$7.27) at the grant date, standard deviation of expected share price returns of 13% (2013: 14%), 5-year option life and annual risk-free interest rate of 0.3% (2013: 0.2%) per annum. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over a historical period that matches the period to expiry of the options. The 2014 Options are exercisable from 3 March 2015 and expire on 1 March 2019 (2013 Options exercisable from 4 March 2014 and expire on 3 March 2018).

- (c) Information with respect to share options granted under the 2002 Scheme is as follows:

	Number of shares	
	2014	2013
Under 2002 Scheme:		
Outstanding at beginning of the financial year	789,000	986,000
Granted	526,000	438,000
Cancelled/ Expired/ Not accepted	(14,000)	(26,000)
Exercised	(298,000)	(609,000)
Outstanding at end of the financial year	1,003,000	789,000
Exercisable at end of the financial year	491,000	365,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

25. EMPLOYEE BENEFITS (CONTINUED)

- (c) Information with respect to share options granted under the 2002 Scheme is as follows: (continued)

Details of share options granted during the financial year:

	2014	2013
Expiry date	1.3.2019	3.3.2018
Exercise price	\$8.55	\$7.27
Aggregate proceeds if shares are issued (\$'000)	<u>\$4,497</u>	<u>\$3,184</u>

Movement in the number of unissued ordinary shares under option and their exercise prices are as follows:

Date of grant	Number of shares covered by the options				Exercise price	Exercise period
	Balance at beginning of financial year or date of grant (if later)	Cancelled/ Expired/ Not accepted	Exercised	Balance at end of financial year		
2014						
2.3.2009	30,000	–	(30,000)	–	\$3.71	2.3.2010 – 1.3.2014
1.3.2010	44,000	–	(8,000)	36,000	\$5.86	1.3.2011 – 28.2.2015
1.3.2011	150,000	–	(65,000)	85,000	\$6.09	1.3.2012 – 29.2.2016
1.3.2012	141,000	–	(74,000)	67,000	\$5.95	1.3.2013 – 28.2.2017
4.3.2013	424,000	–	(121,000)	303,000	\$7.27	4.3.2014 – 3.3.2018
3.3.2014	526,000	(14,000)	–	512,000	\$8.55	3.3.2015 – 1.3.2019
	1,315,000	(14,000)	(298,000)	1,003,000		
2013						
3.3.2008	198,000	(12,000)	(186,000)	–	\$6.47	3.3.2009 – 2.3.2013
2.3.2009	30,000	–	–	30,000	\$3.71	2.3.2010 – 1.3.2014
1.3.2010	104,000	–	(60,000)	44,000	\$5.86	1.3.2011 – 28.2.2015
1.3.2011	289,000	–	(139,000)	150,000	\$6.09	1.3.2012 – 29.2.2016
1.3.2012	365,000	–	(224,000)	141,000	\$5.95	1.3.2013 – 28.2.2017
4.3.2013	438,000	(14,000)	–	424,000	\$7.27	4.3.2014 – 3.3.2018
	1,424,000	(26,000)	(609,000)	789,000		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

26. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), liquidity risk and credit risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Investment Committee then establishes the detailed policies, such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

Regular reports that contain the Group's exposure to each type of financial risks are submitted to Investment Committee.

(a) Market risk

The Group is exposed to market risk, including primarily changes in currency exchange rates and market prices of securities.

(1) Foreign currency risk

The Group operates in Asia and through distributors in other parts of the world, with its principal operations in Singapore. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises when transactions are denominated in foreign currencies such as United States Dollar ("USD"), Hong Kong Dollar ("HKD"), Euro and Japanese Yen ("JPY") (2013: USD, HKD and Euro).

In addition, the Group is also exposed to currency translation risks arising from its foreign currency denominated net financial assets, which are not significant.

The Group manages its foreign currency exposures by a policy of matching, as far as possible, receipts and payments in each individual currency. The surplus of convertible currencies are either further matched with future foreign currency requirements or exchanged for Singapore Dollar.

The Group also has available forward contract facilities to hedge future foreign exchange exposure.

The foreign currency exposure of the Group's net investment in overseas subsidiaries is managed under the guidance of the Investment Committee.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(1) *Foreign currency risk* (continued)

The Group's currency exposure of financial assets/liabilities net of those denominated in the respective entities' functional currency based on the information provided to key management is as follows:

	USD \$'000	HKD \$'000	Euro \$'000	JPY \$'000	Others \$'000	Total \$'000
Group						
<u>At 31 December 2014</u>						
Cash and cash equivalents and available-for-sale financial assets	24,049	113	1,008	48,246	16,547	89,963
Trade and other receivables	9,077	–	1,420	–	533	11,030
Trade and other payables	(3,292)	(2,984)	(2,846)	(272)	(800)	(10,194)
Borrowings	(14,662)	–	–	(41,670)	–	(56,332)
Add: Firm Commitments	8,601	–	2,207	(394)	(10)	10,404
Currency exposure on financial assets and liabilities	23,773	(2,871)	1,789	5,910	16,270	44,871

	USD \$'000	HKD \$'000	Euro \$'000	Others \$'000	Total \$'000
<u>At 31 December 2013</u>					
Cash and cash equivalents and available-for-sale financial assets	29,283	6,026	245	1,377	36,931
Trade and other receivables	5,956	4,964	1,230	170	12,320
Trade and other payables	(2,415)	(3,017)	(2,859)	(678)	(8,969)
Borrowings	(23,784)	–	–	–	(23,784)
Add: Firm Commitments	2,612	–	1,738	(109)	4,241
Currency exposure on financial assets and liabilities	11,652	7,973	354	760	20,739

The Company does not have material foreign currency exposure as at 31 December 2014 and 2013 except for certain amounts due to a subsidiary of \$8,085,000 (2013: \$8,098,000) and fixed deposits of \$nil (2013: \$5,994,000) denominated in Hong Kong Dollar, and borrowings of \$56,332,000 (2013: \$23,784,000) denominated in United States Dollar and Japanese Yen (2013: United States Dollar only).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) **Market risk** (continued)

(1) *Foreign currency risk* (continued)

A 10% (2013: 10%) weakening of Singapore Dollar against the following currencies at reporting date would increase/(decrease) profit or loss by the amounts shown below, with all other variables including tax rate being held constant:

	USD \$'000	HKD \$'000	Euro \$'000	JPY \$'000	Others \$'000	Total \$'000
Group						
<u>At 31 December 2014</u>						
Profit or loss, after tax	552	(233)	(34)	(22)	1,463	1,726
Other comprehensive income	845	–	–	658	–	1,503
	USD \$'000	HKD \$'000	Euro \$'000	Others \$'000	Total \$'000	
<u>At 31 December 2013</u>						
Profit or loss, after tax		369	850	(114)	93	1,198
Other comprehensive income		456	–	–	–	456

A 10% (2013: 10%) strengthening of Singapore Dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(2) *Market price risk*

The Group has substantial investments carried at fair value of \$2,311.5 million (2013: \$1,934.7 million) held in various forms of securities as of 31 December 2014 and have been accounted for in accordance with the accounting policy stated in Note 2(i). These securities are mainly listed in Singapore.

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are categorised as Level 1 under the fair value hierarchy as set out in the relevant accounting standard.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(2) *Market price risk* (continued)

The market price risk associated with these investments is the potential loss in fair value resulting from the decrease in market prices of securities. If prices for equity and debt securities listed in Singapore and elsewhere change by 10% (2013: 10%) with all other variables including tax rate being held constant, the equity and other comprehensive income will be affected by:

<u>Group</u>	2014	2013
	\$'000	\$'000
<u>Listed in Singapore</u>		
- increased by	216,104	183,938
- decreased by	(216,104)	(183,938)
<u>Listed overseas</u>		
- increased by	7,136	2,835
- decreased by	(7,136)	(2,835)

The above excludes investments in associated companies that could be traded in an active market but are accounted for in accordance with the accounting policies stated in Note 2(c).

The Group's investments are managed under the guidance of the Investment Committee.

(3) *Interest rate risk*

The Group has insignificant financial assets or liabilities that are exposed to interest rate risks except for bank borrowings. The Company periodically reviews its liabilities and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable levels.

The Group does not expect to incur material losses or gains due to changes in interest rate of the bank borrowings.

(b) Liquidity risk

As at 31 December 2014, the Group has available cash and short term bank deposits totalling \$223.1 million (2013: \$208.6 million). The cash and deposits, together with the available unutilised credit facilities are expected to be sufficient to meet the funding requirements of the Group's operations.

The Group does not have any material financial liabilities maturing more than 12 months from 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The maximum exposure of the Group and the Company to credit risk in the event that the counterparties fail to perform their obligations as of 31 December 2013 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statements of financial position with the exception that the Company has the following additional exposure to credit risk:

	<u>The Company</u>	
	2014	2013
	\$'000	\$'000
Corporate guarantees provided to banks on subsidiaries' obligations	<u>68</u>	68

The Group's and Company's major classes of financial assets that are subject to credit risk are short-term bank deposits and trade receivables.

It is the Group's policy to transact with creditworthy counterparties. In addition, the granting of material credit limits to counterparties is reviewed and approved by senior management. The Group does not expect to incur material credit losses on its financial assets or other financial instruments.

(i) *Financial assets that are neither past due nor impaired*

Short-term bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	<u>The Group</u>	
	2014	2013
	\$'000	\$'000
Past due within 1 month	1,688	320
Past due 1 to 3 months	6	8
	<u>1,694</u>	<u>328</u>

There is \$8,000 (2013: \$23,000) trade and other receivables that are individually determined to be impaired and the movement of the related allowance for impairment are as follows:

	2014	2013
	\$'000	\$'000
Beginning of financial year	23	345
Allowance made during the year	1	39
Allowance utilised	(16)	(361)
End of financial year	<u>8</u>	<u>23</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

In managing capital, the Group's objectives are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to members, buy back issued shares or obtain new borrowings.

Management monitors capital based on ability of the Group to generate sustainable profits and availability of retained profits for dividend payments to members. The Group's overall strategy remains unchanged from 2013.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2013 and 2014.

(e) Financial instruments by category

The financial instruments of the Group and of the Company include the following:

		<u>The Group</u>		<u>The Company</u>	
	Note	2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Financial Assets					
Available-for-sale financial assets	13	2,311,492	1,934,728	330	357
Trade and other receivables	16	19,911	22,671	121,464	85,064
Cash and bank balances	17	224,666	210,267	194,270	185,581
		2,556,069	2,167,666	316,064	271,002
Financial Liabilities					
Trade and other payables	18	39,066	36,996	72,286	115,564
Borrowings	19	56,332	23,784	56,332	23,784
		95,398	60,780	128,618	139,348

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

27. SEGMENTAL REPORTING

At 31 December 2014, the Group is organised into the following main business segments:

- Manufacturing, marketing and trading of healthcare products;
- Provision of leisure-related goods and services;
- Property rental; and
- Investments in securities.

Healthcare division principally manufactures and distributes topical analgesic products under the “Tiger Balm” and “Kwan Loong” brand.

Leisure division provides family and tourist oriented leisure alternatives mainly in the form of oceanariums.

Property division owns and leases out several investment properties in the Asia region.

Investment division engages in investing activities, mainly in quoted and unquoted securities in Asia region.

Inter-segment transactions are determined on an arm’s length basis. Unallocated costs represent corporate expenses. Segment assets consist primarily of available-for-sale financial assets, investment properties, property, plant and equipment, intangible assets, inventories, receivables, and cash and bank balances. Segment liabilities comprise operating liabilities and exclude tax liabilities. Capital expenditure on non-current assets comprises additions to investment properties, property, plant and equipment, intangible assets and investment in associated companies.

The Group evaluates performance on the basis of profit or loss from operations before tax expenses and management fees charged internally and exclude non-recurring gains and losses.

The Group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, ie. at current market prices.

The Group’s reportable segments are strategic and distinct business units reporting to key group management. They are managed separately because each business targets different customers and carry different business risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

27. SEGMENTAL REPORTING (CONTINUED)

(a) Reportable segments

	Healthcare products \$'000	Leisure products and services \$'000	Property rental \$'000	Investments \$'000	Eliminations \$'000	Consolidated \$'000
2014						
Sales to external customers	122,231	15,604	16,387	–	–	154,222
Inter-segment sales	9	–	702	–	(711)	–
Interest income	–	–	–	1,434	–	1,434
Other income	444	389	886	66,267	–	67,986
Inter-segment other income	–	–	–	39,437	(39,437)	–
Total revenue and other income	122,684	15,993	17,975	107,138	(40,148)	223,642
Depreciation	2,170	3,183	4	58	–	5,415
Segment profit	33,885	2,513	12,377	106,710	(39,437)	116,048
Finance expense						(423)
Unallocated expenses						(3,649)
Profit from operations						111,976
Share of results of associated companies and gain on dilution of investment in associated company (net)	–	–	–	11,917	–	11,917
Fair value gain on investment properties	–	–	3,075	–	–	3,075
Taxation						(8,143)
Earnings for the financial year						118,825
Segment assets	69,150	21,122	227,417	2,964,844	(308,502)	2,974,031
Deferred income tax assets						263
Total assets per statement of financial position						2,974,294
Expenditures for segment non- current assets						
- Additions to property, plant and equipment	2,114	293	6	117	–	2,530
- Investment properties improvements	–	–	339	–	–	339
	2,114	293	345	117	–	2,869
Segment liabilities	27,604	3,143	5,564	61,762	(2,675)	95,398
Current income tax liabilities						7,587
Deferred income tax liabilities						63,844
Total liabilities per statement of financial position						166,829

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

27. SEGMENTAL REPORTING (CONTINUED)

(a) Reportable segments (continued)

	Healthcare products \$'000	Leisure products and services \$'000	Property rental \$'000	Investments \$'000	Eliminations \$'000	Consolidated \$'000
2013						
Sales to external customers	103,488	20,491	17,197	–	–	141,176
Inter-segment sales	11	–	640	–	(651)	–
Interest income	–	–	–	868	–	868
Other income	398	367	885	56,924	–	58,574
Inter-segment other income	–	–	–	30,370	(30,370)	–
Total revenue and other income	103,897	20,858	18,722	88,162	(31,021)	200,618
Depreciation	1,987	3,369	4	18	–	5,378
Segment profit	25,871	3,776	13,395	87,639	(30,370)	100,311
Finance expense						(267)
Unallocated expenses						(3,470)
Profit from operations						96,574
Share of results of associated companies and gain on dilution of investment in associated company (net)	–	–	–	8,039	–	8,039
Fair value gain on investment properties	–	–	10,664	–	–	10,664
Taxation						(7,358)
Earnings for the financial year						107,919
Segment assets	62,303	22,944	223,620	2,580,372	(323,752)	2,565,487
Deferred income tax assets						489
Total assets per statement of financial position						2,565,976
Expenditures for segment non-current assets						
- Additions to property, plant and equipment	1,930	570	5	71	–	2,576
- Investment properties improvements	–	–	978	–	–	978
	1,930	570	983	71	–	3,554
Segment liabilities	25,522	3,451	5,284	28,887	(2,364)	60,780
Current income tax liabilities						6,901
Deferred income tax liabilities						53,574
Total liabilities per statement of financial position						121,255

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

27. SEGMENTAL REPORTING (CONTINUED)

(b) Geographical Information

	Revenues ⁽ⁱ⁾ \$'000	Non-current assets ⁽ⁱⁱ⁾ \$'000
2014		
Singapore	38,510	206,243
Other Asian countries	71,750	200,999
Other countries	43,962	–
Total	154,222	407,242
2013		
Singapore	42,444	204,736
Other Asian countries	61,199	183,374
Other countries	37,533	–
Total	141,176	388,110

⁽ⁱ⁾ Revenues are attributable to countries in which the customer is located.

⁽ⁱⁱ⁾ Non-current assets, which include property, plant and equipment, investment properties, investment in associated companies and intangible assets, are shown by the geographical area where the assets are located.

There was no individual country from “Other Asian countries” and “Other countries” which individually contributed more than 20% of the Group’s revenue or non-current assets, except for Other Asian countries non-current assets which includes investment in associated company located in Hong Kong of a carrying amount of \$134,208,000 as disclosed in Note 12.

Revenue or non-current asset contribution from one single country is disclosed separately if it exceeded 20% of the Group’s revenue or non-current assets, respectively.

(c) Major customers

Revenues of approximately \$66,005,000 (2013: \$53,191,000) were contributed from three groups of external customers (2013: three groups). These revenues are attributable to the sale of Healthcare products in Singapore and other Asian countries.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

28. SIGNIFICANT COMPANIES IN THE GROUP

Name of Company	Country of incorporation	Principal activities	Effective equity interest held by Group	
			2014 %	2013 %
<u>Subsidiaries</u>				
Healthcare products				
Haw Par Healthcare Limited	Singapore	Manufacturing, marketing and distributing healthcare products under licence	100.0	100.0
* Tiger Balm (Malaysia) Sdn. Bhd. +	Malaysia	Manufacturing, marketing and distributing pharmaceutical products	100.0	100.0
* Xiamen Tiger Medicals Co., Ltd. ++	The People's Republic of China	Manufacturing, marketing and distributing pharmaceutical products	100.0	100.0
Leisure products and services				
Haw Par Leisure Pte Ltd	Singapore	Investment holding	100.0	100.0
* Underwater World Singapore Pte Ltd	Singapore	Owning and operating oceanariums	100.0	100.0
* Underwater World Pattaya Ltd +	Thailand	Owning and operating oceanariums	100.0	100.0
Property				
Haw Par Properties (Singapore) Private Limited	Singapore	Property development and owning and letting properties	100.0	100.0
Haw Par Centre Private Ltd	Singapore	Property development and owning and letting properties	100.0	100.0
Setron Limited	Singapore	Property development and owning and letting properties	100.0	100.0
* Sovereign Sports Limited ++	Hong Kong	Owning and leasing of properties	100.0	100.0
Haw Par Land (Malaysia) Sdn. Bhd. +	Malaysia	Investment in properties and letting out of office space	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

28. SIGNIFICANT COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Country of incorporation	Principal activities	Effective equity interest held by Group	
			2014 %	2013 %
Investments				
Haw Par Capital Pte Ltd	Singapore	Investment holding	100.0	100.0
Haw Par Equities Pte Ltd	Singapore	Investment holding	100.0	100.0
Haw Par Investment Holdings Private Limited	Singapore	Investment holding	100.0	100.0
Haw Par Pharmaceutical Holdings Pte. Ltd.	Singapore	Investment holding	100.0	100.0
Haw Par Securities (Private) Limited	Singapore	Investment holding	100.0	100.0
Haw Par Trading Pte Ltd	Singapore	Investment holding	100.0	100.0
M & G Maritime Services Pte. Ltd.	Singapore	Investment holding	100.0	100.0
Pickwick Securities Private Limited	Singapore	Investment holding	100.0	100.0
Straits Maritime Leasing Private Limited	Singapore	Investment holding	100.0	100.0
* Haw Par Brothers International (H.K.) Limited ++	Hong Kong	Investment holding and licensing of “Kwan Loong” trademark	100.0	100.0
Haw Par Management Services Pte. Ltd.	Singapore	Provision of management support services	100.0	100.0
Associated companies				
UIC Technologies Pte Ltd	Singapore	Investment holding	40.0	40.0
* Hua Han Bio-Pharmaceutical Holdings Limited #	Cayman Islands	Investment holding	14.4	15.2

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

28. SIGNIFICANT COMPANIES IN THE GROUP (CONTINUED)

Notes

- (i) Companies indicated with a (*) are indirectly held by Haw Par Corporation Limited.
- (ii) Companies indicated with a (+) are audited by PricewaterhouseCoopers member firms outside Singapore.
- (iii) Companies indicated with a (++) are audited by other firms. These foreign-incorporated companies are not considered as significant foreign-incorporated subsidiaries under the Singapore Exchange Securities Trading Limited - Listing Rules. Accordingly, Rule 716 of the Listing Manual has been complied with.
- (iv) The company indicated with a (#) is listed on an overseas stock exchange and audited by other firm of auditors. The Group has determined that it has significant influence even though its shareholding is below 20 per cent because of its representations on the board of the company, to participate and influence any major decisions relating to the relevant activities of the company.
- (v) All the above subsidiaries and associated companies operate in their respective countries of incorporation except Hua Han Bio-Pharmaceutical Holdings Limited which operates mainly in the People's Republic of China.

29. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS AND AMENDMENTS

Below are the mandatory standards and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 or later periods and which the Group has not early adopted:

- FRS 102 *Share-based Payment* (effective for annual periods beginning on or after 1 July 2014)

The amendment clarifies the definition of vesting condition and separately defines 'performance condition' and 'service condition'. The Group will apply this amendment from 1 January 2015, but this is not expected to have any significant impact on the financial statements of the Group.

- FRS 103 *Business Combinations* (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in FRS 32 *Financial instruments: Presentation*. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

The standard is also amended to clarify that FRS 103 does not apply to the accounting for the formation of any joint arrangement under FRS 111. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

The Group will apply this amendment for business combinations taking place on/after 1 January 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2014

29. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS AND AMENDMENTS (CONTINUED)

- FRS 40 *Investment Property* (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to clarify that FRS 40 and FRS 103 are not mutually exclusive. The guidance in FRS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in FRS 103 to determine whether the acquisition of an investment property is a business combination.

The Group will apply this amendment for acquisition of investment property taking place on/after 1 January 2015.

- FRS 108 *Operating Segments* (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

30. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements are authorised for issue in accordance with a resolution of the Board of Directors of Haw Par Corporation Limited on 27 February 2015.

GROUP OFFICES

CORPORATE OFFICE

HAW PAR CORPORATION LIMITED

401 Commonwealth Drive
#03-03 Haw Par Technocentre
Singapore 149598
Tel : 6337 9102
Fax : 6336 9232
Website : www.hawpar.com

HEALTHCARE

HAW PAR HEALTHCARE LIMITED

401 Commonwealth Drive
#03-03 Haw Par Technocentre
Singapore 149598
Tel : 6337 9102
Fax : 6262 3436
Website : www.tigerbalm.com

TIGER BALM (MALAYSIA) SDN. BHD.

PLO 95 No.6
Jalan Firma 1/1
Tebrau Industrial Estate
81100 Johor Bahru
Malaysia

XIAMEN TIGER MEDICALS CO., LTD

289 Yang Guang West Road
Hai Cang District
Xiamen City, Zipcode 361027
The People's Republic of China

LEISURE

HAW PAR LEISURE PTE LTD

401 Commonwealth Drive
#03-03 Haw Par Technocentre
Singapore 149598

UNDERWATER WORLD SINGAPORE PTE LTD

80 Siloso Road, Sentosa
Singapore 098969
Tel : 6275 0030
Fax : 6275 0036
Email : uwspl@underwaterworld.com.sg
Website: www.underwaterworld.com.sg

UNDERWATER WORLD PATTAYA LTD

22/22 Moo 11,
Sukhumvit Road,
Nongprue, Banglamung,
Chonburi 20260
Thailand
Tel : 66 3875 6879
Fax : 66 3875 6977
Website:
www.underwaterworldpattaya.com

PROPERTY & INVESTMENTS

HAW PAR PROPERTIES (SINGAPORE) PRIVATE LIMITED

401 Commonwealth Drive
#03-03 Haw Par Technocentre
Singapore 149598
Tel : 6337 9102
Fax : 6336 9232

HAW PAR LAND (MALAYSIA) SDN. BHD.

9th Floor, Menara Haw Par
Jalan Sultan Ismail
50250, Kuala Lumpur
Malaysia
Tel : 03 2070 1855
Fax : 03 2070 6078

HAW PAR SECURITIES (PRIVATE) LIMITED

401 Commonwealth Drive
#03-03 Haw Par Technocentre
Singapore 149598

MAJOR PRODUCTS & SERVICES

As at 31 December 2014

HEALTHCARE PRODUCTS

TIGER BRAND PRODUCTS

Tiger Balm Ointment,
Tiger Balm Soft,
Tiger Balm Plaster,
Tiger Indomethacin Plaster,
Tiger Balm Muscle Rub,
Tiger Balm Liniment,
Tiger Balm Oil,
Tiger Balm Mosquito Repellent Spray,
Tiger Balm Mosquito Repellent Patch,
Tiger Balm Mosquito Repellent Lotion,
Tiger Balm Arthritis Rub,
Tiger Balm Joint Rub,
Tiger Balm Neck & Shoulder Rub,
Tiger Balm Neck & Shoulder Rub Boost,
Tiger Balm Back Pain Patch,
Tiger Balm Ultra Thin Patch,
Tiger Balm® ACTIVE Muscle Gel,
Tiger Balm® ACTIVE Muscle Rub,
Tiger Balm® ACTIVE Muscle Spray

KWAN LOONG BRAND PRODUCTS

Kwan Loong Medicated Oil,
Kwan Loong Refresher

LEISURE FACILITIES

OCEANARIUMS

UNDERWATER WORLD SINGAPORE*

80 Siloso Road, Sentosa
Singapore 098969

- Aquarium building
- Leasehold
- Remaining Lease: 3 years

UNDERWATER WORLD PATTAYA*

22/22 Moo 11,
Sukhumvit Road,
Nongprue, Banglamung,
Chonburi 20260 Thailand

- Aquarium building
- Leasehold
- Remaining Lease: 7 years
with an option to renew: 10 years

PROPERTIES

HAW PAR CENTRE

180 Clemenceau Avenue
Singapore 239922

- Six-storey commercial building
- Leasehold
- Remaining Lease: 37 years

HAW PAR GLASS TOWER

178 Clemenceau Avenue
Singapore 239926

- Eight-storey commercial building
- Leasehold
- Remaining Lease: 55 years

HAW PAR TECHNOCENTRE

401 Commonwealth Drive
Singapore 149598

- Seven-storey industrial building
- Leasehold
- Remaining Lease: 48 years

MENARA HAW PAR

Lot 242, Jalan Sultan Ismail
50250 Kuala Lumpur,
Malaysia

- Thirty-two storey commercial building
- Freehold

WESTLANDS CENTRE

Unit 1405-1407
Westlands Centre
20 Westlands Road
Quarry Bay, Hong Kong

- Office & industrial units
- 999-year lease

HAW PAR TIGER BALM BUILDING*

2 Chia Ping Road
Singapore 619968

- Nine-storey industrial building
- Leasehold
- Remaining Lease: 15 years

XIAMEN TIGER MEDICALS CO. LTD*

No. 289 Yang Guang West Road
Hai Cang District
Xiamen City 361027
The People's Republic of China

- Three-storey industrial building
- Leasehold
- Remaining Lease: 44 years

* Properties used by operations are included in Property, Plant and Equipment

STATISTICS OF SHAREHOLDINGS

As at 9 March 2015

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	10,153	50.77	316,314	0.15
100 - 1,000	4,985	24.92	1,716,769	0.78
1,001 - 10,000	4,138	20.69	12,326,295	5.63
10,001 - 1,000,000	711	3.55	28,476,398	13.00
1,000,001 AND ABOVE	13	0.07	176,170,397	80.44
TOTAL	20,000	100.00	219,006,173	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	WEE INVESTMENTS PTE LTD	58,991,496	26.94
2	CITIBANK NOMINEES SINGAPORE PTE LTD	46,446,865	21.21
3	DBS NOMINEES (PRIVATE) LIMITED	18,299,157	8.36
4	TYE HUA NOMINEES (PTE) LTD	17,435,534	7.96
5	UOB KAY HIAN PRIVATE LIMITED	15,235,109	6.96
6	UNITED OVERSEAS INSURANCE LIMITED - SHF	4,274,600	1.95
7	WAH HIN & CO PTE LTD	3,652,655	1.67
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,848,360	1.30
9	HSBC (SINGAPORE) NOMINEES PTE LTD	2,798,025	1.28
10	DBSN SERVICES PTE. LTD.	1,835,350	0.84
11	C Y WEE & CO PTE LTD	1,643,148	0.75
12	SG INVESTMENTS PTE LTD	1,617,000	0.74
13	WEE CHO YAW	1,092,373	0.50
14	RAFFLES NOMINEES (PTE) LIMITED	814,399	0.37
15	SINGAPORE REINSURANCE CORPORATION LTD - SHAREHOLDERS	776,800	0.35
16	LEE BOON LEONG	670,215	0.31
17	HO HAN LEONG CALVIN	550,440	0.25
18	TAN PROPRIETARY (PTE) LTD	473,000	0.22
19	DB NOMINEES (SINGAPORE) PTE LTD	456,326	0.21
20	CHUA WEE KENG	440,140	0.20
	TOTAL	180,350,992	82.37

FREE FLOAT

Based on the information available to the Company as at 9 March 2015, approximately 40% of the issued ordinary shares of the Company is held by the public and therefore, the Company has complied with Rule 723 of the SGX-ST Listing Manual which requires at least 10% of equity securities (excluding preference shares and convertible equity securities) in a class that is listed at all times held by the public.

STATISTICS OF SHAREHOLDINGS (CONTINUED)

As at 9 March 2015

SUBSTANTIAL SHAREHOLDERS AS AT 9 MARCH 2015

	NO. OF SHARES HELD			%
	DIRECT	DEEMED	TOTAL	
Wee Cho Yaw	1,092,373	75,688,900	76,781,273	35.06 ^{(1), (2), (3)}
Wee Ee Cheong	128,857	72,761,881	72,890,738	33.28 ^{(1), (2), (4)}
Wee Ee Lim	437,192	71,084,787	71,521,979	32.66 ⁽¹⁾
Wee Ee-chao	13,826	71,217,705	71,231,531	32.52 ^{(1), (5)}
Wee Investments Private Limited	58,991,496	–	58,991,496	26.93
Supreme Island Corporation	12,085,601	–	12,085,601	5.52
First Eagle Investment Management, LLC	–	30,661,129	30,661,129	14.00 ⁽⁷⁾
United Overseas Bank Limited	–	21,708,537	21,708,537	9.91 ⁽⁸⁾

(1) Messrs Wee Cho Yaw, Wee Ee Cheong, Wee Ee Lim and Wee Ee-chao are deemed to be interested in the shares held by Wee Investments Private Limited, Supreme Island Corporation and Kheng Leong Co Pte Ltd.

(2) Messrs Wee Cho Yaw and Wee Ee Cheong are deemed to have an interest in the shares held by C.Y. Wee & Co Pte Ltd.

(3) Dr Wee Cho Yaw is deemed to have an interest in the shares held by UOL Group Limited.

(4) Mr Wee Ee Cheong is deemed to have an interest in the shares held by E.C. Wee Pte Ltd.

(5) Mr Wee Ee-chao is deemed to have an interest in the shares held by Protheus Investment Holdings Pte Ltd.

(6) Kheng Leong Co Pte Ltd, C.Y. Wee & Co Pte Ltd, UOL Group Limited, E.C. Wee Pte Ltd and Protheus Investment Holdings Pte Ltd are not substantial shareholders of the Company.

(7) First Eagle Investment Management, LLC is an U.S. investment adviser, holding the shares on behalf of its clients. One of its mutual funds, First Eagle Overseas Fund holds 25,512,113 shares amounting to a shareholding of 11.64%.

(8) United Overseas Bank Limited is deemed to have an interest in 17,433,937 shares held by Tye Hua Nominees (Pte) Limited and 4,274,600 shares held by United Overseas Insurance Limited - SHF.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Sixth Annual General Meeting of the Company will be held at Parkroyal on Pickering, William Pickering Ballroom, Level 2, 3 Upper Pickering Street, Singapore 058289 on Tuesday, 28 April 2015 at 3.00 p.m. to transact the following business:

AS ORDINARY BUSINESS

Resolution 1 To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2014 together with the Auditor's Report thereon.

Resolution 2 To declare a Second & Final Tax-Exempt Dividend of 14 cents per share for the financial year ended 31 December 2014.

To re-appoint the following Directors, who are retiring pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold office until the next Annual General Meeting of the Company:

Resolution 3 Dr Wee Cho Yaw

Dr Wee Cho Yaw will, upon re-appointment, continue as Chairman of the Board and Investment Committee and a member of the Nominating Committee and Remuneration Committee of the Company.

Resolution 4 Dr Lee Suan Yew

Dr Lee Suan Yew will, upon re-appointment, continue as a member of the Nominating Committee of the Company. Dr Lee is considered as an independent Director.

Resolution 5 Mr Hwang Soo Jin

Mr Hwang Soo Jin will, upon re-appointment, continue as a member of the Audit Committee and Remuneration Committee of the Company. Mr Hwang is considered as an independent Director.

Resolution 6 Mr Sat Pal Khattar

Mr Sat Pal Khattar will, upon re-appointment, continue as Chairman of the Nominating Committee and Remuneration Committee of the Company. Mr Khattar is considered as an independent Director.

To re-elect the following Directors, who are retiring by rotation pursuant to Article 98 of the Company's Articles of Association:

Resolution 7 Mr Wee Ee-chao

Resolution 8 Mr Han Ah Kuan

Mr Han Ah Kuan will, upon re-election, continue as a member of the Investment Committee.

Resolution 9 Mr Wee Ee Lim

Mr Wee Ee Lim will, upon re-election, continue as a member of the Investment Committee.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

To re-elect the following Director, who is retiring pursuant to Article 103 of the Company's Articles of Association:

Resolution 10 Mr Gn Hiang Meng

Mr Gn Hiang Meng will, upon re-election, be appointed as a member of the Audit Committee of the Company. Mr Gn is considered as an independent Director.

Resolution 11 To approve Directors' fees of \$381,808 for the financial year ended 31 December 2014 (2013: \$382,367).

Resolution 12 To re-appoint Messrs PricewaterhouseCoopers LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following ordinary resolutions:

Resolution 13 That pursuant to Section 161 of the Companies Act, Cap. 50, approval be and is hereby given to the Directors to offer and grant options to employees (including executive Directors) and non-executive Directors of the Company and/or its subsidiaries who are eligible to participate in the Haw Par Corporation Group 2002 Share Option Scheme that was extended for another five years from 6 June 2012 to 5 June 2017 by shareholders at the Annual General Meeting on 20 April 2011 ("2002 Scheme"), and in accordance with the rules of the 2002 Scheme, and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the 2002 Scheme, provided that the aggregate number of shares to be issued pursuant to this resolution shall not exceed five per cent (5%) of the total number of issued shares of the Company from time to time.

Resolution 14 That pursuant to Section 161 of the Companies Act, Cap. 50, the Articles of Association of the Company and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the Directors to:

- (a) (i) issue shares in the Company (whether by way of rights, bonus or otherwise); and/or (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not exceed fifty per cent (50%) of the Company's total number of issued shares (excluding treasury shares), of which the aggregate number of shares to be issued other than on a pro-rata basis to members of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not exceed fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares);

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Resolution 14 (continued)

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under this resolution, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this resolution is passed after adjusting for any new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed, and any subsequent bonus issue, consolidation or subdivision of the Company's shares;
- (3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this resolution shall continue in force until (i) the conclusion of the next Annual General Meeting or (ii) the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier.

NOTES TO RESOLUTIONS 2, 3 to 10, 13 and 14

Resolution 2 Together with the interim tax-exempt dividend of 6 cents per share paid on 4 September 2014 and subject to shareholders' approval of the second & final tax-exempt dividend of 14 cents per share, the total tax-exempt dividend for the financial year ended 31 December 2014 will be 20 cents per share. (2013: 20 cents tax-exempt).

Subject to shareholders' approval of the second & final tax-exempt dividend, the Share Transfer Books and Register of Members of the Company will be closed* on **25 May 2015 at 5.00 p.m.**, and the second & final tax-exempt dividend will be payable on **4 June 2015**.

**Duly completed transfers received in respect of ordinary shares of the Company by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 25 May 2015 will be registered to determine shareholders' entitlement to the proposed second & final tax-exempt dividend, and shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 25 May 2015 will be entitled to such proposed dividend.*

Resolutions 3 to 10 Key information on the Directors, including their date of first appointment, date of last re-appointment and other directorships and principal commitments, can be found in the "Board of Directors" section of the Annual Report.

Resolution 13 is to empower the Directors to allot and issue shares pursuant to the 2002 Scheme which was approved at the Extraordinary General Meeting of the Company on 22 May 2002 and extended for another five years by shareholders at the Annual General Meeting of the Company on 20 April 2011. A copy of the Rules of the 2002 Scheme is available for inspection by shareholders during normal business hours at the registered office of the Company at 401 Commonwealth Drive, #03-03 Haw Par Technocentre, Singapore 149598. Shareholders who are eligible to participate in the Scheme shall abstain from voting.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Resolution 14 is to empower the Directors to issue shares and to make or grant instruments (such as warrants, debentures or other securities) convertible into shares, and to issue shares in pursuance of such instruments from the date of the Annual General Meeting of the Company until the date of the next Annual General Meeting of the Company, unless such authority is earlier revoked or varied by the shareholders of the Company at a general meeting. The aggregate number of shares which the Directors may issue (including shares to be issued pursuant to convertibles) under ordinary resolution 14 must not exceed 50% of the total number of issued shares (excluding treasury shares) with a sub-limit of 15% for issues other than on a pro rata basis. For shareholders' information, this 15% limit is lower than the 20% presently permitted under the listing rules of the SGX-ST. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated as described.

Notes:

- (1) A member entitled to attend and vote at the meeting is entitled to appoint one or two proxy/proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- (2) To be effective, the Proxy Form must be deposited at the registered office of the Company at 401 Commonwealth Drive, #03-03 Haw Par Technocentre, Singapore 149598, not less than 48 hours before the time set for holding the meeting.

By Order of the Board

Zann Lim
Company Secretary

Singapore
8 April 2015

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PROXY FORM



HAW PAR CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 196900437M

FORTY-SIXTH ANNUAL GENERAL MEETING

(BEFORE COMPLETING THIS FORM, PLEASE READ THE NOTES BEHIND.)

IMPORTANT:

- For investors who have used their CPF monies to buy shares of Haw Par Corporation Limited, this annual report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPFIS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPFIS Investors who wish to vote should contact their CPF Approved Nominees.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy set out in Note 10 behind.

Number of shares held:

Scrip-based

Scripless

I/We, _____ (Name)

_____ (NRIC/Passport Number/Company Registration Number)

of _____ (Address)

_____ (Telephone Number)

being a member/members of the Company, hereby appoint:

NAME	ADDRESS	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (%)
(a)			
And/or (delete as appropriate)			
(b)			

as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Forty-Sixth Annual General Meeting of the Company to be held on Tuesday, 28 April 2015 at 3.00 p.m. and at any adjournment thereof.

(Please indicate with a "X" in the spaces provided whether you wish your votes to be cast for or against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, your proxy/proxies may vote or abstain as he/she may think fit.)

NO.	RESOLUTION	FOR	AGAINST
Ordinary Business			
1	Adoption of Financial Statements and Reports of the Directors and Auditors		
2	Declaration of Second & Final Dividend		
3	Re-appointment of Dr Wee Cho Yaw		
4	Re-appointment of Dr Lee Suan Yew		
5	Re-appointment of Mr Hwang Soo Jin		
6	Re-appointment of Mr Sat Pal Khattar		
7	Re-election of Mr Wee Ee-chao		
8	Re-election of Mr Han Ah Kuan		
9	Re-election of Mr Wee Ee Lim		
10	Re-election of Mr Gn Hiang Meng		
11	Approval of Directors' fees		
12	Re-appointment of PricewaterhouseCoopers LLP as Auditors		
Special Business			
13	Authority to issue shares (Share Options)		
14	Authority to issue shares (General)		

Dated this _____ day of _____ 2015

Signature(s) or Common Seal of Member(s)

Notes:

1. Please insert at the top right hand corner of this Proxy Form the number of scrip-based shares in the Company registered in your name in the Register of Members and the number of scripless shares in the Company entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited (“CDP”) in respect of the shares in your securities account with CDP. If no number is inserted, this Proxy Form shall be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or two proxy/proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. A member is not entitled to appoint more than two proxies to attend and vote on his/her behalf. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The sending of a Proxy Form by a shareholder does not preclude him/her from attending and voting in person at the Annual General Meeting if he/she finds that he/she is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked.
5. To be effective, this Proxy Form must be deposited at the registered office of the Company at 401 Commonwealth Drive, #03-03 Haw Par Technocentre, Singapore 149598, not less than 48 hours before the time set for holding the meeting.
6. This Proxy Form must be signed by the appointor or by his/her attorney. In the case of a corporation, this form must be executed under its common seal or signed by its duly authorised attorney or officer. In the case of joint holders, all holders must sign this form.
7. Any alteration made in this Proxy Form should be initialled by the person who signs it.
8. The Company shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor is not ascertainable from the instructions of the appointor specified in the form. In the case of members whose shares are entered against their names in the Depository Register, the Company may reject any proxy form lodged if such members are not shown to have the corresponding number of shares in the Company entered against their names in the Depository Register as at 48 hours before the time set for holding the meeting or the adjourned meeting, as appropriate.
9. Agent banks acting on the requests of the CPFIS investors who wish to attend the Annual General Meeting as observers are requested to submit in writing, a list with details of the investors’ names, NRIC/Passport numbers, addresses and number of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company’s Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for holding the meeting.
10. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to update its scrip holders’ information (if applicable) and to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that were the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

HAW PAR CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

Company Registration Number: 196900437M

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