HAW PAR CORPORATION LIMITED
(Company Registration Number: 196900437M)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING TO BE HELD ON 27 APRIL 2022 (the "AGM")
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS
RAISED BY SHAREHOLDERS

Haw Par Corporation Limited (the **"Company"**) refers to the announcement on 5 April 2022 on the Notice of AGM, the invitation to the shareholders to submit questions in advance of the AGM. The Company thanks shareholders for the questions submitted.

The Appendix sets out the Company's responses to the questions received from the shareholders that are relevant to the AGM resolutions and the business of the Company.

By Order of the Board

Chow Say Suan
Chief Financial Officer
21 April 2022

Appendix

Haw Par Corporation Limited – 53rd Annual General Meeting

Responses to Substantial and Relevant Questions Raised by Shareholders

TOPIC	No	Question	Response
Healthcare	1.	Why did marketing expenses increase to 27% of turnover from \$21m in 2020 to \$38m in 2021? Are there limits in place for the spending made by the marketing department? Did the Audit and Risk Committee review the increase in marketing expenses in 2021?	The figures quoted relate to Distribution and Marketing expenses, not solely marketing expenses incurred. Referring to Page 84 of the 2021 Annual Report, sales and marketing expenses incurred were \$32m in 2021 (23% of 2021 turnover) compared to \$15m in 2020 (13% of 2020 turnover). Marketing expenses increased significantly in 2021 as consumer spending started to recover in second half of 2021 with the gradual lifting of movement restrictions in certain markets. This allowed marketing activities to be carried out, unlike in 2020 where marketing activities were largely curtailed. We were cognisant of the current retail climate and were highly selective in our product launches during the year, which were strategically timed and leveraged on digital media. The Board approves strategic plans and annual budgets and reviews the performance of management in attaining agreed goals and objectives. Please refer to the Corporate Governance section of the Annual Report which states the Board's conduct of its affairs and the principal responsibilities of the Audit and Risk Committee.
Properties	2.	The Group has three leasehold properties that are quite old. Are there any plans for renewal of tenure or redevelopment of these properties?	The Group has carried out periodic enhancements to our investment properties over the years to remain competitive. As reported in Page 117 of the 2021 Annual Report, the three leasehold properties have at least 30 years of lease remaining.

TOPIC	No	Question	Response
Dividends	3.	Why is the dividend rate so low? What is the ordinary dividend and special dividend policy for Haw Par? Under what conditions will the Company pay special dividend? Is it paid on every 5-year anniversary?	The Company seeks to provide shareholders with a stable and efficient form of capital distribution relative to earnings. The Company retains adequate capital for strategic long-term growth and ability to react quickly to seize growth opportunities. The Company had been paying ordinary dividend consistently. Notwithstanding that the Group's net profit dropped significantly due to COVID-19 pandemic, we have maintained the dividend rate as well as a healthy dividend cover. In 2019, the Company gave out a special dividend of 85 cents per share to mark our 50^{th} Anniversary.
Dividends	4.	With regards to the unclaimed dividends outstanding for more than six years that were written back in the accounts, could the Company consider using the funds to buy back shares instead?	In accordance with the Constitution of the Company, unclaimed dividends outstanding for more than six years will have to be written back. The write-back of these unclaimed dividends becomes equity attributable to equity holders of the Company. The Company does not have a share buyback mandate from shareholders.
Others	5.	Why is earnings per share for 2021 lower than 2020 despite higher revenue in 2021 ($141m) compared to 2020 ($111m)?	Net profit, the key driver for earnings per share, was lower in 2021 due mainly to lower "Other Income". Other Income decreased by 17% to $88m due mainly to lower overall dividend rate from strategic investments and drop in interest income owing to the low interest rate environment. Excluding "Other Income", net profit would have increased by 69%, while gross profit margin for the year has also improved.
Others	6.	Why is net assets per share in 2021 ($14.51) similar to that in 2019 ($14.28) yet earnings per share in 2021 (49.8	Net assets is largely influenced by account balances (including market valuations of strategic investments) of the Group as of 31 December. In contrast

<table>
<tr><th>TOPIC</th><th>No</th><th>Question</th><th>Response</th></tr>
<tr><td></td><td></td><td>cents) is almost half of that in 2019 (82.4 cents)?</td><td>earnings is derived from income earned over a period (i.e. during the financial year).

As of 31 December 2021, net assets of the Group was 2% above 31 December 2019 which directly attributed to higher net assets per share as of year-end 2021. In contrast, net profit of the Group dropped 40% for the financial year 2021 compared to 2019 due mainly to lower profit from operations and lower investment income as a result of COVID-19 pandemic which directly impacted earnings per share.</td></tr>
<tr><td>Others</td><td>7.</td><td>Net profit has been falling for the past 5 years. What is the management's plan to improve profits?</td><td>Extracted from Five-Year Financial Summary - page 30 of the 2021 Annual Report
<table><tr><th>($'000)</th><th>2021</th><th>2020</th><th>2019</th><th>2018</th><th>2017</th></tr><tr><td>Profit attributable to equity holders of the Company</td><td>110,103</td><td>119,773</td><td>182,207</td><td>179,068</td><td>122,460</td></tr></table>
From the table above, net profit had been increasing from 2017 to 2019. The Group's net profit decreased significantly in 2020 due mainly to the COVID-19 pandemic which disrupted global economic activities and affected consumer demand for our products. International travel restrictions imposed then also had a knock-on effect on the Group's operations.

Net profit further dropped in 2021 due mainly to lower dividend income from strategic investments. Nevertheless, profits from Healthcare segment recovered by 32% from S$16m in 2020 to S$21m in 2021 (Annual Report Page 32). We will continue to strengthen our core brand Tiger Balm by building a greater presence online and widen our appeal across demographics through expanding the range of our products available in various markets.</td></tr>
</table>