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

ANNUAL GENERAL MEETING TO BE HELD ON 23 APRIL 2021 (the "AGM")
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS
RAISED BY SHAREHOLDERS

Haw Par Corporation Limited (**Haw Par** or the **Company**) refers to the announcement of 1 April 2021 on the Notice of AGM and the invitation to shareholders to submit questions in advance of the AGM. The Company thank 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

Lee Kay Swee
Company Secretary
19 April 2021

TOPIC	No	Question	Response
Healthcare	1.	As Tiger Balm products are healthcare products and considered a consumer staple, we expect revenue to be relatively stable even during recessions. Why has revenue decreased so significantly in FY2020?	Revenue from our healthcare products has declined because sales of our products in many markets were adversely affected by the uncertain economic outlook exacerbated by travel restrictions and lockdowns. In previous recessions, there were no movement restrictions or lockdowns imposed, and shops were not forced to close temporarily by authorities.
Healthcare	2.	Page 18 of the annual report states that "Sales of our products in many markets were adversely affected by the uncertain economic outlook exacerbated by travel restrictions and lockdowns..." Furthermore, page 19 states that "Most of our core markets in Europe grew or maintained sales with pharmacies and para-pharmacies kept open." Did the Group lose sales in ASEAN and other Asian countries because physical stores were closed and the Group's products were not readily available for purchase online? In specific terms, what are the actions the management has taken to improve the brand's online presence and the products' availability over the internet?	Referring to Healthcare Operations Review section page 18-19 of the Annual Report – Cultural differences and local conditions (such as level of travel/movement restrictions) influenced consumer behaviour differently, which led to different sales outcomes in every market. While online sales is still an insignificant part of our business, we have been investing more time and resources to this area. The uptake and reception to online shopping catalysed by COVID19 has enabled us to accelerate our brand's presence and products' availability online by setting up Tiger Balm shopfronts on major e-commerce platforms. The pandemic prompted focus on self-care in which Tiger Balm – a lifestyle care brand - has a role to play. Our Team Tiger Balm ambassadors built digital communities as they connected with consumers through live-streamed home workout sessions and DIY self-care regimes using Tiger Balm.
Healthcare	3.	In 2007, management took legal action against Rangoon Chemical Works Private Limited ("Rangoon") when Rangoon was manufacturing products under "Flying Tiger	Haw Par has pursued Rangoon Chemical Works Pte Ltd for trademark infringements in India over the use of our brand "Tiger Balm" since 1997. We have filed multiple injunctions and

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		Balm". The legal action was successful. Recently, I noticed that Rangoon has been manufacturing "Flying Tiger Cub Balm" products and distributing these products over Amazon India. These products' design are very similar to Tiger Balm's. If no action is taken against Rangoon (and other such offending parties) for a long time simply because Rangoon is a relatively small business now, then the Company may lose its case to file for an injunction in the future. This threatens Tiger Balm's brand equity, which is one of its strongest competitive advantages and source of profitability. Could the management please explain their plan and their rationale?	taken out infringement suits against them in many tribunals and district courts in India. In 2010, after a series of suits and counter suits, the dispute between both Parties have escalated to the Appeals Court at the Supreme Court in Delhi, but a date has yet to be fixed for the Appeal and is likely to be prolonged by the COVID situation in India. Pending the outcome of the final Appeal hearing, Rangoon Chemical has been allowed by the courts to ply their balm under the "Flying Tiger Cub Balm" brand. We have explored many legal avenues to expedite the hearing and filing further injunctions against them but since our dispute is at the Supreme Court stage, we were advised that all other legal processes cannot be instituted against them.
Investments	4.	Under the profit of operations, the Healthcare segment from FY2016 to FY2019 saw a marginal increase compared to the Investment segment. Furthermore in FY2020, due to Covid-19, the Healthcare segment had a severe dip whereas the Investment segment remained stable. In this respect, will Haw Par slowly transit itself from a focused healthcare operation to a holding/investment company where it's the main profit generator similar to a Berkshire Hathaway story?	Our operating businesses have indeed been affected by the pandemic. In such times, dividend income has been seen to be more stable. Hopefully, the situation will improve post-pandemic. The Management believes that growth from current operating businesses and acquisition of quality operational businesses will improve shareholder value.
Dividends	5.	Given that the Healthcare segment is earning a very high and attractive return on asset, it would seem to be a good business decision to withhold dividends and retain all earnings to grow this business. Has the management	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

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		considered taking such actions to improve shareholder value?	growth and ability to react quickly to seize growth opportunities.
Board Matters	6.	Referring to External Auditor (PwC), (a) If the auditor were solely responsible for preparation of the Company's financial statements, would they have in any way been prepared differently from the manner selected by management? (b) If the auditor were an investor, would he have received—in plain English—the information essential to his understanding of the Company's financial performance during the reporting period? (c) Is the Company following the same internal audit procedure that would be followed if the auditor himself were CEO? (d) Is the auditor aware of any actions—either accounting or operational—that have had the purpose and effect of moving revenues or expenses from one reporting period to another?	(a)&(b) As stated in the Independent Auditor's Report to the Members of Haw Par Corporation Limited (page 60), the financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act Chapter 50 and Singapore Financial Reporting Standards (International) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group. (c) The Internal Audit ("IA") function of Haw Par follows the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The IA function adopts an Internal Audit Charter that is reviewed annually by the Audit and Risk Committee and adheres to strict policies and procedures. For more information, please refer to the Corporate Governance Report – Internal Audit section in page 51 of the Annual Report. (d) Refer to the Independent Auditor's Report to the Members of Haw Par Corporation Limited in pages 62 and 63 of the Annual Report. As part of the Auditor's responsibilities for the audit of the financial statements, the auditors evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation, and this includes recognition in the appropriate reporting period.

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		(e) Page 32 of the FY2020 annual report states that "The Group applies a Return of Assets Employed ("ROA") measure to evaluate the performance of its business operations." Given that ROA is an important measure used by management and shareholders, please explain the audit work performed over segmental reporting, especially the classification of assets and profits between the segments.	(e) The ROA is included in the Other information section of the Annual Report. Refer to the Independent Auditor's Report to the Members of Haw Par Corporation Limited in page 61 of the Annual Report. Management is responsible for the other information, which comprise the other sections of the annual report, including information disclosed in the Financial Review section. The auditor's responsibility is to read the other information identified above, and in doing so, consider whether the other information is materially consistent with the financial statements or the auditor's knowledge obtained in the audit, or otherwise appears to be materially misstated. Note, however, the independent auditor's audit opinion as set out on page 60 of the Annual report covers the financial statements as a whole, encompassing the primary statements, and the notes to the financial statements, which includes the segmental reporting note set out in pages 71 to 75 of the Annual Report.
AGM Resolution	7.	Referring to Resolution 7. Why is management seeking authority to issue shares? Although there is an overall limit (50%) and sub-limit of (15%), the issuance of new shares would still be dilutive and not in the interest of existing shareholders.	Resolution 7 allows Directors to issue new shares as this will give Directors the flexibility to quickly raise funds should the need arise. To date, the Directors have not exercised this right before.
Others	8.	Cost of sales is S$62,205,000 for FY2020. According to Note 13, cost of inventories recognised in cost of sales amounted to S$34,434,000. Please provide the details for the remaining S$27,771,000.	The balance comprises expenses such as staff costs, allocated overheads, direct operating expenses arising from investment properties, and others.

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Others	9.	In this news article on 26 Feb 2021, the CEO (Wee Ee Lim) stated that "We're keeping our powder dry so that we can strike when we need to - I have some years to go, and I want to build at least another leg for Haw Par for the next generation". In specific terms, please explain the criteria management uses to select acquisitions. Reference:https://www.sgx.com/research-education/market-dialogues/20210226-haw-par-corporation-distinguished-brand-heritage	Healthcare is the key area of focus. The Company continues to search for suitable businesses at an appropriate valuation. The criteria to be used will depend on the business to be acquired.