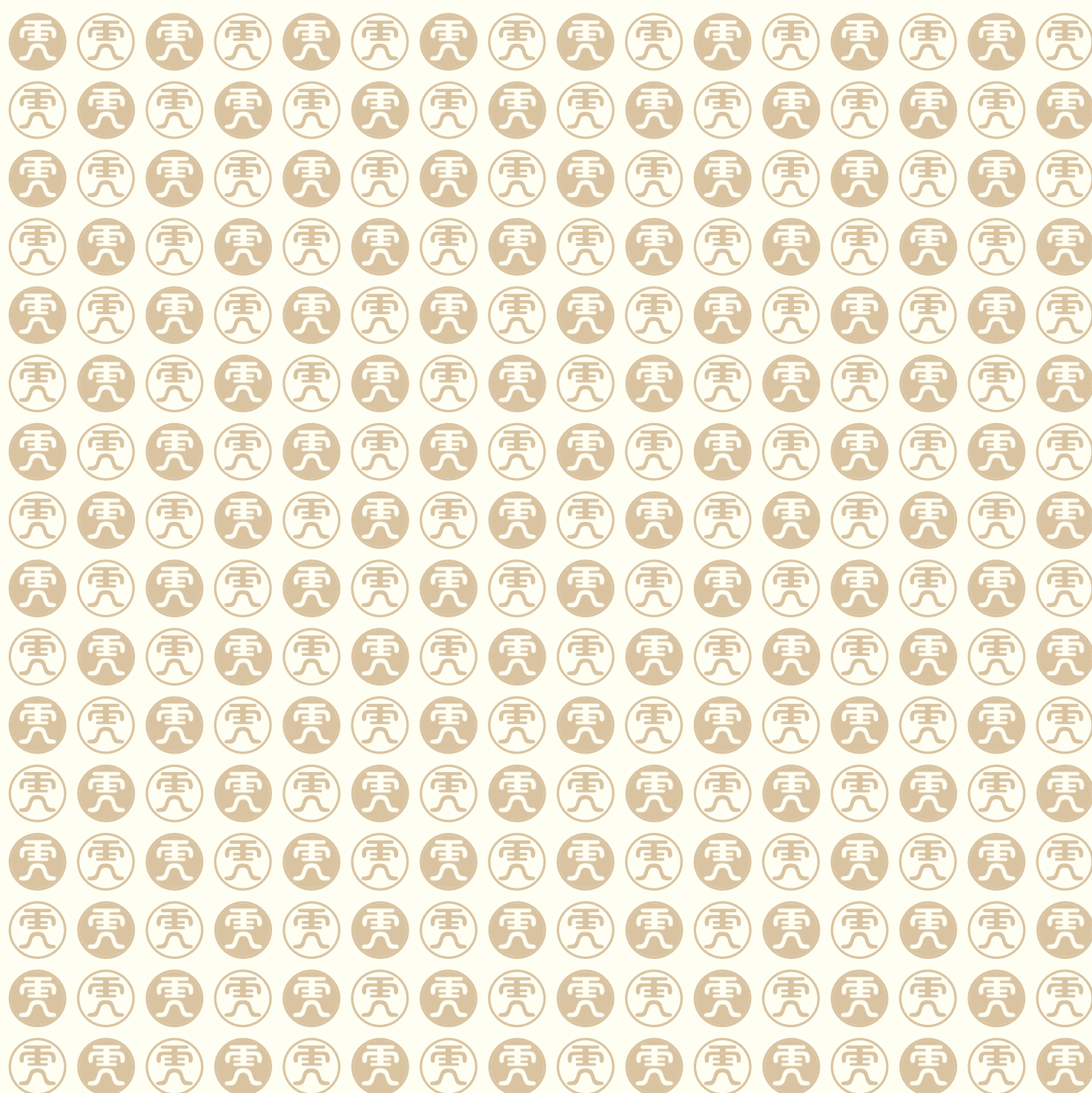


HAW PAR CORPORATION LIMITED

ANNUAL REPORT 2016



CORPORATE PROFILE

Haw Par Corporation Limited, a Singapore-grown multinational Group, is listed on the Singapore Exchange since 1969.

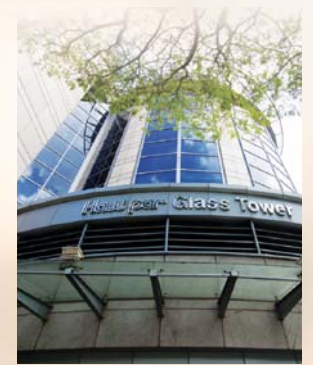
The Haw Par Group is an enterprise with a strong consumer healthcare business that promotes healthy lifestyles through its healthcare products.

Haw Par Corporation Limited, a Singapore-grown multinational Group, is listed on the Singapore Exchange since 1969. Over the decades, the Group has been disciplined in asset rationalisation, organically growing its core businesses, and making selected acquisitions.

Today, the Haw Par Group is an enterprise with a strong consumer healthcare business that promotes healthy lifestyles through its healthcare products. The largest contributor to the healthcare business comes from a brand that it owns – Tiger Balm. With a wide range of products available in over 100 countries, Tiger Balm is

arguably the world's leading and most versatile topical analgesic brand. Besides the consumer healthcare business, the Group also engages in the leisure business and holds significant investments in securities and properties.

Leveraging on its financial strength and global business network, the Group is well-placed in its strategic direction to further expand its portfolio of operating businesses and drive growth through alliances with multinational partners and acquisitions of complementary brands and compelling business platforms.



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CHAIRMAN'S STATEMENT



PROFIT AFTER TAX

125.0 MILLION

TURNOVER

201.6 MILLION

Against a challenging economic and geopolitical environment during the year, Haw Par performed satisfactorily. All operating divisions improved their operating profits to offset the lower dividend income from our strategic investments. Profit from operations and investments of \$137.0 million decreased 2% due mainly to a 35% drop in dividend income from \$89.5 million to \$58.4 million.

The Group's turnover increased 13% to \$201.6 million with higher revenue from Healthcare and Property. Healthcare's revenue increased 16% to \$176.4 million and its profits increased 37% to \$66.1 million with higher sales to most key markets and reduced operating expenditure. Property rental revenue increased 25% to \$16.9 million while profits increased 22% to \$12.0 million as occupancy of its investment properties improved despite the general slowdown in the property market. Leisure's revenue decreased to \$8.4 million following the closure of Underwater World Singapore in June 2016. Nonetheless,

the segment recovered slightly and turned in a profit of \$0.9 million against a \$4.3 million loss in prior year.

HIGHLIGHTS OF OPERATIONS

The Group continued its focus on building the Tiger Balm brand to drive deeper market penetration coupled with wider product offerings globally. Continued sales growth is testament to the very well established Tiger Balm brand and the effectiveness of the strategy we have been pursuing over the last several years. Through cost management, we were also able to improve our margins.

The decision was made to cease operations at the Underwater World Singapore in view of its impending land lease expiry. To mark its closing, the oceanarium provided free admission to beneficiaries from its charity partners in the last month of operation. Many of our customers braved long queues to revisit the iconic attraction during that period. Our aquatic animals also found suitable facilities to be rehoused.

Leisure was cash generative in 2016 and Underwater World Pattaya continued to contribute to overall revenue. The Group remains interested to proactively seek viable investment opportunities in the leisure sector to build on its tourism and leisure expertise gained over the years.

Despite a challenging market environment, Property performed well in 2016.

While global equity markets were volatile during the year, the Group's net asset value was relatively unscathed as the fundamentals of our operations and investments remained strong.

DIVIDEND

The Board recommends a final dividend of 10 cents per share. Together with the interim dividend of 10 cents paid in September, the total dividend per share for the financial year ended 31 December 2016 is 20 cents per share.

2017 is expected to pose more challenges as geopolitical uncertainty clouds business environment. Nonetheless, the Group will continue to focus on its strategic goal to build sustainable earnings and is optimistic that its businesses will remain resilient.

BUSINESS OUTLOOK AND STRATEGY

2017 is expected to pose more challenges as geopolitical uncertainty clouds business environment. Nonetheless, the Group will continue to focus on its strategic goal to build sustainable earnings and is optimistic that its businesses will remain resilient.

Tiger Balm will further leverage on its brand equity built over time with consumers to develop and penetrate markets by expanding its product offerings and distribution footprint. However, increasingly complex and stringent pharmaceutical regulatory requirements may affect the roll-out schedule for new product launches. Advertising and promotion efforts will be intensified while continuing to be selective and targeted to effectively support marketing strategies in key markets.

There is also a continuing effort at the Group level to pursue acquisition and business opportunities that will enhance shareholder value. The Group has sound fundamentals with a

strong balance sheet and healthy cash position built over years of disciplined investment and cost management. The Group is well placed to take on new investments or acquisition opportunities that may surface.

SUCCESSION PLANNING

In February 2016, the Board appointed Wee Ee-chao as Deputy Chairman of the Board as part of succession planning. Ee-chao has been a director of the Company since 2003.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank our stakeholders including our customers, business associates and shareholders for their lasting support; and our team of management and staff for their enduring commitment.

I would also like to express my gratitude to my fellow Board members for their wise counsel and support during the year.

Wee Cho Yaw
Chairman

主席致辞



除税后盈利

1 亿 2,500 万元

营业额

2 亿 160 万元

主席致辞

在市场充斥着经济局势与地缘政治不明朗的挑战下，集团在本年依然取得不俗的业绩。营运业务的盈利增长，近乎抵消策略性投资所录得的较低的股息收入。集团营运业务及投资盈利1 亿3,700万元、下降2%，源自于下降了35%、由8,950万元下降至5,840万元的股息收入。

集团营业额取得增长13%、达2亿160万元，乃拜保健及物业业务收入增加所赐。基于主要市场的销售额增加及经营开支减少，保健业务收入增长16%、达1亿7,640万元；盈利增长37%、达6,610万元。在物业方面，尽管市场动态整体放缓，集团投资物业的出租率仍得以跃进，物业租金收入增长25%、达1,690万元，而利润增长22%、达1,200万元。2016年6月新加坡海底世界歇

业后，休闲业务收入下降至840万元，但录得盈利90万元，扭转了上年度430万元的亏损。

营运重点摘要

集团继续致力于打造虎标品牌，以加深全球市场渗透率及开拓产品分类。虎标品牌持续的销售增长，印证了管理层数年来所采用的品牌策略产生了效益。此外，通过有效的成本管理，利润率也随之提高。

新加坡海底世界的业务鉴于其土地租赁期将届满，集团决定择日结束经营。作为结业标志，海洋馆在经营的最后一个月开放予各慈善团体合作伙伴的受益人免费参观。在这期间，前来旧地重游缅怀此标志性景点的群众络绎不绝。此外，海洋馆的水生动物也都找到了适当的安置场所。

2017年预计会出现更多挑战，地缘政治的不确定性影响了商业环境。然而，集团将继续专注于其建立可持续盈利的策略目标，并对其业务的韧性持乐观态度。

休闲业务在本年依然产生现金流；芭堤雅海底世界继续为集团收益做出贡献。集团仍致力于为休闲业寻求可行的投资机会，以伸展其积累多年的休闲专长。

尽管市场环境充满挑战，物业业务在本年表现良好。

年内全球证券市场波动较大，但集团的资产净值相对稳定，得益于集团良好的营运及投资基本盘。

股息

董事局建议派发年终股息每股10分。连同九月派发的中期股息每股10分，截至2016年12月31日财年的每股总计股息为20分。

业务展望及策略

2017年预计会出现更多挑战，地缘政治的不确定性影响了商业环境。然而，集团将继续专注于其建立可持续盈利的策略目标，并对其业务的韧性持乐观态度。

虎标将进一步利用长期以来与客户建立的品牌资产，通过扩大其产品供应和分销地域来拓展和渗透市场。然而，日益复杂和严格的市场监管要求可能影响新产品上市的进度。集团将加强广告和促销活动，同时继续选择性及针对性地支持关键市场的营销策略。

集团层面也持续努力寻求提升股东价值的收购和商业机会。集团具有经沉淀多年的严谨投资和成本管理

打造的坚稳的资产和现金状况，位处进行投资收购的优势。

继任计划

2016年2月，董事局委任黄一超为董事局副主席，作为继任计划的一部分。一超自2003年起担任本公司董事。

致谢

本人谨此代表董事局感谢客户、商业伙伴和股东对集团的长久支持，以及管理层和全体员工付出的不懈努力。

本人也对董事局同仁年内提供的真知灼见与支持致以谢意。

黄祖耀
主席

BOARD OF DIRECTORS



WEE CHO YAW

Non-Executive and Non-Independent Chairman

Dr Wee Cho Yaw, aged 88, 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 29 April 2016. He is the Chairman of the Investment Committee and a member of the Remuneration and Nominating Committees.

A veteran 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 also 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. Previously, he was the Chairman of Singapore Land Limited. Dr Wee is also the Chairman of Chung Cheng High School. He is the 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. He was conferred Honorary Degrees of Doctor of Letters by National University of Singapore in 2008 and Nanyang Technological University in 2014. Both degrees were conferred in recognition of his long-standing support of education and outstanding contributions to community welfare and the business community. In 2011, he received the Distinguished Service Order, Singapore's highest National Day Award, from the President of Singapore for his outstanding contributions to the economic, education, social and community development fields in Singapore. He is currently the Pro-Chancellor of Nanyang Technological University, having been appointed since 2004.

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 exceptional achievements in the Singapore business community) and *The Asian Banker* Lifetime Achievement Award in 2009.



WEE EE-CHAO

Deputy Chairman & Non-Executive Director

Mr Wee Ee-chao, aged 62, the Deputy Chairman of the Company is a non-executive and non-independent director. He was appointed to the Board on 8 July 2003 and was last re-elected on 28 April 2015.

Mr Wee is the Chairman and Managing Director of UOB-Kay Hian Holdings Limited. He is a Director of UOL Group Limited. 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.

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



BOARD OF DIRECTORS



WEE EE LIM

President & CEO

Mr Wee Ee Lim, aged 55, 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 28 April 2015. 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 30 years.

He is a Director and Deputy Chairman of UOL Group Limited. He is a Director of United Industrial Corporation Limited and Wee Foundation.

He was previously a Director of Pan Pacific Hotels Group Limited, Singapore Land Limited and Hua Han Health Industry Holdings Limited (a company listed on the Hong Kong Stock Exchange).

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



SAT PAL KHATTAR

Independent Director

Mr Sat Pal Khattar, aged 74, 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 29 April 2016. 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 was also Chairman of the Board of Trustees of the Singapore Business Federation and Member of Presidential Council for Minority Rights.

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 81, 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 29 April 2016. He is a member of the Remuneration Committee.

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 and a number of other publicly listed companies previously.



LEE SUAN YEW

Independent Director

Dr Lee Suan Yew, aged 83, 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 29 April 2016. He is a member of the Nominating Committee.

Dr Lee is a Director of K1 Ventures Limited.

He was appointed Justice of the Peace from 1998 – 2008. 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.



DR CHEW KIA NGE

Independent Director

Dr Chew Kia Ngee, aged 71, 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 29 April 2016. He is the Chairman of the Audit Committee.

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 of AusGroup Ltd.

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.

BOARD OF DIRECTORS



PETER SIM SWEE YAM

Independent Director

Mr Peter Sim, aged 61, 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 29 April 2016. He is a member of the Audit and Nominating Committees.

Mr Sim is currently an Independent Director of Lum Chang Holdings Ltd, Marco Polo Marine Ltd, Mun Siong Engineering Ltd and Singapore Reinsurance Corporation Ltd.

He sits on the Board of the Singapore Heart Foundation.

He was a Director of British and Malayan Trustees Limited and Latitude Tree International Group Ltd.

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, aged 68, is a Non-Executive Independent Director. He was appointed to the Board on 13 August 2014 and was last re-elected on 28 April 2015. He has more than 30 years of investment banking and hospitality industry experience. He is a member of the Audit Committee.

Mr Gn was formerly 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.

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 68, 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 28 April 2015. 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-CHAO

Deputy 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

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

PETER SIM SWEE YAM

GN HIANG MENG

INVESTMENT COMMITTEE

WEE CHO YAW

Chairman

WEE EE LIM

HAN AH KUAN

ZANN LIM

NOMINATING COMMITTEE

SAT PAL KHATTAR

Chairman

WEE CHO YAW

LEE SUAN YEW

PETER SIM SWEE YAM

REMUNERATION COMMITTEE

SAT PAL KHATTAR

Chairman

WEE CHO YAW

HWANG SOO JIN

COMPANY SECRETARY

ZANN LIM

AUDITORS

PRICEWATERHOUSECOOPERS LLP

SIM HWEE CHER (FROM 2015)

Audit Partner-in-charge

REGISTRAR

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Fax : 6336 9232

Website : www.hawpar.com

Reg. No : 196900437M

INVESTOR RELATIONS

Email: InvestorRelations@hawpar.com

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.

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

REVENUE

\$201.6 MILLION

PROFIT FROM OPERATIONS AND INVESTMENTS

\$137.0 MILLION

PROFIT AFTER TAX

\$125.0 MILLION

SHAREHOLDERS' FUNDS

\$2.5 BILLION

CASH GENERATED BY OPERATIONS

\$91.5 MILLION

DIVIDENDS PAID TO SHAREHOLDERS DURING THE YEAR

\$85.5 MILLION

RETURN ON EQUITY

5.1 %

TOTAL ASSETS

\$2.6 BILLION

FINANCIAL HIGHLIGHTS

Group turnover increased 13% from \$178.8 million to \$201.6 million mainly contributed by Healthcare and Property. Profit from operations and investments at \$137.0 million was 2% lower than last year due to lower dividend income from investments. All operating segments generated higher profits. Profit after tax at \$125.0 million was 32% lower compared to FY2015 due mainly to lower investment income.

Healthcare continued to contribute significantly to the Group's turnover from higher sales across all regions. Revenue from Healthcare increased 16% from \$152.6 million to \$176.4 million. Property's revenue increased 25% to \$16.9 million from the improvement in occupancy during the year. However, revenue from Leisure dropped 34% to \$8.4 million due to closure of Underwater World Singapore ("UWS") in June 2016.

Healthcare's profit increased 37% from \$48.1 million to \$66.1 million with higher sales and reduced operating expenditure. Profits from Property increased 22% to \$12.0 million with higher occupancy. Leisure returned a profit of \$0.9 million compared to loss of \$4.3 million in 2015 due mainly to one-off impairment charge in fixed assets of UWS in 2015. Profit contribution from Investments decreased 31% to \$61.4 million due to decrease in dividend income from equity investments.

FINANCIAL POSITION

Shareholders' funds decreased slightly by 2% to \$2,476 million mainly due to market value fluctuation of the Group's investments amid volatile equity markets.

Cash generated by operating activities and cash dividends received from investments was \$91.5 million in 2016 (2015: \$124.1 million) with approximately \$33.2 million (2015: \$22.4 million) of investment income received as non-cash equity investments. \$85.5 million of dividends were paid to shareholders during the year compared to \$43.8 million in 2015 due to a special dividend of 15 cents per share and a higher interim dividend paid. The Group ended the financial year with net cash balances of \$312.6 million (2015: \$314.2 million).

DIVIDENDS

In our efforts to maintain a sustainable dividend payment despite the challenging times, the Board of Directors are recommending a final dividend of 10 cents per share to be approved by shareholders at the coming Annual General Meeting. Together with the interim dividend of 10 cents paid in September 2016, the total dividend per share for the financial year ended 31 December 2016 is 20 cents per share (2015: 35 cents per share including 15 cents of special dividend).

FINANCIAL CALENDAR

Date	Event
11 May 2016	Announcement of 2016 1st quarter results
12 August 2016	Announcement of 2016 2nd quarter results
2 September 2016	Payment of 2016 First & Interim dividend
11 November 2016	Announcement of 2016 3rd quarter results
23 February 2017	Announcement of 2016 full-year audited results
6 April 2017	Announcement of Notice of Annual General Meeting
27 April 2017	48th Annual General Meeting
17 May 2017	Proposed books closure date for dividend entitlement
26 May 2017	Proposed payment of 2016 Second & Final dividend

OPERATIONS REVIEW HEALTHCARE



The Healthcare division ended the year 2016 with strong sales growth propelled by certain key Asian and European markets around the world.

It is most heartening to see that the Tiger Balm Medicated Plasters has gained much traction among consumers in many Asian countries as well as the USA.

In addition to the organic growth in our existing range like the Tiger Balm Ointment and the Tiger Balm Medicated Plasters, our strategy to build our Tiger Balm consumer franchise through introducing new products in our various markets has also worked well. The rolling out of the Tiger Balm Neck & Shoulder Rub and Boost into some European markets saw encouraging results.

The dengue and more recent Zika outbreak propelled our Tiger Balm Mosquito Repellent range of products to new heights in Singapore and Malaysia. Our Tiger Balm Mosquito Repellent Patch became the dominant market leader despite being a latecomer to this segment.

We also further fortified our position with the launch of the Tiger Balm Mosquito Repellent Aerosol.

In the unending quest to continue strengthening our consumer franchise for the Tiger Balm brand name we launched two new lines during 2016 – Tiger Balm Cooling Patch and Tiger Balm Lotion.

The promotional strategy to win new users through mass exercise and sports events has worked well for Tiger Balm. In Thailand, Tiger Balm continued its sponsorship of mountain trail runs. Now in the 3rd edition, the 2016 Tiger Balm Trail Series showcased some of the most scenic running trails in Thailand. Races were held in Hua Hin, Pattaya and Khao Yai in March, May and October respectively. Sports warm-ups, cool-downs and therapies using Tiger Balm products were provided for the runners before and after the races, adding on to the Tiger Balm experience. The Tiger Balm Trail Series succeeded in gaining a following, creating a sporting community for runners from all walks of life.



In the USA, Tiger Balm was endorsed by Olympic Gold medalist Christian Taylor and Gymnastics Hall of Fame inductee Kristin Allen. Their social media posts on Tiger Balm generated online buzz, helping the brand connect with consumers. Sports retailer Decathlon in France and Italy began promoting Tiger Balm in majority of their stores.

Impactful mass media and social media advertising in our key markets helped sustain our consumer franchise as well as keeping our products visible and top-of-mind in consumers' purchasing decisions.

However, the situation in the Middle East countries proved challenging for our business as they were adversely impacted by declining oil prices and poor economic situations.

Although 2017 looks uncertain due to the various unexpected political and economic upheavals, we will continue to implement our advertising and promotional strategies for our new products and in the key markets.



1. The marketing campaign in the USA featured athletes such as the Gymnastics Hall of Fame Inductee Kristin Allen.
2. The Tiger Balm Trail Series in Thailand gained a following among runners, creating a sporting community.
3. Tiger Balm reached out to families at the launch of the Tiger Balm Cooling Patch.
4. Tiger Balm ACTIVE participated in major marathons and sporting events in Singapore, which provided brand exposure and sampling opportunities.
5. Tiger Balm was a sponsor of *Lulu The Movie* which took the No. 3 spot on Singapore's box-office charts in the first week of its launch.
6. Through engaging online activities, Tiger Balm was able to grow its US Facebook page to 200,000 fans in October 2016.
7. The Team Tigerbalsam concept in Sweden will be expanded to cover more sports.

TIGER BALM GLOBAL PRESENCE

AMERICA

Bahamas
Brazil
Canada
Jamaica
Mexico
Suriname
Trinidad & Tobago
• USA



TIGER BALM®

AFRICA

Kenya
Malawi
Mauritius

EUROPE

Andorra	Estonia	Holland	Lithuania	Serbia
Austria	Finland	Hungary	Luxembourg	Slovenia
Belgium	France	Ireland	Macedonia	Spain
Bosnia	Germany	Italy	Malta	Sweden
Croatia	Gibraltar	Latvia	Norway	Switzerland
Denmark	Hercegovina	Liechtenstein	Portugal	United Kingdom

MIDDLE EAST

Bahrain	Qatar
Israel	Saudi Arabia
Kuwait	UAE
Oman	

ASIA

Brunei	Laos	• Singapore
Cambodia	Macau	South Korea
• China	• Malaysia	Sri Lanka
Hong Kong	Myanmar	• Taiwan
• India	Nepal	• Thailand
• Indonesia	Pakistan	Vietnam
Japan	Philippines	

AUSTRALASIA

Australia
New Caledonia
New Zealand
Papua New Guinea

• Manufacturing Facilities

OPERATIONS REVIEW LEISURE



Riding on a wave of nostalgia, footfall in Underwater World Singapore during its last month of operations paralleled its peak in its formative years.

In 2016, Underwater World Singapore (UWS) ended its operations on 26 June after 25 years in service as a family-friendly attraction that had received over 30 million visitors. The aquarium marked its final month with admission tickets set at its 1991 opening price of \$9 per adult and \$5 per child. The announcement of the closure brought a surge in visitorship in the last month of its operations.

The closing of UWS was decided in view of the impending expiry of its lease on Sentosa Island. Ending the operations in mid-2016 would allow sufficient time for UWS to relocate endangered aquatic animals to suitable facilities and the reinstatement of its property in accordance with its lease agreement.

The pink dolphins, fur seals and otters — endangered animals protected by CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) were relocated in early June. All the other animals were safely transferred out of the UWS premises to various regional facilities



1. In 2016, Underwater World Pattaya added new exhibits such as the Hawksbill Turtle, the Moray Eel and the Giant Spider Crab displays.

2. Rare species of reptiles were brought in by Underwater World Pattaya in December to prepare for the launch of a new zone in 2017.

3. A unique underwater marriage proposal organised by Underwater World Pattaya to celebrate Valentine's Day captured media attention.

4. Underwater World Pattaya celebrated the Songkran Festival with a Klong-yao performance.



by end October. The reinstatement of the UWS property is in progress as planned.

The closure of UWS did not have a significant impact on the Group's performance.

Underwater World Pattaya (UWP) continued to be cash generative in the year. Cognizant of the shift away from mass tourism to independent tourism, UWP ramped up its outreach efforts to attract free independent travellers (FITs) from the region. Investing in advertising in the regional markets and incentive schemes for local service providers helped UWP tap the FIT segment.

On the domestic front, UWP actively engaged locals through a calendar packed with festive promotions and digital marketing campaigns such as offering special admission rates and Klong-yao performance for the Songkran Festival and the Like-and-Share Facebook Campaign for Mother's Day @ UWP. Advertising in travel magazines and features on

television programmes, both local and overseas, also garnered publicity for UWP.

As part of its continuing campaign to stay fresh and relevant, UWP progressively launched new exhibits in 2016 such as the Green Turtle, the Hawksbill Turtle and the Moray Eel display. A new zone displaying amphibians and reptiles will be introduced in 2017.

All of these initiatives with a focus on adapting to changes in visitor profile and behaviour will stand UWP in good

stead even as it faces increasing competition, a softening tourism market and global uncertainties in 2017.

At the Division level, Haw Par Leisure continues to explore business opportunities in Singapore and overseas, and is keen to invest in new aquariums or leisure attractions with unique concepts that are viable and sustainable.

OPERATIONS REVIEW PROPERTY & INVESTMENTS

PROPERTY

The Group's investment property portfolio comprises 45,399 square metres of commercial and industrial space in Singapore and Malaysia.

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 2016, the average occupancy for these properties varied between 80% and 95%, marking an improvement against the previous year's amid subdued demand in a gloomy economy. The existing tenancy commitment is expected to sustain through 2017.

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 16,132 square metres. Over-supply of office space in Kuala Lumpur remains a sticking phenomenon as net absorption continues to be negative, aggravated by tenants being drawn to de-centralised areas. Marketing efforts are put in to attract specific target groups preferring to set up offices in centralised strategic locations that the property has to offer.

The performance of our properties in 2016 presented an improvement over the previous year's. Notwithstanding the over-supply of space in both the office and industrial segments persisted throughout the year, we managed to capitalise on the good locations of our properties and our expertise in tenancy management to secure a good level of tenancy commitment during the year that should endure through the new financial year.



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:

	No. of Shares		Fair Value		Gross Investment Income	
	2016	2015	2016	2015	2016	2015
			\$'000	\$'000	\$'000	\$'000
Strategic Investment Portfolio Profile						
Quoted Equity Securities						
United Overseas Bank Limited	71,953,237	70,396,770	1,467,127	1,380,481	49,278	76,661
UOL Group Limited	44,772,041	43,616,137	268,185	270,856	6,542	6,414
United Industrial Corporation Limited	69,571,883	68,821,107	192,018	196,828	2,065	2,046



1&2. Haw Par Glass Tower and Haw Par Centre are two adjacent office buildings located in Clemenceau Avenue, a stone's throw away from the heart of Singapore's Orchard Road.

3. Menara Haw Par is located in the heart of the Golden Triangle in Kuala Lumpur.

4. Haw Par Technocentre is a light industrial building located in Commonwealth Drive in Singapore.

PEOPLE & THE COMMUNITY

Delivering health and wellness is an integral part of Haw Par's business and a focus area of the company's initiatives to benefit the society and the environment.

COMMUNITY

Haw Par believes that no one should be constrained from leading an active life, and sports can be an empowering force in people's lives. In this spirit, Haw Par continued its support for the Singapore Disability Sports Council (SDSC) for the second year. SDSC is the only organisation in Singapore which reaches across all disability groups, offering a wide range of sports at both elite and non-elite levels. Haw Par's donation of \$120,000 in 2016 supported the Boccia Sport, the Special Schools Championships and the Singapore National Para Games.

Boccia is a Paralympic sport designed to be played by people with cerebral palsy or severe disabilities affecting their motor skills, such as muscular dystrophy, brain or spinal injury, and who require the use of wheelchairs. The sponsorship from Haw Par provided for the Boccia Nurturing and Development Programme, including the engagement of coaches, equipment replacement and upgrade, rental of facilities and transportation for the athletes to training venues.

The outreach to special schools, in particular, has borne fruit, producing a pipeline of young athletes for Boccia. This year, 38 students from the Cerebral Palsy Alliance of Singapore, AWWA School and Rainbow Centre participated in the "Learn to Play" sessions under the Boccia Nurturing Programme. With greater enthusiasm among athletes and coaches, the level of play also improved with the Singapore contingent from the Boccia Development Programme winning medals in all categories

at the Selangor Boccia Open Championships in August 2016. The number of athletes participating in Boccia increased from 55 in 2015 to 70 in 2016.

Aside from Boccia, Haw Par was also the key sponsor of the Special Schools Championships for Swimming and Track and Field, and the Singapore National Para Games, providing a platform for people with disabilities to fulfil their sporting ambitions.



Catering for students with special needs from the 20 Special Education Schools in Singapore, the Special Schools Championships for Swimming and Track and Field saw an overall participation of over 300 students in March 2016. For these young students, the championships offered them the opportunity to experience their first competition and to hone their skills, inspiring pride and confidence in them and their caregivers.

In 2016, the Singapore National Para Games was rebranded from the National Disability League to focus on abilities instead and to align with the Paralympic movement. At the Games, athletes gained competitive experience and potential athletes were selected to represent Singapore at regional and international competitions. The Singapore National Para Games continued to play an important role in the ecosystem of disability sports in Singapore. This year, 511 athletes competed across 18 sports over two months at the Games.

At the Healthcare Division, Tiger Balm supported AVON 39 The Walk to End Breast Cancer in the USA for the fifth

consecutive year. Participants at this event trekked 39 miles over two days to raise funds for breast cancer research, access to screening, diagnosis and treatment, and the public education programmes. In recognition of the Breast Cancer Awareness Month, Tiger Balm advertisements appearing in October publications were modified with the colour pink and featured the Avon Walk labels.

Tiger Balm also donated products to a range of charitable initiatives in Singapore, Hong Kong and other countries such as the Run for Hope organised by the National Cancer Centre Singapore, the Fei Yue Family Service Centre's "Weaving Love, Mending Hearts" programme and the Get Movin' for Charity Movement that reached out to the elderly in Singapore, as well as the East Union

1. Mr A K Han, Executive Director of Haw Par Corporation, presenting a mock cheque of \$120,000 to a Boccia athlete and SDSC President Dr Teo Sock Miang in the presence of GOH Ms Grace Fu, Singapore Minister for Culture, Community & Youth (beside Mr Han)
Photo: Ministry of Culture, Community and Youth (Singapore)

2. Boccia athletes at the Boccia Finals of the Singapore National Para Games
Photo: Singapore Disability Sports Council

3 & 4. Underwater World Pattaya treated the children from the Wishing Well Foundation to a wondrous underwater journey.

5. In the USA, Tiger Balm supported the AVON 39 The Walk to End Breast Cancer.

6. Underwater World Singapore hosted elderly from the Xin Yuan Community Care and other charity groups to mark its closing in June 2016.

PEOPLE & THE COMMUNITY



Foundation Community Health Day where free medical services were provided for the sick and needy in East Kowloon, Hong Kong.

In celebration of the Grandparents' Day on 27 November 2016, Tiger Balm medicated plasters were presented to the elderly staying at various nursing homes in Singapore, including the Sree Narayana Mission Home for the Aged Sick, the Jamiyah Nursing Home, Kwong Wai Shiu Hospital & Nursing Home and the Bethany Methodist Nursing Home.

In keeping with the tradition of spreading cheer to the underprivileged, Underwater World Singapore and Underwater World Pattaya hosted numerous charity groups and curated special performances for them.

In March 2016, Underwater World Pattaya (UWP) welcomed 28 children from the Wishing Well Foundation and their caregivers to the aquarium. The Foundation fulfils wishes for children with cancer whose hope for cure are limited in addition to providing

palliative care support for them. To make the visit memorable, the UWP team put up a clownfish mascot performance for these special guests, surrounded by sharks, rays and fish.

In June 2016, Underwater World Singapore (UWS) marked its closing with a month of charity, providing free admissions to over 900 beneficiaries from charity partners it had worked with in the past. Students from the Life Community Student Care Centres, elderly from the Thye Hua Kwan Seniors Activity Centres and people with disabilities from SPD were among those who took a walk "under the sea" at the UWS' iconic 83-metre Underwater Tunnel for the last time. The resident Underwater Santa and Underwater God of Fortune, who had been bringing joy to guests during the festive seasons over the years, shared high-fives with the young and old at the finale performances.

ENVIRONMENT

In 2016, Haw Par participated in Earth Hour for the 10th consecutive year. Underwater World Singapore (UWS) and Underwater World Pattaya (UWP) pledged their support for #ChangeClimateChange by switching off façade lights at UWS and UWP during the Earth Hour on 19 March 2016. The aquariums also promoted the 3Rs – "Reduce, Reuse, Recycle" in their commentary for their daily shows and feeding sessions, encouraging guests to take action against climate change so that future generations will still have the opportunity to experience the wonders of the ocean.

Recognising the importance of biodiversity conservation in sustaining life on Earth, Haw Par supported the inaugural International Year of Biodiversity declared by the United Nations in 2010 and the United Nations Decade on Biodiversity 2011 - 2020.



7. In Hong Kong, Tiger Balm Ointment was given out by volunteers to the beneficiaries attending a Community Health Day.

8 & 9. In Singapore, Haw Par has been supporting conservation education through the sponsorship of the tiger and leopard exhibit at the Night Safari and Singapore Zoo respectively. Photo: Wildlife Reserves Singapore

10. Underwater World Pattaya raises public awareness about the threats sea turtles face in the wild through their Hawksbill Turtle display.

It is Haw Par's belief that conservation education can help to foster an understanding of the variety of life on Earth and the need to protect it. UWS and UWP, with their unique showcase of hundreds of species of aquatic life enhanced with informational signage, offered an educational platform to engage their guests and spark an awareness in environmental conservation issues.

As part of its continuing campaign to educate the public, UWP launched a number of new exhibits in 2016 including the Green Turtle and the Hawksbill Turtle display. For more than 100 million years sea turtles have been a part of the ocean ecosystem, but human activities now threaten the survival of these ancient mariners. The Green Turtle (scientific name: *Chelonia mydas*) and the Hawksbill Turtle (scientific name: *Eretmochelys*

imbricata) are classified by the International Union for Conservation of Nature as Endangered and Critically Endangered respectively. The UWP sea turtle exhibit aims to draw attention to the plight of the sea turtles and to inspire conservation of the ocean.

The tiger and the leopard are the namesakes of Haw Par and the company founders. ('Haw' means tiger and 'Par' means leopard in Chinese.) Both are among the most endangered species on Earth. Over the years, Haw Par supported tiger conservation efforts in a number of countries including India, Germany and the USA. In Singapore, Haw Par's sponsorship of the Malayan Tiger Exhibit at the Night Safari of Singapore and the Leopard Exhibit at the Singapore Zoo traced back to 1995 and 1986 respectively.

FIVE-YEAR FINANCIAL SUMMARY

	2016 ¹	2015	2014	2013	2012
Results (\$'000)					
Group turnover	201,644	178,834	154,222	141,176	139,349
Profit from operations	137,016	139,256	111,976	96,574	84,526
– Healthcare	66,051	48,122	33,885	25,871	17,155
– Leisure	899	(4,340)	2,513	3,776	11,881
– Property	11,988	9,868	12,377	13,395	12,925
– Investment	61,366	88,419	66,850	57,002	48,587
– Unallocated expenses	(3,288)	(2,813)	(3,649)	(3,470)	(6,022)
Associates' contribution	854	56,376	11,917	8,039	19,308
Fair values gains/(losses) on investment properties	980	(1,967)	3,075	10,664	23,492
Profit before taxation	138,850	193,665	126,968	115,277	127,326
Profit attributable to equity holders of the Company	125,041	183,276	118,825	107,919	119,965
Per share					
Earnings (cents)	57.0	83.7	54.3	49.4	55.1
Dividend net (cents)	20.0	35.0 ²	20.0	20.0	18.0 ³
Dividend cover (times)	2.9	2.4	2.7	2.5	3.1
Statement of Financial Position (\$'000)					
Financial assets (FVOCI)/Available-for-sale financial assets ¹	2,027,331	2,080,555	2,311,492	1,934,728	1,815,844
Investment properties	211,362	210,823	225,249	222,139	211,545
Property, plant and equipment	23,450	24,406	33,187	35,758	37,947
Associated companies	4,313	3,859	137,690	119,097	114,484
Intangible assets & other long term assets	11,655	12,285	11,379	11,605	11,718
Other net current assets (excluding FVOCI)	248,271	251,282	152,312	174,968	110,968
Long term liabilities	(50,832)	(48,087)	(63,844)	(53,574)	(49,289)
Net assets/Shareholders' funds	2,475,550	2,535,123	2,807,465	2,444,721	2,253,217
Statistics					
Return on equity (%)	5.1	7.2	4.2	4.4	5.3
Net assets per share (\$)	11.29	11.57	12.82	11.18	10.34
Debt/Equity (%)	1.9	1.7	2.0	1.0	1.0
Number of shareholders	19,620	19,834	20,039	20,316	20,821
Employees					
Number of employees	513	546	469	437	414
Group turnover per employee (\$'000)	393	328	329	323	337
Pre-tax profit ⁴ per employee (\$'000)	269	358	264	239	251

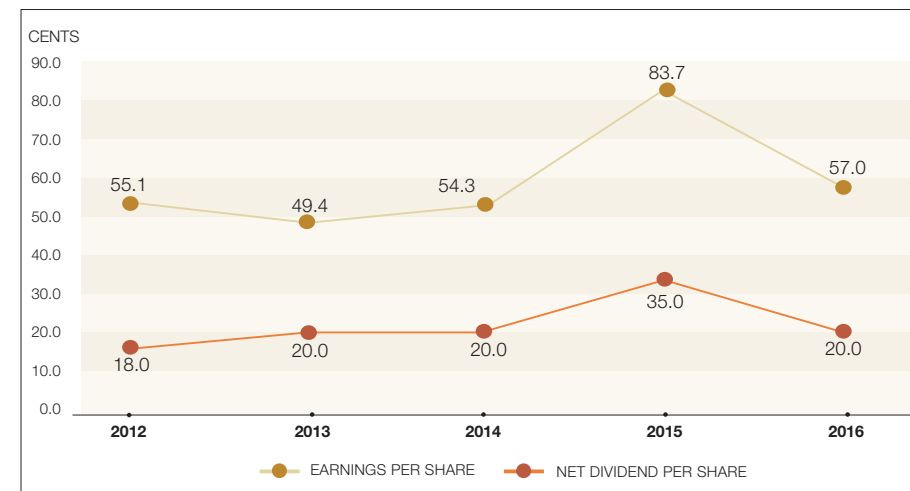
1 The Group early adopted FRS 109 Financial Instruments. In accordance with the transitional provisions in FRS 109, comparative figures have not been restated. Please refer to Note 2(a) of the financial statements for more information.

2 Includes a special dividend of 15 cents per share.

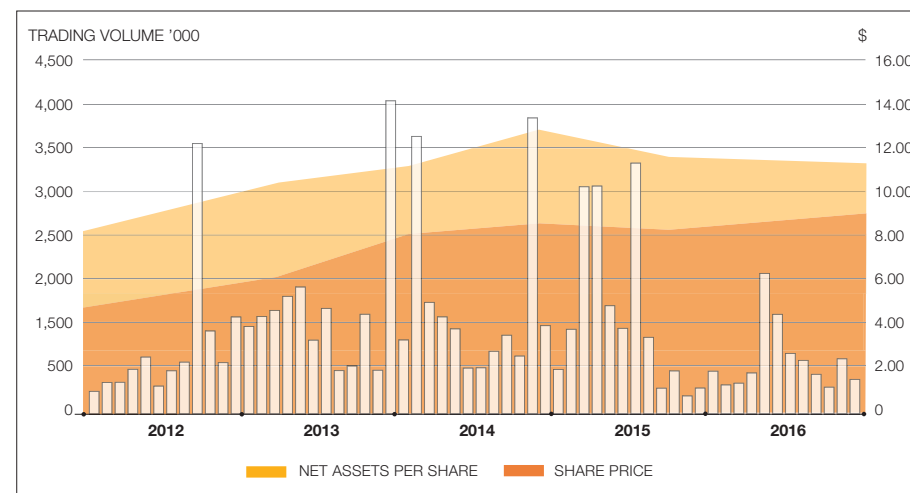
3 Adjusted for bonus issue in 2013.

4 Excludes fair value changes on investment properties.

EARNINGS PER SHARE AND NET DIVIDEND PER SHARE



TRADING VOLUME, SHARE PRICE & NET ASSETS PER SHARE



FINANCIAL REVIEW

OVERVIEW

Group revenue at \$201.6 million was 13% higher than 2015, with Healthcare and Property recording 16% and 25% increase in revenue respectively. Operating segment profits before interest expense and tax for Healthcare and Property grew 37% and 22% respectively. However, investments income decreased 31% due to lower dividend income from investments.

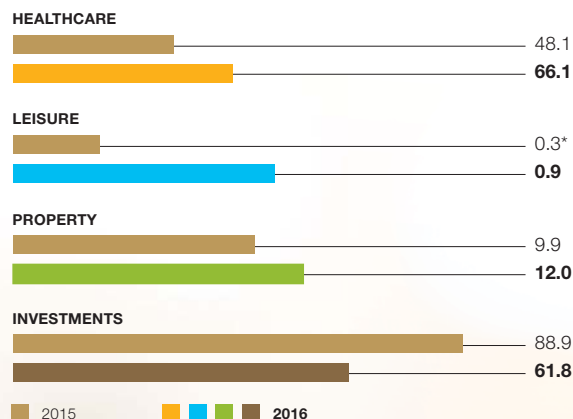
Group earnings decreased 32% to \$125.0 million (2015: \$183.3 million) and earnings per share decreased to 57.0 cents (2015: 83.7 cents) due mainly to lower investment income and one-off equity gains from associated company in 2015. Net assets per share decreased to \$11.29 (2015: \$11.57) due to volatility of market valuations of the Group's equity investments.

RETURN ON ASSETS EMPLOYED

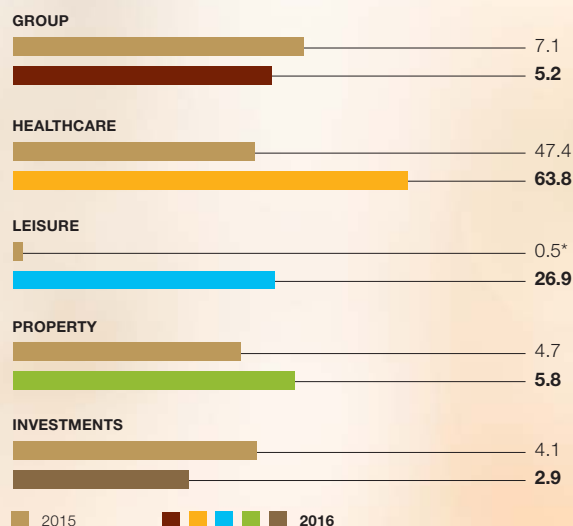
The Group applies a Return of Assets Employed ("ROA") measure to evaluate the performance of its business operations. The ROA measures profitability of assets utilised by the various segments.

In 2016, the Group's ROA was 5.2%, with higher profitability in all operating segments, offset by decrease in investments income and one-off equity gains from associated company in 2015. ROA of Healthcare division improved from 47.4% to 63.8%. The improvement in ROA of Leisure was partly due to closure of Underwater World Singapore during the year and higher profit from the segment. ROA of Property increased to 5.8% from improvement in occupancy during the year. ROA of Investments decreased to 2.9% with lower dividend income received during the year.

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



RETURN ON ASSETS EMPLOYED (%)



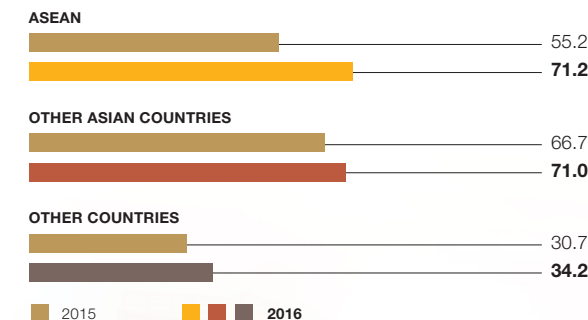
* Excluded effects of impairment of fixed assets of Underwater World Singapore

SEGMENTAL PERFORMANCE

HEALTHCARE

Healthcare's revenue of \$176.4 million increased 16% compared to prior year. Sales to all major regions increased especially to ASEAN which grew 29%. Sales to ASEAN and other Asian countries increased \$16.0 million and \$4.3 million respectively, reinforcing the strong brand equity and confidence in the products. Operating profits increased 37% to \$66.1 million due to higher sales and reduced operating expenditure which helped improve margins.

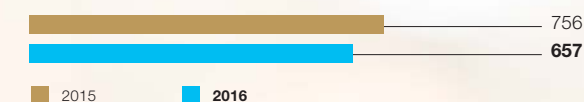
HEALTHCARE SALES BY REGION (\$M)



LEISURE

The number of visitors to the aquariums declined by 13% due mainly to closure of Underwater World Singapore ("UWS") in June 2016. Revenue from Leisure decreased 34% to \$8.4 million compared to \$12.7 million last year. Visitorship at Underwater World Pattaya ("UWP") improved in 2016 from increase in group visitors. New displays and exhibits were added at UWP during the year to maintain competitiveness. Leisure segment returned a profit of \$0.9 million in 2016.

VISITORSHIP OF AQUARIUMS ('000)



FINANCIAL REVIEW

PROPERTY

Despite the subdued property outlook, Property's revenue increased 25% to \$16.9 million from the improvement in occupancy of properties in Singapore. Profits also increased 22% to \$12.0 million in 2016.

PROPERTY (BUILDING OCCUPANCY RATES)

SINGAPORE PROPERTIES



OTHERS



■ 2015 ■ 2016

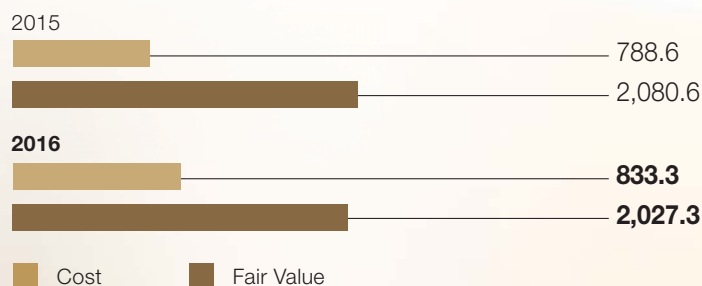
INVESTMENTS

Fair value of the Group's investment portfolio decreased from \$2,080.6 million as of 31 December 2015 to \$2,027.3 million as of 31 December 2016 due to drop in share prices of its equity investments portfolio amid volatile equity markets.

The Group elected to receive \$33.2 million of dividend income as non-cash equity investments in lieu of cash dividends during the year which increased the cost of its investments portfolio.

Dividend income from quoted equity investments decreased 35% to \$58.4 million (2015: \$89.5 million) due mainly to lower dividends received from the Group's investment in United Overseas Bank Limited.

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



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 2016 (“FY 2016”) and explain deviations from any guideline of the Code.

BOARD MATTERS

Board’s Conduct of its Affairs

The principal responsibilities of the Board include:

- approving strategic plans and annual budgets;
- approving major funding, acquisition, 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 (above specified limits) such as joint ventures, mergers and acquisitions, as well as adoption and amendment of Group risk management policy.

CORPORATE GOVERNANCE REPORT

The Board has delegated specific responsibilities to four Board Committees, which are the Audit, Nominating, Remuneration and Investment Committees. Each of these Committees has its own charter that is reviewed periodically.

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 the Annual General Meeting (AGM), Board and Board Committee meetings held in the financial year ended 31 December 2016 is as follows:

Table 1:
Number of meetings attended in FY 2016

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee	Investment Committee	AGM
Wee Cho Yaw (Non-executive / Non-independent)	4 ⁽²⁾	N/A	1	1	6 ⁽²⁾	1
Wee Ee-chao (Non-executive / Non-independent)	3	N/A	N/A	N/A	N/A	1
Wee Ee Lim⁽¹⁾ (Executive / Non-independent)	4	4	N/A	1	6	1
Sat Pal Khattar (Non-executive / Independent)	3	N/A	1 ⁽²⁾	1 ⁽²⁾	N/A	1
Chew Kia Ngee (Non-executive / Independent)	4	4 ⁽²⁾	N/A	N/A	N/A	1
Hwang Soo Jin (Non-executive / Independent)	4	1	N/A	1	N/A	1
Lee Suan Yew (Non-executive / Independent)	4	NA	1	N/A	N/A	1
Peter Sim Swee Yam (Non-executive / Independent)	4	4	1	N/A	N/A	1
Gn Hiang Meng (Non-executive / Independent)	4	4	N/A	NA	NA	1
Han Ah Kuan (Executive / Non-independent)	4	N/A	N/A	N/A	6	1
Number of meetings held in FY 2016	4	4	1	1	6	1

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.

CORPORATE GOVERNANCE REPORT

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 is a corporate member of the Singapore Institute of Directors (SID). The Company encourages Directors to keep abreast of relevant new laws, regulations, changing commercial risks and industry development from time to time and arranges and funds the training of Directors to attend external courses and talks by professional organisations if needed. During the year, all Directors were provided a copy of the Directors' Guide published by the SID to keep them updated with the latest regulatory developments. Various board committee members also received the Audit Committee Guide, Nominating Committee Guide and/or the Remuneration Committee Guide issued by the SID. Directors are continuously updated on developments in the regulatory and business environment affecting the Group, through the Company Secretary and auditors (both internal and external). The Directors do not appoint alternate directors to perform any of their roles.

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. Eight of these Directors are non-executive directors (including the Chairman). 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 management experience, strategic planning, accounting, finance, legal and the necessary industry knowledge. The NC is aware of the importance of diversity of the Board composition (such as skills, experience, qualifications, core competencies, age, gender and race) and board appointments would continue to be based on merit and diversity factors.

The NC, having regard to the Code's guidance for assessing independence, has determined that the majority of Directors on the Board, being six 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 with the Company, its related corporations, its 10% shareholders or its officers which could interfere, or be reasonably perceived to interfere, with the exercise of 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 are, or were in the past three financial years employed by the Group. In addition, they and their immediate family members did not receive any significant compensation from the Company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for board service.

CORPORATE GOVERNANCE REPORT

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 did not compromise their independence 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 and at all times the interests of the Company, Board and Committees were protected and enhanced by their length of service. 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 a progressive refreshing 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. Where necessary, the independent Directors also have the discretion to meet without the presences of other Directors and they are able to provide feedback to the Chairman. The chairpersons of each of the board committees have sufficient standing and authority to look into any matter which management or executive directors fail to resolve.

Nominating Committee

The NC comprises four members, namely, Mr Sat Pal Khattar, Dr Wee Cho Yaw, Dr Lee Suan Yew and Mr Peter Sim. 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:

- recommend appointments / reappointments of Directors and key executives, including the CEO;
- review the composition of the Board and Board Committees;
- perform succession planning for Directors, in particular for the Chairman and the CEO;
- 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.

CORPORATE GOVERNANCE REPORT

The NC makes annual recommendations to the Board on the re-election 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. 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 boards of other listed companies that Directors could sit on was necessary. The NC decided that it was not necessary to prescribe a limit on the number of boards of other listed companies that Directors of the Company sit on. Although some Directors have multiple board representations and principal commitments, none of them has 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. These performance criteria also include performance of the Company as compared to industry peers and are linked to long term shareholder value. 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.

Access to Information

Directors have unfettered access to complete and adequate information on the Group's financials and operations in a timely manner. Comprehensive information including strategic, financials, key operational and compliance matters is provided to Directors on a monthly and 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.

CORPORATE GOVERNANCE REPORT

Directors have separate, independent and unrestricted access to the Company Secretary for assistance. The Company Secretary is required to attend and 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 adequate information flows within 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 assisting with 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 Constitution 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.

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 payable to the Non-Executive Directors to be recommended for shareholders' approval. 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. In 2015, the RC, through management, appointed Mercer, an independent consultant to review the remuneration structure of senior executives, which includes the short and long term incentive schemes.

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 which are not overly generous.

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 has 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.

CORPORATE GOVERNANCE REPORT

The Directors' fee⁽¹⁾ structure for services on the Board and Board Committees is as follows:–

Board	\$
– Chairman	80,000
– Deputy Chairman	52,000
– Member	40,000
Audit Committee	
– Chairman	20,000
– Member	10,000
Nominating and Remuneration Committee	
– Chairman	10,000
– Member	5,000

(1) The remuneration structure of the Non-Executive Directors is based solely on a retainer fee basis, with additional fees for board committees' membership to commensurate with effort, time and role of these Directors. There is no proposed increase in the base fees for these directors, except for a new base fee for the Deputy Chairman, who was newly appointed by the NC during the year.

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 and share options (for eligible employees). The fixed component comprises basic salary, provident fund contributions and annual wage supplement. The variable component comprises variable bonus based on the Group's and each individual's performance. A variable bonus scheme is in place for each business unit. The economic value-added based bonus scheme takes into consideration working capital efficiency, productivity, current year earnings and long-term sustainability in order to align with the interests of shareholders and promote the long-term success of the Group.

In the annual review of the remuneration of the Executive Directors and key management personnel, the RC takes into consideration performance of the individuals and comparative remuneration of similarly placed persons in the market as well as the findings of an independent consultant, Mercer in 2015. The performance criteria for the Executive Directors include additional achievement of financial objectives using financial indicators such as overall profitability and return of assets over a period of time. These criteria were satisfactorily met during the year. Their remuneration is reviewed annually by the RC and includes a variable bonus component which is performance-based. The level and structure of remuneration for Executive Directors are aligned with the long term interest of the Group.

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 is aligned 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' Statement and notes to the financial statements.

CORPORATE GOVERNANCE REPORT

Disclosure of Remuneration

The details of the remuneration of each Director for FY 2016 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	Total Share options granted No. of shares
Wee Ee Lim	–	855	770	84	1,709	–
Han Ah Kuan	–	335	287	131	753	66,000
Wee Cho Yaw	90	–	–	–	90	–
Wee Ee-chao	50	–	–	–	50	–
Sat Pal Khattar	60	–	–	–	60	–
Hwang Soo Jin	48	–	–	–	48	–
Lee Suan Yew	45	–	–	–	45	–
Chew Kia Ngee	60	–	–	–	60	–
Peter Sim Swee Yam	52	–	–	–	52	–
Gn Hiang Meng	50	–	–	–	50	–

¹ Directors' fees are subject to shareholders' approval at the forthcoming annual general meeting on 27 April 2017.

Remuneration of Key Executives

The remuneration of each of the top six senior executives of the Group (who are not Directors or CEO), 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 No. of shares
\$500,000 – \$750,000					
Kwek Meng Tiam [#] Regional GM	30	0	70	100	26,000
\$250,000 – \$500,000					
Goh Bee Leong, GM – Manufacturing	53	34	13	100	35,000
Jasmin Hong, GM – Marketing	53	34	13	100	44,000
Keeth Chua, DGM – Marketing	55	32	13	100	26,000
Tarn Sien Hao, Group GM	54	29	17	100	44,000
Zann Lim, CFO	54	33	13	100	33,000

[#] Ceased employment in the Group during the year.

CORPORATE GOVERNANCE REPORT

The total remuneration paid/accrued to the top six senior executives is about \$2,665,000.

The aggregate amount of termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top five key management personnel is around \$554,000.

Save as disclosed below, there is no employee (other than the CEO) who is an immediate family member of a Director or the CEO and whose remuneration exceeds \$50,000 during the year. 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 understandable assessment of the Group's performance through announcements of its quarterly and full-year results as well as timely announcement of any price-sensitive information, through various media, including press releases posted on the Company's website and disclosure via SGXNET. Internal guidelines are in place to comply with legislative and regulatory requirements and Management provides the Board with monthly management accounts of the Group. The management reports, containing sufficient details and comparisons to planned budgets, provide the Directors with a means to monitor 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 Board has overall responsibility for the governance of risk and determination of risk policies. The Board, assisted by the Audit Committee, is responsible for determining the Company's level of risk tolerance and oversees the management in implementing the risk management and internal controls system.

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 risks are properly addressed; and
- reports to the AC and the Board twice a year on risk management activities and attestation undertaken.

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. These risks are reviewed both against the entity level parameters and from the Group's perspective. The AC monitors the Risk Management Committee's activities on behalf of the Board.

CORPORATE GOVERNANCE REPORT

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 manage 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. Financial risks are monitored by the Investment Committee. Generally, the Group is conservative in its financial dealings and do not engage in speculative instruments that would expose the Group to unnecessary financial risks.

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

The Board (assisted by the Audit Committee) 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 2016.

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 of the opinion 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 2016.

The Group's internal controls and risk management systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only 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

Audit Committee (“AC”)

The AC comprises three members, namely, Dr Chew Kia Ngee, Mr Gn Hiang Meng and Mr Peter Sim, 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 Gn Hiang Meng was formerly a senior banker with more than 30 years’ experience in investment banking and hospitality industry. Mr Peter Sim is a practising lawyer with more than 30 years of legal practise and experienced with a wide-range of industry practices.

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, evaluation of the performance and compensation 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 including but not restricted to issues of internal controls, suspected fraud or irregularity. It has access to and full co-operation by the management and may invite any director or executive officer to attend its meetings.

During the year, the AC held four meetings during which it performed its responsibilities as set out above. The Group’s internal and external auditors were also present throughout these meetings. It met the external and internal auditors separately in the absence of management to discuss the competency and adequacy of finance function, cooperation provided by management and inquired into material weaknesses or control deficiencies noted during the course of their work. It was noted that there was no adverse feedback from these meetings.

CORPORATE GOVERNANCE REPORT

For the review of financial statements, the AC discussed with management the key accounting policies applied and areas where judgement and critical estimates were involved. One of the key changes to accounting policies applied for the year ended 31 December 2016 was the early adoption of Financial Reporting Standard 109 on “Financial Instruments”. After extensive discussions, the AC was satisfied with the measurement and disclosure of the related financial instruments in the Group’s accounts in all material aspects. The AC also discussed with the external auditor all significant matters noted during their audit from their report to the AC. The valuation of financial assets was the key audit matter highlighted by the auditor in its audit report. Following the review and discussions, the AC recommended to the Board to approve the full year financial statements.

In reviewing non-audit services, the AC was satisfied that amount of non-audit services provided by the external auditor was not material and would not impair the independence of the external auditor. The AC has confirmed that the Company has complied with Rule 712 and Rule 715/716 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) 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/payable to PricewaterhouseCoopers LLP for FY 2016 was \$337,000. The breakdown of fees paid/payable for audit and non-audit services were \$326,000 and \$11,000 respectively. The AC has reviewed and is satisfied with the independence and objectivity of the external auditor.

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

Code of Conduct and Whistle-Blowing Policy

The Group has in place a Code of Conduct that sets out the business practices, procedures and ethical conduct expected of all employees in their course of employment and in dealings with customers, suppliers and consultants. The Code of Conduct is sent to all employees and newly hired employees have a separate briefing on it.

In line with the Code of Conduct, the Group has in place a whistle-blowing policy and process under which employees and external parties 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. Existing employees are reminded of the policy from time-to-time in order to raise awareness of the availability of the channel for such reporting.

Internal Audit

The Company has an internal audit (“IA”) department which is staffed with professionally qualified personnel. The Group Internal Audit Manager, who has close to 3 decades of internal audit experience within the Group, reports directly to the Chairman of the AC on audit matters and to the CEO on administrative matters. The appointment, removal, evaluation of performance and compensation of the Group Internal Audit Manager rests with 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 an Internal Audit Charter that is reviewed annually and has strict procedures in reporting its audit findings to the management and the AC.

CORPORATE GOVERNANCE REPORT

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. IA 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, records, 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 the 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 results of the votes for all resolutions taken during AGM and general meetings of shareholders are validated by independent scrutineers and are broadcast at the AGM. The results are also announced on the SGXNET after the meeting. The meetings' minutes with substantial and relevant comments are available to shareholders at the registered office upon request within reasonable time after each general meeting.

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

Conduct of Shareholder Meetings

The Company ensures that shareholders are given the opportunity to participate effectively in and vote at general meeting. The Company 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 notices of general meetings setting out the agenda are despatched to shareholders with the annual reports, and if necessary, letters to shareholders on the item of special business, at least 14 days before the general meetings are called to pass ordinary resolutions or 21 days before the general meetings are called to pass special resolutions. Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting. 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. The Company Secretary is present to ensure that procedures under the Constitution and the Listing Manual of the SGX-ST are followed. Key management personnel are also present at such general meetings to respond to queries from shareholders.

CORPORATE GOVERNANCE REPORT

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. A registered shareholder who is unable to attend the general meetings can appoint up to 2 proxies to attend, participate and vote in the general meetings on his behalf. The Company allows corporations which provide nominee or custodial services and the Central Provident Fund Board to appoint more than 2 proxies so that shareholders who hold shares through such corporations and the Central Provident Fund Board can attend, participate and vote in general meetings as proxies, in accordance with the provisions of the Constitution.

The Company does not have a formal dividend policy. For more than 30 years the Company has maintained sustainable dividend payments with an upward trend. In certain years, such as in 2016, the Company also paid special dividends.

OTHER GOVERNANCE PRACTICES

Investment Committee

The Investment Committee ("IC") is headed by the Chairman of the Board and comprises two Executive Directors and the CFO. The IC meets bi-monthly to review the performance of the Group's investments, funding requirements, key financial risks and strategic issues of each operating unit.

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 of the Listing Manual of the SGX-ST with regard to interested person transactions. During the year, there were no interested person transactions entered into by the Company and any Director that require disclosure under the SGX-ST listing rules.

Material Contracts

Except as disclosed in the financial statements, 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.

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DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

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 58 to 113 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements 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.

DIRECTORS

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of, nor at any time during the financial year was the Company a party to any arrangement whose object was, or one of whose objects was, to enable the Directors of the Company 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") as disclosed under "Share options" in this statement.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

- (a) According to the register of Directors' shareholdings, none of the Directors holding office at the end of the financial year had any interest in the shares, warrants, share options in, or debentures of the Company or its related corporations except as follows:

	Holdings registered in name of Director or nominee		Holdings in which Director is deemed to have an interest	
	31.12.2016	1.1.2016	31.12.2016	1.1.2016
<u>Interest in the Company's ordinary shares</u>				
Wee Cho Yaw	1,092,373	1,092,373	77,728,935	77,728,935
Wee Ee Lim	437,192	437,192	73,001,783	73,001,783
Wee Ee-chao	13,826	13,826	73,135,381	73,135,381
Sat Pal Khattar	—	—	96,219	96,219
Hwang Soo Jin	75,000	75,000	—	—
Han Ah Kuan	101,800	127,000	—	—

- (b) According to the register of Directors' shareholdings, an executive director holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Haw Par Corporation Group 2002 Share Option Scheme as set out below:

	No. of unissued ordinary shares under option	
	31.12.2016	1.1.2016
Han Ah Kuan	198,000	132,000

- (c) 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.
- (d) The Directors' interests in the ordinary shares and share options of the Company as at 21 January 2017 were the same as those as at 31 December 2016.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 executive 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 unissued shares covered by the options		
	Balance at 31.12.2016	Exercise price	Exercise period
1.3.2012	52,000	\$5.95	1.3.2013 – 28.2.2017
4.3.2013	128,000	\$7.27	4.3.2014 – 3.3.2018
3.3.2014	430,000	\$8.55	3.3.2015 – 1.3.2019
3.3.2015	508,000	\$8.58	3.3.2016 – 2.3.2020
4.3.2016	534,000	\$8.00	4.3.2017 – 3.3.2021
	1,652,000		

In 2016, options to subscribe for 546,000 unissued shares in the Company at the exercise price of \$8.00 per share were granted and 534,000 options accepted under the 2002 Scheme. Options in respect of 6,050,000 unissued shares 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 26 to the financial statements.

During the financial year, options to subscribe for 20,000 unissued shares were cancelled and 199,000 shares were issued by virtue of the exercise of options. The market price on the dates of exercise ranged from \$7.82 to \$9.30.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 31.12.2016	Aggregate number of shares comprised in options exercised since commencement of scheme to 31.12.2016	Aggregate number of shares comprised in options that have expired since commencement of scheme to 31.12.2016	Aggregate number of shares comprised in options outstanding as at 31.12.2016
Wee Ee Lim	–	48,000	48,000	–	–
Han Ah Kuan	66,000	701,000	455,000	48,000	198,000

- (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 2016.
- (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' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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)
Gn Hiang Meng
Peter Sim Swee Yam

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 2016 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, 23 February 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAW PAR CORPORATION LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying consolidated financial statements of Haw Par Corporation Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards ("FRSs") 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 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of financial position of the Group as at 31 December 2016;
- the consolidated income statement of the Group for the year then ended;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended;
- the statement of financial position of the Company as at 31 December 2016; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAW PAR CORPORATION LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of financial assets at fair value through other comprehensive income</p> <p>As at 31 December 2016, the Group's financial assets at fair value through other comprehensive income ("FVOCI"), amounted to \$2,027.3 million, representing 77% and 82% of the Group's total assets and net assets respectively. The financial assets (FVOCI) balance comprise primarily of quoted investments.</p> <p>A material misstatement in the financial assets (FVOCI) balance can arise either from the recognition of an investment which the Group does not own or an inaccurate determination of the fair value of an investment.</p>	<p>We obtained custodian confirmations to verify the quantity of each investment held by the Group.</p> <p>For material investments with readily available market price at year-end, we verified the unit price to the closing bid price listed on the respective stock exchanges or data published by Bloomberg.</p> <p>For material investments with no readily available quoted price at year-end, we:</p> <ul style="list-style-type: none"> involved our internal valuation specialist in understanding management's valuation methodology and challenged its appropriateness, taking into account generally accepted market practices; and assessed the appropriateness of key inputs (e.g. last quoted price) included in the valuation. <p>No exceptions were noted from the audit procedures performed.</p>

Other Information

Management is responsible for the other information. The other information comprises the following sections in the annual report:

- Corporate Profile
- Chairman's Statement
- Board of Directors
- Corporate Information
- Key & Senior Executives
- Group Financial Highlights
- Financial Calendar
- Operations Review
- People & The Community
- Five-Year Financial Summary
- Share Price & Trading Volume
- Financial Review
- Corporate Governance Report
- Directors' Statement
- Group Offices
- Major Products & Services

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAW PAR CORPORATION LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Other Information (continued)

which we obtained prior to the date of this auditor's report, and the Statistics of Shareholdings section which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Statistics of Shareholdings section in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAW PAR CORPORATION LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAW PAR CORPORATION LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Sim Hwee Cher.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 23 February 2017

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		The Group	
	Note	2016 \$'000	2015 \$'000
Revenue			
Cost of sales	4	201,644 (76,154)	178,834 (72,587)
Gross profit		125,490	106,247
Other income (net)	5	65,315	86,440
Distribution and marketing expenses		(41,356)	(42,867)
General and administrative expenses		(12,042)	(10,104)
Finance expenses		(391)	(460)
Profit from operations		137,016	139,256
Equity accounting/gains on associated companies		854	56,376
Fair value changes on investment properties (net)	11	980	(1,967)
Profit before taxation		138,850	193,665
Taxation	7	(13,809)	(10,389)
Profit for the financial year, net of tax		125,041	183,276
Earnings per share attributable to equity holders of the Company			
– Basic	9	57.0 cents	83.7 cents
– Diluted		57.0 cents	83.6 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	The Group	
		2016 \$'000	2015 \$'000
Profit for the financial year, net of tax		125,041	183,276
Other comprehensive income/(expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value changes on available-for-sale financial assets (net)		–	(406,144)
Reclassification of fair value changes to profit or loss on disposal of available-for-sale financial assets		–	3,286
Currency translation differences on consolidation of foreign entities (net)		(1,408)	(2,892)
Reclassification of currency translation reserve to profit or loss on deregistration of subsidiary company		(302)	–
Share of associated company's other comprehensive income through equity accounting		–	(2,927)
Reclassification of currency translation reserve to profit or loss on reclassification of associated company to available-for-sale financial assets		–	(4,543)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value changes on financial assets at fair value through other comprehensive income (net)		(99,288)	–
Other comprehensive expense for the financial year, net of tax		(100,998)	(413,220)
Total comprehensive income/(expense) for the financial year		24,043	(229,944)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		The Group		The Company	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	23,450	24,406	–	–
Investment properties	11	211,362	210,823	–	–
Investment in subsidiaries	12	–	–	375,357	375,857
Investment in associated company	13	4,313	3,859	2,895	2,895
Financial assets (FVOCI)/ Available-for-sale financial assets	14	1,630,061	1,701,036	231	281
Deferred income tax assets	21	539	1,169	–	–
Intangible assets	15	11,116	11,116	–	–
		1,880,841	1,952,409	378,483	379,033
Current assets					
Financial assets (FVOCI)/ Available-for-sale financial assets	14	397,270	379,519	–	–
Inventories	16	11,523	12,375	–	–
Trade and other receivables	17	33,508	32,387	131,605	138,385
Cash and bank balances	18	313,012	315,731	283,955	287,257
		755,313	740,012	415,560	425,642
Total assets		2,636,154	2,692,421	794,043	804,675
LIABILITIES					
Current liabilities					
Trade and other payables	19	52,992	55,156	34,954	80,704
Current income tax liabilities		10,981	10,508	621	490
Borrowings	20	45,799	43,547	45,799	43,547
		109,772	109,211	81,374	124,741
Non-current liabilities					
Deferred income tax liabilities	21	50,832	48,087	–	–
		50,832	48,087	–	–
Total liabilities		160,604	157,298	81,374	124,741
NET ASSETS		2,475,550	2,535,123	712,669	679,934
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	22	251,359	249,895	251,359	249,895
Retained profits		1,072,672	1,030,257	457,202	426,306
Other reserves		1,151,519	1,254,971	4,108	3,733
Total equity		2,475,550	2,535,123	712,669	679,934

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Attributable to equity holders of the Company							
	Share capital	Statutory reserve ¹	Capital reserve ²	Share option reserve	Fair value reserve	Foreign currency translation reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2016								
Balance at 1 January 2016	249,895	2,182	16,815	3,668	1,245,747	(13,441)	1,030,257	2,535,123
Issue of share capital	1,464	—	—	—	—	—	—	1,464
Expensing of share options (Note 26)	—	—	—	425	—	—	—	425
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained profits	—	—	—	—	(2,879)	—	2,879	—
Dividends paid (Note 8)	—	—	—	—	—	—	(85,505)	(85,505)
Total comprehensive (expense)/income for the financial year	—	—	—	—	(99,288)	(1,710)	125,041	24,043
Balance at 31 December 2016	251,359	2,182	16,815	4,093	1,143,580	(15,151)	1,072,672	2,475,550

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Attributable to equity holders of the Company							
	Share capital	Statutory reserve ¹	Capital reserve ²	Share option reserve	Fair value reserve	Foreign currency translation reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015								
Balance at 1 January 2015	248,722	2,156	16,815	7,075	1,648,605	(3,079)	887,171	2,807,465
Issue of share capital	1,173	—	—	—	—	—	—	1,173
Expensing of share options (Note 26)	—	—	—	251	—	—	—	251
Transfer from retained profits to statutory reserve	—	26	—	—	—	—	(26)	—
Reclassification from share option reserve to retained profits on reclassification of investment in associated company to available-for-sale financial assets	—	—	—	(3,658)	—	—	3,658	—
Dividends paid (Note 8)	—	—	—	—	—	—	(43,822)	(43,822)
Total comprehensive (expense)/income for the financial year	—	—	—	—	(402,858)	(10,362)	183,276	(229,944)
Balance at 31 December 2015	249,895	2,182	16,815	3,668	1,245,747	(13,441)	1,030,257	2,535,123

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' Constitution 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 company.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	The Group	
		2016 \$'000	2015 \$'000
Cash flows from operating activities:			
Profit before tax		138,850	193,665
Adjustments for:			
Dividend income	5	(58,411)	(89,476)
Interest income	5	(3,426)	(2,764)
Depreciation of property, plant and equipment	10	3,103	5,338
Fair value changes on investment properties (net)	11	(980)	1,967
Equity accounting/gains on associated companies		(854)	(56,376)
Expensing of share options	26	425	251
Finance expenses		391	460
Reclassification of currency translation reserve to profit or loss on deregistration of subsidiary company	5	(302)	–
Write-back of unclaimed dividends		(228)	(216)
Inventories written down	16	190	216
(Gain)/loss on disposal and write-off of property, plant and equipment	6	(101)	86
Impairment of property, plant and equipment	10	–	4,601
Loss on disposal of available-for-sale financial assets	5	–	3,286
Gain on sale of investment property	5	–	(250)
Allowance for impairment of receivables	6	–	8
Currency translation (gains)/losses		(779)	70
Operating profit before working capital changes		77,878	60,866
Decrease/(increase) in inventories		662	(1,871)
Increase in trade and other receivables		(4,281)	(5,085)
(Decrease)/increase in trade and other payables		(1,967)	13,079
Cash generated from operations		72,292	66,989
Dividend income received		28,711	63,534
Interest income received		3,039	2,773
Net taxation paid		(12,503)	(9,233)
Net cash provided by operating activities		91,539	124,063
Cash flows from investing activities			
Purchase of financial assets (FVOCI)/Available-for-sale financial assets		(20,331)	(20,256)
Proceeds from disposal of financial assets (FVOCI)/Available-for-sale financial assets		12,311	9,082
Purchase of property, plant and equipment	10	(2,801)	(993)
Dividends from associated companies		400	4,068
Proceeds from sale of property, plant and equipment		162	–
Improvements to investment properties	11	(104)	(2,282)
Proceeds from partial disposal of interest in associated company		–	99,322
Purchase of additional interest in associated company		–	(72,755)
Proceeds from sale of investment property		–	10,045
Net cash (used in)/provided by investing activities		(10,363)	26,231
Cash flows from financing activities			
Payment of dividends to members of the Company	8	(85,505)	(43,822)
Proceeds from issue of share capital	22	1,464	1,173
Bank deposits released from pledge		1,107	82
Interest expense paid		(360)	(469)
Repayment of borrowings		–	(15,450)
Net cash used in financing activities		(83,294)	(58,486)
Net (decrease)/increase in cash and cash equivalents		(2,118)	91,808
Cash and cash equivalents at beginning of the financial year	18	314,208	223,061
Effects of currency translation on cash and cash equivalents		506	(661)
Cash and cash equivalents at end of the financial year	18	312,596	314,208

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 Securities Trading Limited. 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.

Principal activities of significant subsidiaries are listed in Note 29.

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 3.

Interpretations and amendments to published standards effective in 2016

On 1 January 2016, 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 including the following:

- Amendments to FRS 16 *Property plant and equipment* and FRS 38 *Intangible assets*
- Amendments to FRS 1 *Presentation of financial statements*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2016 (continued)

The adoption of these new standards 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.

The Group also elected to early adopt FRS 109 *Financial Instruments*. Management is of the view that FRS 109 provides more relevant and useful information to users of the financial statements given the Group's significant financial asset balance, particularly its strategic equity investments.

The accounting policies were changed to comply with FRS 109 as issued by the Accounting Standards Council Singapore (ASC) in December 2014. FRS 109 replaces the provision of FRS 39 *Financial Instruments* that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. FRS 109 also significantly amends other standards dealing with financial instruments such as FRS 107 *Financial Instruments: Disclosures*.

In accordance with the transitional provisions in FRS 109, comparative figures have not been restated. The adoption did not have any impact to the Group and the Company's opening retained profits and net assets.

The impact on the financial statements is as follows:

(1) *Classification and measurement of financial instruments*

Management has assessed which business models apply to the financial assets held by the Group at the date of initial application of FRS 109 and has classified its financial instruments into the appropriate FRS 109 categories. The main effects resulting from this reclassification are as follows:

(i) Equity investments previously classified as available-for-sale financial assets

The Group has elected, at initial adoption, to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale financial assets (Note 14) because these investments are held as strategic investments. These equity investments are now classified as financial assets at fair value through other comprehensive income ("FVOCI"). Dividend income from these investments are recognised in profit or loss.

(ii) Receivables and bank balances previously classified as loans and receivables

The Group's other financial assets, namely trade and other receivables, excluding prepayments (Note 17) and cash and bank balances (Note 18) that were previously classified as loans and receivables under FRS 39 have been classified as financial assets at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2016 (continued)

(2) *Impairment of financial assets*

In relation to the impairment of financial assets, FRS 109 requires the adoption of an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The Group has accounted for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. The change in model did not have a material impact to the financial statements.

New accounting standards and FRS interpretations and amendments

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 and which the Group has not early adopted:

Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7 *Statement of cash flows*
- Amendments to FRS 12 *Income taxes*

These amendments to FRS are not expected to have any significant impact on the financial statements of the Group.

Effective for annual periods beginning on or after 1 January 2018

- FRS 115 *Revenue from contracts with customers*

This amendment to FRS is not expected to have any significant impact on the financial statements of the Group.

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 *Leases*

This amendment to FRS is not expected to have any significant impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Full convergence with International Financial Reporting Standards (effective for annual periods beginning on or after 1 January 2018)

On May 29 2014, the Accounting Standards Council (ASC) announced that Singapore-incorporated companies listed on SGX will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS) for the financial year ending 31 December 2018. This means that the Group's comparative information for the financial year 2017 and the opening balance sheet as at 1 January 2017 would have to comply with this new financial reporting framework.

(b) Revenue and other income 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 collectability of the related receivables is reasonably assured.

(2) *Rendering of services*

Revenue from services is recognised upon rendering of services.

(3) *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.

Other income is recognised as follows:

(4) *Dividend income*

Dividend income from financial assets (FVOCI) / available-for-sale financial assets, subsidiaries and associated company is recognised when the right to receive payment is established.

(5) *Interest income*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Group accounting (continued)

(1) Subsidiaries (continued)

(iii) Disposals

When a change in the Group'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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Group accounting (continued)

(2) Associated companies (continued)

(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 results and net assets of the associated company are adjusted for difference in accounting policies where necessary to ensure consistency with the accounting policies adopted by the Group.

(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 ceases to have 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 ceases 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)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(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 profit or loss for the financial year in which the changes arise.

(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 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets

(1) Goodwill

Goodwill on acquisition of subsidiaries and business, represents the excess of (i) the sum of 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 (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognized separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions associated companies represent the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies is included in 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.

(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.

(f) Investment properties

Investment properties of the Group, principally comprising commercial 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment properties (continued)

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.

Dividend income from subsidiaries and associated companies is recognised when the right to receive payment is established.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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*

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.

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) Investments and other financial assets

The Group has applied FRS 109 retrospectively, but has elected not to restate comparative information (Note 2(a)). As a result, the comparative information continues to be accounted for in accordance with the Group's previous accounting policy.

Accounting policies applied from 1 January 2016

(1) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investments and other financial assets (continued)

Accounting policies applied from 1 January 2016 (continued)

(1) *Classification* (continued)

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Assets measured at fair value comprise of investments in equity instruments. The Group has elected at the time of initial recognition to account for the equity investments as financial assets at fair value through other comprehensive income ("FVOCI").

Assets measured at amortised cost are presented as "trade and other receivables" (Note 17) and "cash and bank balances" (Note 18) on the statement of financial position.

(2) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value and has elected to present fair value gains and losses in other comprehensive income. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through comprehensive income are not reported separately from other changes in fair value. Upon disposal of these equity investments, any balance within the fair value reserve is reclassified directly to retained profits and not reclassified to profit or loss.

(3) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 27(c) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investments and other financial assets (continued)

Accounting policies applied prior to 1 January 2016

(1) *Classification*

The Group classifies its investments in financial assets in the following categories: loans and receivables, and available-for-sale. 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. Loans and receivables are presented as “trade and other receivables” (Note 17) and “cash and bank balances” (Note 18) on the statement of financial position.

(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.

(2) *Recognition and derecognition*

Regular 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 previously recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investments and other financial assets (continued)

Accounting policies applied prior to 1 January 2016 (continued)

(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. Interest income on bank deposits is recognised on a time proportion basis in profit or loss 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 from available-for-sale financial assets is recognised separately in profit or loss when the right to receive payment is established.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investments and other financial assets (continued)

Accounting policies applied prior to 1 January 2016 (continued)

(5) *Impairment* (continued)

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

If any objective evidence of impairment exist, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified 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 on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

(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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 exchange 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 fair value through other comprehensive income 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 exchange 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Currency translation (continued)

(3) Translation of Group entities' financial statements (continued)

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 exchange 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

3. 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.

Fair valuation of investment properties and financial assets (FVOCI) involve such accounting estimates and judgements as set out in the respective notes.

4. REVENUE

Revenue of the Group represents invoiced sales and services, and rental income.

	The Group	
	2016 \$'000	2015 \$'000
Sale of goods	177,851	154,907
Rendering of services	6,919	10,396
Rental income	16,874	13,531
	201,644	178,834

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. OTHER INCOME (NET)

	The Group	
	2016 \$'000	2015 \$'000
Gross dividend income from financial assets (FVOCI) / available-for-sale financial assets	58,411	89,476
Interest income	3,426	2,764
Reclassification of currency translation reserve to profit or loss on deregistration of subsidiary company	302	–
Loss on disposal of available-for-sale financial assets	–	(3,286)
Impairment of property, plant and equipment (Note 10)	–	(4,601)
Gain on sale of investment property	–	250
Miscellaneous income	3,176	1,837
	65,315	86,440

During the financial year, the Group elected to receive approximately \$33,246,000 (2015: \$22,398,000) of dividend income as non-cash financial assets (FVOCI) / available-for-sale financial assets in lieu of cash dividends.

6. NATURE OF EXPENSES

	The Group	
	2016 \$'000	2015 \$'000
Purchase of inventories	49,583	45,401
Changes in inventories	662	(1,871)
	50,245	43,530
Sales and marketing expenses	31,939	34,093
Employee benefits (Note 26(a))	29,528	28,185
Depreciation of property, plant and equipment (Note 10)	3,103	5,338
Repair and maintenance	2,342	3,643
Utilities	2,599	3,012
Property tax	2,042	2,103
Auditors' remuneration:		
– Auditor of the Company:		
– audit fees	326	315
– non-audit fees	11	27
– under provision of audit fees in respect of prior year	–	1
– Other auditors:		
– audit fees	20	23
– non-audit fees	7	8
Professional and legal fee	698	841
Trademark expenses	444	353
(Gain)/loss on disposal and write-off of property, plant and equipment	(101)	86
Inventories written off	190	216
Allowance for impairment of receivables	–	8
Foreign exchange gain, net	(878)	(1,172)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7. TAXATION

Tax expense attributable to profit is made up of:

Current taxation

Current year:

- Singapore
- Overseas

(Over)/under provision in respect of previous years:

- Singapore
- Overseas

Deferred taxation

Origination and reversal of temporary differences:

- Singapore
- Overseas

Under provision in respect of previous years:

- Overseas

The Group	
2016 \$'000	2015 \$'000
9,677	8,116
3,835	3,537
13,512	11,653
(883)	(26)
335	(70)
(548)	(96)
212	(623)
173	(1,029)
385	(1,652)
460	484
13,809	10,389

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:

Profit before taxation

Equity accounting/gains on associated companies

Profit before taxation and equity accounting/gains on associated companies

Taxation at applicable Singapore tax rate of 17% (2015: 17%)

Adjustments:

- Tax rate difference in foreign subsidiaries
- Withholding taxes
- Tax effect of expenses not deductible for tax purposes
- Tax effect of income not subject to tax
- Tax rebates and exemptions
- Utilisation of previously unrecognised deferred taxes
- Deferred income tax asset not recognised
- (Over)/under provision in respect of previous years

Taxation expense

2016 \$'000	2015 \$'000
138,850	193,665
(854)	(56,376)
137,996	137,289
23,459	23,339
748	400
1,244	1,006
769	2,056
(11,458)	(15,942)
(834)	(759)
(31)	(103)
–	4
(88)	388
13,809	10,389

There is no tax charge/credit relating to the component of other comprehensive income except for fair value changes on certain financial assets (FVOCI) / available-for-sale financial assets for which the deferred tax relating to it is disclosed in Note 21 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

8. DIVIDENDS PAID

Ordinary dividends paid:

Final exempt 2015 dividend of 14 cents per share and special exempt dividend of 15 cents per share

(2015: Final exempt 2014 dividend of 14 cents per share)

Interim exempt 2016 dividend of 10 cents per share

(2015: 6 cents per share)

Dividend per share (net of tax)

The Group	
2016 \$'000	2015 \$'000
63,576	30,675
21,929	13,147
85,505	43,822
39 cents	20 cents

The Directors recommend a final tax exempt one-tier dividend of 10 cents per share, amounting to approximately \$21.9 million to be paid for the financial year ended 31 December 2016 (2015: 14 cents per share and a special tax-exempt one-tier dividend of 15 cents per share, amounting to \$63.6 million). These financial statements do not reflect these dividends, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2017.

In accordance to the Constitution of the Company, unclaimed dividends for more than 6 years are written back.

9. EARNINGS PER SHARE

Earnings for the financial year

Weighted average number of ordinary shares for calculation of basic earnings per share

Dilution adjustment for share options

Adjusted weighted average number of shares for calculation of diluted earnings per share

Earnings per share attributable to equity holders of the Company

– Basic

– Diluted

The Group	
2016 \$'000	2015 \$'000
125,041	183,276
'000	'000
219,247	219,086
58	83
219,305	219,169
57.0 cents	83.7 cents
57.0 cents	83.6 cents

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 whose impact on earnings per share is not material.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Leasehold land and buildings \$'000	Plant and equipment \$'000	Total \$'000
45,310	57,477	102,787
29	2,772	2,801
(17,400)	(30,883)	(48,283)
(252)	(316)	(568)
27,687	29,050	56,737
30,887	47,494	78,381
1,067	2,036	3,103
(17,351)	(30,871)	(48,222)
129	(104)	25
14,732	18,555	33,287
12,955	10,495	23,450
45,095	57,523	102,618
184	809	993
(30)	(751)	(781)
61	(104)	(43)
45,310	57,477	102,787
25,564	43,867	69,431
1,921	3,417	5,338
3,564	1,037	4,601
(20)	(675)	(695)
(142)	(152)	(294)
30,887	47,494	78,381
14,423	9,983	24,406

Included in the cost of leasehold land and buildings is land use rights amounting to \$1,064,440 (2015: \$1,116,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. INVESTMENT PROPERTIES

	The Group	
	2016 \$'000	2015 \$'000
Beginning of financial year	210,823	225,249
Improvements	104	2,282
Fair value changes on investment properties recognised in profit or loss (net)	980	(1,967)
Disposal of investment property	–	(9,795)
Currency translation differences	(545)	(4,946)
End of financial year	211,362	210,823
At valuation:		
Freehold and 999-year leasehold properties	33,762	33,223
Leasehold properties	177,600	177,600

The Group's investment properties consist of both commercial and industrial properties. Investment properties are mainly leased to third parties under operating leases (Note 25(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.

Fair value changes of investment properties amounted to a gain of \$980,000 (2015: net loss of \$1,967,000). These fair value changes are non-cash in nature.

The following amounts are recognised in profit or loss:

	The Group	
	2016 \$'000	2015 \$'000
Rental income (Note 4)	16,874	13,531
Direct operating expenses arising from investment properties that generated rental income	(5,781)	(5,070)

Certain investment properties valued at \$177,600,000 (2015: \$177,600,000) are pledged to the banks as security for bank credit facilities (Note 20).

Fair value hierarchy

All the fair value of the Group's investment properties are determined based on significant unobservable inputs and categorised under Level 3 in the fair value measurement hierarchy (2015: Level 3).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy (continued)

Level 3 fair values of the Group's properties have been derived using one or more of the following valuation approach:

- (i) the income capitalisation approach which the valuers have also cross referenced with that obtained under the direct comparison approach. The most significant input into the income capitalisation valuation approach is capitalisation rate.
- (ii) the direct comparison method where transacted 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 car parking facilities, dates of transaction and prevailing market conditions. The most significant input to the valuation approach would be the adopted value per square foot.

For the income capitalisation method, the fair value of the investment properties was calculated using a capitalisation rate ranging from 5.25% to 7% (2015: 5.25% to 7%) for commercial properties and 7% (2015: 7%) for industrial properties. An increase in capitalisation rate will result in a decrease to the fair value of an investment property.

For the direct comparison method, the adopted value per square foot in the direct comparison method were \$155 to \$541. An increase in the adopted value per square foot will result in an increase to the fair value of an investment property.

Reconciliation of fair value measurements categorised within Level 3:

	Commercial properties \$'000	Industrial properties \$'000
2016		
Beginning of financial year	144,023	66,800
Improvements	104	–
Fair value changes recognised in profit or loss	980	–
Currency translation	(545)	–
End of financial year	144,562	66,800
2015		
Beginning of financial year	148,435	67,300
Improvements	2,282	–
Fair value changes recognised in profit or loss	(1,467)	(500)
Currency translation	(5,227)	–
End of financial year	144,023	66,800

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. INVESTMENT PROPERTIES (CONTINUED)

The details of the Group's investment properties as at 31 December 2016 are as follows:

Investment properties	Description	Tenure of land	Independent valuer
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	Edmund Tie & Company (SEA) Pte Ltd
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	Edmund Tie & Company (SEA) Pte Ltd
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	Edmund Tie & Company (SEA) Pte Ltd
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 16,131 square metres.	Freehold	Nawawi Tie Leung Property Consultants Sdn Bhd

12. INVESTMENT IN SUBSIDIARIES

	The Company	
	2016 \$'000	2015 \$'000
Equity investments at cost:		
Unquoted, at written down cost	420,595	421,095
Allowance for impairment in value	(45,238)	(45,238)
Beginning and end of financial year	375,357	375,857

Details of significant subsidiaries are shown in Note 29.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Investment in associated company	4,313	3,859	2,895	2,895

The Group's investment in an associated company (Note 29) is not material to the Group. There are no contingent liabilities relating to the Group's interest in the associated company.

In 2015, the Group's equity accounting/gains on associated companies recognised in the income statement included a gain of \$47,570,000 arising from the partial disposal and reclassification of an associated company to available-for-sale financial assets.

14. FINANCIAL ASSETS (FVOCI) / AVAILABLE-FOR-SALE FINANCIAL ASSETS

As disclosed in Note 2(a), the Group has early adopted FRS 109 effective 1 January 2016 and elected, at initial adoption, to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale financial assets. In accordance with the transitional provisions in FRS 109, comparative figures have not been restated.

- (a) For 2016, equity investments at fair value through other comprehensive income (FVOCI) mainly comprise the following:

	Group 2016 \$'000
Shares of a financial institution	1,467,127
Shares of two real estate companies	460,203

These investments comprise mainly quoted investments and were previously classified as available-for-sale financial assets in 2015.

- (b) During the financial year, the Group elected to receive \$33,246,000 (2015: \$22,398,000) of dividend income as non-cash financial assets (FVOCI) / available-for-sale financial assets in lieu of cash dividends.
- (c) Certain financial assets (FVOCI) / available-for-sale financial assets valued at \$169,307,000 (2015: \$175,441,000) are pledged as security for bank credit facilities (Note 20).
- (d) There are no material investments held by the Company in 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. INTANGIBLE ASSETS

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Goodwill on consolidation	11,116	11,116	–	–
Trademarks and deferred expenditure	–	–	–	–
	11,116	11,116	–	–

(a) Goodwill on consolidation

Cost

Balance at beginning and end of financial year

The Group	
2016 \$'000	2015 \$'000
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 was 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	5.6% (2015: 5.5%)
Growth rate	0.0% (2015: 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. INTANGIBLE ASSETS (CONTINUED)

(b) Trademarks and deferred expenditure

	Trademarks \$'000	Deferred expenditure \$'000
<u>The Group</u>		
<i>Net book value</i>		
2016 and 2015		
Beginning and end of financial year	-	-
At 31 December 2016 and 2015:		
Cost	3,200	1,400
Less: Accumulated amortisation	(3,200)	(1,400)
Net book value	-	-
		Trademarks \$'000
<u>The Company</u>		
<i>Net book value</i>		
2016 and 2015		
Beginning and end of financial year		-
At 31 December 2016 and 2015:		
Cost		2,000
Less: Accumulated amortisation		(2,000)
Net book value		-

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.

16. INVENTORIES

	The Group	
	2016 \$'000	2015 \$'000
Manufacturing stocks	7,116	6,997
Finished stocks	4,407	5,378
Total	11,523	12,375

The cost of inventories recognised as expense and included in "Cost of sales" amounted to \$50,245,000 (2015: \$43,530,000).

During the financial year, the Group recognised inventories write-off of \$190,000 (2015: \$216,000). The inventories written off have been included in "Cost of sales" in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

17. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables	27,576	23,991	3,510	3,017
Less: Allowance for impairment of receivables	–	(16)	–	–
Trade receivables (net)	27,576	23,975	3,510	3,017
Advances to subsidiaries	–	–	127,262	134,944
Other receivables	5,932	8,412	833	424
Total	33,508	32,387	131,605	138,385

Other receivables mainly comprise other debtors and deposits of approximately \$4,852,000 (2015: Other receivables mainly comprise dividends receivable and deposits of approximately \$4,770,000).

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.

18. CASH AND BANK BALANCES

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Short term bank deposits	287,761	292,867	281,265	282,662
Cash at bank and on hand	25,251	22,864	2,690	4,595
	313,012	315,731	283,955	287,257

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 \$7,265,000 (2015: \$5,471,000) which are not 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:

	The Group	
	2016 \$'000	2015 \$'000
Cash and bank balances (as above)	313,012	315,731
Less: Bank deposits pledged for banking facilities	(416)	(1,523)
Cash and cash equivalents per consolidated statement of cash flows	312,596	314,208

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

19. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables	4,322	4,244	–	–
Other payables and accruals	48,670	50,912	3,124	2,521
Advances from subsidiaries	–	–	31,830	78,183
	52,992	55,156	34,954	80,704

Other payables and accruals mainly comprise of accrued sales and marketing 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.

20. BORROWINGS

	The Group and the Company	
	2016 \$'000	2015 \$'000
<i>Current</i>		
Bank borrowings	45,799	43,547

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 investment properties (Note 11), certain financial assets (FVOCI) / available-for-sale financial assets (Note 14), and pledged deposits (Note 18).

The carrying value of bank borrowings approximates its fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

21. 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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deferred income tax assets				
– to be recovered within 12 months	(539)	(1,169)	–	–
Deferred income tax liabilities				
– to be settled within 12 months	160	139	–	–
– to be settled after more than 12 months	50,672	47,948	–	–
	50,832	48,087	–	–
	50,293	46,918	–	–

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

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Beginning of financial year	46,918	63,581	–	–
Tax charged/(credited) to fair value reserve:				
– changes in fair value	2,546	(15,512)	–	–
Tax charged/(credited) to profit or loss:				
– others	845	(1,168)	–	–
	845	(1,168)	–	–
Currency translation differences	(16)	17	–	–
End of financial year	50,293	46,918	–	–

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 \$21.6 million (2015: \$21.7 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.

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

21. 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 financial assets (FVOCI) \$'000	Accelerated tax depreciation \$'000	Others \$'000	Total \$'000
2016				
Beginning of financial year	47,014	647	426	48,087
Charged to equity:				
– changes in fair value	2,546	–	–	2,546
Charged to profit or loss:				
– others	–	205	–	205
Currency translation differences	–	–	(6)	(6)
End of financial year	49,560	852	420	50,832
2015				
Beginning of financial year	62,526	1,318	–	63,844
Credited to equity:				
– changes in fair value	(15,512)	–	–	(15,512)
(Credited)/charged to profit or loss:				
– others	–	(673)	463	(210)
Currency translation differences	–	2	(37)	(35)
End of financial year	47,014	647	426	48,087

Deferred income tax assets

	Provisions \$'000	Tax losses \$'000	Total \$'000
2016			
Beginning of financial year	(1,157)	(12)	(1,169)
Charged/(credited) to profit or loss	682	(42)	640
Currency translation differences	(6)	(4)	(10)
End of financial year	(481)	(58)	(539)
2015			
Beginning of financial year	(201)	(62)	(263)
(Credited)/charged to profit or loss	(1,009)	51	(958)
Currency translation differences	53	(1)	52
End of financial year	(1,157)	(12)	(1,169)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

22. SHARE CAPITAL

The Group and the Company	Number of shares '000	Amount \$'000
2016		
Beginning of financial year	219,131	249,895
Issue of ordinary shares by virtue of exercise of share options (Note 26(d))	199	1,464
End of financial year	219,330	251,359
2015		
Beginning of financial year	218,962	248,722
Issue of ordinary shares by virtue of exercise of share options (Note 26(d))	169	1,173
End of financial year	219,131	249,895

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 26(c) for details of share options.

23. RELATED PARTY TRANSACTIONS

There are no other material related party transactions apart from those disclosed elsewhere in the financial statements.

Please refer to Note 26(b) for key management's compensation.

24. CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at year end.

25. COMMITMENTS

(a) Capital commitments

	The Group		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Capital commitments authorised and contracted but not provided for in the consolidated financial statements	2,996	790	—	—

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

25. 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.

	The Group	
	2016 \$'000	2015 \$'000
Lease rental expense	781	872
Sub-lease rental income recognised in consolidated income statement	(1,127)	(1,314)

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

	The Group	
	2016 \$'000	2015 \$'000
Within one year	552	560
Between one year and five years	1,173	1,325
After five years	987	1,225
	2,712	3,110

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:

	The Group	
	2016 \$'000	2015 \$'000
Within one year	15,786	15,920
Between one year and five years	19,021	19,206
	34,807	35,126

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26. EMPLOYEE BENEFITS

(a) Staff costs (including Executive Directors)

	The Group	
	2016 \$'000	2015 \$'000
Salaries and other short-term employee benefits	27,008	25,722
Employer's contribution to Central Provident Fund and other defined contribution plans	2,095	2,212
Share options granted	425	251
	29,528	28,185

(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 compensation is as follows:

	The Group	
	2016 \$'000	2015 \$'000
Directors' fees, salaries and other short-term employee benefits	5,640	4,649
Employer's contribution to Central Provident Fund and other defined contribution plans	125	106
Share options granted	236	136
	6,001	4,891

Total compensation to Directors of the Company included in the above amounted to \$2,917,000 (2015: \$2,435,000).

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26. EMPLOYEE BENEFITS (CONTINUED)

- (c) During the financial year, options for 546,000 (2015: 544,000) shares were granted to qualifying employees on 4 March 2016 ("2016 Options") (2015: 3 March 2015 ("2015 Options")). The fair value of the options granted using the Trinomial valuation model is approximately \$472,000 (2015: \$242,000). The significant inputs into the model are exercise price of \$8.00 (2015: \$8.58) at the grant date, standard deviation of expected share price returns of 14% (2015: 9%), 5-year option life and annual risk-free interest rate of 1.3% (2015: 0.7%) 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 2016 Options are exercisable from 4 March 2017 and expire on 3 March 2021 (2015 Options exercisable from 3 March 2016 and expire on 2 March 2020).

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

	Number of shares	
	2016	2015
Under 2002 Scheme:		
Outstanding at beginning of the financial year	1,349,000	1,003,000
Granted	546,000	544,000
Cancelled/Expired/Not accepted	(44,000)	(29,000)
Exercised	(199,000)	(169,000)
Outstanding at end of the financial year	1,652,000	1,349,000
Exercisable at end of the financial year	1,118,000	820,000

Details of share options granted during the financial year:

	2016	2015
Expiry date	3.3.2021	2.3.2020
Exercise price	\$8.00	\$8.58
Aggregate proceeds if shares are issued (\$'000)	\$4,368	\$4,668

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	Granted during financial year	Cancelled/Expired/Not accepted	Exercised	Balance at end of financial year		
2016							
1.3.2011	63,000	—	(17,000)	(46,000)	—	\$6.09	1.3.2012 – 29.2.2016
1.3.2012	56,000	—	(4,000)	—	52,000	\$5.95	1.3.2013 – 28.2.2017
4.3.2013	229,000	—	(3,000)	(98,000)	128,000	\$7.27	4.3.2014 – 3.3.2018
3.3.2014	472,000	—	(4,000)	(38,000)	430,000	\$8.55	3.3.2015 – 1.3.2019
3.3.2015	529,000	—	(4,000)	(17,000)	508,000	\$8.58	3.3.2016 – 2.3.2020
4.3.2016	—	546,000	(12,000)	—	534,000	\$8.00	4.3.2017 – 3.3.2021
	1,349,000	546,000	(44,000)	(199,000)	1,652,000		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26. EMPLOYEE BENEFITS (CONTINUED)

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

Date of grant	Number of shares covered by the options				Balance at end of financial year	Exercise price	Exercise period
	Balance at beginning of financial year	Granted during financial year	Cancelled/Expired/Not accepted	Exercised			
2015							
1.3.2010	36,000	–	–	(36,000)	–	\$5.86	1.3.2011 – 28.2.2015
1.3.2011	85,000	–	–	(22,000)	63,000	\$6.09	1.3.2012 – 29.2.2016
1.3.2012	67,000	–	–	(11,000)	56,000	\$5.95	1.3.2013 – 28.2.2017
4.3.2013	303,000	–	(2,000)	(72,000)	229,000	\$7.27	4.3.2014 – 3.3.2018
3.3.2014	512,000	–	(12,000)	(28,000)	472,000	\$8.55	3.3.2015 – 1.3.2019
3.3.2015	–	544,000	(15,000)	–	529,000	\$8.58	3.3.2016 – 2.3.2020
	1,003,000	544,000	(29,000)	(169,000)	1,349,000		

27. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including price risk, currency 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 market prices of listed securities and in currency exchange rates.

(1) Market price risk

The Group has substantial investments carried at fair value of \$2,027.3 million (2015: \$2,080.6 million) held in various forms of securities as of 31 December 2016 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 fair value through other comprehensive income 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(1) 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% (2015: 10%) with all other variables including tax rate being held constant, the equity and other comprehensive income will be affected by:

	The Group	
	2016 \$'000	2015 \$'000
<u>Listed in Singapore</u>		
– increased by	186,595	179,070
– decreased by	(186,595)	(179,070)
<u>Listed overseas</u>		
– increased by	9,443	22,599
– decreased by	(9,443)	(22,599)

(2) 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”). The Group, under the guidance of the Investment Committee, manages its foreign currency exposures by a policy of matching, as far as possible, receipts and payments in each individual currency. As such, working capital of the Group is not exposed to significant currency risks.

The Group also has available forward contract facilities to hedge future foreign exchange exposure. The surplus of convertible currencies are either further matched with future foreign currency requirements or exchanged for Singapore Dollar.

The Investment Committee also monitors the foreign currency fluctuations on non-financial assets including net foreign currency exposure on investment in overseas subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(2) 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	JPY \$'000	Others \$'000	Total \$'000	
Group					
At 31 December 2016					
Cash and cash equivalents and financial assets (FVOCI)	76,903	56,580	3,815	137,298	
Borrowings	–	(45,799)	–	(45,799)	
Currency exposure on financial assets and liabilities	76,903	10,781	3,815	91,499	
	USD \$'000	HKD \$'000	JPY \$'000	Others \$'000	Total \$'000
At 31 December 2015					
Cash and cash equivalents and available-for-sale financial assets	46,016	140,620	55,544	1,270	243,450
Borrowings	–	–	(43,547)	–	(43,547)
Currency exposure on financial assets and liabilities	46,016	140,620	11,997	1,270	199,903

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

	USD \$'000	JPY \$'000	Total \$'000
Company			
At 31 December 2016			
Cash and cash equivalents	36,090	–	36,090
Borrowings	–	(45,799)	(45,799)
Currency exposure on financial assets and liabilities	36,090	(45,799)	(9,709)
At 31 December 2015			
Cash and cash equivalents	14,765	–	14,765
Borrowings	–	(43,547)	(43,547)
Currency exposure on financial assets and liabilities	14,765	(43,547)	(28,782)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(2) Foreign currency risk (continued)

A 10% (2015: 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	JPY \$'000	Others \$'000	Total \$'000
Group				
<u>At 31 December 2016</u>				
Profit or loss, after tax	3,856	–	319	4,175
Other comprehensive income	3,785	1,078	–	4,863

	USD \$'000	HKD \$'000	JPY \$'000	Others \$'000	Total \$'000
<u>At 31 December 2015</u>					
Profit or loss, after tax	1,590	12	–	106	1,708
Other comprehensive income	2,994	14,050	1,200	–	18,244

	USD \$'000	JPY \$'000	Total \$'000
Company			
<u>At 31 December 2016</u>			
Profit or loss, after tax	3,609	(4,580)	(971)
<u>At 31 December 2015</u>			
Profit or loss, after tax	1,226	(3,614)	(2,388)

A 10% (2015: 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.

(3) Interest rate risk

The Group does not have financial assets and financial liabilities that are exposed to significant interest rate risks. 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 due to changes in interest rate of the bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

As at 31 December 2016, the Group has available cash and short term bank deposits totalling \$312.6 million (2015: \$314.2 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 2016.

(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 2016 and 2015 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statements of financial position.

The Company does not have any corporate guarantees provided to banks on subsidiaries' obligations as of 31 December 2016 and 2015.

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.

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information including

- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations; and
- Significant delay in the payment status of counterparty

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 3 months past due in making a contractual payment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

A default on a financial asset is when the counterparty fails to make contractual payments within 12 months of when they fall due.

Bank deposits

Short-term bank deposits are considered to have low credit risk as they are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by FRS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The expected loss on trade receivables at the reporting date are insignificant as majority of the balances are current or past due within 1 month. The loss allowance provision as at 31 December 2016 is determined as follows:

The Group	Current \$'000	Past due within 1 month \$'000	Past due 1 to 3 months \$'000	Total \$'000
Expected loss rate	–%	–%	1%	
2016				
Gross carrying amount	27,284	292	–	27,576
Loss allowance provision	–	–	–	–
2015				
Gross carrying amount	23,767	191	33	23,991

The movement of the related loss allowance provision is as follows:

	2016 \$'000	2015 \$'000
Beginning of financial year	16	8
Allowance made during the year	–	8
Amounts written off during the year	(16)	–
End of financial year	–	16

(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 2015.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Financial instruments by category

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

		The Group		The Company	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial Assets					
Financial assets (FVOCI) / Available-for-sale financial assets		2,027,331	2,080,555	231	281
Trade and other receivables		33,218	28,680	131,604	138,378
Cash and bank balances	18	313,012	315,731	283,955	287,257
		2,373,561	2,424,966	415,790	425,916
Financial Liabilities at amortised cost					
Trade and other payables		52,992	51,812	34,954	80,704
Borrowings	20	45,799	43,547	45,799	43,547
		98,791	95,359	80,753	124,251

28. SEGMENTAL REPORTING

The Group was 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 Asia.

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

Inter-segment transactions are determined on an arm's length basis. Unallocated costs represent corporate expenses. Segment assets consist primarily of financial assets (FVOCI) / 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

28. SEGMENTAL REPORTING (CONTINUED)

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, i.e. 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.

(a) Reportable segments

	Healthcare products \$'000	Leisure products and services \$'000	Property rental \$'000	Investments \$'000	Eliminations \$'000	Consolidated \$'000
2016						
Sales to external customers	176,384	8,386	16,874	–	–	201,644
Inter-segment sales	2	–	796	–	(798)	–
Interest income	–	–	–	3,426	–	3,426
Other income	791	1,326	730	59,042	–	61,889
Inter-segment other income	–	–	–	63,218	(63,218)	–
Total revenue and other income	177,177	9,712	18,400	125,686	(64,016)	266,959
Depreciation	2,341	679	8	75	–	3,103
Segment profit	66,051	899	11,988	124,975	(63,218)	140,695
Finance expense	–	–	–	(391)	–	(391)
Unallocated expenses	–	–	–	–	–	(3,288)
Profit from operations	–	–	–	–	–	137,016
Equity accounting of associated company	–	–	–	854	–	854
Fair value gains on investment properties	–	–	980	–	–	980
Taxation	–	–	–	–	–	(13,809)
Earnings for the financial year	–	–	–	–	–	125,041
Segment assets	89,121	5,186	212,562	2,638,321	(309,575)	2,635,615
Deferred income tax assets	–	–	–	–	–	539
Total assets per statement of financial position	–	–	–	–	–	2,636,154
Expenditures for segment non-current assets	–	–	–	–	–	–
– Additions to property, plant and equipment	2,624	102	–	75	–	2,801
– Investment properties improvements	–	–	104	–	–	104
	2,624	102	104	75	–	2,905
Segment liabilities	42,386	2,127	6,858	51,290	(3,870)	98,791
Current income tax liabilities	–	–	–	–	–	10,981
Deferred income tax liabilities	–	–	–	–	–	50,832
Total liabilities per statement of financial position	–	–	–	–	–	160,604

NOTES TO THE FINANCIAL STATEMENTS

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28. SEGMENTAL REPORTING (CONTINUED)

(a) Reportable segments (continued)

	Healthcare products \$'000	Leisure products and services \$'000	Property rental \$'000	Investments \$'000	Eliminations \$'000	Consolidated \$'000
2015						
Sales to external customers	152,567	12,736	13,531	–	–	178,834
Inter-segment sales	7	–	796	–	(803)	–
Interest income	–	–	–	2,764	–	2,764
Other income	411	114	1,310	86,442	–	88,277
Inter-segment other income	–	–	–	54,660	(54,660)	–
Total revenue and other income	152,985	12,850	15,637	143,866	(55,463)	269,875
Impairment of property, plant and equipment	–	4,601	–	–	–	4,601
Depreciation	2,268	3,010	8	52	–	5,338
Segment profit/(loss)	48,122	(4,340)	9,868	143,539	(54,660)	142,529
Finance expense	–	–	–	(460)	–	(460)
Unallocated expenses						(2,813)
Profit from operations						139,256
Equity accounting/gains on associated companies	–	–	–	56,376	–	56,376
Fair value losses on investment properties	–	–	(1,967)	–	–	(1,967)
Taxation						(10,389)
Earnings for the financial year						183,276
Segment assets	78,313	11,580	212,629	2,697,849	(309,119)	2,691,252
Deferred income tax assets						1,169
Total assets per statement of financial position						2,692,421
Expenditures for segment non-current assets						
– Additions to property, plant and equipment	795	124	20	54	–	993
– Investment properties improvements	–	–	2,282	–	–	2,282
	795	124	2,302	54	–	3,275
Segment liabilities	43,130	3,110	6,428	49,388	(3,353)	98,703
Current income tax liabilities						10,508
Deferred income tax liabilities						48,087
Total liabilities per statement of financial position						157,298

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

28. SEGMENTAL REPORTING (CONTINUED)

(b) Geographical Information

	Revenues ⁽ⁱ⁾ \$'000	Non-current assets ⁽ⁱⁱ⁾ \$'000
2016		
Singapore	37,564	200,127
ASEAN countries	58,821	37,032
Other Asian countries	71,029	13,082
Other countries	34,230	–
Total	201,644	250,241
2015		
Singapore	35,117	198,739
ASEAN countries	46,249	37,047
Other Asian countries	66,772	14,418
Other countries	30,696	–
Total	178,834	250,204

(i) Revenues are attributable to countries in which the income is derived.

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

Revenue or non-current asset contribution from one single country is disclosed separately if it exceeded 20% of the Group's revenue (including other income) or non-current assets.

(c) Major customers

Revenues of approximately \$106,571,000 (2015: \$70,598,000) were contributed from three groups of external customers (2015: two groups). These revenues are attributable to the sale of Healthcare products in Asia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29. SIGNIFICANT COMPANIES IN THE GROUP

Name of Company	Country of incorporation	Principal activities	Effective equity interest held by Group	
			2016 %	2015 %
<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 Pattaya Ltd.+	Thailand	Owning and operating oceanarium	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
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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29. SIGNIFICANT COMPANIES IN THE GROUP (CONTINUED)

			Effective equity interest held by Group	
Name of Company	Country of incorporation	Principal activities	2016 %	2015 %
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 company				
UIC Technologies Pte Ltd.	Singapore	Investment holding	40.0	40.0

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) All the above subsidiaries and associated companies operate in their respective countries of incorporation.

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 23 February 2017.

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 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 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 2016

HEALTHCARE PRODUCTS

TIGER BRAND PRODUCTS

Tiger Balm Ointment
Tiger Balm Soft
Tiger Balm 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 Aerosol
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
Tiger Balm Lotion
Tiger Balm Cooling Patch

KWAN LOONG BRAND PRODUCTS

Kwan Loong Medicated Oil
Kwan Loong Refresher

LEISURE FACILITY

UNDERWATER WORLD PATTAYA*

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

- Aquarium building
- Leasehold

Remaining Lease: 5 years with an
option to renew: 10 years

PROPERTIES

HAW PAR CENTRE

180 Clemenceau Avenue
Singapore 239922

- Six-storey commercial building
- Leasehold

Remaining Lease: 35 years

HAW PAR GLASS TOWER

178 Clemenceau Avenue
Singapore 239926

- Eight-storey commercial building
- Leasehold

Remaining Lease: 53 years

HAW PAR TECHNOCENTRE

401 Commonwealth Drive
Singapore 149598

- Seven-storey industrial building
- Leasehold

Remaining Lease: 46 years

MENARA HAW PAR

Lot 242, Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

- Thirty-two storey commercial building
- Freehold

HAW PAR TIGER BALM BUILDING*

2 Chia Ping Road
Singapore 619968

- Nine-storey industrial building
- Leasehold

Remaining Lease: 13 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: 42 years

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

STATISTICS OF SHAREHOLDINGS

AS AT 07 MARCH 2017

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	9,905	50.81	304,823	0.14
100 – 1,000	4,944	25.36	1,729,777	0.79
1,001 – 10,000	3,952	20.27	11,845,415	5.40
10,001 – 1,000,000	680	3.49	26,190,330	11.93
1,000,001 AND ABOVE	14	0.07	179,361,828	81.74
TOTAL	19,495	100.00	219,432,173	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	WEE INVESTMENTS PTE LTD	60,907,926	27.76
2	CITIBANK NOMINEES SINGAPORE PTE LTD	51,125,825	23.30
3	TYE HUA NOMINEES (PTE) LTD	17,435,534	7.95
4	UOB KAY HIAN PRIVATE LIMITED	15,222,194	6.94
5	DBS NOMINEES (PRIVATE) LIMITED	10,842,547	4.94
6	UNITED OVERSEAS INSURANCE LIMITED – SHF	4,274,600	1.95
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,202,361	1.92
8	HSBC (SINGAPORE) NOMINEES PTE LTD	4,201,682	1.91
9	WAH HIN & CO PTE LTD	3,652,655	1.66
10	DBSN SERVICES PTE. LTD.	1,984,801	0.90
11	C Y WEE & CO PTE LTD	1,643,148	0.75
12	SG INVESTMENTS PTE LTD	1,617,000	0.74
13	RAFFLES NOMINEES (PTE) LIMITED	1,158,457	0.53
14	WEE CHO YAW	1,092,373	0.50
15	SINGAPORE REINSURANCE CORPORATION LTD – SHAREHOLDERS	733,000	0.33
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	CHUA WEE KENG	444,640	0.20
20	WEE EE LIM	437,192	0.20
TOTAL		182,669,590	83.26

FREE FLOAT

Based on the information available to the Company as at 7 March 2017, 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

AS AT 07 MARCH 2017

SUBSTANTIAL SHAREHOLDERS AS AT 7 MARCH 2017

	No. of Shares held			%
	Direct	Deemed	Total	
Wee Cho Yaw	1,092,373	77,605,330	78,697,703	35.86 ^{(1), (2), (3)}
Wee Ee Cheong	128,857	74,678,311	74,807,168	34.09 ^{(1), (2), (4)}
Wee Ee Lim	437,192	73,001,217	73,438,409	33.47 ⁽¹⁾
Wee Ee-chao	13,826	73,134,135	73,147,961	33.34 ^{(1), (5)}
Wee Investments Private Limited	60,907,926	–	60,907,926	27.76
Supreme Island Corporation	12,085,601	–	12,085,601	5.51
First Eagle Investment Management, LLC	–	30,027,829	30,027,829	13.68 ⁽⁷⁾
United Overseas Bank Limited	–	21,708,537	21,708,537	9.89 ⁽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 11.63%.

(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-Eighth Annual General Meeting of Haw Par Corporation Limited (the "Company") will be held at Parkroyal on Beach Road, Grand Ballroom, Level 1, 7500 Beach Road, Singapore 199591 on Thursday, 27 April 2017 at 3.00 p.m. to transact the following business:

AS ORDINARY BUSINESS

Resolution 1 To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016 together with the Auditor's Report thereon.

Resolution 2 To declare a Second & Final Tax-Exempt Dividend of 10 cents per share for the financial year ended 31 December 2016.

To re-elect the following Directors, who are retiring by rotation pursuant to Article 94 of the Company's Constitution:

Resolution 3 Mr Wee Ee-chao

Mr Wee Ee-chao, will upon re-election, continue as the Deputy Chairman of the Board.

Resolution 4 Mr Gn Hiang Meng

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

Resolution 5 Mr Han Ah Kuan

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

Resolution 6 To approve Directors' fees of around \$456,000 for the financial year ended 31 December 2016 (2015: \$444,000).

Resolution 7 To re-appoint 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 as an ordinary resolution:

Ordinary Resolution

Resolution 8 That authority be and is hereby given to the Directors to:

- (a) (i) issue shares of the Company ("shares") (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

NOTICE OF ANNUAL GENERAL MEETING

Resolution 8 (continued)

- (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 total number of issued shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders 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 (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) 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 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 Constitution for the time being 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 of the Company or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

NOTES TO RESOLUTIONS

- Resolution 2** Together with the interim tax-exempt dividend of 10 cents per share paid on 2 September 2016 and subject to shareholders' approval of the second & final tax-exempt dividend of 10 cents per share, the total tax-exempt dividend for the financial year ended 31 December 2016 will be 20 cents per share. (2015: 35 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 **17 May 2017 at 5.00 p.m.**, and the second & final tax-exempt dividend will be payable on **26 May 2017**.

NOTICE OF ANNUAL GENERAL MEETING

**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 17 May 2017 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 17 May 2017 will be entitled to such proposed dividend.*

Resolution 3 Mr Wee Ee-chao is a non-executive and non-independent Director.

Resolution 4 Mr Gn Hiang Meng is a non-executive Director and a senior banker with more than 30 years of investment banking and hospitality industry experience.

Resolution 5 Mr Han Ah Kuan is an executive and non-independent Director with more than 25 years of experience in overseeing the healthcare division.

Please refer to the 'Board of Directors' section of the Company's Annual Report 2016 for information on the current directorships in other listed companies and principal commitments of these Directors.

Resolution 7 The Audit Committee undertook a review of the fees and expenses of the audit and non-audit services provided by the external auditor, PricewaterhouseCoopers LLP. It assessed whether the nature and extent of the non-audit services might prejudice the independence and objectivity of the external auditor before confirming its re-nomination. It was satisfied that such services did not affect the independence of the external auditor.

Resolution 8 is to authorise 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 this Annual General Meeting until the date the next Annual General Meeting of the Company is held or required by law to be held, whichever is the earlier, 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 8 must not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares) with a sub-limit of fifteen per cent (15%) for issues other than on a pro rata basis. For shareholders' information, this fifteen per cent (15%) limit is lower than the twenty per cent (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 of the Company who is not a relevant intermediary is entitled to appoint one or two proxy/proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (2) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

NOTICE OF ANNUAL GENERAL MEETING

- (3) A proxy need not be a member of the Company. To be effective, the instrument appointing a proxy(ies) must be deposited at the Registered Office of the Company at 401 Commonwealth Drive, #03-03 Haw Par Technocentre, Singapore 149598, not less than 72 hours before the time set for holding the Annual General Meeting. The submission of the instrument appointing a proxy(ies) by a member does not preclude him from attending and voting in person at the Annual General Meeting if the member is able to do so. In such event, the relevant instrument appointing a proxy(ies) will be deemed to be revoked.
- (4) Personal Data Privacy: 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 (including, but not limited to, name, personal identification number, address, telephone number) by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) 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, take-over rules, regulations and/or guidelines (collectively, the "Purposes") and acknowledges that photography and video and/or audio recordings may be taken for the purposes of the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting and/or any adjournment thereof, (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and or representative(s) to the Company (or its agents or service providers), 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 or service providers) 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.

By Order of the Board

Zann Lim

Company Secretary

Singapore

6 April 2017

PROXY FORM



HAW PAR CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

Company Registration Number: 196900437M

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Haw Par Corporation Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2017.

FORTY-EIGHTH ANNUAL GENERAL MEETING

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

Shares in:	Total No. of Shares Held
(a) Depository Register	
(b) Register of Members	
Total	

I/We, _____ (Name)

_____ (NRIC/Passport/Company Registration No.)

of _____ (Address)

_____ (Telephone Number)

being a member/members of Haw Par Corporation Limited (the "Company"), hereby appoint:

NAME	ADDRESS	NRIC/ PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS	
			No. of shares	%
(a)				

and/or (delete as appropriate)

(b)				
-----	--	--	--	--

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the 48th Annual General Meeting ("AGM") to be held at PARKROYAL on Beach Road, Grand Ballroom, Level 1, 7500 Beach Road, Singapore 199591 on Thursday, 27 April 2017 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM (all the Resolutions Nos. 1 to 8 will be proposed as Ordinary Resolutions), as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

NO.	RESOLUTION	NO. OF VOTES FOR*	NO. OF VOTES AGAINST*
Ordinary Business			
1	Adoption of Directors' Statement, Audited Financial Statements and Auditor's Report		
2	Declaration of Second & Final Dividend		
3	Re-election of Mr Wee Ee-chao as Director		
4	Re-election of Mr Gn Hiang Meng as Director		
5	Re-election of Mr Han Ah Kuan as Director		
6	Approval of Directors' fees		
7	Re-appointment of PricewaterhouseCoopers LLP as Auditor		
Special Business			
8	Authority for Directors to issue shares (General Share Issue Mandate)		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Otherwise, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2017



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

Notes:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by the member.
2. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM in his stead. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy, failing which the form of proxy may be treated as invalid.
3. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
4. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.
5. A proxy need not be a member of the Company.
6. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the AGM.
7. This instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 401 Commonwealth Drive, #03-03 Haw Par Technocentre, Singapore 149598, not less than 72 hours before the time fixed for holding the AGM.
8. This instrument appointing a proxy or proxies must be signed by the appointor or by his duly authorised attorney or, if the appointor is a corporation, executed under its common seal or signed by its duly authorised attorney or officer. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy or proxies, failing which the instrument may be treated as invalid.
9. A corporation which is a member may appoint, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50.
10. Any alteration made in this instrument appointing a proxy or proxies must be initialled by the person who signs it.
11. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered against his name in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy or proxies lodged if such member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

1st fold

2nd fold

PROXY FORM

PLEASE
AFFIX
POSTAGE
STAMP

THE COMPANY SECRETARY
HAW PAR CORPORATION LIMITED
401 COMMONWEALTH DRIVE
#03-03 HAW PAR TECHNOCENTRE
SINGAPORE 149598

3rd fold
Fold and glue overleaf. Do not staple



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

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Singapore 149598
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