



# HAW PAR CORPORATION LIMITED

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

## Unaudited Second Quarter Financial Results for the Period Ended 30 June 2019

1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	2nd Quarter Ended 30 June			6 Months Ended 30 June		
	2019	2018	+ / (-)	2019	2018	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	<b>70,078</b>	64,125	9.3	<b>143,461</b>	124,142	15.6
Cost of sales	(29,221)	(24,925)	17.2	(59,007)	(46,763)	26.2
<b>Gross profit</b>	<b>40,857</b>	39,200	4.2	<b>84,454</b>	77,379	9.1
Other income	67,404	62,141	8.5	69,902	64,775	7.9
Distribution and marketing expenses	(12,108)	(14,163)	(14.5)	(28,338)	(27,217)	4.1
General and administrative expenses	(1,999)	(2,049)	(2.4)	(6,033)	(6,037)	(0.1)
Finance expenses	(55)	(47)	17.0	(109)	(138)	(21.0)
Share of profit of associated company	417	406	2.7	881	694	26.9
<b>Profit before taxation</b>	<b>94,516</b>	85,488	10.6	<b>120,757</b>	109,456	10.3
Taxation	(4,063)	(3,429)	18.5	(8,233)	(8,057)	2.2
<b>Profit for the financial period, net of tax</b>	<b>90,453</b>	82,059	10.2	<b>112,524</b>	101,399	11.0

A consolidated statement of comprehensive income for the 2nd quarter and 6 months ended 30 June 2019:

	Group			Group		
	2nd Quarter Ended 30 June			6 Months Ended 30 June		
	2019	2018	+ / (-)	2019	2018	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Profit for the financial period, net of tax</b>	<b>90,453</b>	82,059	10.2	<b>112,524</b>	101,399	11.0
<b>Other comprehensive income, after tax,</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Currency translation differences on consolidation of foreign entities (net)	(252)	8	N/M	104	360	(71.1)
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Fair value changes on investments	114,270	(124,597)	N/M	223,758	2,818	7,840.3
<b>Other comprehensive income/(expense) for the financial period, net of tax</b>	<b>114,018</b>	(124,589)	N/M	<b>223,862</b>	3,178	6,944.1
<b>Total comprehensive income/(expense) for the financial period</b>	<b>204,471</b>	(42,530)	N/M	<b>336,386</b>	104,577	221.7

N/M - not meaningful

# 1(a) Notes to the Income Statement

	Group			Group		
	2nd Quarter Ended 30 June			6 Months Ended 30 June		
	2019	2018	+ / (-)	2019	2018	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(i) <b>Other income</b>						
Dividend income	65,003	60,217	7.9	65,003	60,217	7.9
Interest income	2,133	1,715	24.4	4,556	3,076	48.1
Miscellaneous income	268	209	28.2	343	1,482	(76.9)
	<b>67,404</b>	<b>62,141</b>	<b>8.5</b>	<b>69,902</b>	<b>64,775</b>	<b>7.9</b>
(ii) <b>The following were charged/(credited) to the income statement :</b>						
Interest on borrowings	48	47	2.1	94	138	(31.9)
Depreciation of property, plant and equipment and investment properties	1,609	1,572	2.4	3,249	3,127	3.9
Inventories written (back)/down	(10)	46	N/M	16	56	(71.4)
Foreign exchange (gain)/loss, net	(680)	(1,881)	(63.8)	235	(624)	N/M
Prior years' (over)/under provision of current taxation	(362)	68	N/M	(362)	64	N/M
Loss on disposal and write-off of property, plant and equipment	6	-	N/M	9	1	800.0

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>30/6/2019</b>	<b>31/12/2018</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>				
Cash and bank balances	<b>407,554</b>	519,627	<b>327,310</b>	446,164
Trade and other receivables	<b>48,897</b>	40,881	<b>58,227</b>	63,402
Inventories	<b>21,741</b>	24,479	-	-
Deferred income tax assets	<b>2,529</b>	2,082	-	-
Associate	<b>6,621</b>	5,740	<b>2,895</b>	2,895
Subsidiaries	-	-	<b>555,834</b>	555,834
Investment properties	<b>55,740</b>	56,569	-	-
Property, plant and equipment	<b>26,451</b>	26,983	-	-
Intangible assets	<b>11,116</b>	11,116	-	-
Strategic investments	<b>2,567,281</b>	2,342,975	-	-
<b>Total assets</b>	<b>3,147,930</b>	3,030,452	<b>944,266</b>	1,068,295
<b>LIABILITIES</b>				
Trade and other payables	<b>65,682</b>	65,788	<b>135,979</b>	46,530
Borrowings	<b>23,818</b>	23,251	<b>23,818</b>	23,251
Current income tax liabilities	<b>12,375</b>	12,655	<b>969</b>	973
Deferred income tax liabilities	<b>725</b>	725	-	-
<b>Total liabilities</b>	<b>102,600</b>	102,419	<b>160,766</b>	70,754
<b>NET ASSETS</b>	<b>3,045,330</b>	2,928,033	<b>783,500</b>	997,541
<b>EQUITY</b>				
<b>Equity attributable to equity holders of the Company</b>				
Share capital	<b>266,142</b>	264,173	<b>266,142</b>	264,173
Retained profits	<b>1,066,696</b>	1,175,230	<b>517,320</b>	733,330
Other reserves	<b>1,712,492</b>	1,488,630	<b>38</b>	38
<b>Total equity</b>	<b>3,045,330</b>	2,928,033	<b>783,500</b>	997,541

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

**Amount repayable in one year or less, or on demand**

As at 30/6/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
23,818	-	23,251	-

**Amount repayable after one year**

As at 30/6/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

**Details of any collateral**

The Group has provided certain investment properties to secure its borrowings.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	2nd Quarter Ended 30 June		6 Months Ended 30 June	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	94,516	85,488	120,757	109,456
Adjustments for:				
Dividend income	(65,003)	(60,217)	(65,003)	(60,217)
Interest income	(2,133)	(1,715)	(4,556)	(3,076)
Depreciation of property, plant and equipment and investment properties	1,609	1,572	3,249	3,127
Share of profits of associated company	(417)	(406)	(881)	(694)
Finance expenses	55	47	109	138
Inventories written (back)/down	(10)	46	16	56
Loss on disposal and write-off of property, plant and equipment	6	-	9	1
Unrealised currency translation (gains)/losses	(413)	(1,914)	234	(957)
<b>Operating profit before working capital changes</b>	<b>28,210</b>	<b>22,901</b>	<b>53,934</b>	<b>47,834</b>
Decrease in inventories	2,127	1,427	2,722	1,357
Decrease/(increase) in trade and other receivables	5,977	(6,511)	(9,162)	(16,796)
Increase/(decrease) in trade and other payables	1,983	4,805	(988)	1,670
<b>Cash generated from operations</b>	<b>38,297</b>	<b>22,622</b>	<b>46,506</b>	<b>34,065</b>
Net taxation paid	(6,553)	(6,400)	(8,484)	(6,914)
<b>Net cash from operating activities</b>	<b>31,744</b>	<b>16,222</b>	<b>38,022</b>	<b>27,151</b>
<b>Cash flows from investing activities</b>				
Dividend income received	65,003	12,608	65,003	12,608
Interest income received	1,764	1,699	5,196	2,626
Purchase of property, plant and equipment	(408)	(632)	(582)	(1,519)
Improvements to investment properties	(366)	-	(411)	(5)
Proceeds from disposal of property, plant and equipment	2	2	2	2
Proceeds from disposal of investments	-	-	-	66,821
<b>Net cash from investing activities</b>	<b>65,995</b>	<b>13,677</b>	<b>69,208</b>	<b>80,533</b>
<b>Cash flows from financing activities</b>				
Payment of dividends to shareholders of the Company	(221,058)	(22,056)	(221,058)	(22,056)
Proceeds from issue of share capital for share options exercised	738	3,862	1,969	5,864
Interest expense paid on borrowings and lease liabilities	(55)	(47)	(124)	(168)
Principal element of lease payments	(34)	-	(67)	-
Repayment of borrowings	-	-	-	(23,110)
Bank deposits released from pledge	-	-	-	222
<b>Net cash used in financing activities</b>	<b>(220,409)</b>	<b>(18,241)</b>	<b>(219,280)</b>	<b>(39,248)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(122,670)</b>	<b>11,658</b>	<b>(112,050)</b>	<b>68,436</b>
Cash and cash equivalents at beginning of the financial period	529,442	456,264	519,427	400,562
Effects of currency translation on cash and cash equivalents	575	1,816	(30)	740
<b>Cash and cash equivalents at end of the financial period</b>	<b>407,347</b>	<b>469,738</b>	<b>407,347</b>	<b>469,738</b>
<b>Cash and cash equivalents comprised the following:</b>				
Cash and bank balances	407,554	469,938	407,554	469,938
Less: Bank deposits pledged for banking facilities	(207)	(200)	(207)	(200)
	<b>407,347</b>	<b>469,738</b>	<b>407,347</b>	<b>469,738</b>

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital	Fair Value Reserve	Other Reserves	Foreign Currency Translation Reserve	Retained Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>The Group</b>						
<b>2019</b>						
<b>Balance at 1 January 2019</b>	264,173	1,486,478	2,427	(275)	1,175,230	2,928,033
Issue of share capital	1,969	-	-	-	-	1,969
Dividends paid	-	-	-	-	(221,058)	(221,058)
Total comprehensive income for the financial period	-	223,758	-	104	112,524	336,386
<b>Balance at 30 June 2019</b>	<b>266,142</b>	<b>1,710,236</b>	<b>2,427</b>	<b>(171)</b>	<b>1,066,696</b>	<b>3,045,330</b>
<b>2018</b>						
<b>Balance at 1 January 2018</b>	257,943	1,789,809	23,728	94	1,006,719	3,078,293
Issue of share capital	5,864	-	-	-	-	5,864
Transfer from share option reserve and capital reserve to retained profits <sup>1</sup>	-	-	(21,508)	-	21,508	-
Transfer of cumulative gain on disposal of investments to retained profits	-	(23,322)	-	-	23,322	-
Dividends paid	-	-	-	-	(22,056)	(22,056)
Total comprehensive income for the financial period	-	2,818	-	360	101,399	104,577
<b>Balance at 30 June 2018</b>	<b>263,807</b>	<b>1,769,305</b>	<b>2,220</b>	<b>454</b>	<b>1,130,892</b>	<b>3,166,678</b>

<sup>1</sup> The share option reserve was reclassified to retained profits upon cessation of the share option scheme of the Company. Capital reserve was reclassified to retained profits due to the change in certain subsidiaries' Constitution.

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital \$'000	Fair Value Reserve \$'000	Other Reserves \$'000	Retained Profits \$'000	Total Equity \$'000
<b>The Company</b>					
<b>2019</b>					
Balance at 1 January 2019	264,173	-	38	733,330	997,541
Issue of share capital	1,969	-	-	-	1,969
Dividends paid	-	-	-	(221,058)	(221,058)
Total comprehensive income for the financial period	-	-	-	5,048	5,048
<b>Balance at 30 June 2019</b>	<b>266,142</b>	<b>-</b>	<b>38</b>	<b>517,320</b>	<b>783,500</b>
<b>2018</b>					
Balance at 1 January 2018	257,943	33	4,769	714,155	976,900
Issue of share capital	5,864	-	-	-	5,864
Transfer from share option reserve to retained profits <sup>2</sup>	-	-	(4,731)	4,731	-
Dividends paid	-	-	-	(22,056)	(22,056)
Total comprehensive (expense)/income for the financial period	-	(33)	-	3,832	3,799
<b>Balance at 30 June 2018</b>	<b>263,807</b>	<b>-</b>	<b>38</b>	<b>700,662</b>	<b>964,507</b>

<sup>2</sup> The share option reserve was reclassified to retained profits upon cessation of the share option scheme of the Company.

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Since 31 March 2019, 82,000 shares were issued pursuant to the exercise of share options.

As at 30 June 2019, unissued shares under the share option scheme of the Company were as follows:

	<u>30/6/2019</u>	<u>30/6/2018</u>
The Haw Par Corporation Group 2002 Share Option Scheme	<u>306,000</u>	<u>566,000</u>

The Company did not hold any treasury shares and there were no subsidiary holdings as at 30 June 2019 and 30 June 2018.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<u>30/6/2019</u>	<u>31/12/2018</u>
Total number of issued shares	<u>221,062,173</u>	<u>220,841,173</u>

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures as shown in the announcement have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

These financial results have been prepared based on accounting policies and methods of computation consistent with those adopted in the most recently audited annual financial statements for the year ended 31 December 2018, except as stated in Note 5.



**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

On 1 January 2019, the Group adopted new or amended SFRS(I)s and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year, including SFRS(I) 16 *Leases*. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I).

Upon the adoption of SFRS(I) 16 *Leases*, the Group applied certain transition reliefs under a simplified approach and did not restate comparative amounts.

Practical expedients were applied to recognise right-of-use ("ROU") assets that is equivalent to its lease liabilities of approximately S\$978,000 on the balance sheet on 1 January 2019. Recognition exemptions for short-term leases and leases of low-value items are used as permitted by the standard.

Under SFRS(I) 16, the recognition of operating lease expenses on a straight-line basis is replaced with the combination of depreciation expenses for ROU assets and interest expense on lease liabilities.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Group</b>		<b>Group</b>	
	<b>2nd Quarter Ended 30 June</b>		<b>6 Months Ended 30 June</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Earnings per ordinary share:				
(a) Based on the weighted average number of ordinary shares on issue	<b>40.9 cts</b>	37.2 cts	<b>50.9 cts</b>	46.0 cts
(b) On a fully diluted basis	<b>40.9 cts</b>	37.2 cts	<b>50.9 cts</b>	45.9 cts

**7. Net asset value (for the issuer and group) per ordinary share based on the issued share capital of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

	<b>Group</b>		<b>Company</b>	
	<b>30/6/2019</b>	<b>31/12/2018</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
Net asset value per ordinary share (S\$)	<b>13.78</b>	13.26	<b>3.54</b>	4.52

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

**Income statement and statement of comprehensive income (2Q 2019 vs 2Q 2018)**

2nd quarter ended 30 June 2019

Group revenue for the quarter increased 9.3% to \$70.1m due mainly to continued demand for Healthcare products. Cost of sales increased 17.2% to \$29.2m due mainly to higher input costs. Consequently, gross profit margin decreased from 61.1% to 58.3%.

Distribution and marketing expenses decreased 14.5% to \$12.1m as a result of lower advertisement and promotion expense in 2Q2019.

Finance expenses increased 17.0% to \$55k due to interest expense on lease liabilities following the adoption of SFRS(I) 16 Leases.

Earnings for the quarter increased 10.2% to \$90.5m due to higher operating profit and dividend income.

6 months ended 30 June 2019

Group revenue increased 15.6% to \$143.5m with stronger first quarter for Healthcare. Due to increasing production costs, gross profit margin dropped to 58.9% compared to 62.3% for the same period last year.

Finance expenses decreased 21.0% to \$0.1m due to partial repayment of borrowings in March 2018, partially offset by interest expense on lease liabilities accounted for in 2019.

Earnings increased 11.0% to \$112.5m due mainly to higher gross profit and dividend income.

**Statements of financial position (30 June 2019 vs 31 December 2018)**

Cash and cash equivalents decreased 21.6% to \$407.6m due mainly to special dividend paid to shareholders in May 2019, partially offset by cash generated from operations and cash dividends received from strategic investments.

Trade and other receivables increased 19.6% to \$48.9m in line with higher sales.

Inventories decreased 11.2% to \$21.7m due to higher shipment of finished goods in June 2019.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was made previously in respect of 2Q 2019 results.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Valuation of the Group's strategic investments may be affected by equity market volatility amid tensions and uncertainties globally.

The Group's operating businesses may also be affected if the US-China trade conflict is further prolonged amid a slowing world economy.

11. If a decision regarding dividend has been made: -

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and -  
 (b) (i) Amount per share :  
 (ii) Previous corresponding period:  
 (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated.)

	2019	2018
Name of Dividend	First & Interim	First & Interim
Dividend Type	Cash	Cash
Dividend amount per share	15 cents per ordinary share tax-exempt (one-tier)	15 cents per ordinary share tax-exempt (one-tier)
Tax Rate	Tax-Exempt (one-tier)	Tax-Exempt (one-tier)

- (d) The date the dividend is payable

First & Interim Dividend - 4 September 2019

- (e) The date on which Registrable Transfers received by the company (up to 5:00pm) will be registered before entitlements to the dividend are determined.

The Share Transfer Books and Register of Members of the Company will be closed on 21 August 2019, 5.00 p.m. . Duly completed transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar up to 5.00 p.m. on 21 August 2019 will be registered to determine shareholders' entitlement to the First & Interim Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited which are credited with Shares as at 5.00 p.m. on 21 August 2019 will be entitled to such dividend.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have any general mandate from shareholders pursuant to Rule 920.

14. Negative confirmation pursuant to Rule 705 (5) of the Listing Manual

#### CONFIRMATION BY THE BOARD

The Board of Directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the six months ended 30 June 2019 to be false or misleading.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

#### BY ORDER OF THE BOARD

Lee Kay Swee  
 Company Secretary  
 7 August 2019