

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 2016

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		
	2016	2015	+ / (-)	2016	2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	52,634	51,177	2.8	104,952	96,729	8.5
Cost of sales	(21,340)	(19,842)	7.5	(41,279)	(37,847)	9.1
Gross profit	31,294	31,335	(0.1)	63,673	58,882	8.1
Other income	35,535	48,170	(26.2)	40,375	49,453	(18.4)
Distribution and marketing expenses	(12,326)	(13,545)	(9.0)	(24,751)	(23,799)	4.0
General and administrative expenses	(3,377)	(3,054)	10.6	(7,602)	(5,547)	37.0
Finance expenses	(96)	(125)	(23.2)	(190)	(252)	(24.6)
Profit from operations	51,030	62,781	(18.7)	71,505	78,737	(9.2)
Equity accounting of associated company	107	55,785	(99.8)	380	56,031	(99.3)
Profit before taxation	51,137	118,566	(56.9)	71,885	134,768	(46.7)
Taxation	(2,781)	(2,689)	3.4	(6,462)	(5,436)	18.9
Profit for the period, net of tax	48,356	115,877	(58.3)	65,423	129,332	(49.4)

A consolidated statement of comprehensive income for the 2nd quarter and 6 months ended 30 June 2016:

	Group			Group		
	2nd Quarter Ended 30 June			6 Months Ended 30 June		
	2016	2015	+ / (-)	2016	2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period, net of tax	48,356	115,877	(58.3)	65,423	129,332	(49.4)
Other comprehensive (expense)/income, after tax, that may be reclassified subsequently to profit or loss:						
Fair value changes on available-for-sale financial assets (net)	(93,009)	(1,440)	6,359.0	(194,923)	(66,713)	192.2
Reclassification of fair value gains on disposal of available-for-sale financial assets	-	-	-	(2,879)	-	N/M
Currency translation differences on consolidation of foreign entities (net)	(917)	(8,472)	(89.2)	(1,049)	632	N/M
Reclassification of currency translation reserve to profit or loss on reclassification of associated company to available-for-sale financial assets	-	(7,525)	N/M	-	(7,525)	N/M
Other comprehensive expense for the period, net of tax	(93,926)	(17,437)	438.7	(198,851)	(73,606)	170.2
Total comprehensive (expense)/income for the period	(45,570)	98,440	N/M	(133,428)	55,726	N/M

N/M - not meaningful

1(a) Notes to the Income Statement

	<u>Group</u>			<u>Group</u>		
	<u>2nd Quarter Ended 30 June</u>			<u>6 Months Ended 30 June</u>		
	<u>2016</u>	<u>2015</u>	<u>+ / (-)</u>	<u>2016</u>	<u>2015</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
(i) Other income						
Investment income	33,246	47,061	(29.4)	33,620	47,245	(28.8)
Interest income	881	649	35.7	1,863	1,160	60.6
Gain on disposal of available-for-sale financial assets	-	-	-	2,879	-	N/M
Gain on sale of investment property	-	250	N/M	-	250	N/M
Miscellaneous income	1,408	210	570.5	2,013	798	152.3
	<u>35,535</u>	<u>48,170</u>	<u>(26.2)</u>	<u>40,375</u>	<u>49,453</u>	<u>(18.4)</u>
(ii) The following were charged/(credited) to the income statement :						
Interest on borrowings	96	125	(23.2)	190	252	(24.6)
Depreciation of property, plant and equipment	750	1,331	(43.7)	1,526	2,665	(42.7)
Loss on disposal and write-off of property, plant and equipment	19	9	111.1	21	25	(16.0)
Allowance for impairment of receivables	-	-	-	-	8	N/M
Inventories written down	9	40	(77.5)	15	67	(77.6)
Foreign exchange loss, net	258	289	(10.7)	2,051	210	876.7
Prior years' (over)/under provision of current taxation	(184)	96	N/M	116	8	1,350.0
Prior years' (over)/under provision of deferred taxation	(5)	120	N/M	(5)	243	N/M
Gain on partial disposal of interest in associated company and deemed disposal on decognition of associated company	-	55,599	N/M	-	55,599	N/M
	<u>-</u>	<u>55,599</u>	<u>N/M</u>	<u>-</u>	<u>55,599</u>	<u>N/M</u>
(iii) Segmental results						
<u>Revenue</u>						
Healthcare	44,233	44,420	(0.4)	89,715	83,041	8.0
Leisure	4,112	3,560	15.5	6,812	6,547	4.0
Property	4,289	3,197	34.2	8,425	7,141	18.0
	<u>52,634</u>	<u>51,177</u>	<u>2.8</u>	<u>104,952</u>	<u>96,729</u>	<u>8.5</u>
<u>Profit/(loss) from operations</u>						
Healthcare	14,721	13,425	9.7	29,887	26,968	10.8
Leisure	349	437	(20.1)	829	294	182.0
Property	3,345	2,494	34.1	6,461	5,482	17.9
Investments	34,010	47,558	(28.5)	38,135	48,100	(20.7)
Unallocated expenses	(1,395)	(1,133)	23.1	(3,807)	(2,107)	80.7
	<u>51,030</u>	<u>62,781</u>	<u>(18.7)</u>	<u>71,505</u>	<u>78,737</u>	<u>(9.2)</u>

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.

	<u>Group</u>		<u>Company</u>	
	<u>30/6/2016</u>	<u>31/12/2015</u>	<u>30/6/2016</u>	<u>31/12/2015</u>
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	23,316	24,406	-	-
Investment properties	211,036	210,823	-	-
Investment in subsidiaries	-	-	375,857	375,857
Investment in associated companies	4,239	3,859	2,895	2,895
Available-for-sale financial assets	1,527,305	1,701,036	281	281
Deferred income tax assets	1,062	1,169	-	-
Intangible assets	11,116	11,116	-	-
	<u>1,778,074</u>	<u>1,952,409</u>	<u>379,033</u>	<u>379,033</u>
Current assets				
Available-for-sale financial assets	355,874	379,519	-	-
Inventories	10,640	12,375	-	-
Trade and other receivables	32,770	32,387	112,558	138,385
Cash and bank balances	319,415	315,731	291,220	287,257
	<u>718,699</u>	<u>740,012</u>	<u>403,778</u>	<u>425,642</u>
Total assets	<u>2,496,773</u>	<u>2,692,421</u>	<u>782,811</u>	<u>804,675</u>
LIABILITIES				
Current liabilities				
Trade and other payables	54,272	55,156	101,880	80,704
Current income tax liabilities	10,565	10,508	475	490
Borrowings	48,802	43,547	48,802	43,547
	<u>113,639</u>	<u>109,211</u>	<u>151,157</u>	<u>124,741</u>
Non-current liabilities				
Deferred income tax liabilities	44,085	48,087	-	-
	<u>44,085</u>	<u>48,087</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>157,724</u>	<u>157,298</u>	<u>151,157</u>	<u>124,741</u>
NET ASSETS	<u>2,339,049</u>	<u>2,535,123</u>	<u>631,654</u>	<u>679,934</u>
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	250,666	249,895	250,666	249,895
Retained profits	1,032,104	1,030,257	377,096	426,306
Other reserves	1,056,279	1,254,971	3,892	3,733
Total equity	<u>2,339,049</u>	<u>2,535,123</u>	<u>631,654</u>	<u>679,934</u>

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

Amount repayable in one year or less, or on demand

As at 30/6/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
48,802	-	43,547	-

Amount repayable after one year

As at 30/6/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

The Group has provided certain investment properties, available-for-sale financial assets and fixed deposits to secure its borrowings and credit facilities.

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	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Profit before tax	51,137	118,566	71,885	134,768
Adjustments for:				
Investment income	(33,246)	(47,061)	(33,620)	(47,245)
Gain on disposal of available-for-sale financial assets	-	-	(2,879)	-
Interest income	(881)	(649)	(1,863)	(1,160)
Depreciation of property, plant and equipment	750	1,331	1,526	2,665
Equity accounting of associated company	(107)	(55,785)	(380)	(56,031)
Finance expenses	96	125	190	252
Expensing of share options	89	71	159	155
Gain on sale of investment property	-	(250)	-	(250)
Loss on disposal and write-off of property, plant and equipment	19	9	21	25
Inventories written down	9	40	15	67
Allowance for impairment of receivables	-	-	-	8
Currency translation losses	296	436	841	148
Operating profit before working capital changes	18,162	16,833	35,895	33,402
Decrease/(increase) in inventories	80	(461)	1,720	789
Decrease/(increase) in trade and other receivables	2,035	(7,761)	(4,282)	(16,440)
Increase/(decrease) in trade and other payables	3,550	3,506	(912)	5,043
Cash generated from operations	23,827	12,117	32,421	22,794
Investment income received	24,639	38,622	28,559	38,742
Interest income received	1,025	566	1,929	635
Net taxation paid	(4,113)	(3,046)	(5,987)	(5,115)
Net cash provided by operating activities	45,378	48,259	56,922	57,056
Cash flows from investing activities:				
Proceeds from partial disposal of interest in associated company	-	99,322	-	99,322
Proceeds from sale of investment property	-	10,045	-	10,045
Dividends from associated companies	-	-	-	3,669
Purchase of additional interest in associated company	-	(72,755)	-	(72,755)
Purchase of available-for-sale financial assets	-	(20,256)	-	(20,256)
Purchase of property, plant and equipment	(442)	(194)	(1,380)	(435)
Improvements to investment properties	(10)	(104)	(10)	(214)
Proceeds from disposal of available-for-sale financial assets	-	-	12,311	-
Net cash (used in)/provided by investing activities	(452)	16,058	10,921	19,376
Cash flows from financing activities:				
Proceeds from issue of share capital	469	647	771	1,027
Bank deposits pledged	-	63	-	73
Payment of dividends to shareholders of the Company	(63,576)	(30,675)	(63,576)	(30,675)
Interest expense paid	(67)	(129)	(162)	(256)
Net cash used in financing activities	(63,174)	(30,094)	(62,967)	(29,831)
Net (decrease)/increase in cash and cash equivalents	(18,248)	34,223	4,876	46,601
Cash and cash equivalents at beginning of the period	336,547	236,043	314,208	223,061
Effects of currency translation on cash and cash equivalents	(407)	(790)	(1,192)	(186)
Cash and cash equivalents at end of the financial period	317,892	269,476	317,892	269,476
Cash and cash equivalents comprised the following:				
Cash and bank balances	319,415	271,008	319,415	271,008
Less: Bank deposits pledged for banker's guarantee	(1,523)	(1,532)	(1,523)	(1,532)
	317,892	269,476	317,892	269,476

Note: During the quarter, approximately \$8.6m (2015: \$8.5m) of investment income was received as non-cash available-for-sale financial assets in lieu of dividends.

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 Reserve	Foreign Currency Translation Reserve	Retained Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group						
2016						
Balance at 1 January 2016	249,895	1,245,747	22,665	(13,441)	1,030,257	2,535,123
Issue of share capital	771	-	-	-	-	771
Expensing of share options	-	-	159	-	-	159
Dividends paid	-	-	-	-	(63,576)	(63,576)
Total comprehensive (expense)/income for the period	-	(197,802)	-	(1,049)	65,423	(133,428)
Balance at 30 June 2016	250,666	1,047,945	22,824	(14,490)	1,032,104	2,339,049
2015						
Balance at 1 January 2015	248,722	1,648,605	26,046	(3,079)	887,171	2,807,465
Issue of share capital	1,027	-	-	-	-	1,027
Expensing of share options	-	-	155	-	-	155
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	-	-	-	-	(30,675)	(30,675)
Total comprehensive (expense)/income for the period	-	(66,713)	-	(6,893)	129,332	55,726
Balance at 30 June 2015	249,749	1,581,892	22,543	(9,972)	989,486	2,833,698

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 Reserve	Retained Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>The Company</u>					
2016					
Balance at 1 January 2016	249,895	27	3,706	426,306	679,934
Issue of share capital	771	-	-	-	771
Expensing of share options	-	-	159	-	159
Dividends paid	-	-	-	(63,576)	(63,576)
Total comprehensive income for the period	-	-	-	14,366	14,366
Balance at 30 June 2016	250,666	27	3,865	377,096	631,654
2015					
Balance at 1 January 2015	248,722	76	3,455	319,762	572,015
Issue of share capital	1,027	-	-	-	1,027
Expensing of share options	-	-	155	-	155
Dividends paid	-	-	-	(30,675)	(30,675)
Total comprehensive income for the period	-	-	-	33,308	33,308
Balance at 30 June 2015	249,749	76	3,610	322,395	575,830

- 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 also 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.**

Since 31 March 2016, 62,000 shares were issued pursuant to the exercise of share options.

As at 30 June 2016, unissued shares under the share option scheme of the Company were as follows:

	<u>30/6/2016</u>	<u>30/6/2015</u>
The Haw Par Corporation Group 2002 Share Option Scheme	<u>1,740,000</u>	<u>1,386,000</u>

- 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>30/6/2016</u>	<u>31/12/2015</u>
Total number of issued shares	<u>219,242,173</u>	<u>219,131,173</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.

- 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 nor 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 2015, 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 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 included the following:

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

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.

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.

	Group		Group	
	2nd Quarter Ended 30 June 2016	2015	6 Months Ended 30 June 2016	2015
Earnings per ordinary share:				
(a) Based on the weighted average number of ordinary shares on issue	22.1 cts	52.9 cts	29.8 cts	59.0 cts
(b) On a fully diluted basis	22.1 cts	52.9 cts	29.8 cts	59.0 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.

	Group		Company	
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
Net asset value per ordinary share (S\$)	10.67	11.57	2.88	3.10

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:-
- 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
 - 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

2nd quarter ended 30 June 2016

Group revenue for 2Q2016 increased 3% from \$51.2m to \$52.6m due to improvement in turnover of Property and Leisure. Earnings for the quarter decreased 58.3% to \$48.4m due to lower dividend income from equity investment and one-off gains recorded in 2Q2015 from the partial disposal and reclassification of Hua Han Health Industry Holdings Limited ("Hua Han") (previously an associated company). Excluding one-off gains in previous year, earnings for the quarter would have been 19.8% lower.

Healthcare's revenue was maintained at around \$44.2m. Operating profit of \$14.7m increased 9.7% due to better margins. Leisure's revenue of \$4.1m increased 15.5% due to increase in visitorship at Underwater World Singapore ("UWS") during its last month of operations. Profit from Leisure decreased 20.1% despite the increase in visitorship due to reduction of gate prices at UWS. Revenue from Property increased 34.2% to \$4.3m and profit increased 34.1% to \$3.3m due to improved occupancy.

Other income decreased 26.2% to \$35.5m due mainly to lower dividend income from the Group's equity investments.

General and administrative expenses increased 10.6% to \$3.4m mainly due to unrealised unfavourable foreign exchange differences.

Finance expenses decreased 23.2% due to partial repayment of borrowings in late 2015.

Contribution from associated company decreased \$55.7m to \$0.1m due to one-off gain from partial disposal of interest and reclassification of Hua Han to available-for-sale financial assets in 2Q2015.

6 months ended 30 June 2016

Revenue increased 8.5% to \$105.0m from better performance in all operating segments. However, earnings for the half year period decreased 49.4% to \$65.4m due to lower dividend income and one-off contribution from associated company in 2015.

Healthcare's revenue of \$89.7m and operating profit of \$29.9m increased 8.0% and 10.8% respectively due to higher sales and better margins in certain key markets. Leisure's revenue of \$6.8m increased 4.0% due to higher visitorship at UWS in 2Q2016 while profit increased 182% mainly due to lack of depreciation charges in 2016 following the impairment of fixed assets at UWS in 2015. Property's improved occupancy helped revenue and profit increase 18.0% and 17.9% respectively.

General and administrative expenses increased 37.0% to \$7.6m mainly due to unrealised unfavourable exchange differences.

Income tax expense increased 18.9% to \$6.5m from higher taxable income from operations.

Statements of financial position and cashflow (30 June 2016 vs 31 December 2015)

Inventories decreased by 14.0% to \$10.6m due to timing of purchase of raw materials and shipments of finished goods.

Borrowings increased 12.1% to \$48.8m due to unfavourable foreign exchange translation differences.

As at 30 June 2016, available-for-sale financial assets were lower compared to valuations at 31 December 2015 as a result of volatility of the equity markets, which contributed mainly to the reduction in net asset per share from \$11.57 to \$10.67. Despite the recent steep decline in Hua Han's share price, the effect on the Group's net asset per share as of 30 June 2016 was not material.

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 2016 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.**

Investments will be affected by volatility of financial markets in the light of increasingly uncertain global economic conditions. Income from Property remains stable amidst a challenging property market.

Healthcare remains cautiously optimistic on its business outlook. Its performance continues to be on track.

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

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.)**

	2016	2015
Name of Dividend	First & Interim	First & Interim
Dividend Type	Cash	Cash
Dividend amount per share	10 cents per ordinary share tax-exempt (one-tier)	6 cents per ordinary share tax-exempt (one-tier)
Tax Rate	Tax-Exempt (one-tier)	Tax-Exempt (one-tier)

The increase in first and interim dividend does not imply an increase in total payout for the year by the Company.

- (d) **The date the dividend is payable**

First & Interim Dividend - 2 September 2016

- (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 23 August 2016, 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 23 August 2016 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 23 August 2016 will be entitled to such dividend.

12. **If no dividend has been declared/recommended, a statement to that effect.**

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 2016 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