



**HAW PAR CORPORATION LIMITED**

(Company Registration Number: 196900437M)

(Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING TO BE HELD ON 23 APRIL 2024 (the “AGM”)  
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS  
RECEIVED FROM SHAREHOLDERS**

Haw Par Corporation Limited (the “**Company**”) refers to the announcement on 2 April 2024 on the Notice of AGM, the invitation to the shareholders to submit questions in advance of the AGM. The Company thanks shareholders for the questions received.

The Appendix sets out the Company’s responses to the substantial and relevant questions received from shareholders that are relevant to the AGM resolutions and the business of the Company. Where questions overlap or are closely related, they have been consolidated and rephrased for clarity.

By Order of the Board

Chiew Kun Long, Alvin

Company Secretary

17 April 2024

## Haw Par Corporation Limited – 55th Annual General Meeting

## Responses to Substantial and Relevant Questions

TOPIC	No	Question	Response
Healthcare	1.	On Page 17 of the Annual Report, what does it mean by “The strength of Singapore currency has reduced our export sales in converted value, prompting an astute consideration to enhance Tiger Balm product’s premium positioning, despite the associated risk of volume loss.” ?	The presentation currency for Haw Par Group is in Singapore dollars (“SGD”), sales made in foreign currency will be translated to SGD for financial reporting.  With the strengthening of SGD against certain other currencies, sales made in foreign currencies will be translated to a lower SGD amount. Where Tiger Balm has competitive advantage, prices will be increased to mitigate this, with the effects on volume to be monitored closely thereafter.
Healthcare	2.	Page 16 of the Annual Report stated that “Notably, our growth outpaced industry benchmarks, particularly in our main Asian markets”. Which benchmarks were used?	Benchmarks include topical analgesics category growth rate and the OTC industry growth rate.
Healthcare	3.	Page 17 of the Annual Report stated that “Heightened competition from new entrants and extensions by existing competitors remain ongoing challenges”. Who are these competitors?	These are mainly MNC companies and smaller domestic players in the topical analgesics segment which may differ from country to country.
Leisure	4.	Noted on Page 111 of the Annual Report that Underwater World Pattaya (“UWP”) has 8 years left for its lease. Is it possible to extend the land lease? Does the Management plan to	The land lease for UWP still has more than half a decade to go. Management will carefully evaluate the business prior to lease renewal negotiation. The Group remains interested in family-friendly leisure attractions given its past experiences in such business. The tourism sector has been showing promising

## Appendix

TOPIC	No	Question	Response
		redevelop the attraction in the coming years? Is the Management activity seeking to grow the Leisure division with new acquisitions?	<p>signs of recovery since the second quarter of 2022 and this trend continued into 2023.</p> <p>Management regularly performs strategic reviews of our businesses. We will also explore and evaluate business opportunities and proposals relating to our businesses periodically to optimise the value of our assets and improve shareholder value.</p>
<b>Properties</b>	5.	The occupancy rate and rental income for the property segment have been declining over the years. Management has not provided much information about this segment, is management concerned about its performance and the direction it is heading in?	<p>Information on Property division and occupancy rates can be found in Pages 23 and 33 of the Annual Report.</p> <p>Menara Haw Par continued to be affected by the influx of new office supply and weak tenancy demand in the leasing market. For now, the Malaysia property is cash flow positive despite the low occupancy.</p> <p>Our older Singapore Grade B buildings do face competition from flight to quality, as hybrid work arrangements continued post-Covid, some tenants upon their lease expiry, took the opportunity to “right size” their leased space, resulting in average occupancy for Singapore properties to dip. Nonetheless, we noted encouraging signs in new take-ups towards the end of 2023.</p> <p>The Property division will intensify efforts to attract quality prospects and improve occupancy.</p>
<b>Investments</b>	6.	Noted on Page 85 of the Annual Report, the Group holds \$54.8 million worth of listed equities. Could the Management share detail on the investment portfolio (currency, geography and industry)?	<p>The Group invested in Hong Kong Dollar denominated listed equity securities for dividend yield and long term capital appreciation.</p> <p>The Group is of the view that the current shareholding in strategic investments is at an appropriate level at the moment. Nonetheless, the Group does not take</p>

TOPIC	No	Question	Response
		Would the Management consider increasing its stake in its strategic investments via on-market purchase?	a passive view on our investments and we periodically review our investments to see if they continue to hold true to our original intention.
<b>Financials</b>	7.	Trade and other receivables outstanding days were approximately 2.5 months of revenues, the second highest in the last 20 years, which is, on average, below 2 months. Were there any major changes in credit terms provided by the healthcare division?	There were no major changes in the credit terms provided by the Healthcare division. The higher trade and other receivables balance as of 31 December 2023 as compared to prior year was due mainly to the timing of the sales made and higher proportion of sales to distributors on higher credit terms.
<b>Financials</b>	8.	As a percentage of revenue, general and administrative (“G&A”) expenses were over 10% in FY2023, which is on the high side compared to the historical average. Management has been able to control it to around 6% during the pre-pandemic years. Were there any changes in the cost structure of the group?	There were no major changes in the cost structure of the Group. The higher G&A expenses for FY2023 was due mainly to one-off donation made to the LKY Centennial Fund and cost incurred in relation to the new plant in Malaysia.  The new plant obtained Good Manufacturing Licence (GMP) in 2023 and we have commenced collecting production data in FY2023 for registration of products. Cost incurred prior to commercial supply of products has been classified as G&A expenses.
<b>Financials</b>	9.	Was the more than 10x jump in inventories written down (S\$480k) attributed to inventories returned by distributors due to weakening end-market demand?	No, the higher inventories written down in FY2023 was not due to sales return from distributors. Provision was made for inventories with short shelf life remaining. Inventories are carried at the lower of cost and net realisable value.

TOPIC	No	Question	Response
<b>Board Matters</b>	10.	Do you intend to increase the diversity of the profiles of directors in the medium to long term?	<p>Each year, the Nominating Committee (“NC”) reviews the composition of the Board as part of its succession planning. When assessing potential candidates, the NC takes into account the existing Board composition, and the candidate’s background, qualification, experience, time commitment and his/her ability to contribute to the Board’s collective skills, knowledge and experience.</p> <p>Members of the Board reflect a wide range of age and background, and have been drawn from different industries offering a diversity in skills and experience. The Board considers its present board to be of appropriate diversity mix and size.</p> <p>All Board appointments will always be made based on merit.</p>
<b>Dividends</b>	11.	<p>The net cash of Haw Par is huge by any standards. The management can consider communicating a clearer dividend policy to distribute a higher percentage of profit as dividends.</p> <p>Does the Group have a dividend payout policy?</p> <p>The dividend paid to shareholders is largely lower than dividends received by the Company from its investments. Do you intend to modify your policy and return larger dividends to shareholders?</p>	<p>The Company’s dividend policy seeks to provide shareholders with a stable and efficient form of capital distribution relative to earnings. For more than 30 years, the Company has maintained sustainable dividend payments.</p> <p>Notwithstanding that the Group’s earnings dropped significantly during the Covid-19 pandemic years, the Company has maintained the dividend rate as well as a healthy dividend cover.</p> <p>For FY2023, the Company has increased its normal dividend payout by 33%, from 30 cents per share to 40 cents per share.</p> <p>Cash on hand has allowed the Company to sustainably maintain its dividend payout during the pandemic years. The Group has also been on the lookout for good investment targets to acquire or take stakes in preferably Healthcare-related businesses which can leverage on the Group’s network and expertise.</p>

TOPIC	No	Question	Response
			It is a constant challenge to strike a balance but the cash on hand will enable us to react quickly to take advantage of opportunities that arise.
<b>Share buyback</b>	12.	What is the Group's view on share buyback scheme? Would the management consider starting a share buyback scheme?	The Company had a share buyback exercise previously (more than 10 years ago) and did not put forth a resolution for share buyback mandate in recent years as the Company's shares are traded thinly. The Company notes feedback on share buyback scheme.
<b>Others</b>	13.	Haw Par is currently trading at nearer to the low of the past 5 years despite recording the highest profit and dividend over the past 5 years in FY23. Management should explain the actions that can be taken or considered to tackle the low valuation of Haw Par. Perhaps management can consider a spin-off of Tiger Balm. As a standalone company, the company can have a clearer direction to grow into a healthcare product giant and be an attractive target for competitors to acquire or joint venture with.	<p>Haw Par Healthcare Limited ("HPH"), the company which manufactures and sells Tiger Balm products, was previously a separate listed company. HPH was privatised in 2003 to enable the Group to gain better efficiency in the utilisation of management resources. We believe that spinning off Tiger Balm will not be beneficial for the Company, taking reference from its past experience.</p> <p>For a long time, the Company has been regarded as an investment holding company and a discount factor by the market was applied in view of this. The gap reduced pre-pandemic as operating profit from our Healthcare business improved. Management believes that growth from current operating businesses and acquisition of quality synergistic operational businesses will improve shareholder value and the discount factor could be further reduced.</p>
<b>Others</b>	14.	A large part of the value of the assets of the Company is held in cash and this part is growing. What are the plans of the Company about these funds in terms of capital allocation? Are options	Cash on hand has allowed the Company to sustainably maintain its dividend payout during the pandemic years. The Healthcare division also built a new manufacturing facility as part of the Group's expansion plan to cater for future demand for Tiger Balm products.

**Appendix**

<b>TOPIC</b>	<b>No</b>	<b>Question</b>	<b>Response</b>
		intended to return part of them to shareholders examined by the Board?	<p>The Group has been on the lookout for good investment targets to acquire or take stakes in preferably Healthcare-related businesses which can leverage on the Group's network and expertise. The Group also looks beyond its existing operating space for prospective investment opportunities that emerge from time to time.</p> <p>It is a constant challenge to strike a balance but the cash on hand will enable us to react quickly to take advantage of opportunities that arise. The Group is well-placed to further expand its portfolio of operating businesses.</p>