HAW PAR CORPORATION LIMITED

ANNUAL REPORT 2017

CONTENTS

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.

CHAIRMAN'S STATEMENT

"The Group achieved growth of 10% in revenue which reached $222.8 million."

PROFIT AFTER TAX

$125.5 MILLION

TURNOVER

$222.8 MILLION

The Group achieved revenue growth in 2017 as positive economic indicators around the world suggest that the global economy is on a recovery path. Equity markets were generally buoyant, with the STI Index surging 18% in 2017 and this had driven the values of our investments higher. The Group achieved growth of 10% in revenue which reached $222.8 million. The 2016 closure of the aquarium in Singapore — a substantial contributor to our revenue for over two decades was compensated by higher contribution from other business units. All operating divisions improved profitability.

The Group's turnover increased mainly because of contribution from Healthcare and Property. Healthcare revenue increased 14% to surpass $200 million for the first time. Profits increased 4% to $68.6 million from higher sales in most key markets. Advertising and promotion expenses increased during the year to support new products and campaigns. Property rental revenue increased 4% to $17.6 million while profits increased 17% to $14.0 million as occupancy of its investment properties improved. Overall earnings remained stable at around $125.5 million.

HIGHLIGHTS OF OPERATIONS

The Tiger Balm brand continued its growth by reaching out to different consumer segments in both Asian and overseas markets. Advertising and promotion efforts were stepped up during the year to drive sales in key markets, especially in relation to new product launches. Consumers around the world accepted the line extensions of Tiger Balm that provided them pain relief caused by increasingly urban lifestyles. The competitive landscape requires continuous engagement and communication with consumers. The quality of our products remains a key cornerstone that would differentiate us from competition.

Property performed well in 2017 with our portfolio achieving higher levels of rental income and occupancy. We also saw improvement in revenue at Underwater World Pattaya. Leisure's contribution to the Group was lower year-on-year due to the cessation of operations at Underwater World Singapore.

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 2017 is 20 cents per share.

BUSINESS OUTLOOK AND STRATEGY

2018 has begun positively. Geopolitical risks remain a concern. The rise of populism and protectionism in various parts of the world can however impact global trade. Uncertainties can change the economic landscape quickly. It is important for our businesses to be resilient and responsive to changes in the business environment.

We will continue to enlarge the consumer base for Tiger Balm products by deepening distribution into more channels and providing a wider range of products. Digitisation and innovation that are changing consumer habits will shape the ways we reach out to consumers. In line with increasing market demand for Tiger Balm range of products, we have been investing in capacity scale-up and will continue to focus on harnessing technology to optimise operational efficiency. However, regulatory requirements are becoming increasingly stringent and may affect the pipeline of new products and speed to market. Our exports may also be affected by a strengthening Singapore dollar.

During the year, the Group's investment portfolio was restructured with the investment in United Industrial Corporation Limited shares exchanged for shares in UOL Group Limited and cash. The portfolio now consists mainly of strategic stakes in United Overseas Bank Limited and UOL Group Limited.

Growth through acquisitions and business opportunities has been our strategic priority. High market valuations fuelled by bullish sentiments in a low-interest-rate environment is a challenge for acquisitions. The Group's strong balance sheet and healthy cash position stand us in good stead to look at future opportunities.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my appreciation to all stakeholders including our customers, suppliers, business associates and shareholders for your unwavering support. To our team of management and staff, thank you for your continuous commitment towards building our businesses. To our Board of Directors, I am grateful for your counsel and support during the year.

WEE CHO YAW
Chairman

主席
致辞

"集团营业额增长10%，达2亿2,280万元。"

除税后盈利

1亿 2,550万元

营业额

2亿 2,280万元

在环球经济前景指向趋暖之际，集团2017年营业额取得增长。证券市场蓬勃，海峡时报指数在年内上升了18%，提升了集团投资的市值。集团营业额增长10%，达2亿2,280万元。纵使过去20多年来为集团收益做出重大贡献的新加坡海底世界于2016年歇业，集团其他业务部的收入增长足以弥补这一缺失。集团各业务部的营业利润都取得增长。

集团的营业额增长，主要源自保健及物业业务的贡献。基于关键市场的销售额增加，保健业务收入增长14%，首次超越2亿元；盈利增长4%，达6,860万元。为支持新产品和营销活动，广告和促销活动成本有所增加。集团的物业出租率上升，物业出租收入增长4%，达1,760万元，而利润增长 17%，达1,400万元。集团收益保持稳定，达1亿2,550万元。

营运重点摘要

虎标品牌进一步拓展亚洲和海外各个消费群细分市场，销售持续增长。集团加强广告和促销活动，特别是针对新产品上市，以促进在关键市场的销售。遍布世界各地的虎标用户信赖集团开发的新产品能够纾解城市生活方式给身肌连带的各类酸痛。这类产品的市场竞争激烈，需要持续与消费者进行联系和沟通。虎标产品的优良质量是集团在业内为之脱颖而出的关键。

集团的物业业务在2017年的表现出色，物业租金收入和出租率皆取得良好增长。尽管休闲业务在新加坡海底世界歇业后收入同比下降，芭堤雅海底世界业务收入仍得以跃进。

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2017年12月31日财年的每股总计股息为20分。

业务展望及策略

展望2018年，开年经济前景虽显乐观，但地缘政治风险依然是关注点。世界各地逐渐兴起的民粹主义和保护主义极可能对世界贸易带来冲击，不确定因素可迅速改变经济格局。面对瞬息万变的商业环境，我们的企业必须有坚韧不拔的耐力，随机应变。

我们将继续强化虎标的产品经销管道和推出更多元的产品，进一步扩大消费群。数码化转型与创新改变消费习惯，也会影响我们与消费者之间的互动模式。为应对日益增加的市场需求，集团持续扩大产能投资，并将继续专注于利用科技以优化运营效率。另一方面，日益严格的监管要求可能影响新产品上市的进度。新元若持续上涨有可能殃及虎标产品的对外销量。

在过去的一年里，集团对投资组合进行重组，以联合工业股份换取华业集团股份及部份现金。重组后的投资组合主要包括大华银行有限公司和华业集团有限公司的战略性股份。

集团战略重点放在通过收购与争取商业机会以取得增长，但低利率环境下看涨情绪推动的市场估值偏高对集团的收购策略是个挑战。集团拥有坚稳的财务实力和充裕的现金流量，位处蓄势待发的优势，寻找和把握商机。

致谢

本人谨此代表董事局感谢客户、供应商、商业伙伴和股东对集团的长期支持，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

Chairman
Non-Executive and Non-Independent
First appointed as a Director: 31 October 1975
Last re-appointed as a Director: 29 April 2016

Dr Wee Cho Yaw, 89, was appointed Chairman of the Company since 1978.

A banker with more than 60 years' experience, Dr Wee is a veteran in the banking, insurance, real estate and hospitality industries. He received many accolades for his business achievements and support of education, community welfare and the business community. Among the awards conferred on him are the Distinguished Service Order, Singapore's highest National Day Award, ASEAN Business Advisory Council Legacy Award for Singapore and Honorary Degrees of Doctor of Letters from the National University of Singapore and Nanyang Technological University.

Board Committee(s) served on:

- Investment Committee (Chairman)
- Remuneration Committee (Member)
- Nominating Committee (Member)

Present Directorships in other listed companies (as at 31 December 2017):

- United Overseas Bank Limited (Chairman Emeritus & Adviser)
- United Overseas Insurance Limited (Chairman)
- UOL Group Limited (Chairman)
- United Industrial Corporation Limited (Chairman)

Other Principal Commitments:

- Pan Pacific Hotels Group Limited (Chairman)
- Marina Centre Holdings Private Limited (Chairman)
- Nanyang Technological University (Pro-chancellor)
- Singapore Federation of Chinese Clan Associations (Honorary President)
- Singapore Hokkien Huay Kuan (Honorary President)
- Singapore Chinese Chamber of Commerce & Industry (Honorary President)
- Wee Foundation (Chairman)
- Chung Cheng High School (Chairman)

Past Directorships in listed companies held over the preceding three years (1 January 2015 to 31 December 2017):

Nil

Professional Qualifications & Achievements:

- Chinese high school education
- Legacy Award for Singapore, ASEAN Business Advisory Council (2017)
- Honorary Doctor of Letters, Nanyang Technological University (2014)
- The Distinguished Service Order, Singapore (2011)
- The Asian Banker Lifetime Achievement Award (2009)
- Honorary Doctor of Letters, National University of Singapore (2008)
- Credit Suisse-Ernst & Young Lifetime Achievement Award (2006)
- Businessman of the Year, Singapore Business Awards (2001 and 1990)

WEE EE-CHAO

Deputy Chairman
Non-Executive and Non-Independent
First appointed as a Director: 8 July 2003
Last re-elected as a Director: 27 April 2017

Mr Wee Ee-chao, 63, is the Deputy Chairman of the Company.

Mr Wee is the Chairman and Managing Director of UOB-Kay Hian Holdings Limited and also manages Kheng Leong Company (Private) Limited which is involved in real estate development and investments.

Present Directorships in other listed companies (as at 31 December 2017):

- UOB-Kay Hian Holdings Limited (Chairman and Managing Director)
- UOL Group Limited (Director)

Other Major Appointments/Principal Commitments:

- Kheng Leong Company (Private) Limited
- Wee Foundation (Director)

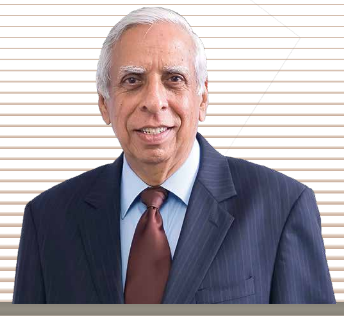
Past Directorships in listed companies held over the preceding three years (1 January 2015 to 31 December 2017):

- UOB Kay Hian Securities (Thailand) Public Co Limited (listed on the Stock Exchange of Thailand) (till 2016)

Professional Qualifications:

- Bachelor of Business Administration degree from The American University, Washington DC, USA

BOARD OF DIRECTORS



WEE EE LIM

President & CEO
Executive and Non-Independent Director

First appointed as a Director: 23 March 1994
Last re-elected as a Director: 28 April 2015

Mr Wee Ee Lim, 56, is the President & CEO of the Company. He is closely involved in the management and growth of Haw Par group of companies for more than 30 years.

Board Committee(s) served on:

- Investment Committee (Member)

Present Directorships in other listed companies (as at 31 December 2017):

- UOL Group Limited (Deputy Chairman)
- United Industrial Corporation Limited (Director)

Other Major Appointments/Principal Commitments:

- Wee Foundation (Director)

Past Directorships in listed companies held over the preceding three years (1 January 2015 to 31 December 2017):

- Hua Han Health Industry Holdings Limited (a company listed on the Hong Kong Stock Exchange) (till 2015)

Professional Qualifications:

- Bachelor of Arts (Economics) degree from Clark University, USA

SAT PAL KHATTAR

Non-Executive and Independent Director

First appointed as a Director: 1 January 1977
Last re-elected as a Director: 29 April 2016

Mr Sat Pal Khattar, 75, is a Non-Executive and Independent Director of the Company. He is the Chairman and Director of Khattar Holdings Pte Ltd group of companies which is principally engaged in investments.

Board Committee(s) served on:

- Remuneration Committee (Chairman)
- Nominating Committee (Chairman)

Present Directorships in other listed companies (as at 31 December 2017):

Nil

Other Major Appointments/Principal Commitments:

- Board of Trustees of the Singapore Business Federation (Chairman)
- Presidential Council for Minority Rights (Member)

Past Directorships in listed companies held over the preceding three years (1 January 2015 to 31 December 2017):

Nil

Professional Qualifications & Achievements:

- LLB degree and LLB (Hons) degree from the University of Singapore
- Padma Shri Award (2011)
- SICCI-DBS Singapore-India Business Award (2009)

HWANG SOO JIN

Non-Executive and Independent Director

First appointed as a Director: 28 October 1986
Last re-elected as a Director: 29 April 2016

Mr Hwang Soo Jin, 82, is a Non-Executive and Independent Director of the Company. He is a veteran insurer, with more than 50 years of experience in the industry.

He was a Director of a number of other public listed companies previously.

Board Committee(s) served on:

- Remuneration Committee (Member)

Present Directorships in other listed companies (as at 31 December 2017):

- Singapore Reinsurance Corporation Ltd (Chairman Emeritus, Director & Senior Adviser)
- United Industrial Corporation Limited (Director)
- United Overseas Insurance Limited (Director)

Past Directorships in listed companies held over the preceding three years (1 January 2015 to 31 December 2017):

Nil

Professional Qualifications & Achievements:

- Chartered Insurer of the Chartered Insurance Institute UK
- Honorary Fellow of the Singapore Insurance Institute
- Lifetime Achievements Award (Asia Insurance Industry Award) (2013)

LEE SUAN YEW

Non-Executive and Independent Director

First appointed as a Director: 18 December 1995
Last re-elected as a Director: 29 April 2016

Dr Lee Suan Yew, 84, is a Non-Executive and Independent Director of the Company. He is a medical practitioner with over 50 years' experience.

Dr Lee was appointed Justice of the Peace from 1998-2008 and President of the Singapore Medical Council for 4 years (2000-2004). He was also Chairman of the Singapore National Medical Ethics Committee (2007 and 2008).

Board Committee(s) served on:

- Nominating Committee (Member)

Present Directorships in other listed companies (as at 31 December 2017):

- K1 Ventures Limited (Director)

Past Directorships in listed companies held over the preceding three years (1 January 2015 to 31 December 2017):

Nil

Professional Qualifications & Achievements:

- MBBS Chir. Degree from the University of Cambridge
- MRCP and FRCP from the Royal College of Physicians, Glasgow
- Public Service Star (Bar) (2002)
- Public Service Star (1991)

BOARD OF DIRECTORS

CHEW KIA NGEE

Non-Executive and Independent Director

First appointed as a Director: 11 May 2011
Last re-elected as a Director: 29 April 2016

Dr Chew Kia Ngee, 72, is a Non-Executive and Independent Director of the Company. He is a Chartered Accountant with about 40 years' experience in the public accounting profession.

Board Committee(s) served on:

- Audit Committee (Chairman)

Present Directorships in other listed companies (as at 31 December 2017):

Nil

Other Major Appointments/Principal Commitments:

- Singapore Eye Foundation (Board Member)
- Kong Meng San Phor Kark See Monastery Audit Committee (Member)

Past Directorships in listed companies held over the preceeding three years (1 January 2015 to 31 December 2017):

Nil

Professional Qualifications:

- Bachelor of Economics (Honours) degree from the University of Malaya
- Master of Commerce from the University of Melbourne
- PhD in Business and Management from the University of South Australia
- Fellow of Institute of Chartered Accountants in Australia
- Fellow of CPA Australia
- Fellow of Institute of Singapore Chartered Accountants

GN HIANG MENG

Non-Executive and Independent Director

First appointed as a Director: 13 August 2014
Last re-elected as a Director: 27 April 2017

Mr Gn Hiang Meng, 69, is a Non-Executive and Independent Director of the Company. Mr Gn has more than 30 years of investment banking and hospitality industry experience. He was a senior banker with the United Overseas Bank Group for 28 years and was the Deputy President of UOL Group prior to his retirement in 2007.

Board Committee(s) served on:

- Audit Committee (Member)

Present Directorships in other listed companies (as at 31 December 2017):

- Centurion Corporation Limited (Non-Executive and Independent Director)
- Koh Brothers Group Limited (Non-Executive and Independent Director)
- TEE International Limited (Non-Executive and Independent Director)
- SingHaiyi Group Limited (Non-Executive and Independent Director)

Past Directorships in listed companies held over the preceeding three years (1 January 2015 to 31 December 2017):

Nil

Professional Qualifications:

- Bachelor of Business Administration ((Honours) degree from the National University of Singapore

PETER SIM SWEE YAM

Non-Executive and Independent Director

First appointed as a Director: 11 May 2011
Last re-elected as a Director:29 April 2016

Mr Peter Sim Swee Yam, 62, is a Non-Executive and Independent Director of the Company. He is a practising lawyer and Director of Sim Law Practice LLC and has more than 30 years of legal practice.

Board Committee(s) served on:

- Audit Committee (Member)
- Nominating Committee (Member)

Present Directorships in other listed companies (as at 31 December 2017):

- Lum Chang Holdings Ltd (Independent Director)
- Marco Polo Marine Ltd (Independent Director)
- Mun Siong Engineering Ltd (Independent Director)
- Singapore Reinsurance Corporation Ltd (Independent Director)

Other Major Appointments/Principal Commitments:

- Singapore Heart Foundation (Board Member)

Past Directorships in listed companies held over the preceeding three years (1 January 2015 to 31 December 2017):

Nil

Professional Qualifications & Achievements:

- Degree in Law from the National University of Singapore
- Bintang Bakti Masyarakat (2008)
- Pingat Bakti Masyarakat (2000)

HAN AH KUAN

Executive and Non-Independent Director

First appointed as a Director: 28 January 2005
Last re-elected as a Director: 27 April 2017

Mr Han Ah Kuan, 69, is an Executive Director of the Company. He joined the Group in 1991 as the General Manager of Haw Par Healthcare Limited.

Board Committee(s) served on:

- Investment Committee (Member)

Present Directorships in other listed companies (as at 31 December 2017):

Nil

Past Directorships in listed companies held over the preceeding three years (1 January 2015 to 31 December 2017):

Nil

Professional Qualifications:

- Bachelor of Business Administration (Honours) degree from the University of Singapore

KEY & SENIOR EXECUTIVES

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.

TARN SIEN HAO
Group General Manager

Joined the Group in 2001 as Deputy General Manage (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.

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.

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.

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.

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.

EDWIN CHIA
Human Resource Director

Joined the Group in 2017 as Human Resource Director.

Holds a Bachelor of Science (2nd Upper Class) from the National University of Singapore (NUS) as well as a Graduate Diploma in Personnel Management from the Singapore Institute of Management (SIM).

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

GROUP FINANCIAL HIGHLIGHTS

REVENUE $222.8 MILLION	PROFIT FROM OPERATIONS AND INVESTMENTS $139.3 MILLION
PROFIT AFTER TAX $125.5 MILLION	SHAREHOLDERS' FUNDS $3.2 BILLION
CASH GENERATED BY OPERATIONS $106.8 MILLION	DIVIDENDS PAID TO SHAREHOLDERS DURING THE YEAR $44.0 MILLION
RETURN ON EQUITY 3.9%	TOTAL ASSETS $3.4 BILLION

FINANCIAL HIGHLIGHTS

Group turnover increased 10% from $201.6 million to $222.8 million as a result of better performance at Healthcare and Property. Profit from operations and investments at $139.3 million was 2% higher than last year. Higher gross profit margin was partially set off by higher distribution and marketing expenses. Earnings for the year of $125.5 million is on par with prior year's earnings.

Against last year, Healthcare recorded a 14% increase in revenue to $201.7 million and 4% increase in profits to $68.6 million, with higher sales to most key markets and higher marketing expenditure from launch of new products. Revenue from Property and Leisure segments decreased 16% due mainly to closure of Underwater World Singapore in June 2016, partially offset by increase in revenue from Property segment due to improvement in occupancy. Profit from Property and Leisure segments increased 17% due to increase in profits of Underwater World Pattaya, and lower repair and maintenance costs at Property.

FINANCIAL POSITION

Shareholders' funds increased to $3,232 million mainly due to higher market valuations of the Group's strategic investments.

Cash generated by operating activities and cash dividends received from investments was $106.8 million in 2017 (2016: $91.5 million) with approximately $25.2 million (2016: $33.2 million) of investment income received as non-cash equity investments. The Group ended the financial year with net cash balances of $400.6 million (2016: $312.6 million) due mainly to cash from operating activities.

DIVIDEND

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 2017, the total dividend per share for the financial year ended 31 December 2017 is 20 cents per share (2016: 20 cents per share).

FINANCIAL CALENDAR

DATE	EVENT
11 May 2017	Announcement of 2017 1st quarter results
11 August 2017	Announcement of 2017 2nd quarter results
6 September 2017	Payment of 2017 First & Interim dividend
10 November 2017	Announcement of 2017 3rd quarter results
26 February 2018	Announcement of 2017 full-year audited results
3 April 2018	Announcement of Notice of Annual General Meeting
24 April 2018	49th Annual General Meeting
8 May 2018	Proposed books closure date for dividend entitlement
17 May 2018	Proposed payment of 2017 Second & Final dividend

OPERATIONS REVIEW
HEALTHCARE

Healthcare produced another set of stellar performance in 2017 across most markets, especially in Asian countries where tourism numbers were increasing. This strong sales trend was evident throughout the product range, with higher contributions from Tiger Balm Neck and Shoulder Rub and Tiger Balm Plaster even as demand for classic Ointment products continued to climb.

Several new products launched in 2016 also added to the improved sales. Tiger Balm continued to grow its brand through distributors and retailers working on joint promotion and consumer activities. We also benefitted from the sales of products offered on e-commerce platforms by certain retailers and wholesalers.

Sales of Tiger Balm Plaster gained momentum in core Asian cities and overtook key competitors to achieve leadership position in several markets. Focus was placed on getting early trials for newly launched products – Tiger Balm Mosquito Repellent Aerosol, Tiger Balm Cooling Patch and Tiger Balm Lotion. New product introductions in 2017 included Tiger Balm ACTIVE in Malaysia, Tiger Balm Joint Rub in Hong Kong and Tiger Balm Plaster in Indonesia. In the Indochina region, we achieved steady growth with sustained investments in advertising and promotion to increase brand awareness and strengthen market penetration.

1. Tiger Balm Cooling Patch provides children and adults relief from high body temperatures.
2. Tiger Balm Joint Rub offers an effective solution for joint pains in Hong Kong.
3. Trail marathons in Thailand organised by Tiger Balm gain popularity with all age groups.

In Europe's core markets, there was a significant increase in distribution with higher consumer off take for the classic Ointment and newer products, Tiger Balm Neck and Shoulder Rub and Tiger Balm Plaster.

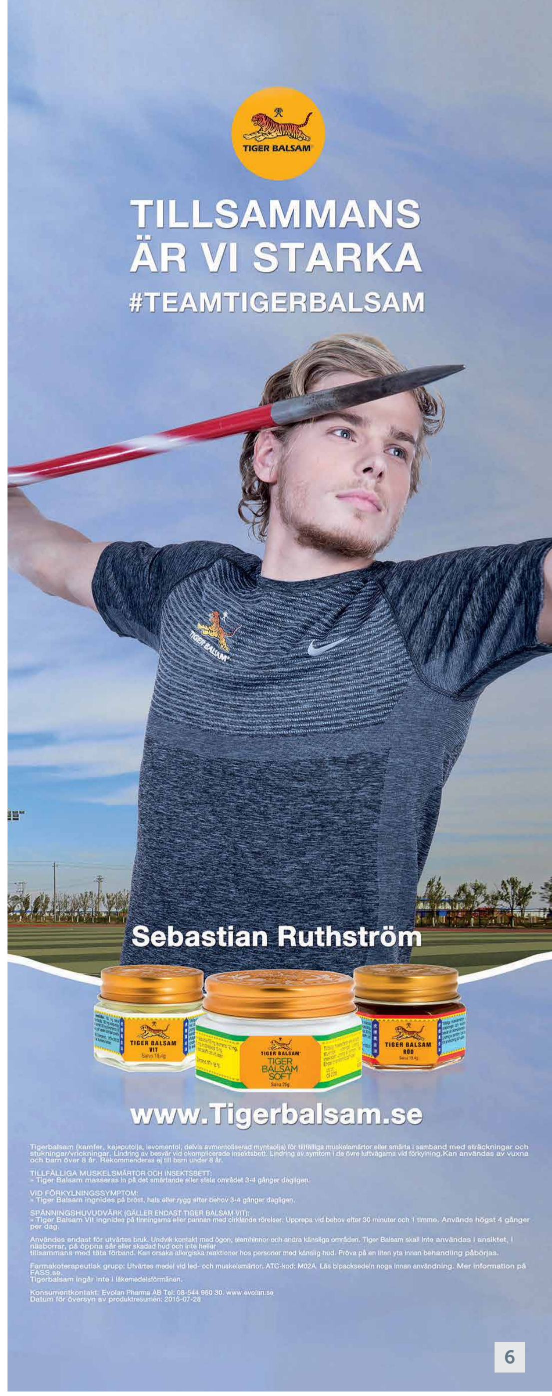
Gross margin improved in tandem with top line expansion, which was supported by higher advertising spent. The focus on digital communication and building of digital assets in a number of markets also yielded good results.

Building on our success in the use of sports sponsorship to promote Tiger Balm for muscular aches and pains, we expanded our participation in major marathons and sporting events in various countries including Singapore, Thailand, India, France and the Netherlands, which provided good brand exposure and sampling opportunities. Team Tiger Balm in USA and Team Tigerbalsam in Sweden – Tiger Balm Ambassadors comprising accomplished athletes and celebrities – connected with consumers through social media to create greater brand engagement and enhance brand equity.

We faced challenges in the Middle East in 2017 as the region's economy remained weak. To sustain our business, we ran advertising campaigns and road shows to engage our consumers. In the coming years, the stringent and changing regulatory environment coupled with political and economic uncertainties in developed economies are likely to impact our business.

We expect pace of sales growth to moderate but opportunities continue to abound for Tiger Balm in many markets.

In 2018, we will stay focused on strengthening our core markets whilst tapping into the high growth potential in emerging markets with more new product introductions. This will need continuous investments in advertising and promotion campaigns.



4. A facebook post of Team Tiger Balm USA Athlete and American Hall of Fame Gymnast Kristin Allen endorsing Tiger Balm Plasters.
5. Tiger Balm advertising in Saudi Arabia reaches out to families.
6. Team Tigerbalsam Sweden Athlete Sebastian Ruthström featured in an outreach campaign.

TIGER BALM
GLOBAL PRESENCE

EUROPE

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

AMERICA

Bahamas
Brazil
Canada
Jamaica
Mexico
Suriname
Trinidad & Tobago
○ USA

ASIA

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

AFRICA

Kenya
Malawi
Mauritius

MIDDLE EAST

Bahrain
Israel
Kuwait
Oman
Qatar
Saudi Arabia
UAE

AUSTRALASIA

Australia
New Caledonia
New Zealand
Papua New Guinea

○ Manufacturing Facilities

OPERATIONS REVIEW
INVESTMENT

The Group has substantial investments that are actively managed under the guidance of the Investment Committee. These strategic assets 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	
	2017	2016	2017	2016	2017	2016
Strategic Investment Portfolio Profile			$'000	$'000	$'000	$'000
Quoted Equity Securities						
United Overseas Bank Limited	**73,245,368**	71,953,237	**1,933,678**	1,467,127	**50,820**	49,278
UOL Group Limited	**72,044,768**	44,772,041	**637,596**	268,185	**6,716**	6,542
* United Industrial Corporation Limited	**-**	69,571,883	**-**	192,018	**2,087**	2,065

* During the year, the Group entered into two separate transactions with UOL. In the first transaction, the Group disposed of 60,000,000 shares in the capital of UIC in exchange for 27,272,727 shares in the capital of UOL. In the second transaction the Group disposed of 9,571,883 shares in the capital of UIC to UOL for a cash consideration of approximately $31,656,000. More details can be found in the "Interested Person Transactions" section of the Corporate Governance Report and Note 14 of the Financial Statements.

OPERATIONS REVIEW
PROPERTY

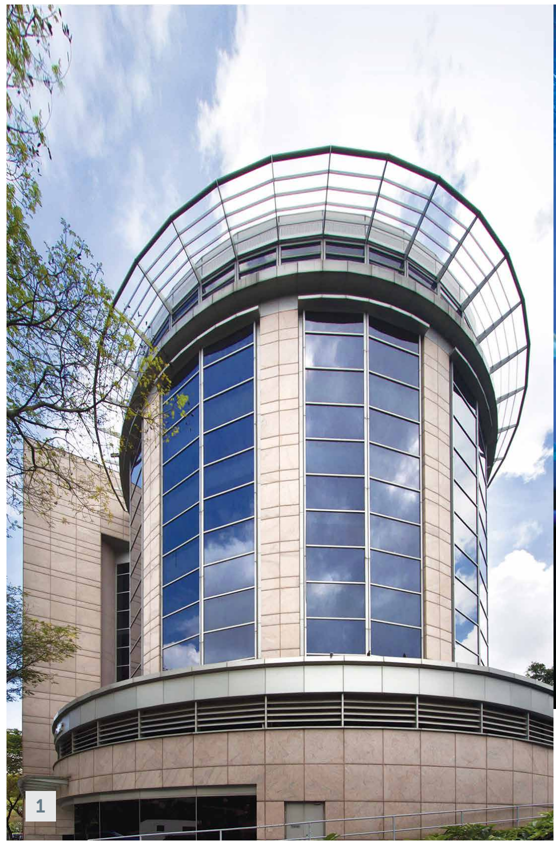
Property holds the Group's investment properties and manages their leasing. The total lettable area of 45,398 square metres comprises commercial and industrial space in Singapore and Malaysia.

SINGAPORE

Of the three leasehold Singapore properties, Haw Par Centre and Haw Par Glass Tower are office buildings conveniently located in Clemenceau Avenue with a total lettable area of 13,567 square metres. The other is Haw Par Technocentre, a light industrial building located in Commonwealth Drive with a total lettable area of 15,700 square metres. The Singapore property portfolio did well in 2017 and held an occupancy rate close to 100%.

MALAYSIA

Menara Haw Par, a freehold commercial building located in Kuala Lumpur's Golden Triangle along Jalan Sultan Ismail, has a total lettable area of 16,131 square metres. As the office space supply overhang persisted in Kuala Lumpur from the city centre to the fringe, attracting quality tenants remains a market challenge, which management is resolved to overcome. The property was about 70% tenanted in 2017.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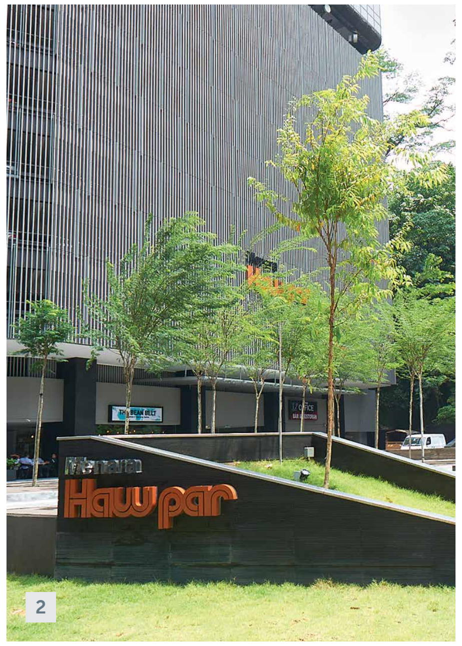

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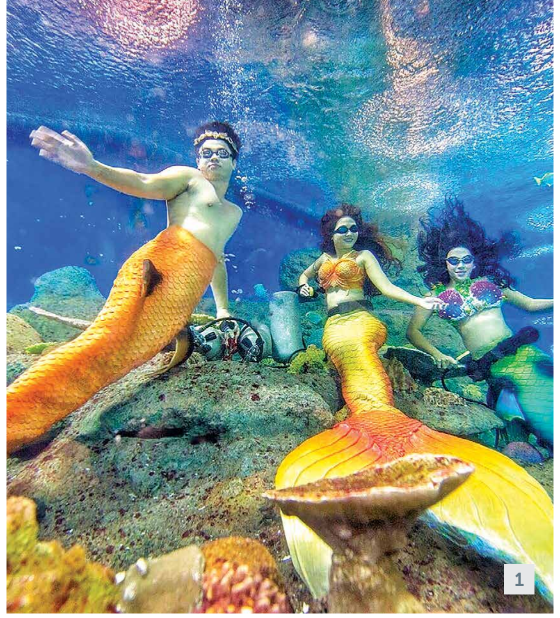
1. Haw Par Glass Tower is located in Clemenceau Avenue, a stone's throw away from the heart of Singapore's Orchard Road.
2. Menara Haw Par, a freehold commercial building in Kuala Lumpur, is located in the Golden Triangle along Jalan Sultan Ismail.
3. Haw Par Technocentre is a light industrial building conveniently located in Commonwealth Drive.

OPERATIONS REVIEW
LEISURE


1

In 2017, Leisure continued to be accretive to the Group, albeit with revenue lower than the previous year due to the cessation of business at Underwater World Singapore in June 2016. Haw Par remains interested in the sector and continues to explore business opportunities in the region.

Underwater World Pattaya (UWP) posted an increase in visitors from its key markets despite facing stiff competition from the increasing number of attractions in the vicinity.

During the year, UWP rolled out new exhibits that went beyond typical aquarium displays to enrich visitor experiences, adding on to its popular Jellyfish Zone and its signature 100-metre long underwater tunnel. In August 2017, an all-new Fighting Fish Zone was launched with a stunning collection of 50 tanks housing interesting varieties of Siamese fighting fish such as Crown Tails, Halfmoon Fish and Double Tails. The Reptilarium Zone and the Amphibian Zone featuring a spectacular display of colourful and unique species of chameleons and frogs were also launched during the year.

Interactive experiences for families were introduced at events such as the "Reptiles Reaction" held on 5 December to celebrate Thailand's National Day and Father's Day. To generate social media buzz, guests were invited to take selfies with reptile exhibits and share them on Facebook to win prizes.

In October and November, UWP staged the "Mermaid Alive Shows" where professional freedivers dressed as merman and mermaids swam in the underwater tunnel without scuba gear, engaging guests with their underwater performances and interacting with them by exchanging high-fives.

With a primary focus on growing market share in the free independent traveller and domestic tourist segments in Thailand, UWP ran targeted advertising and social media campaigns across selective media platforms that reached out to key audiences. UWP also collaborated with media broadcasters to film popular Thai drama series featuring on site locations. Such partnership garnered publicity and created greater brand exposure for UWP as an educational and entertainment destination of choice.

In the coming year, UWP will continue to face fierce competition with the many new attractions that opened in Pattaya in the last few years and aims to mitigate this risk through the development of innovative displays and engaging experiences for visitors.


2


3

1. Guests were thrilled by the magical performance of freedivers dressed as merman and mermaids at the "Mermaid Alive Shows".
2. Underwater World Pattaya offers edutainment for the whole family.
3. The Reptilarium Zone provides opportunities for the public to observe a variety of reptiles up close.

PEOPLE & THE COMMUNITY

1. Haw Par Group General Manager Mr Tarn Sien Hao presenting a cheque of $120,000 to SDSC Executive Director Ms Kelly Fan in the presence of GOH Ms Grace Fu, Singapore Minister for Culture, Community & Youth (left).
Photo: SDSC
2. Long Service Awards for staff were handed out by Haw Par Chairman Dr Wee Cho Yaw (centre) at the Annual Dinner & Dance.

Haw Par has a long history of contributing to communities in regions where the company conducts business. As we bring health and wellness to the world, we are committed to giving back to society and contributing towards environmental protection and conservation.

OUR PEOPLE

We hold a long term view of our relationship with our staff – they are treated as a member of the Haw Par Family. Over the decades, our businesses have expanded through the support of our staff, and we have in turn supported their growth, upscaling and equipping them to be part of our innovation journey.

The physical and mental well-being of our staff is just as important to us and hence a range of staff recreation activities and wellness programmes were regularly organised for their benefit. In addition to the Annual Dinner and Dance, movie nights and other staff get-togethers to foster bonding within the Haw Par Family, we started a Get Healthy Initiative in 2017 – Haw Par Fruity Days – where fresh fruit were given out to staff as healthy snacks during tea time.

Like a family, our staff spans generations, with newly joined millennials working side-by-side employees who have been with us for over 40 years. We may come from different cultures and diverse backgrounds, but we share a common pride in being part of a company that makes a difference in our society. In 2017, Haw Par staff from various departments came together to support five charitable events sponsored by Haw Par for special needs athletes.

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. We believe that no one should be constrained from leading an active life, and sports can be an empowering force in people's lives.

Since 2015, Haw Par has adopted the Singapore Disability Sports Council (SDSC) as our charity partner. Over the last three years, Haw Par's sponsorship of SDSC enabled more people with special needs to take part in sports at both recreation and competitive levels, helping them to lead healthier and more active lives. In 2017, Haw Par supported the Boccia Sport and sponsored the Singapore National Para Games and Haw Par National Youth Para Championships for Swimming and Track and Field.

Boccia has been a Paralympic sport since 1984 and is specifically designed for athletes with a severe disability affecting locomotor function such as cerebral palsy and require the use of wheelchairs. The sponsorship from Haw Par provided funding for the Learn to Play Boccia programme for young children with special needs, as well as nurturing and developing aspiring para athletes in the sport. With Haw Par's support, the Boccia community has grown to 80 athletes in 2017, up from 21 three years ago in 2014. Important strides were made in 2017 with marked improvement in the quality of play: Team Singapore Boccia won medals at the Boccia International Sports Federation (Bisfed) Regional Open in Dubai and at the 9th ASEAN Para Games 2017.

The Singapore National Para Games (SNPG) is a key event for para sports in Singapore and serves to champion access to sports for people with special needs. This multi-sport league provides opportunities for para athletes to realise their potential in their chosen sport and be talent-spotted for national training and represent Singapore at regional and international competitions. In 2017, as part of the initiative to benefit a wider community and promote awareness, SNPG was held in collaboration with Singapore's GetActive! Movement. In total, 632 athletes competed across 21 sports (three more than the year before) over two months at the Games.

Haw Par's commitment to support projects for youth with special needs opens doors for many young people and beginners, giving them new goals to aim for through sports and a chance to be involved in competitions. In recognition of Haw Par's contribution to youth para sports, the Special Schools Championships were rebranded as Haw Par National Youth Para Championships for Swimming and Track and Field in 2017. Over 273 students with special needs participated in the 2017

3. Boccia athlete Miss Faye Lim with her father Mr Lim Boon Ghee competing as a team at the 2017 Asian Youth Para Games.
Photo: SDSC
4. SDSC Boccia athletes representing Singapore at the 2017 Asian Youth Para Games held in Dubai in December.
Photo: SDSC

PEOPLE & THE COMMUNITY

Championships, including students from 20 Special Education Schools and mainstream schools in Singapore.

At Healthcare, Tiger Balm supported Max'avenir Association – a charity in France that aims to empower children with severe multiple disabilities. With our support, one of their beneficiaries was able to realise his dream of conquering a triathlon with the help of his e-Joelette – an electrical trekking chair sponsored by Tiger Balm.

5. Haw Par Group General Manager Mr Tarn Sien Hao presenting a medal to a student athlete at the 2017 Haw Par National Youth Para Championship for Track and Field.
6. Tiger Balm's sponsorship enabled a Max'avenir child beneficiary to conquer the Natureman Triathlon.

In the USA, Tiger Balm supported AVON 39 The Walk to End Breast Cancer for the sixth consecutive year. Participants at this event trekked 39 miles to raise funds for breast cancer research.

Tiger Balm also donated products to a range of charitable initiatives. For example, in Singapore, we provided Tiger Balm Ointment for the Chinese New Year Goodie Bag distribution to low income families organised by Happy Joy Limited and Tiger Balm ACTIVE Muscle Rub for the Row for Hope fundraising campaign for the National Cancer Centre Singapore. Tiger Balm Mosquito Repellent Patch was also given out to needy children at schools in mosquito-infested rural areas in Thailand and Malaysia in the television programme "Super Daddy in Schools".

ENVIRONMENT

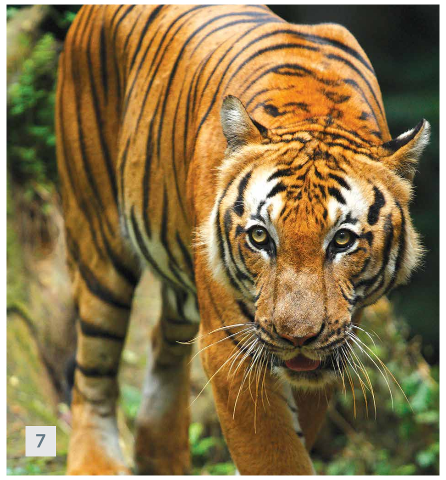
The tiger and the leopard, listed among the most endangered species on Earth, are of symbolic significance to Haw Par as our company and our founders are named after them. Over the years, Haw Par supported tiger conservation efforts in a number of countries including India, Germany and the USA. In Singapore, 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.

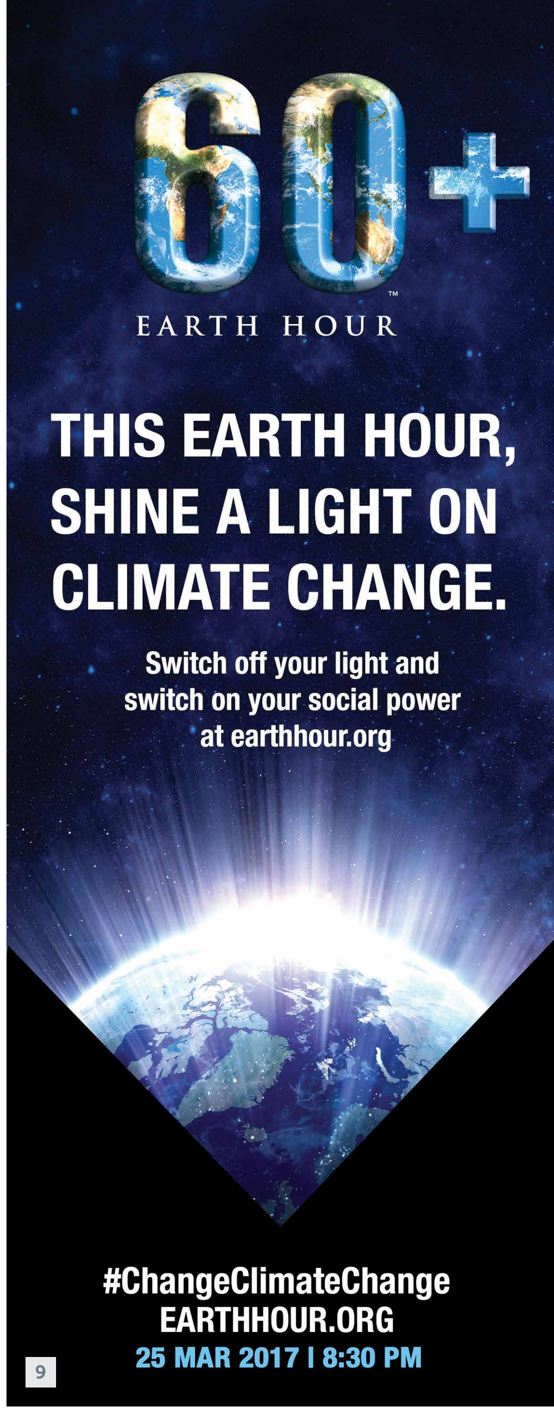
Recognising the importance of biodiversity conservation in sustaining life on Earth, Haw Par supported the inaugural International Year of Biodiversity declared by the United Nations in 2010 and the United Nations Decade on Biodiversity 2011 - 2020.

In line with our Blue Mission to Inspire, Educate, Conserve, Underwater World Pattaya (UWP) leveraged on its unique showcase of hundreds of species of aquatic life enhanced with informational signage to offer an educational platform to engage guests and raise awareness about environmental conservation. In 2017, UWP expanded their displays, adding a Reptilarium Zone, an Amphibian Zone and a Fighting Fish Zone to their existing aquatic exhibits to encourage a more holistic appreciation of the interrelated complexities of ecosystems.

On 25 March 2017, UWP pledged its support for Earth Hour for the ninth year. By switching off their façade lights during Earth Hour and putting up educational messages on the 3Rs – Reduce, Reuse and Recycle, our Oceanarium hopes to inspire guests to contribute to the protection of Mother Earth.

Climate change is on our minds, and we strive to play our part as a responsible corporate citizen. Starting from the very top, our Directors and management started accessing board and management papers electronically in 2017, and no longer require hardcopies. We opted for e-communications with our shareholders, and in taking their feedback, we stopped sending out CD-ROMs of our Annual Reports to shareholders. We provide an archive of the e-copies of our annual reports on our corporate website that goes as far back as year 2000.





MOVING FORWARD

While we have been reporting on our contributions to the community in previous annual reports, this year, we will be taking a step further by publishing a separate Sustainability Report for 2017 – the first annual sustainability report of Haw Par that is prepared in accordance to the Global Reporting Initiative (GRI) Guidelines and is aligned with the latest GRI Standards. Our 2017 Sustainability Report is available at: www.hawpar.com/sustainability

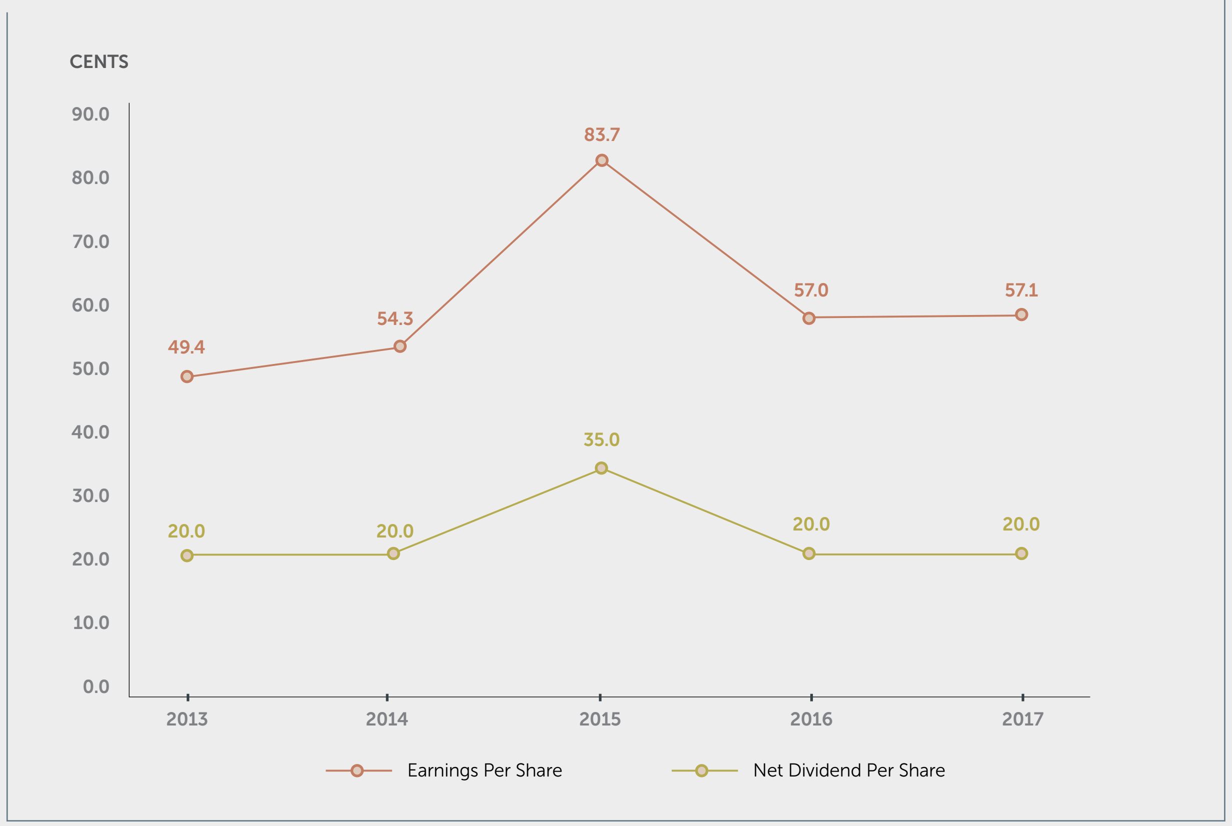
7&8. Haw Par supports conservation education through its sponsorship of tiger and leopard exhibits at the Night Safari and Singapore Zoo respectively.
Photo: Wildlife Reserves Singapore
9. Underwater World Pattaya pledged their support for Earth Hour 2017 by switching off their façade lights during Earth Hour and promoting 3Rs to their guests.
Photo: WWF

FIVE-YEAR FINANCIAL SUMMARY

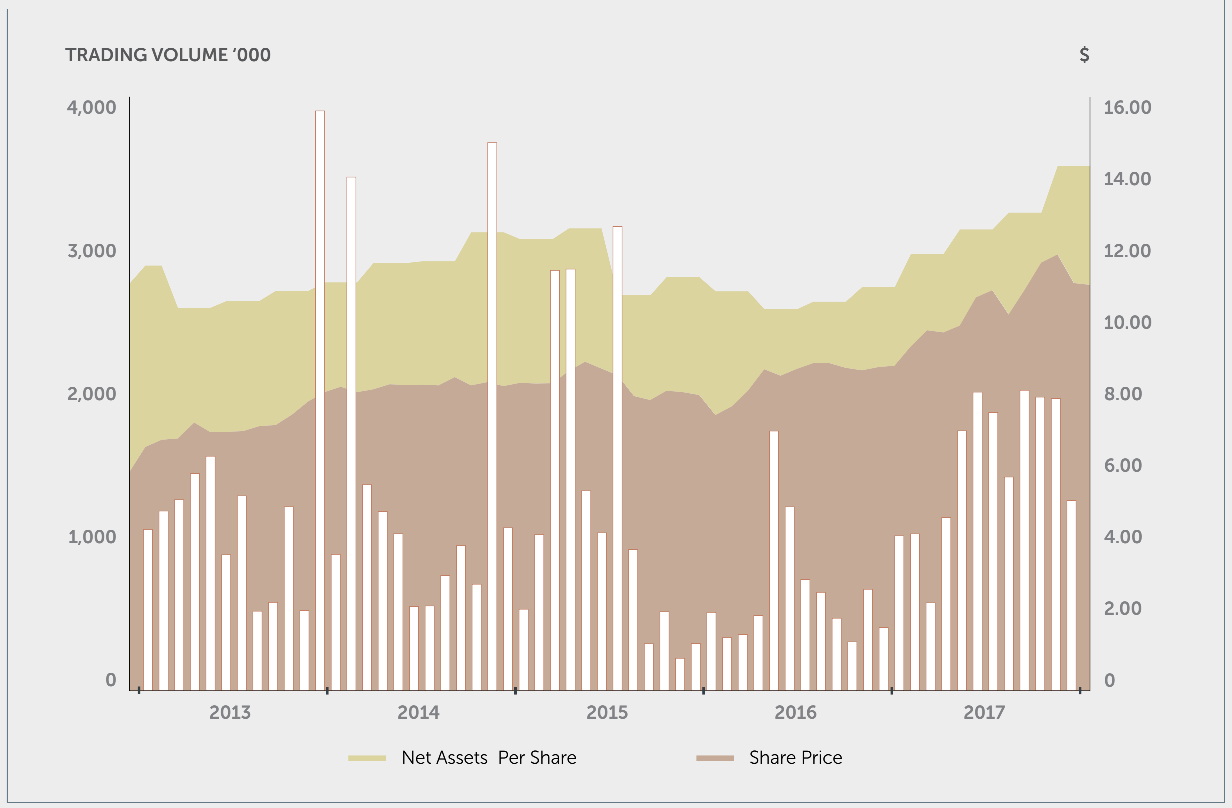
	2017	2016	2015	2014	2013
Results ($'000)					
Group turnover	**222,763**	201,644	178,834	154,222	141,176
Profit from operations	**139,314**	137,016	139,256	111,976	96,574
– Healthcare	**68,579**	66,051	48,122	33,885	25,871
– Investment	**60,217**	61,366	88,419	66,850	57,002
– Others[1]	**15,083**	12,887	5,528	14,890	17,171
– Unallocated expenses	**(4,565)**	(3,288)	(2,813)	(3,649)	(3,470)
Associates' contribution	**937**	854	56,376	11,917	8,039
Fair values gains/(losses) on investment properties	**634**	980	(1,967)	3,075	10,664
Profit before taxation	**140,885**	138,850	193,665	126,968	115,277
Profit attributable to equity holders of the Company	**125,503**	125,041	183,276	118,825	107,919
Per share					
Earnings (cents)	**57.1**	57.0	83.7	54.3	49.4
Dividend net (cents)	**20.0**	20.0	35.0[2]	20.0	20.0
Dividend cover (times)	**2.9**	2.9	2.4	2.7	2.5
Statement of Financial Position ($'000)					
Financial assets (FVOCI)	**2,710,716**	2,027,331	2,080,555	2,311,492	1,934,728
Investment properties	**212,920**	211,362	210,823	225,249	222,139
Property, plant and equipment	**28,561**	23,450	24,406	33,187	35,758
Associated companies	**4,850**	4,313	3,859	137,690	119,097
Intangible assets & other long term assets	**11,856**	11,655	12,285	11,379	11,605
Other net current assets	**335,266**	248,271	251,282	152,312	174,968
Long term liabilities	**(71,722)**	(50,832)	(48,087)	(63,844)	(53,574)
Net assets/Shareholders' funds	**3,232,447**	2,475,550	2,535,123	2,807,465	2,444,721
Statistics					
Return on equity (%)	**3.9**	5.1	7.2	4.2	4.4
Net assets per share ($)	**14.68**	11.29	11.57	12.82	11.18
Share price ($)	**11.35**	9.09	8.27	8.52	8.09
Debt/Equity (%)	**1.4**	1.9	1.7	2.0	1.0
Number of shareholders	**19,109**	19,620	19,834	20,039	20,316
Employees					
Number of employees	**529**	513	546	469	437
Group turnover per employee ($'000)	**421**	393	328	329	323
Pre-tax profit[3] per employee ($'000)	**265**	269	358	264	239

1 Included in "Others" are property and leisure divisions which constitute less than 25% of the Group's revenue.
2 Includes a special dividend of 15 cents per share declared for 2015 and paid in 2016.
3 Excludes fair value changes on investment properties.

EARNINGS PER SHARE AND NET DIVIDEND PER SHARE



TRADING VOLUME, SHARE PRICE & NET ASSETS PER SHARE



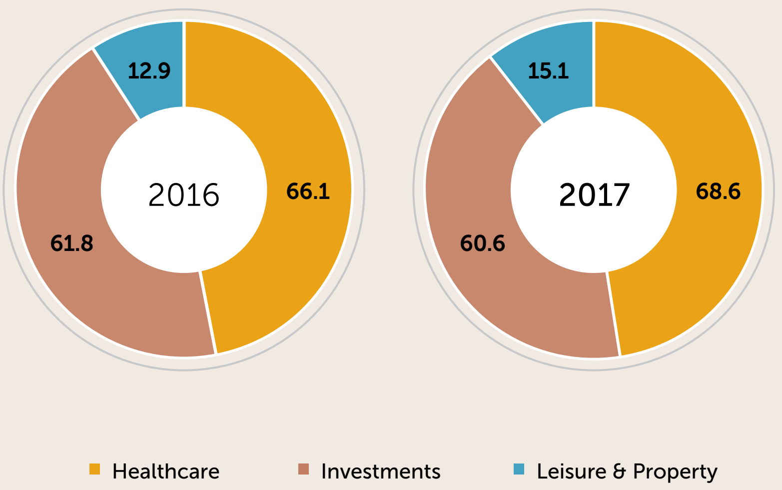
FINANCIAL REVIEW

OVERVIEW

Group revenue at $222.8 million was 10% higher than 2016 due to revenue growth from Healthcare and Property. Operating segment profits before interest expense and tax for Healthcare grew 4% while Leisure and Property segments collectively improved 17%. Investments decreased 2% due to unfavourable foreign exchange differences despite increase in dividend income from strategic investments.

Group earnings at $125.5 million and earnings per share at 57.1 cents were on par with last year. Net asset per share increased to $14.68 (2016: $11.29) mainly due to higher market valuations of the Group's strategic equity investments.

Segment Profits Before Interest Expense and Tax ($Million)

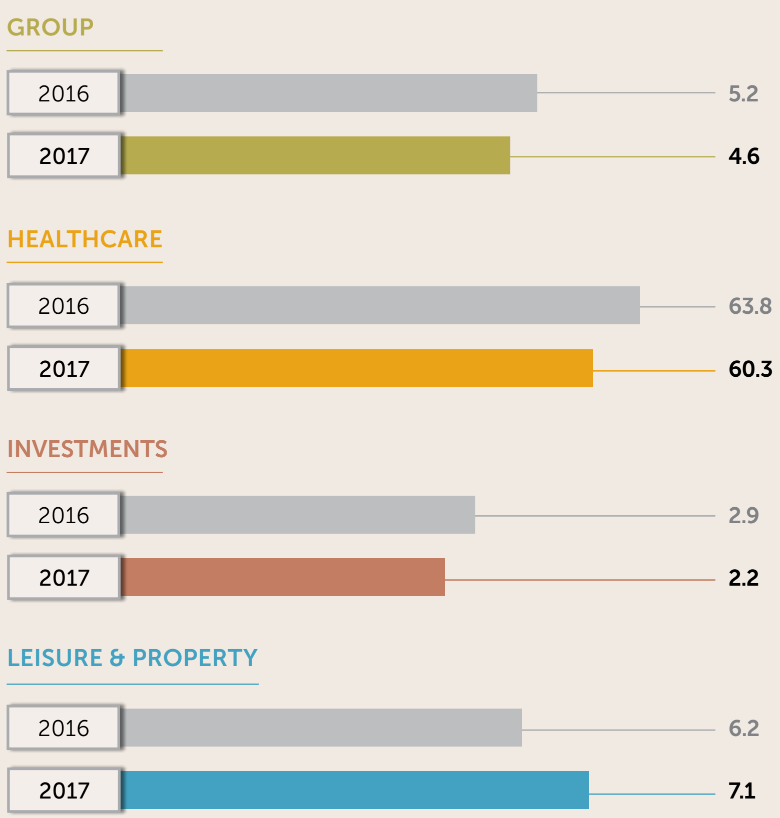


Return on Assets Employed

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

The Group's ROA decreased from 5.2% to 4.6% in 2017 due mainly to higher market valuation of the Group's strategic investments and increase in assets employed at Healthcare. ROA of Healthcare division decreased from 63.8% to 60.3% in 2017 despite higher operating profit due to increase in investments in plant and equipment and purchases of manufacturing stocks to meet with increased demand for Healthcare products. ROA of Investments decreased to 2.2% due mainly to higher market valuations of strategic investments in 2017. The improvement in ROA of Leisure and Property were due to higher profits in these segments from improvement in occupancy and partly due to closure of Underwater World Singapore in June 2016.

Return on Assets Employed (%)

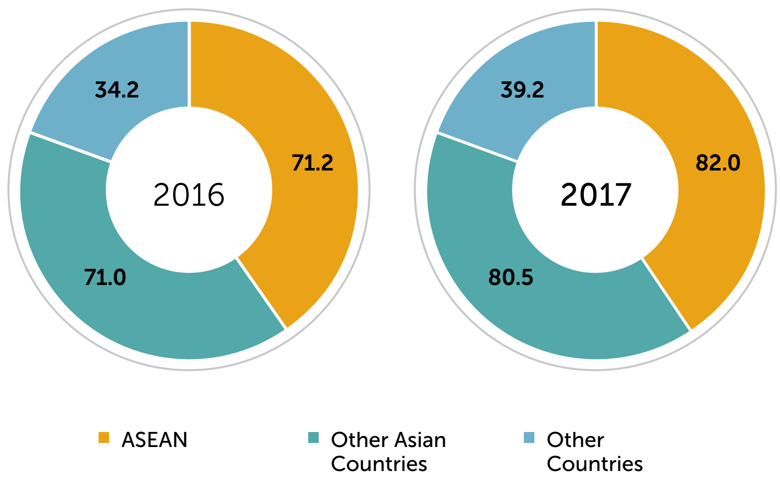


SEGMENTAL PERFORMANCE

Healthcare

Healthcare's revenue of $201.7 million increased 14% from $176.4 million with growth in all major regions. Sales to ASEAN and other Asian countries increased $10.8 million and $9.5 million respectively. Operating profit increased 4% to $68.6 million as advertising and promotion efforts stepped up to drive sales in key markets and to support new product launches.

Healthcare Sales by Region ($Million)

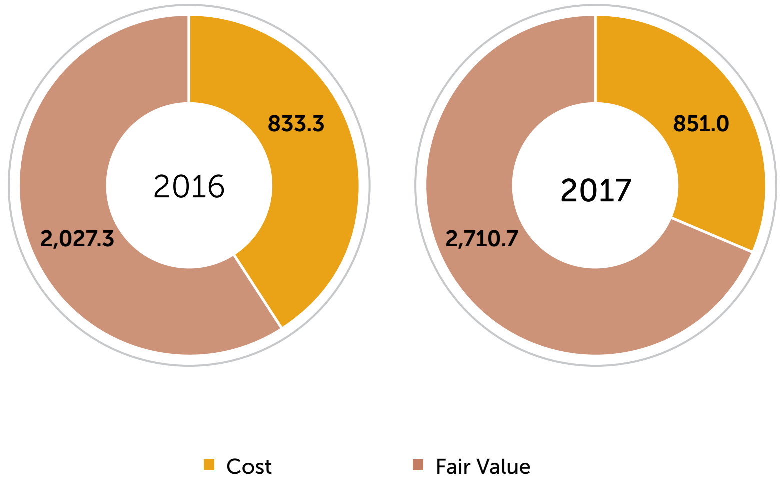


Investment

Fair value of the Group's investment portfolio increased from $2,027.3 million as of 31 December 2016 to $2,710.7 million as of 31 December 2017 due mainly to increase in share prices of its equity investments portfolio.

The Group elected to receive $25.2 million (2016: $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 increased 2% to $59.8 million (2016: $58.4 million).

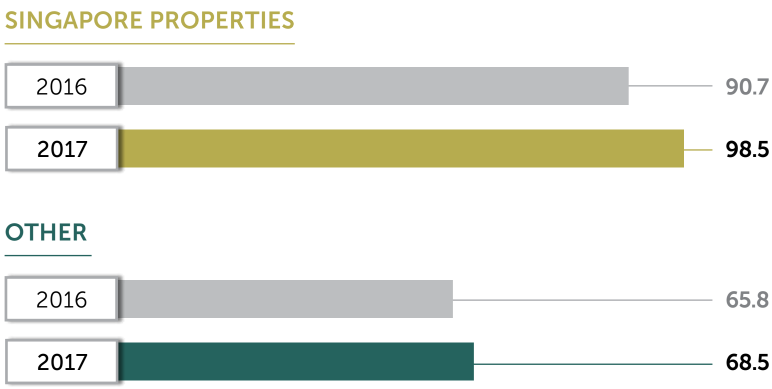
Investment (Cost and Fair Value) ($Million)



FINANCIAL REVIEW

Property
Overall occupancy improved during the year mainly due to higher occupancy of properties in Singapore.

Property (Building Occupancy Rates) (%)



CORPORATE
GOVERNANCE REPORT

Haw Par Corporation Limited (the "Company", and together with its subsidiaries, the "Group") is committed to upholding good corporate governance practices so as to enhance long-term shareholder value and safeguard the interests of its stakeholders. It has adopted a framework of corporate governance policies and 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 2017 ("FY 2017") 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;
- approving the announcement of financial results and declaring dividends;
- guiding, reviewing and approving corporate strategy and financial planning, including major capital expenditures, acquisitions and divestments;
- reviewing and approving material interested person transactions ("IPT") and related person transactions and
- ensuring succession planning.

All Board members bring their judgement and breadth of diversified knowledge and experience to bear on issues of strategy (including sustainability and environmental issues), performance, resources and standards of conduct. Board members exercise due diligence and discharge their duties and responsibilities objectively at all times as fiduciaries, in the best interests of the Company.

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 are called when there are important and urgent matters requiring the Board's consideration. Board approval by circular resolutions in writing is sometimes done 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. Under the guidelines, Board approval is required for material transactions including joint ventures, mergers and acquisitions, and for the adoption and amendment of the Group risk management policy. In respect of matters in relation to which a Board member has a conflict of interest, the Board member must abstain from any discussion or vote.

On sustainability issues, the Sustainability Steering Committee ("SSC") consisting of senior management and led by the CEO, champions sustainability efforts and priorities at the Group. The SSC reports to the Board, which has specially considered sustainability issues as part of its strategic formulation, and has determined the Environmental, Social and Governance ("ESG") factors identified as material to the business of the Group. The Board oversees the management and monitoring of these ESG factors. The material ESG factors that have been identified for the first Sustainability Reporting of the Group include economic performance, compliance and good governance, occupational health and safety of employees, and product quality and safety. The report can be found on the Company's website at www.hawpar.com/sustainability.

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/terms of reference. This is reviewed periodically to ensure its continued relevance. Changes to Board Committees' composition and appointments to the Board Committees are approved by the Board.

The Board held five meetings during FY 2017. 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), Extraordinary General Meeting (EGM), Board and Board Committee meetings held in FY 2017 is as follows:

Table 1:
Number of meetings attended in FY 2017

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee	Investment Committee	AGM	EGM
Wee Cho Yaw (Non-Executive / Non-Independent)	5[(2)]	N/A	1	2	6[(2)]	1	1
Wee Ee-chao (Non-Executive / Non-Independent)	3	N/A	N/A	N/A	N/A	1	1
Wee Ee Lim[(1)] (Executive / Non-Independent)	5	4	N/A	2	6	1	1
Sat Pal Khattar (Non-Executive / Independent)	4	N/A	1[(2)]	2[(2)]	N/A	1	1
Chew Kia Ngee (Non-Executive / Independent)	5	6[(2)]	N/A	N/A	N/A	1	1
Hwang Soo Jin (Non-Executive / Independent)	4	N/A	N/A	2	N/A	1	1
Lee Suan Yew (Non-Executive / Independent)	5	N/A	1	N/A	N/A	1	1
Peter Sim Swee Yam (Non-Executive / Independent)	5	6	1	N/A	N/A	1	1
Gn Hiang Meng (Non-Executive / Independent)	4	6	N/A	NA	NA	1	1
Han Ah Kuan (Executive / Non-Independent)	5	N/A	N/A	N/A	6	1	1
Number of meetings held in FY 2017	5	6	1	2	6	1	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.

The Board and Board Committees also make decisions by way of circulation resolutions in writing as needed.

Directors are appointed by way of formal letters of appointment which set out their duties and obligations. The Company has in place a comprehensive 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 industry and operational knowledge or accounting updates, duties as directors and how to discharge those duties as well as meetings with key personnel for new Directors to understand the Group's businesses, governance practices, strategic plans and objectives. Site visits are conducted as needed. The orientation programmes are conducted by the CEO, Company Secretary and various heads of business unit and functions, in order to familiarise new Directors with the Group's operations, practices and code of conduct.

The Company is a corporate member of the Singapore Institute of Directors. 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 these are relevant and needed. Directors are continuously updated on developments in the regulatory and business environment affecting the Group, by the Company Secretary and auditors. During the year, the Directors were given briefings and updates on the new requirements of Sustainability Reporting, changes in the regulatory environment and new accounting standards/reporting requirements. 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. 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, customer-based experience, accounting, finance, legal and the necessary industry knowledge. The NC is aware of the importance of diversity of the Board and Board appointments will continue to be based on merit and diversity.

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 are independent and have maintained their independence throughout the year.

Independent Directors have no relationships with the Company, its related corporations, its substantial shareholders or its officers which could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Company. They are not substantial shareholders and are independent of the substantial shareholders of the Company.

The Independent Directors are not family members of any substantial shareholder of the Company and were not directly associated with any substantial shareholder in FY 2017 or the immediate past financial year. They and their immediate family members did not have any financial dealings with the Group whether in FY 2017 or the immediate past financial year, nor were they or any of their immediate family members, during FY 2017 or the 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 FY 2017 or the immediate past financial year. Also, neither they nor any of their immediate family members were in FY 2017 or the past three financial years employed by the Group. In addition, they and their immediate family members did not receive any significant compensation (of more than $200,000) from the Company or any of its related corporations for the provision of services, for FY 2017 or the immediate past financial year, other than compensation for services on the Board.

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 in the interests of the Company. 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.

Chairman and Chief Executive Officer

There is a clear division of the role and responsibilities between the Non-Executive Chairman of the Board and the 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 writing. 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. A shareholder can approach any Independent Director for assistance through the Company Secretary, if he /she 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 can provide feedback to the Chairman following such meetings. The chairmen 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. The NC reviews the candidate objectively. 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. Where a suitable candidate is found and assessed to be suitable, the NC makes a recommendation for the Board to approve the formal appointment.

The NC makes annual recommendations to the Board on the re-election of existing Directors having regard to their competencies, commitment, contributions and performance on a qualitative basis. All Directors submit themselves for renomination and reappointment at regular intervals and at least once every three years. Each year, one-third of the Board retires from office by rotation. New Directors submit themselves for re-election at the AGM immediately following their appointment by the Board.

In its review of 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 can sit on is 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 can sit on. Although some Directors have multiple board representations and principal commitments, none of them has more than six listed company directorships and the NC is satisfied that each Director is able to and 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 in listed companies 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 is linked to long term shareholder value. The NC is of the opinion that the Board as a whole has performed well during FY 2017 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 depth and 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 information on 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. During the year, the Board adopted the use of an electronic portal to which electronic board papers are uploaded for its meetings. This also increased the Board's control over confidential and price sensitive information in a secured environment, while reducing paper usage as part of its sustainability efforts. The electronic portal also contains a library of resources, including constitutional documents, documents relating to past Board meetings and annual reports as well as communication tools to enable Directors to have the required information at their fingertips throughout the year.

Regular Board meetings are scheduled in November each year for the following year while urgent Board meetings, if needed, are normally scheduled at least five working days in advance. The Board is also provided with opportunities to meet with managers and heads of divisions, on a quarterly basis, to understand the businesses of the Group. In the event a new business project or matter requires the Board's input, the relevant head of division and/or subject expert will be present in person at the relevant Board Meeting to facilitate the Board's decision-making. Non-Executive Directors constructively challenge management's proposals on strategy and review the performance of management in meeting short and long term business goals.

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. She 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. Under the Constitution of the Company, the decision to appoint or remove the Company Secretary rests with the Board as a whole. Directors may take independent professional advice, if necessary.

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 Human Resource Director 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 management personnel of the Company;

(b) reviewing and recommending to the Board for its endorsement the remuneration packages/fees of Directors;

(c) reviewing the remuneration packages for key management personnel; and

(d) administering the Company's long term incentive plan.

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 of the Executive Directors, and reviewed the remuneration packages for key management personnel and share options granted to eligible staff and the terms thereof.

The RC has reviewed the Group's obligations arising in the event of termination of the service contracts of the Executive Directors' and key management personnel, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous. The RC considered whether contractual provisions are necessary to allow it to reclaim incentive components of remuneration from Executive Directors and key management personnel. As the nature of the industry and business model of the operations are not overly complex, the RC did not think such provisions are necessary.

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. None of the Board members or RC is involved in deliberations relating to any remuneration, fees, options and/or benefits to be granted to him individually. The RC recommends Directors' fees to the Board for endorsement prior to submission to shareholders for approval at each AGM. In the process, the RC takes into consideration the complexity of the Group and workload of each Board Committee member as well as market trends before recommending the fee structure to the Board. The Company's share option scheme, the Haw Par Corporation Group 2002 Share Option Scheme (the "Scheme"), allows for grants of share options to Non-Executive Directors. To date, the Non-Executive Directors have not been granted any share option. The Scheme expired during FY 2017.

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 Committee membership to commensurate with effort, time and role of Board Committee Members. There is no change in the fee structure for FY 2017 as compared to the previous year.

The Group generally remunerates its employees at market competitive levels, commensurate with their performance and contribution to the long-term interests and success of the Group. It takes into account the risk policies of the Group including risk outcomes and the time horizon of risks. The remuneration package normally comprises fixed and variable components. The fixed component comprises basic salary, allowances and provident fund contributions. The variable component comprises variable amount based on the Group's and each individual's performance and grants under the Haw Par Long term Cash Award Plan ("HPLTI Plan"). A variable bonus scheme is in place for each business unit. This economic value-added based bonus scheme takes into consideration working capital efficiency, productivity and current year earnings in order to derive a pool for distribution in accordance with the individual's performances and his/her contributions towards meeting the respective workplans for the year. In determining the pool, investment income relating to the dividend income from the Group's strategic investments and interest income/expense from the Group's central treasury function are excluded. Eligible employees are also entitled to receive grants under the HPLTI Plan, which places emphasis on rewarding individual employees based on their performance (as explained in greater detail below).

In the annual review of the remuneration of the Executive Directors and key management personnel, the RC takes into consideration performance of the individuals as an important factor in its review and comparative remuneration of similarly placed persons in the market. The performance criteria for the Executive Directors include achievement of financial objectives using financial indicators such as overall profitability and return on assets over a period of time, which criteria were chosen in order to incentivise the Executive Directors and align their interests with that of the Group. These criteria were satisfactorily met during FY 2017. Their remuneration is reviewed annually by the RC and includes a variable bonus component which is performance-based as described above. The level and structure of remuneration for Executive Directors are aligned with the long term interests of the Group.

Share options were granted to Executive Directors and eligible key executives, based on their performance during 2016. These share options are granted at market price around the date of grant and can only be exercised after a vesting period which is usually one year. In the event of misconduct on the part of a participant in the Scheme, the RC may in its absolute discretion treat any outstanding option as lapsed and null and void. Following the grant of share options in March 2017, no further grants were made and the Scheme expired in June 2017. More information on the Scheme can be found in the Directors' Statement and notes to the financial statements.

In 2016 and 2017, the RC, appointed Mercer, an independent consultant, to review the Scheme to consider its relevance. Pursuant to the review, the Scheme was not recommended to be renewed. The HPLTI Plan was put in place and was approved by the Board in FY17 to take effect from 1 January 2018.

The objective of the HPLTI Plan is to incentivise key management personnel to drive long term business priorities and shareholder value. Under the HPLTI Plan, targets are set in advance over a two year performance period. Based on the achievement levels of the targets at the end of the performance period and with RC's approval, participants will receive the cash awards. Besides total shareholder returns, equal weightage is given to revenue and operating profit growth, with defined superior, target and threshold performance metrics based on two year rolling budgets approved by the Board. The RC reviews the definition of superior, target and threshold performance metrics before annual grants are awarded and will continue to review the relevance of the above key performance metrics.

Disclosure of Remuneration

The details of the remuneration of each Director for FY 2017 are as follows:

Table 2:

Name	Directors' Fees[1] $'000	Base or fixed salary $'000	Variable bonus $'000	Benefits-in-kind and others $'000	Total $'000	Total Share options granted[2] No. of shares
Wee Ee Lim	–	909	829	87	1,825	–
Han Ah Kuan	–	365	332	78[3]	775	66,000
Wee Cho Yaw	90	–	–	–	90	–
Wee Ee-chao	52	–	–	–	52	–
Sat Pal Khattar	60	–	–	–	60	–
Hwang Soo Jin	45	–	–	–	45	–
Lee Suan Yew	45	–	–	–	45	–
Chew Kia Ngee	60	–	–	–	60	–
Peter Sim Swee Yam	55	–	–	–	55	–
Gn Hiang Meng	50	–	–	–	50	–

The remuneration of each of the top five 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	Benefits-in-kind and others[3]	Total	Total share options granted[2] No. of shares
$250,000 – $500,000	%	%	%	%	
Goh Bee Leong, GM – Manufacturing	55	38	7	100	35,000
Jasmin Hong, GM – Marketing	55	39	6	100	44,000
Keeth Chua, DGM – Marketing	56	37	7	100	26,000
Tarn Sien Hao, Group GM	58	33	9	100	44,000
Zann Lim, CFO	54	40	6	100	33,000

1 Directors' fees are subject to shareholders' approval at the forthcoming annual general meeting on 24 April 2018.

2 Share options granted on 1 March 2017 at an exercisable price of $9.96 over the option period from 1 March 2018 to 28 February 2022.

3 Includes fair value of share options granted which is estimated using the Trinomial valuation model.

The total remuneration paid/accrued to the top five senior executives is $2,057,000.

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 about $588,000.

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 in FY 2017. A relative of the CEO, Mr Kelvin Whang, who is the General Manager of Underwater World Pattaya, received annual remuneration (including benefits-in-kind) of between $200,000 to $250,000.

ACCOUNTABILITY AND AUDIT

Accountability

The Board provides shareholders with a balanced and clear assessment of the Group's performance, position and prospects through announcements of its quarterly and full-year results as well as timely announcement of any price-sensitive information, through disclosure via SGXNET and various other media, including press releases posted on the Company's website. Internal guidelines are in place to comply with legislative and regulatory requirements and management provides the Board with management reports of the Group on a monthly basis and additional details as the Board may require from time to time. The management reports, containing sufficient details and comparisons to planned budgets, provide the Directors with a means to monitor and make balanced and informed assessment of the Group's performance, position 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 AC, 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 CFO, the Group Internal Audit Manager and Group GM. 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 to ensure that identified risks are effectively managed.

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 brand protection, 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 security threats, product quality, employee attrition, capacity management, supply disruption and concentration risk of key suppliers. The general manager of each operating unit implements policies and procedures to monitor such risks. Yearly review and updates are provided to the AC.

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 does not engage in speculative instruments that would expose the Group to unnecessary financial risks.

Information Technology ("IT") risks
In pursuit of an IT environment that is robust, resilient and secure, improving the Group's IT infrastructure continues to be the focus of IT operations. Adequate measures including proper authorisation access, back-ups systems and equipment are in place to safeguard against prolonged disruptions to businesses due to IT failures and loss of confidential data. In view of emerging cyber threats, additional measures and trainings have also been implemented during the year.

The Board (assisted by the AC) reviews the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and IT controls twice a year.

For FY 2017, 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 2017.

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 IT risks, and risk management systems and processes, were adequate and effective for the Group as at 31 December 2017.

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.

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 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 in a wide-range of industry practices. None of the AC members was a partner or director or has any financial interest in the Company's existing auditors in the last 24 months.

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 auditor;
- reviewing annually the independence and objectivity of the external auditor, 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 IT risks and risk management processes;
- reviewing IPTs and material related party 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 FY 2017, the AC held six meetings during which it performed its responsibilities as set out above. The Group's internal and external auditors were also present at the regular quarterly meetings. The AC met the external and internal auditors separately without the presence 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. There was no adverse feedback from these meetings.

In its review of the financial statements, the AC discussed with management the key accounting policies applied and areas where judgement and critical estimates were involved. After extensive discussions, the AC was satisfied with the measurement and disclosure of the related financial instruments in the Group's financial statements in all material aspects. The AC also discussed with the external auditor all significant matters noted during their audit which are contained in their report to the AC. The valuation of financial assets was a 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. The AC has reviewed the impact of the adoption of Singapore Financial Reporting Standards (International) (SFRS (I)") which are effective from 1 January 2018. The preliminary assessment of the impact of transitioning to SFRS (I) is not expected to be material to the Group, except as set out in Note 2 to the financial statements.

During FY 2017, the AC reviewed material IPTs involving the Group and UOL Group Limited (UOL) relating to the Group's interests in United Industrial Corporation (UIC). Details are disclosed in the "Interested Person Transactions" section of this report and Note 14 to the financial statements. The AC held several meetings with the management team (comprising the CFO, Group GM and Head of Asset Management, all of whom do not have any interests in UOL or UIC) and/or the independent financial advisor (where applicable) to discuss the terms of the transactions and reviewed various market parameters. The AC was of the view that these transactions are conducted on normal commercial terms, and were not prejudicial to the interests of the Company and its minority shareholders.

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 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 2017 is approximately $345,000. The breakdown of fees paid/payable for audit and non-audit services is approximately $320,200 and $24,800 respectively. The AC has reviewed and is satisfied with the independence and objectivity of the external auditor.

The AC members are regularly 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 the Policy.

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. Whistleblowing reports marked "Private and Confidential" may be sent to the Group Internal Audit Manager at Haw Par Corporation Limited, 401 Commonwealth Drive, #03-03 Haw Par Technocentre, Singapore 149598. All reports received are accorded confidentiality and independently investigated by the whistleblowing unit, comprising the Human Resource Director and Group Internal Audit Manager. Details of the whistleblowing 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 of reporting. The Code of Conduct is effectively communicated and integrated into the Company's strategy and operations, including risk management systems and remuneration structures.

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 three decades of internal audit experience within the Group, reports directly to the Chairman of the AC and to the CEO on administrative matters. The majority of the IA department are members of the Institute of Internal Auditors. 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 function adopts an Internal Audit Charter that is reviewed annually and has strict procedures in reporting its audit findings to the management and the AC.

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. Internal Audit 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. In line with its sustainability efforts and the increasing prevalence of the use of the internet, the Company's Annual Report is made available through the Group's website and SGXNET. The manner in which the Annual Report may be accessed, that is, by entering the URL or scanning the QR Code is provided in the Company's letter to shareholders. The URL at which the Annual Report may be accessed is also set out in the Notice of AGM. Physical copies of the request form and the Notice of AGM are circulated to all shareholders. By filling in the Request Form, shareholders may also request for a physical copy of the Annual Report.

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 / circulars are communicated in a timely manner to all shareholders. Shareholders are 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 AGMs and other general meetings of shareholders are validated by independent scrutineers and are broadcast at the said meetings. The results are also announced on SGXNET after the meetings. The meetings' minutes with substantial and relevant comments are prepared, and made available to shareholders at the registered office upon request within a reasonable time after each general meeting.

The Company holds regular meetings (outside of black-out periods) with research analysts, fund managers and institutional investors to understand the views of shareholders, review the Company's performance and provide investors with a better understanding of the Group's businesses, as needed.

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 relating to the meeting agenda that needs clarification. The notices of general meetings setting out the agenda, and if necessary, letters to shareholders on the item of special business, are communicated to shareholders at least 14 clear days before general meetings called to pass ordinary resolutions or 21 days before general meetings called to pass special resolutions. Each item of special business included in the notice of the meeting will be accompanied by a full explanation regarding the effect of the proposed resolution in respect of such business. Separate resolutions are proposed for substantially separate issues at the meeting. Chairman and all Directors (in particular, the chairmen 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.

A registered shareholder who is unable to attend a general meeting can appoint up to two proxies to attend, participate and vote at the general meetings on his/her behalf. In addition, a member who is a relevant intermediary, which generally includes Singapore banks and nominee or custodial service providers, as well as the Central Provident Fund Board, may appoint more than two proxies so that shareholders who hold shares through such members can attend, participate and vote at general meetings as proxies, in accordance with the provisions of the Constitution. Investors whose shares are held through relevant intermediaries can submit their requests to attend, participate and vote at each general meeting within the stipulated time period as required by such intermediaries, who will then communicate such requests to the Company not less than 72 hours before the general meeting is held.

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 with an upward trend. In certain years, such as in 2013 and 2016, the Company issued bonus shares and paid special dividends respectively.

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, potential acquisitions and disposals, funding requirements, key financial risks and strategic issues of each operating unit. The IC is vested with various levels of authority by the Board to carry out its duties.

Interested Person Transactions

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 IPTs. The following are IPTs (save for those less than $100,000 individually) that took place during FY 2017:

Name of interested person	Aggregate value of IPTs
UOL	$219,000,000 in shares
UOL	$31,656,000 in cash

During FY 2017, the Group entered into two separate transactions with UOL. The first was dated 22 June 2017, where the Group disposed of 60,000,000 shares in the capital of UIC in exchange for 27,272,727 shares in the capital of UOL. This was approved by the shareholders at the EGM dated 23 August 2017. The second transaction was dated 20 November 2017, where the Group disposed of 9,571,883 shares in the capital of UIC to UOL for a cash consideration of approximately $31,656,000.

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 is in the process of reviewing the guidelines issued by SGX-ST on 5 December 2017 on preventing insider trading. 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. There are also internal policy/guidelines on confidentiality and safeguards for the handling of confidential information.

DIRECTORS' STATEMENT
& FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2017

The Directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2017 and the statement of financial position of the Company as at 31 December 2017.

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 57 to 105 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 2017 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	*(Chairman)*
Wee Ee-chao	*(Deputy Chairman)*
Wee Ee Lim	*(President & Chief Executive Officer)*
Sat Pal Khattar	
Hwang Soo Jin	
Lee Suan Yew	
Chew Kia Ngee	
Peter Sim Swee Yam	
Gn Hiang Meng	
Han Ah Kuan	*(Executive Director)*

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' 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	
	31.12.2017	**1.1.2017**	**31.12.2017**	**1.1.2017**
<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	150,200	101,800	–	–

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

(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 2002 Scheme as set out below:

	No. of unissued ordinary shares under option	
	31.12.2017	**1.1.2017**
Han Ah Kuan	132,000	198,000

(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 2018 were the same as those as at 31 December 2017.

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:

	Number of unissued shares covered by the options		
Date of grant	**Balance at 31.12.2017**	**Exercise price**	**Exercise period**
4.3.2013	48,000	$7.27	4.3.2014 – 3.3.2018
3.3.2014	146,000	$8.55	3.3.2015 – 1.3.2019
3.3.2015	344,000	$8.58	3.3.2016 – 2.3.2020
4.3.2016	236,000	$8.00	4.3.2017 – 3.3.2021
1.3.2017	469,000	$9.96	1.3.2018 – 28.2.2022
	1,243,000		

SHARE OPTIONS (CONTINUED)

In 2017, options to subscribe for 498,000 unissued shares in the Company at the exercise price of $9.96 per share were granted and 477,000 options accepted under the 2002 Scheme. Options in respect of 6,527,000 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 811,000 shares were issued by virtue of the exercise of options and 75,000 unexercised share options were cancelled. The market price on the dates of exercise ranged from $9.11 to $12.19.

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 31.12.2017	Aggregate number of shares comprised in options exercised since commencement of scheme to 31.12.2017	Aggregate number of shares comprised in options that have expired since commencement of scheme to 31.12.2017	Aggregate number of shares comprised in options outstanding as at 31.12.2017
Wee Ee Lim	–	48,000	48,000	–	–
Han Ah Kuan	66,000	767,000	587,000	48,000	132,000

(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 2002 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 2017.

(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 2017

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 2017 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, 26 February 2018

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

For the Financial Year Ended 31 December 2017

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 Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("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 2017 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 income statement of the Group for the year ended 31 December 2017;
- the consolidated statement of comprehensive income of the Group for the year ended 31 December 2017;
- the statements of financial position of the Group and of the Company as at 31 December 2017;
- 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; 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 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.

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 2017. 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
Financial assets at fair value through other comprehensive income (Note 14 of the financial statements)	
As at 31 December 2017, the Group's financial assets at fair value through other comprehensive income ("FVOCI"), amounted to $2,710.7 million, representing 79% and 84% of the Group's total assets and net assets respectively. The financial assets (FVOCI) balance comprise primarily of quoted equity investments. Included in the FVOCI financial assets are 72.04 million shares of UOL Group Limited ("UOL"), of which 27.27 million shares were acquired during the current financial year through a share swap transaction as disclosed in Note 14 of the financial statements. The shares in United Industrial Corporation Limited that were exchanged for UOL shares had a fair value of $219.0 million at date of transaction. 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.	We obtained custodian confirmations to verify the quantity of each investment held by the Group. 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. For material investments with no readily available quoted price at year-end, we involved our internal valuation specialist in reviewing management's basis and assumptions in determining the fair value. For the share swap transaction, we: – reviewed the sale and purchase agreement for the key terms and conditions of the transaction; – validated the transfer of ownership of the shares in the transaction; and – audited management's accounting for and the related disclosures of the transaction in the financial statements. Based on the procedures performed, we found the Group's recognition of the financial assets (FVOCI) and determination of fair values to be appropriate. The share swap transaction has also been accounted for and disclosed in accordance with the relevant accounting standards.

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

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 and will 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.

- 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.

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, 26 February 2018

CONSOLIDATED INCOME STATEMENT

For the Financial Year Ended 31 December 2017

	Note	The Group 2017 $'000	2016 $'000
Revenue	4	**222,763**	201,644
Cost of sales		**(80,618)**	(76,154)
Gross profit		**142,145**	125,490
Other income	5	**65,585**	65,315
Distribution and marketing expenses		**(52,304)**	(41,356)
General and administrative expenses		**(15,737)**	(12,042)
Finance expenses		**(375)**	(391)
Profit from operations		**139,314**	137,016
Share of profit of associated company		**937**	854
Fair value changes on investment properties	11	**634**	980
Profit before taxation		**140,885**	138,850
Taxation	7	**(15,382)**	(13,809)
Profit for the financial year, net of tax		**125,503**	125,041
Earnings per share attributable to equity holders of the Company	9		
– Basic		**57.1 cents**	57.0 cents
– Diluted		**57.0 cents**	57.0 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2017

		The Group	
	Note	2017 $'000	2016 $'000
Profit for the financial year, net of tax		**125,503**	125,041
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences on consolidation of foreign entities (net)		**600**	(1,408)
Reclassification of currency translation reserve to profit or loss on deregistration of subsidiary company		**–**	(302)
Items that will not be reclassified subsequently to profit or loss:			
Fair value changes on financial assets at fair value through other comprehensive income (net)		**667,565**	(99,288)
Other comprehensive income/(expense) for the financial year, net of tax		**668,165**	(100,998)
Total comprehensive income for the financial year		**793,668**	24,043

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

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2017

	Note	The Group 2017 $'000	The Group 2016 $'000	The Company 2017 $'000	The Company 2016 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	**28,561**	23,450	**–**	–
Investment properties	11	**212,920**	211,362	**–**	–
Investment in subsidiaries	12	**–**	–	**560,334**	375,357
Investment in associated company	13	**4,850**	4,313	**2,895**	2,895
Financial assets (FVOCI)	14	**2,190,691**	1,630,061	**167**	231
Deferred income tax assets	21	**740**	539	**–**	–
Intangible assets	15	**11,116**	11,116	**–**	–
		2,448,878	1,880,841	**563,396**	378,483
Current assets					
Financial assets (FVOCI)	14	**520,025**	397,270	**–**	–
Inventories	16	**17,126**	11,523	**–**	–
Trade and other receivables	17	**32,103**	33,508	**135,405**	131,605
Cash and bank balances	18	**400,983**	313,012	**361,800**	283,955
		970,237	755,313	**497,205**	415,560
Total assets		**3,419,115**	2,636,154	**1,060,601**	794,043
LIABILITIES					
Current liabilities					
Trade and other payables	19	**58,633**	52,992	**37,872**	34,954
Current income tax liabilities		**11,265**	10,981	**781**	621
Borrowings	20	**45,048**	45,799	**45,048**	45,799
		114,946	109,772	**83,701**	81,374
Non-current liabilities					
Deferred income tax liabilities	21	**71,722**	50,832	**–**	–
		71,722	50,832	**–**	–
Total liabilities		**186,668**	160,604	**83,701**	81,374
NET ASSETS		**3,232,447**	2,475,550	**976,900**	712,669
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	22	**257,943**	251,359	**257,943**	251,359
Retained profits		**1,175,518**	1,072,672	**714,155**	457,202
Other reserves		**1,798,986**	1,151,519	**4,802**	4,108
Total equity		**3,232,447**	2,475,550	**976,900**	712,669

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	Attributable to equity holders of the Company							
	Share capital $'000	Statutory reserve[1] $'000	Capital reserve[2] $'000	Share option reserve[3] $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Retained profits $'000	Total equity $'000
2017								
Balance at 1 January 2017	251,359	2,182	16,815	4,093	1,143,580	(15,151)	1,072,672	2,475,550
Issue of share capital	6,584	–	–	–	–	–	–	6,584
Expensing of share options (Note 26)	–	–	–	638	–	–	–	638
Transfer of cumulative gain on disposal of equity investments at fair value through other comprehensive income to retained profits (Note 14)	–	–	–	–	(21,336)	–	21,336	–
Dividends paid (Note 8)	–	–	–	–	–	–	(43,993)	(43,993)
Total comprehensive income for the financial year	–	–	–	–	667,565	600	125,503	793,668
Balance at 31 December 2017	257,943	2,182	16,815	4,731	1,789,809	(14,551)	1,175,518	3,232,447

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	Attributable to equity holders of the Company							
	Share capital $'000	Statutory reserve[1] $'000	Capital reserve[2] $'000	Share option reserve[3] $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Retained profits $'000	Total equity $'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 cumulative 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

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.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2017

	Note	The Group 2017 $'000	2016 $'000
Cash flows from operating activities:			
Profit before tax		**140,885**	138,850
Adjustments for:			
Dividend income	5	**(59,775)**	(58,411)
Interest income	5	**(3,723)**	(3,426)
Depreciation of property, plant and equipment	10	**3,502**	3,103
Share of profit of associated company		**(937)**	(854)
Expensing of share options	26	**638**	425
Fair value changes on investment properties	11	**(634)**	(980)
Finance expenses		**375**	391
Write–back of unclaimed dividends		**(239)**	(228)
Inventories written down	16	**217**	190
Loss/(gain) on disposal and write–off of property, plant and equipment	6	**18**	(101)
Reclassification of currency translation reserve to profit or loss on deregistration of subsidiary company	5	**–**	(302)
Unrealised currency translation losses/(gains)		**2,351**	(779)
Operating profit before working capital changes		**82,678**	77,878
(Increase)/decrease in inventories		**(5,820)**	662
Decrease/(increase) in trade and other receivables		**1,578**	(4,281)
Increase/(decrease) in trade and other payables		**4,662**	(1,967)
Cash generated from operations		**83,098**	72,292
Dividend income received		**34,591**	28,711
Interest income received		**3,550**	3,039
Net taxation paid		**(14,408)**	(12,503)
Net cash provided by operating activities		**106,831**	91,539
Cash flows from investing activities			
Proceeds from disposal of financial assets (FVOCI)	14	**31,724**	12,311
Purchase of property, plant and equipment		**(8,027)**	(2,801)
Purchase of financial assets (FVOCI)		**(2,702)**	(20,331)
Dividends from associated company		**400**	400
Proceeds from sale of property, plant and equipment		**–**	162
Improvements to investment properties	11	**(65)**	(104)
Net cash provided by/(used in) investing activities		**21,330**	(10,363)
Cash flows from financing activities			
Payment of dividends to members of the Company	8	**(43,993)**	(85,505)
Proceeds from issue of share capital	22	**6,584**	1,464
Interest expense paid		**(376)**	(360)
Bank deposits released from pledge		**–**	1,107
Net cash used in financing activities		**(37,785)**	(83,294)
Net increase/(decrease) in cash and cash equivalents		**90,376**	(2,118)
Cash and cash equivalents at beginning of the financial year	18	**312,596**	314,208
Effects of currency translation on cash and cash equivalents		**(2,410)**	506
Cash and cash equivalents at end of the financial year	18	**400,562**	312,596

Changes in liabilities arising from financing activities - Non-cash changes

	1 January 2017 $'000	Effect of changes in foreign exchange rates $'000	31 December 2017 $'000
Bank borrowings	45,799	(751)	45,048

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

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 2017

On 1 January 2017, 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 7 *Statement of cash flows (Disclosure initiatives)*
- Amendments to FRS 12 *Income taxes (Clarification of the scope of the Standard)*

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

New accounting standards and FRS interpretations and amendments effective in 2018 or after

Adoption of SFRS(I)s

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)s") hereinafter.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The estimated impact arising from the adoption of SFRS(I)s on the Group's financial statements is set out as follow:

Application of SFRS(I) 1

The Group is required to retrospectively apply all SFRS(I)s effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. There are no changes to accounting policies or material adjustments on the initial transition to SFRS(I)s other than the following election of optional exemption and change in measurement basis below:

(i) Cumulative translation differences

The Group plans to elect to set the cumulative translation differences for all foreign operations at zero as at the date of transition to SFRS(I)s on 1 January 2017. As a result, other reserves and retained profits as at 1 January 2017 and 31 December 2017 will be increased/reduced by $15,151,000 respectively.

(ii) Change in measurement basis for Investment Properties

As described in Note 2(f), the Group's investment properties are initially recognised at cost and subsequently carried at fair value. As permitted under adoption of the new accounting framework SFRS(I)s, the Group plans to re-elect the change from carrying the investment properties at fair value to cost less accumulated depreciation and accumulated impairment losses. As a result, retained profits as at 1 January 2017 and 31 December 2017 will be reduced by approximately $151 million and $154 million respectively. The profit or loss for the financial year ended 31 December 2017 will be reduced by approximately $3 million.

Apart from the first time adoption of SFRS(I)s, 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 2018 and which the Group has not early adopted:

Effective for annual periods beginning on or after 1 January 2018

- SFRS(I) 15 *Revenue from contracts with customers*

The new SFRS(I) 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

- SFRS(I) 16 *Leases*

This new SFRS(I) is not expected to have any significant impact on the financial statements of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 collectibility 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), 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Group accounting

(1) Subsidiaries

(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.

(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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Group accounting (continued)

(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.

(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.

(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 investment in associated company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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)).

(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.

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 acquire 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.

Gains and losses on the disposal of subsidiaries and associated company 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investments in subsidiaries and associated company

Investments in subsidiaries and associated company 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 company, 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 company 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.

(2) Intangible assets, Property, plant and equipment and Investments in subsidiaries and associated company

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investments and other financial assets

(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.

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 because these investments are held as strategic investments. 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, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Income taxes (continued)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Currency translation (continued)

(2) Transactions and balances (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(w) 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) involving such accounting estimates and judgements are set out in notes 11 and 14.

4. REVENUE

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

	The Group	
	2017 $'000	**2016 $'000**
Sale of goods	**202,218**	177,851
Rendering of services	**2,989**	6,919
Rental income	**17,556**	16,874
	222,763	201,644

5. OTHER INCOME

	The Group	
	2017 $'000	**2016 $'000**
Gross dividend income from financial assets (FVOCI)	**59,775**	58,411
Interest income	**3,723**	3,426
Reclassification of currency translation reserve to profit or loss on deregistration of subsidiary company	**–**	302
Miscellaneous income	**2,087**	3,176
	65,585	65,315

During the financial year, the Group elected to receive approximately $25,184,000 (2016: $33,246,000) of dividend income as non-cash financial assets (FVOCI) in lieu of cash dividends.

Dividend income includes $2,087,000 from strategic equity investments designated as financial assets (FVOCI) which were derecognised during the financial year.

6. NATURE OF EXPENSES

	The Group	
	2017 $'000	**2016 $'000**
Purchase of inventories	**61,474**	49,583
Changes in inventories	**(5,820)**	662
	55,654	50,245
Sales and marketing expenses	**43,183**	31,939
Employee benefits (Note 26(a))	**28,784**	29,528
Depreciation of property, plant and equipment (Note 10)	**3,502**	3,103
Repair and maintenance	**2,268**	2,342
Utilities	**2,427**	2,599
Property tax	**1,875**	2,042
Auditors' remuneration:		
– Auditor of the Company:		
– audit fees	**320**	326
– non-audit fees	**25**	11
– Other auditors:		
– audit fees	**24**	20
– non-audit fees	**14**	7
Professional and legal fee	**640**	698
Trademark expenses	**248**	444
Loss/(gain) on disposal and write–off of property, plant and equipment	**18**	(101)
Inventories written down	**217**	190
Foreign exchange loss/(gain), net	**3,140**	(878)

7. TAXATION

	The Group	
	2017 $'000	**2016 $'000**
Tax expense attributable to profit is made up of:		
Current taxation		
Current year:		
– Singapore	**10,250**	9,677
– Overseas	**4,872**	3,835
	15,122	13,512
(Over)/under provision in respect of previous years:		
– Singapore	**(211)**	(883)
– Overseas	**(25)**	335
	(236)	(548)
Deferred taxation		
Origination and reversal of temporary differences:		
– Singapore	**668**	212
– Overseas	**(157)**	173
	511	385
(Over)/under provision in respect of previous years:		
– Overseas	**(15)**	460
	15,382	13,809

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:

	2017 $'000	**2016 $'000**
Profit before taxation	**140,885**	138,850
Share of profit of associated company	**(937)**	(854)
Profit before taxation and share of profit of associated company	**139,948**	137,996
Taxation at applicable Singapore tax rate of 17% (2016: 17%)	**23,791**	23,459
Adjustments:		
– Tax rate difference in foreign subsidiaries	**723**	748
– Withholding taxes	**1,475**	1,244
– Tax effect of expenses not deductible for tax purposes	**1,292**	769
– Tax effect of income not subject to tax	**(10,893)**	(11,458)
– Tax rebates and exemptions	**(708)**	(834)
– Utilisation of previously unrecognised deferred taxes	**(47)**	(31)
– Overprovision in respect of previous years	**(251)**	(88)
Taxation expense	**15,382**	13,809

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

8. DIVIDENDS PAID

	The Group	
	2017 $'000	**2016 $'000**
Ordinary dividends paid:		
Final exempt 2016 dividend of 10 cents per share (2016: Final exempt 2015 dividend of 14 cents per share and special exempt dividend of 15 cents per share)	**21,989**	63,576
Interim exempt 2017 dividend of 10 cents per share (2016: 10 cents per share)	**22,004**	21,929
	43,993	85,505
Dividend per share (net of tax)	**20 cents**	39 cents

The Directors recommend a final tax exempt one-tier dividend of 10 cents per share, amounting to approximately $22.0 million to be paid for the financial year ended 31 December 2017 (2016: 10 cents per share amounting to $21.9 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 2018.

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

9. EARNINGS PER SHARE

	The Group	
	2017 $'000	**2016 $'000**
Earnings for the financial year	**125,503**	125,041
	'000	'000
Weighted average number of ordinary shares for calculation of basic earnings per share	**219,896**	219,247
Dilution adjustment for share options	**272**	58
Adjusted weighted average number of shares for calculation of diluted earnings per share	**220,168**	219,305
Earnings per share attributable to equity holders of the Company		
– Basic	**57.1 cents**	57.0 cents
– Diluted	**57.0 cents**	57.0 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.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings $'000	Plant and equipment $'000	Total $'000
The Group			
Cost			
At 1 January 2017	27,687	29,050	56,737
Additions	1,408	7,389	8,797
Disposals/write–offs	–	(123)	(123)
Currency translation differences	33	(33)	–
At 31 December 2017	29,128	36,283	65,411
Accumulated depreciation			
At 1 January 2017	14,732	18,555	33,287
Depreciation charge for the year	1,124	2,378	3,502
Disposals/write–offs	–	(105)	(105)
Currency translation differences	150	16	166
At 31 December 2017	16,006	20,844	36,850
Net book value			
At 31 December 2017	**13,122**	**15,439**	**28,561**
Cost			
At 1 January 2016	45,310	57,477	102,787
Additions	29	2,772	2,801
Disposals/write–offs	(17,400)	(30,883)	(48,283)
Currency translation differences	(252)	(316)	(568)
At 31 December 2016	27,687	29,050	56,737
Accumulated depreciation			
At 1 January 2016	30,887	47,494	78,381
Depreciation charge for the year	1,067	2,036	3,103
Disposals/write–offs	(17,351)	(30,871)	(48,222)
Currency translation differences	129	(104)	25
At 31 December 2016	14,732	18,555	33,287
Net book value			
At 31 December 2016	12,955	10,495	23,450

Included in the cost of leasehold land and buildings is land use rights amounting to $1,043,970 (2016: $1,064,440).

11. INVESTMENT PROPERTIES

	The Group	
	2017 **$'000**	**2016** **$'000**
Beginning of financial year	**211,362**	210,823
Improvements	**65**	104
Fair value changes on investment properties recognised in profit or loss	**634**	980
Currency translation differences	**859**	(545)
End of financial year	**212,920**	211,362
At valuation:		
Freehold and 999–year leasehold properties	**35,320**	33,762
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 $634,000 (2016: net gain of $980,000). These fair value changes are non-cash in nature.

The following amounts are recognised in profit or loss:

	The Group	
	2017 **$'000**	**2016** **$'000**
Rental income (Note 4)	**17,556**	16,874
Direct operating expenses arising from investment properties that generated rental income	**(4,675)**	(5,781)

Certain investment properties valued at $177,600,000 (2016: $177,600,000) are pledged to the banks as security for bank credit facilities (Note 20).

Fair value hierarchy

The fair value of all the Group's investment properties is determined based on significant unobservable inputs and categorised under Level 3 in the fair value measurement hierarchy (2016: Level 3).

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.

11. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy (continued)

For the income capitalisation method, the fair value of the investment properties was calculated using a capitalisation rate ranging from 5.25% to 7% (2016: 5.25% to 7%) for commercial properties and 7% (2016: 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 was $162 to $574 (2016: $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
2017		
Beginning of financial year	144,562	66,800
Improvements	65	–
Fair value changes recognised in profit or loss	634	–
Currency translation	859	–
End of financial year	**146,120**	**66,800**
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

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.

The details of the Group's investment properties as at 31 December 2017 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	
	2017 $'000	**2016 $'000**
Equity investments at cost:		
Unquoted, at written down cost	**605,572**	420,595
Allowance for impairment in value	**(45,238)**	(45,238)
	560,334	375,357

During the year, the Company increased its investment in Haw Par Capital Pte Ltd, a wholly-owned subsidiary, by S$219,000,000.

Details of significant subsidiaries are shown in Note 29.

13. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Investment in associated company	**4,850**	4,313	**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.

14. FINANCIAL ASSETS (FVOCI)

	The Group		The Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Total financial assets (FVOCI)	**2,710,716**	2,027,331	**167**	231

Equity investments at fair value through other comprehensive income (FVOCI) mainly comprise the following:

	The Group	
	2017 $'000	**2016 $'000**
Listed equity securities – Singapore Exchange	**2,571,274**	1,927,330

During the financial year, the Group elected to receive $25,184,000 (2016: $33,246,000) of dividend income as non-cash financial assets (FVOCI) in lieu of cash dividends.

In August 2017, the Group completed the transaction where equity investments of 60 million shares in United Industrial Corporation Limited ("UIC") were exchanged for equity investments of 27.27 million shares in UOL Group Limited ("UOL"). The transaction provided an opportunity for the Group to realise the value of its investment in UIC and also allowed the Group to exchange its interest in UIC for a higher yielding and more liquid asset in UOL, while retaining an economic interest in UIC through UOL. The equity investments received as consideration, had a fair value of approximately $219,000,000 at the date of exchange in August 2017, after the approval of the shareholders was obtained. As no cash was received, the cumulative gain of approximately $153,214,000 on the transaction was not reclassified from fair value reserve to retained profits.

During the financial year, the Group disposed certain of its financial assets (FVOCI) for cash and realised the capital appreciation. These equity investments had a fair value of approximately $31,724,000 at the date of disposal and the cumulative gain on disposal of approximately $21,336,000 was reclassified from fair value reserve to retained profits. The disposal consisted mainly of investments in UIC in November 2017.

No financial assets were pledged as security for bank credit facilities as at 31 December 2017. In 2016, certain financial assets (FVOCI) valued at $169,307,000 were pledged as security for bank credit facilities (Note 20).

There are no material investments held by the Company in 2017 and 2016.

15. INTANGIBLE ASSETS

	The Group		The Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Goodwill on consolidation	**11,116**	11,116	**–**	–
Trademarks	**–**	–	**–**	–
	11,116	11,116	**–**	–

(a) Goodwill on consolidation

	The Group	
	2017 $'000	**2016 $'000**
Cost		
Balance at beginning and end of financial year	**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	6.1% (2016: 5.6%)
Growth rate	0.0% (2016: 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.

15. INTANGIBLE ASSETS (CONTINUED)

(b) Trademarks

	Trademarks $'000
The Group	
Net book value	
2017 and 2016	
Beginning and end of financial year	–
At 31 December 2017 and 2016:	
Cost	3,200
Less: Accumulated amortisation	(3,200)
Net book value	–
The Company	
Net book value	
2017 and 2016	
Beginning and end of financial year	–
At 31 December 2017 and 2016:	
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	
	2017 **$'000**	**2016** **$'000**
Manufacturing stocks	**10,194**	7,116
Finished stocks	**6,932**	4,407
Total	**17,126**	11,523

The cost of inventories recognised as expense and included in "Cost of sales" amounted to $55,654,000 (2016: $50,245,000).

During the financial year, the Group recognised inventories write down of $217,000 (2016: $190,000). The inventories written down have been included in "Cost of sales" in profit or loss.

17. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Trade receivables	**28,300**	27,576	**4,015**	3,510
Advances to subsidiaries	**–**	–	**130,388**	127,262
Other receivables	**3,803**	5,932	**1,002**	833
Total	**32,103**	33,508	**135,405**	131,605

Other receivables mainly comprise other debtors and deposits of approximately $2,617,000 (2016: approximately $4,852,000).

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	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Short term bank deposits	**369,869**	287,761	**360,229**	281,265
Cash at bank and on hand	**31,114**	25,251	**1,571**	2,690
	400,983	313,012	**361,800**	283,955

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 $10,663,000 (2016: $7,265,000) 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	
	2017 $'000	**2016 $'000**
Cash and bank balances (as above)	**400,983**	313,012
Less: Bank deposits pledged for banking facilities	**(421)**	(416)
Cash and cash equivalents per consolidated statement of cash flows	**400,562**	312,596

19. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Trade payables	**4,987**	4,322	**–**	–
Other payables and accruals	**53,646**	48,670	**3,228**	3,124
Advances from subsidiaries	**–**	–	**34,644**	31,830
	58,633	52,992	**37,872**	34,954

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	
	2017 $'000	2016 $'000
Current		
Bank borrowings	**45,048**	45,799

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) and pledged deposits (Note 18).

The carrying value of bank borrowings approximates its fair value.

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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Deferred income tax assets				
– to be recovered within 12 months	**(740)**	(539)	**–**	–
Deferred income tax liabilities				
– to be settled within 12 months	**197**	160	**–**	–
– to be settled after more than 12 months	**71,525**	50,672	**–**	–
	71,722	50,832	**–**	–
	70,982	50,293	**–**	–

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

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Beginning of financial year	**50,293**	46,918	**–**	–
Tax charged to fair value reserve:				
– changes in fair value	**20,193**	2,546	**–**	–
Tax charged to profit or loss:				
– others	**496**	845	**–**	–
Currency translation differences	**–**	(16)	**–**	–
End of financial year	**70,982**	50,293	**–**	–

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 $21.4 million (2016: $21.6 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.

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
2017				
Beginning of financial year	49,560	852	420	50,832
Charged to equity:				
– changes in fair value	20,193	–	–	20,193
Charged to profit or loss:				
– others	–	668	18	686
Currency translation differences	–	–	11	11
End of financial year	**69,753**	**1,520**	**449**	**71,722**
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

Deferred income tax assets	Provisions $'000	Tax losses $'000	Total $'000
2017			
Beginning of financial year	(481)	(58)	(539)
Credited to profit or loss	(166)	(24)	(190)
Currency translation differences	(18)	7	(11)
End of financial year	**(665)**	**(75)**	**(740)**
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)

22. SHARE CAPITAL

The Group and the Company	Number of shares '000	Amount $'000
2017		
Beginning of financial year	219,330	251,359
Issue of ordinary shares by virtue of exercise of share options (Note 26(d))	811	6,584
End of financial year	**220,141**	**257,943**
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

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	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Capital commitments authorised and contracted but not provided for in the consolidated financial statements	**242**	2,996	**–**	–

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

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	
	2017 $'000	**2016 $'000**
Lease rental expense	**672**	781
Sub–lease rental income recognised in consolidated income statement	**(33)**	(1,127)

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	
	2017 $'000	**2016 $'000**
Within one year	**342**	552
Between one year and five years	**894**	1,173
After five years	**859**	987
	2,095	2,712

As a lessor

The Group owns 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	
	2017 $'000	**2016 $'000**
Within one year	**16,427**	15,786
Between one year and five years	**15,294**	19,021
	31,721	34,807

26. EMPLOYEE BENEFITS

(a) Staff costs (including Executive Directors)

	The Group	
	2017 $'000	**2016 $'000**
Salaries and other short–term employee benefits	**25,931**	27,008
Employer's contribution to Central Provident Fund and other defined contribution plans	**2,215**	2,095
Share options granted	**638**	425
	28,784	29,528

(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 or value of the benefits granted by the Group and the Company. The key management's compensation is as follows:

	The Group	
	2017 $'000	**2016 $'000**
Directors' fees, salaries and other short-term employee benefits	**5,277**	**5,640**
Employer's contribution to Central Provident Fund and other defined contribution plans	**103**	**125**
Share options granted	**320**	**236**
	5,700	**6,001**

Total compensation to Directors of the Company included in the above amounted to $3,136,000 (2016: $2,917,000).

(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 Scheme ceased during the current financial year.

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.

During the financial year, options for 498,000 (2016: 546,000) shares were granted to qualifying employees on 1 March 2017 ("2017 Options") (2016: 4 March 2016 ("2016 Options")). The fair value of the options granted using the Trinomial valuation model is approximately $586,000 (2016: $472,000). The significant inputs into the model are exercise price of $9.96 (2016: $8.00) at the grant date, standard deviation of expected share price returns of 16% (2016: 14%), 5-year option life and annual risk-free interest rate of 0.9% (2016: 1.3%) 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 2017 Options are exercisable from 1 March 2018 and expire on 28 February 2022 (2016 Options exercisable from 4 March 2017 and expire on 3 March 2021).

26. EMPLOYEE BENEFITS (CONTINUED)

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

	Number of shares 2017	2016
Under 2002 Scheme:		
Outstanding at beginning of the financial year	**1,652,000**	1,349,000
Granted	**498,000**	546,000
Cancelled/ Expired/ Not accepted	**(96,000)**	(44,000)
Exercised	**(811,000)**	(199,000)
Outstanding at end of the financial year	**1,243,000**	1,652,000
Exercisable at end of the financial year	**774,000**	1,118,000

Details of share options granted during the financial year:

	2017	2016
Expiry date	28.2.2022	3.3.2021
Exercise price	$9.96	$8.00
Aggregate proceeds if shares are issued ($'000)	$4,960	$4,368

Movement in the number of unissued ordinary shares under option and their exercise prices are as follows:

	Number of shares covered by the options						
Date of grant	Balance at beginning of financial year	Granted during financial year	Cancelled/ Expired/Not Accepted	Exercised	Balance at end of financial year	Exercise price	Exercise period
2017							
1.3.2012	52,000	–	(10,000)	(42,000)	–	$5.95	1.3.2013 – 28.2.2017
4.3.2013	128,000	–	(10,000)	(70,000)	48,000	$7.27	4.3.2014 – 3.3.2018
3.3.2014	430,000	–	(16,000)	(268,000)	146,000	$8.55	3.3.2015 – 1.3.2019
3.3.2015	508,000	–	(15,000)	(149,000)	344,000	$8.58	3.3.2016 – 2.3.2020
4.3.2016	534,000	–	(16,000)	(282,000)	236,000	$8.00	4.3.2017 – 3.3.2021
1.3.2017	–	498,000	(29,000)	–	469,000	$9.96	1.3.2018 – 28.2.2022
	1,652,000	**498,000**	**(96,000)**	**(811,000)**	**1,243,000**		
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		

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 $2,710.7 million (2016: $2,027.3 million) held in various forms of equity securities as of 31 December 2017 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 financial assets) 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.

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 the equity securities listed in Singapore and elsewhere change by 10% (2016: 10%) with all other variables including tax rate being held constant, the equity and other comprehensive income will be affected by:

	The Group	
	2017 $'000	**2016 $'000**
Listed in Singapore		
– increased by	**248,968**	186,595
– decreased by	**(248,968)**	(186,595)
Listed overseas		
– increased by	**13,338**	9,443
– decreased by	**(13,338)**	(9,443)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(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.

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 2017				
Cash and cash equivalents and financial assets (FVOCI)	117,110	71,866	4,246	193,222
Borrowings	–	(45,048)	–	(45,048)
Currency exposure on financial assets and liabilities	**117,110**	**26,818**	**4,246**	**148,174**
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

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 2017			
Cash and cash equivalents	48,864	–	48,864
Borrowings	–	(45,048)	(45,048)
Currency exposure on financial assets and liabilities	**48,864**	**(45,048)**	**3,816**
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)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(2) Foreign currency risk (continued)

A 10% (2016: 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				
At 31 December 2017				
Profit or loss, after tax	5,446	–	364	5,810
Other comprehensive income	6,152	2,682	–	8,834
At 31 December 2016				
Profit or loss, after tax	3,856	-	319	4,175
Other comprehensive income	3,785	1,078	-	4,863

	USD $'000	JPY $'000	Total $'000
Company			
At 31 December 2017			
Profit or loss, after tax	4,886	(4,505)	381
At 31 December 2016			
Profit or loss, after tax	3,609	(4,580)	(971)

A 10% (2016: 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.

(b) Liquidity risk

As at 31 December 2017, the Group has available cash and short term bank deposits totalling $400.6 million (2016: $312.6 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 2017.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 2017 and 2016 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 Group's and Company's major classes of financial assets that are subject to credit risk are 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.

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

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 providing for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. The expected loss on trade receivables at the reporting date is insignificant as majority of the balances are current or past due within 1 month. The loss allowance provision as at 31 December 2017 is determined as follows:

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

The Group	Current $'000	Past due within 1 month $'000	Past due 1 to 3 months $'000	Total $'000
Expected loss rate	–%	–%	1%	
2017				
Gross carrying amount	27,943	357	–	28,300
Loss allowance provision	–	–	–	–
2016				
Gross carrying amount	27,284	292	–	27,576
Loss allowance provision	–	–	–	–

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

	2017 $'000	2016 $'000
Beginning of financial year	**–**	16
Allowance made during the year	**–**	–
Amounts written off during the year	**–**	(16)
End of financial year	**–**	–

(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 2016.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2017 and 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	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Financial assets					
Financial assets (FVOCI)	14	**2,710,716**	2,027,331	**167**	231
Trade and other receivables		**31,880**	33,218	**135,395**	131,604
Cash and bank balances	18	**400,983**	313,012	**361,800**	283,955
		3,143,579	2,373,561	**497,362**	415,790
Financial liabilities at amortised cost					
Trade and other payables	19	**58,633**	52,992	**37,872**	34,954
Borrowings	20	**45,048**	45,799	**45,048**	45,799
		103,681	98,791	**82,920**	80,753

28. SEGMENTAL REPORTING

The Group is organised into the following main business segments:

- Manufacturing, marketing and trading of healthcare products;
- Investments in securities;
- Property rental; and
- Provision of leisure-related goods and services.

Healthcare division principally manufactures and distributes topical analgesic products under the "Tiger Balm" and "Kwan Loong" brand.

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

Property division owns and leases out several investment properties in Asia.

Leisure division provides family and tourist oriented leisure alternatives mainly in the form of oceanariums.

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

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 comprise three segments, namely "Healthcare segment", "Investments segment" and an "Others segment" which aggregates the results of the property and leisure divisions.

28. SEGMENTAL REPORTING (CONTINUED)

(a) Reportable segments

	Healthcare products $'000	Investments $'000	Others[1] $'000	Eliminations $'000	Consolidated $'000
2017					
Sales to external customers	201,662	–	21,101	–	222,763
Inter-segment sales	–	–	796	(796)	–
Interest income	–	3,723	–	–	3,723
Other income	241	60,085	1,536	–	61,862
Inter-segment other income	–	53,080	–	(53,080)	–
Total revenue and other income	201,903	116,888	23,433	(53,876)	288,348
Depreciation	2,768	79	655	–	3,502
Segment profit	68,579	113,672	15,083	(53,080)	144,254
Finance expense	–	(375)	–	–	(375)
Unallocated expenses					(4,565)
Profit from operations					139,314
Share of profit of associated company	–	937	–	–	937
Fair value gains on investment properties	–	–	634	–	634
Taxation					(15,382)
Earnings for the financial year					125,503
Segment assets	107,745	3,540,019	219,838	(449,227)	3,418,375
Deferred income tax assets					740
Total assets per statement of financial position					3,419,115
Expenditures for segment non-current assets					
– Additions to property, plant and equipment	8,196	508	93	–	8,797
– Investment properties improvements	–	–	65	–	65
	8,196	508	158	–	8,862
Segment liabilities	49,180	51,558	7,288	(4,345)	103,681
Current income tax liabilities					11,265
Deferred income tax liabilities					71,722
Total liabilities per statement of financial position					186,668

28. SEGMENTAL REPORTING (CONTINUED)

(a) Reportable segments (continued)

	Healthcare products $'000	Investments $'000	Others[1] $'000	Eliminations $'000	Consolidated $'000
2016					
Sales to external customers	176,384	–	25,260	–	201,644
Inter-segment sales	2	–	796	(798)	–
Interest income	–	3,426	–	–	3,426
Other income	791	59,042	2,056	–	61,889
Inter-segment other income	–	63,218	–	(63,218)	–
Total revenue and other income	177,177	125,686	28,112	(64,016)	266,959
Depreciation	2,341	75	687	–	3,103
Segment profit	66,051	124,975	12,887	(63,218)	140,695
Finance expense	–	(391)	–	–	(391)
Unallocated expenses					(3,288)
Profit from operations					137,016
Share of profit 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	2,638,321	217,748	(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	75	102	–	2,801
– Investment properties improvements	–	–	104	–	104
	2,624	75	206	–	2,905
Segment liabilities	42,386	51,290	8,985	(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

1 Included in "Others" are property and leisure divisions which constitute less than 25% of the Group's revenue.

28. SEGMENTAL REPORTING (CONTINUED)

(b) Geographical Information

	Revenues(i) $'000	Non-current assets(ii) $'000
2017		
Singapore	32,439	206,572
ASEAN countries	70,640	38,391
Other Asian countries	80,468	12,484
Other countries	39,216	–
Total	**222,763**	**257,447**
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

(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 $101,232,000 (2016: $106,571,000) were contributed from two groups of external customers (2016: three groups). These revenues are attributable to the sale of Healthcare products in Asia.

29. SIGNIFICANT COMPANIES IN THE GROUP

	Name of Company	Country of incorporation	Principal activities	Effective equity interest held by Group 2017 %	Effective equity interest held by Group 2016 %
	SUBSIDIARIES				
	Healthcare products				
	Haw Par Healthcare Limited	Singapore	Manufacturing, marketing and distributing healthcare products	**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

29. SIGNIFICANT COMPANIES IN THE GROUP (CONTINUED)

	Name of Company	Country of incorporation	Principal activities	Effective equity interest held by Group 2017 %	2016 %
	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 company 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 26 February 2018.

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 & INVESTMENT

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 2017

HEALTHCARE PRODUCTS

Tiger Balm 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: 4 years
  with an option to renew: 10 years

PROPERTIES

Haw Par Centre
180 Clemenceau Avenue
Singapore 239922
- Six-storey commercial building
- Leasehold
  Remaining Lease: 34 years

Haw Par Glass Tower
178 Clemenceau Avenue
Singapore 239926
- Eight-storey commercial building
- Leasehold
  Remaining Lease: 52 years

Haw Par Technocentre
401 Commonwealth Drive
Singapore 149598
- Seven-storey industrial building
- Leasehold
  Remaining Lease: 45 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: 12 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: 41 years

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

STATISTICS OF SHAREHOLDINGS

AS AT 05 MARCH 2018

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	9,730	51.28	297,001	0.13
100 – 1,000	4,852	25.57	1,715,349	0.78
1,001 – 10,000	3,760	19.81	11,249,370	5.11
10,001 – 1,000,000	618	3.26	22,437,953	10.19
1,000,001 AND ABOVE	15	0.08	184,507,500	83.79
TOTAL	**18,975**	**100.00**	**220,207,173**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	WEE INVESTMENTS PTE LTD	60,907,926	27.66
2	DBSN SERVICES PTE. LTD.	28,415,661	12.90
3	CITIBANK NOMINEES SINGAPORE PTE LTD	20,272,192	9.21
4	TYE HUA NOMINEES (PTE) LTD	17,435,534	7.92
5	DBS NOMINEES (PRIVATE) LIMITED	16,852,132	7.65
6	UOB KAY HIAN PRIVATE LIMITED	15,404,145	7.00
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,095,739	2.31
8	UNITED OVERSEAS INSURANCE LIMITED - SHF	4,274,600	1.94
9	HSBC (SINGAPORE) NOMINEES PTE LTD	4,036,902	1.83
10	WAH HIN & CO PTE LTD	3,652,655	1.66
11	RAFFLES NOMINEES (PTE) LIMITED	2,687,656	1.22
12	C Y WEE & CO PTE LTD	1,643,148	0.75
13	SG INVESTMENTS PTE LTD	1,617,000	0.73
14	DB NOMINEES (SINGAPORE) PTE LTD	1,119,112	0.51
15	WEE CHO YAW	1,092,373	0.50
16	SINGAPORE REINSURANCE CORPORATION LTD - SHAREHOLDERS	733,000	0.33
17	HO HAN LEONG CALVIN	550,440	0.25
18	CHUA WEE KENG	444,640	0.20
19	WEE EE LIM	437,192	0.20
20	UOB NOMINEES (2006) PRIVATE LIMITED	425,686	0.19
TOTAL		**187,097,733**	**84.96**

FREE FLOAT

Based on the information available to the Company as at 5 March 2018, approximately 40.10% 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 05 MARCH 2018

SUBSTANTIAL SHAREHOLDERS AS AT 5 MARCH 2018

	No. of Shares held			
	Direct	Deemed	Total	%
Wee Cho Yaw	1,092,373	77,605,330	78,697,703	35.74[(1), (2), (3)]
Wee Ee Cheong	128,857	74,678,311	74,807,168	33.97[(1), (2), (4)]
Wee Ee Lim	437,192	73,001,217	73,438,409	33.35[(1)]
Wee Ee-chao	13,826	73,134,135	73,147,961	33.22[(1), (5)]
Wee Investments Private Limited	60,907,926	–	60,907,926	27.66
Supreme Island Corporation	12,085,601	–	12,085,601	5.49
First Eagle Investment Management, LLC	–	30,078,029	30,078,029	13.66[(7)]
United Overseas Bank Limited	–	21,708,537	21,708,537	9.86[(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 11.59%.

(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-Ninth 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 Tuesday, 24 April 2018 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 2017 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 2017.

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 Lim

Mr Wee Ee Lim will, upon re-election, continue as a member of the Investment Committee.

Resolution 4 Dr Chew Kia Ngee

Dr Chew Kia Ngee will, upon re-election, continue as the Chairman of the Audit Committee. Dr Chew is considered as an independent Director.

Resolution 5 Mr Peter Sim Swee Yam

Mr Peter Sim Swee Yam will, upon re-election, continue as a member of the Audit Committee and Nominating Committee. Mr Sim is considered as an independent Director.

Resolution 6 To approve Directors' fees of $457,000 for the financial year ended 31 December 2017 (2016: $456,000).

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:

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

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 6 September 2017 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 2017 will be 20 cents per share. (2016 : 20 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 **8 May 2018 at 5.00 p.m.**, and the second & final tax-exempt dividend will be payable on **17 May 2018**.

**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 8 May 2018 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 8 May 2018 will be entitled to such proposed dividend.*

NOTES TO RESOLUTIONS (continued)

Resolution 3 Mr Wee Ee Lim, the President and CEO of the Company is an executive and non-independent Director. He has been closely involved in the management and growth of the Company over the last three decades.

Resolution 4 Dr Chew Kia Ngee is a non-executive and independent Director with over 40 years' experience in the public accounting profession.

Resolution 5 Mr Peter Sim Swee Yam is a non-executive and independent Director with more than 30 years of legal practice.

Please refer to the 'Board of Directors' section of the Company's Annual Report 2017 for information on the current directorships in other listed companies and principal commitments of these Directors. The Company's Annual Report 2017 is available at www.hawpar.com/AR2017 or through scanning the QR code at the end of this Notice of Annual General Meeting.

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.

Notes: (continued)

(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
3 April 2018

AR2017

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PROXY FORM

虎豹 Haw par

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 3 April 2018.

FORTY-NINTH 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 SHAREHOLDING	
			No. of shares (Ordinary)	%
(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 49th Annual General Meeting ("AGM") to be held at Parkroyal on Beach Road, Grand Ballroom, Level 1, 7500 Beach Road, Singapore 199591 on Tuesday, 24 April 2018 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 and at any adjournment thereof.

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 Lim as Director		
4	Re-election of Dr Chew Kia Ngee as Director		
5	Re-election of Mr Peter Sim Swee Yam 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 __________ 2018

____
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 appointer 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.

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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

401 Commonwealth Drive
#03-03 Haw Par Technocentre
Singapore 149598
Tel: 6337 9102 Fax: 6336 9232
www.hawpar.com