



# HAW PAR CORPORATION LIMITED

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

## Unaudited Half Year Financial Results for the Period Ended 30 June 2020

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

	Group		
	6 Months Ended 30 June		
	2020	2019	+ / (-)
	S\$'000	S\$'000	%
<b>Revenue</b>	<b>80,874</b>	143,461	(43.6)
Cost of sales	(37,295)	(59,007)	(36.8)
<b>Gross profit</b>	<b>43,579</b>	84,454	(48.4)
Other income	74,291	69,902	6.3
Distribution and marketing expenses	(18,554)	(28,338)	(34.5)
General and administrative expenses	(4,494)	(6,033)	(25.5)
Finance expenses	(61)	(109)	(44.0)
Share of profit of associated company	1,543	881	75.1
<b>Profit before taxation</b>	<b>96,304</b>	120,757	(20.2)
Taxation	(5,323)	(8,233)	(35.3)
<b>Profit for the financial period, net of tax</b>	<b>90,981</b>	112,524	(19.1)

A consolidated statement of comprehensive income for the 6 months ended 30 June 2020:

	Group		
	6 Months Ended 30 June		
	2020	2019	+ / (-)
	S\$'000	S\$'000	%
<b>Profit for the financial period, net of tax</b>	<b>90,981</b>	112,524	(19.1)
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences on consolidation of foreign entities (net)	130	104	25.0
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value changes on investments (net)	(570,179)	223,758	N/M
<b>Other comprehensive (loss)/income for the financial period, net of tax</b>	<b>(570,049)</b>	223,862	N/M
<b>Total comprehensive (loss)/income for the financial period</b>	<b>(479,068)</b>	336,386	N/M

N/M - not meaningful

# 1(a) Notes to the Income Statement

		<b>Group</b>	
		<b>6 Months Ended 30 June</b>	
	<b>2020</b>	<b>2019</b>	<b>+ / (-)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>(i) Other income</b>			
Dividend income	<b>68,746</b>	65,003	5.8
Interest income	<b>3,389</b>	4,556	(25.6)
Miscellaneous income	<b>2,156</b>	343	528.6
	<b>74,291</b>	<b>69,902</b>	<b>6.3</b>
<b>(ii) The following were charged/(credited) to the income statement :</b>			
Interest on borrowings	<b>46</b>	94	(51.1)
Depreciation of property, plant and equipment and investment properties	<b>3,239</b>	3,249	(0.3)
Inventories written down	<b>15</b>	16	(6.3)
Foreign exchange (gain)/loss, net	<b>(538)</b>	235	N/M
Prior years' under/(over) provision of current taxation	<b>564</b>	(362)	N/M
Loss on disposal and write-off of property, plant and equipment	<b>4</b>	9	(55.6)

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

	<b>Group</b>		<b>Company</b>	
	<b>30/6/2020</b>	<b>31/12/2019</b>	<b>30/6/2020</b>	<b>31/12/2019</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>				
Cash and bank balances	<b>580,096</b>	465,599	<b>425,189</b>	366,408
Trade and other receivables	<b>36,815</b>	30,350	<b>35,357</b>	47,068
Inventories	<b>17,692</b>	20,136	-	-
Deferred income tax assets	<b>2,408</b>	2,093	-	-
Associated company	<b>8,648</b>	7,105	<b>2,895</b>	2,895
Subsidiaries	-	-	<b>562,561</b>	562,561
Investment properties	<b>55,483</b>	56,263	-	-
Property, plant and equipment	<b>31,834</b>	26,813	-	-
Intangible assets	<b>11,116</b>	11,116	-	-
Strategic investments	<b>2,009,012</b>	2,621,786	-	-
<b>Total assets</b>	<b>2,753,104</b>	3,241,261	<b>1,026,002</b>	978,932
<b>LIABILITIES</b>				
Trade and other payables	<b>91,273</b>	64,544	<b>133,044</b>	48,987
Borrowings	-	7,822	-	7,822
Current income tax liabilities	<b>15,884</b>	11,643	<b>1,562</b>	1,139
Deferred income tax liabilities	<b>820</b>	820	-	-
<b>Total liabilities</b>	<b>107,977</b>	84,829	<b>134,606</b>	57,948
<b>NET ASSETS</b>	<b>2,645,127</b>	3,156,432	<b>891,396</b>	920,984
<b>EQUITY</b>				
<b>Equity attributable to equity holders of the Company</b>				
Share capital	<b>267,168</b>	266,228	<b>267,168</b>	266,228
Retained profits	<b>1,179,773</b>	1,107,374	<b>624,102</b>	654,630
Other reserves	<b>1,198,186</b>	1,782,830	<b>126</b>	126
<b>Total equity</b>	<b>2,645,127</b>	3,156,432	<b>891,396</b>	920,984

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

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

As at 30/6/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	7,822	-

**Amount repayable after one year**

As at 30/6/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

**Details of any collateral**

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

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

	Group	
	6 Months Ended 30 June 2020	2019
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	96,304	120,757
Adjustments for:		
Dividend income	(68,746)	(65,003)
Interest income	(3,389)	(4,556)
Depreciation of property, plant and equipment and investment properties	3,239	3,249
Share of profit of associated company	(1,543)	(881)
Finance expenses	61	109
Inventories written down	15	16
Loss on disposal and write-off of property, plant and equipment	4	9
Unrealised currency translation (gains)/losses	(1,952)	234
<b>Operating profit before working capital changes</b>	<b>23,993</b>	<b>53,934</b>
Decrease in inventories	2,429	2,722
Decrease/(increase) in trade and other receivables	5,218	(9,162)
Decrease in trade and other payables	(6,089)	(988)
<b>Cash generated from operations</b>	<b>25,551</b>	<b>46,506</b>
Net taxation paid	(1,284)	(8,484)
<b>Net cash from operating activities</b>	<b>24,267</b>	<b>38,022</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investments	64,049	-
Dividend income received	56,138	65,003
Purchase of investments	(20,962)	-
Purchase of property, plant and equipment	(6,837)	(582)
Interest income received	4,272	5,196
Improvements to investment properties	(715)	(411)
Proceeds from disposal of property, plant and equipment	-	2
<b>Net cash from investing activities</b>	<b>95,945</b>	<b>69,208</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(8,197)	-
Proceeds from issue of share capital for share options exercised	940	1,969
Principal payment of lease liabilities	(87)	(67)
Interest paid on borrowings and lease liabilities	(67)	(124)
Payment of dividends to shareholders of the Company	-	(221,058)
<b>Net cash used in financing activities</b>	<b>(7,411)</b>	<b>(219,280)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>112,801</b>	<b>(112,050)</b>
Cash and cash equivalents at beginning of the financial period	465,390	519,427
Effects of currency translation on cash and cash equivalents	1,696	(30)
<b>Cash and cash equivalents at end of the financial period</b>	<b>579,887</b>	<b>407,347</b>
<b>Cash and cash equivalents comprised the following:</b>		
Cash and bank balances	580,096	407,554
Less: Bank deposits pledged for banking facilities	(209)	(207)
	<b>579,887</b>	<b>407,347</b>

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

	Share Capital	Fair Value Reserve	Other Reserves	Foreign Currency Translation Reserve	Retained Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>The Group</b>						
<b>2020</b>						
<b>Balance at 1 January 2020</b>	266,228	1,780,736	2,427	(333)	1,107,374	3,156,432
Issue of share capital	940	-	-	-	-	940
Transfer of cumulative gain on disposal of investments to retained profits	-	(14,595)	-	-	14,595	-
Dividends declared	-	-	-	-	(33,177)	(33,177)
Total comprehensive (loss)/income for the financial period	-	(570,179)	-	130	90,981	(479,068)
<b>Balance at 30 June 2020</b>	<b>267,168</b>	<b>1,195,962</b>	<b>2,427</b>	<b>(203)</b>	<b>1,179,773</b>	<b>2,645,127</b>
<b>2019</b>						
<b>Balance at 1 January 2019</b>	264,173	1,486,478	2,427	(275)	1,175,230	2,928,033
Issue of share capital	1,969	-	-	-	-	1,969
Dividends paid	-	-	-	-	(221,058)	(221,058)
Total comprehensive income for the financial period	-	223,758	-	104	112,524	336,386
<b>Balance at 30 June 2019</b>	<b>266,142</b>	<b>1,710,236</b>	<b>2,427</b>	<b>(171)</b>	<b>1,066,696</b>	<b>3,045,330</b>

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

	Share Capital	Other Reserves	Retained Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>The Company</b>				
<b>2020</b>				
Balance at 1 January 2020	266,228	126	654,630	920,984
Issue of share capital	940	-	-	940
Dividends declared	-	-	(33,177)	(33,177)
Total comprehensive income for the financial period	-	-	2,649	2,649
<b>Balance at 30 June 2020</b>	<b>267,168</b>	<b>126</b>	<b>624,102</b>	<b>891,396</b>
<b>2019</b>				
Balance at 1 January 2019	264,173	38	733,330	997,541
Issue of share capital	1,969	-	-	1,969
Dividends paid	-	-	(221,058)	(221,058)
Total comprehensive income for the financial period	-	-	5,048	5,048
<b>Balance at 30 June 2019</b>	<b>266,142</b>	<b>38</b>	<b>517,320</b>	<b>783,500</b>

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

Since 31 December 2019, 111,000 shares were issued pursuant to the exercise of share options.

As at 30 June 2020, unissued shares under the share option scheme of the Company were as follows:

	<u>30/6/2020</u>	<u>30/06/2019</u>
The Haw Par Corporation Group 2002 Share Option Scheme	<u>185,000</u>	<u>306,000</u>

The Company did not hold any treasury shares and there were no subsidiary holdings as at 30 June 2020 and 30 June 2019.

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

	<u>30/6/2020</u>	<u>31/12/2019</u>
Total number of issued shares	<u>221,183,173</u>	<u>221,072,173</u>

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

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.  
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

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

These financial results have been prepared based on accounting policies and methods of computation consistent with those adopted in the most recently audited annual financial statements for the year ended 31 December 2019, except as stated in Note 5.



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

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2020. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

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

	<b>Group</b>	
	<b>6 Months Ended 30 June 2020</b>	<b>2019</b>
Earnings per ordinary share:		
(a) Based on the weighted average number of ordinary shares on issue	<b>41.1 cts</b>	50.9 cts
(b) On a fully diluted basis	<b>41.1 cts</b>	50.9 cts

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

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

	<b>Group</b>		<b>Company</b>	
	<b>30/6/2020</b>	<b>31/12/2019</b>	<b>30/6/2020</b>	<b>31/12/2019</b>
Net asset value per ordinary share (S\$)	<b>11.96</b>	14.28	<b>4.03</b>	4.17

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

**Income statement and statement of comprehensive income (1H 2020 vs 1H 2019)**

The outbreak of COVID-19 pandemic has led to lockdown measures and international travel restrictions being implemented by countries. Consumer demand for the Group's products have been adversely affected by the uncertain economic outlook and the sudden standstill of the tourism industry in certain markets. As a result, Group revenue decreased by 43.6% to \$80.9m and cost of sales decreased by 36.8% to \$37.3m due mainly to lower demand for Healthcare products. Gross margin reduced from 58.9% to 53.9% due mainly to lower utilisation of production capacity from the decrease in demand.

Distribution and marketing expenses decreased 34.5% to \$18.6m due mainly to cut back of advertisement and promotion expense in the first half of the year.

General and administrative expenses decreased 25.5% to \$4.5m due mainly to lower staff costs, and offset by net foreign exchange gain in 2020 compared to net foreign exchange loss in 2019.

Finance expense decreased 44.0% to \$61k due mainly to full repayment of bank borrowing in 2020.

**Statements of financial position (30 June 2020 vs 31 December 2019)**

Cash and cash equivalents increased by 24.6% to \$580.1m due mainly to cash dividends received from strategic investments, proceeds from the net sales and purchase of investments and cash generated from operations, partially offset by the purchase of property, plant and equipment.

Trade and other receivables increased by 21.3% to \$36.8m due mainly to dividend receivable of \$12.6m from strategic investment.

Inventories decreased by 12.1% to \$17.7m due mainly to lower production and lower demand, in line with weaker sales performance.

Property, plant and equipment increased by 18.7% to \$31.8m due mainly to purchase of freehold land for Healthcare's long term manufacturing capacity.

Strategic investments decreased 23.4% to \$2.0b due mainly to lower market valuations as at 30 June 2020. Disposal of certain investments realised a \$14.6m capital gain that was recognised directly to retained profits during the period.

Trade and other payables increased 41.4% to \$91.3m due mainly to \$33.2m dividend declared but not yet paid to shareholders of the Company as of 30 June 2020. This dividend was subsequently paid on 3 July 2020.

Borrowings decreased due to full repayment of loan during the period.

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

No forecast or prospect statement was made previously in respect of 1H 2020 results.

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

The COVID-19 pandemic has created a global economic crisis on an unprecedented scale and tipping many of the major economies into recession. The severity and duration of the current economic crisis will continue to have a significant negative impact on the operations of the Group.

The Group's results will be further impacted by the expected reduction in dividend income from its strategic investment portfolio, which is likely to experience significant fluctuations in its valuation amid the uncertainties.

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

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and -

- (b) (i) Amount per share :

(ii) Previous corresponding period:

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated.)

	2020	2019
Name of Dividend	First & Interim	First & Interim
Dividend Type	Cash	Cash
Dividend amount per share	15 cents per ordinary share tax-exempt (one-tier)	15 cents per ordinary share tax-exempt (one-tier)
Tax Rate	Tax-Exempt (one-tier)	Tax-Exempt (one-tier)

- (d) The date the dividend is payable

First & Interim Dividend - 8 September 2020

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

The Share Transfer Books and Register of Members of the Company will be closed on 21 August 2020, 5.00 p.m. . Duly completed transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar up to 5.00 p.m. on 21 August 2020 will be registered to determine shareholders' entitlement to the First & Interim Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited which are credited with Shares as at 5.00 p.m. on 21 August 2020 will be entitled to such dividend.

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

Not applicable.

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

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

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

#### CONFIRMATION BY THE BOARD

The Board of Directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the six months ended 30 June 2020 to be false or misleading.

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

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

#### BY ORDER OF THE BOARD

Lee Kay Swee  
Company Secretary  
12 August 2020