



HYPHENS PHARMA INTERNATIONAL LIMITED

(Company Registration Number: 201735688C)

(Incorporated in the Republic of Singapore on 12 December 2017)

ONE OF SINGAPORE'S LEADING SPECIALTY PHARMACEUTICAL AND CONSUMER HEALTHCARE GROUPS



OFFER DOCUMENT DATED 11 MAY 2018

(Registered by Singapore Exchange Securities Trading Limited ("SGX-ST"), acting as agent on behalf of the Monetary Authority of Singapore (the "Authority"), on 11 May 2018.)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s).

THIS INVITATION (AS DEFINED BELOW) IS MADE IN OR ACCOMPANIED BY THIS OFFER DOCUMENT ("OFFER DOCUMENT") WHICH HAS BEEN REGISTERED BY SGX-ST, ACTING AS AGENT ON BEHALF OF THE AUTHORITY, ON 11 MAY 2018.

Concurrently with, but separate from, the Invitation, Nikko Asset Management Asia Limited, Qilin Asset Management Pte. Ltd. and Maxi-Harvest Group Pte. Ltd. (collectively, the "Cornerstone Investors") have each entered into a cornerstone subscription agreement with our Company (collectively, the "Cornerstone Subscription Agreements") to subscribe for an aggregate of 30,400,000 new Shares (as defined below) at the Invitation Price (the "Cornerstone Shares"), which is conditional upon, among others, the Management and Underwriting Agreement (as defined in this Offer Document) having been entered into and not having been terminated pursuant to its terms.

DBS Bank Ltd. ("DBS Bank", "Sponsor" or the "Sponsor, Issue Manager, Underwriter and Placement Agent") has made an application to SGX-ST for permission to deal in, and for quotation of, all the ordinary shares (the "Shares") in the capital of Hyphens Pharma International Limited (the "Company") that are already

issued, the new Shares which are the subject of this Invitation (the "Invitation Shares"), the Cornerstone Shares, the new Shares which may be issued pursuant to the vesting of the awards (the "Awards") to be granted under the Hyphens Share Plan (as defined in this Offer Document) (the "Award Shares") and the new shares which may be issued on the exercise of the share options (the "Options") to be granted pursuant to the Hyphens Share Option Scheme (as defined in this Offer Document) (the "Option Shares") on the Catalyst Board of SGX-ST ("Catalist"). Acceptance of applications will be conditional upon, among others, permission being granted by SGX-ST for the listing and quotation of all Shares that are already issued, the Invitation Shares, the Cornerstone Shares, the Award Shares and the Option Shares on Catalyst. Monies paid in respect of any application accepted will be returned (without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk and the applicant shall not have any right or claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent) if the admission and listing do not proceed for any reason. The dealing in and quotation of our Shares will be in Singapore dollars.

Companies listed on Catalyst may carry higher investment risk when compared with larger or more established companies listed on the Main Board of SGX-ST. In particular, companies may list on Catalyst without a track record of profitability and we are unable to assure you that there will be a liquid market for the Shares traded on Catalyst. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

A copy of this Offer Document has been lodged with and registered by SGX-ST, acting as agent on behalf of the Authority. Neither the Authority nor SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that our Company is suitable to be listed and complies with the Rules of Catalyst (as defined in this Offer Document). Neither the Authority nor SGX-ST has in any way considered the merits of our Shares being offered for investment. The registration of this Offer Document by SGX-ST, acting as agent on behalf of the Authority, does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or any other legal or regulatory requirements, or requirements under the Rules of Catalyst, have been complied with.

We have not lodged or registered this Offer Document in any other jurisdiction.

Investing in our Shares involves risks which are described in the section titled "Risk Factors" of this Offer Document.

After the expiration of six months from the date of registration of this Offer Document by SGX-ST, acting as agent on behalf of the Authority, no person shall make an offer of our Shares, or allot, issue or sell any of our Shares, on the basis of this Offer Document, and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

Invitation in respect of 29,600,000 Invitation Shares comprising:

- (a) 3,000,000 Public Offer Shares at S\$0.26 each by way of a public offer in Singapore (the "Public Offer"); and
- (b) 26,600,000 Placement Shares at S\$0.26 each by way of placement, including 2,810,000 Shares (the "Reserved Shares") reserved for subscription by the directors and employees of our Company and our subsidiaries (the "Group"), as well as business associates and others who have contributed to the success of our Group (the "Placement" and, together with the Public Offer, the "Invitation"),

payable in full on application.

SPONSOR, ISSUE MANAGER,
UNDERWRITER AND PLACEMENT AGENT



BUSINESS OVERVIEW

One of Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Groups

With our Group's history dating back to 1998, we are one of Singapore's leading specialty pharmaceutical and consumer healthcare groups leveraging on our diverse footprint in ASEAN countries.

Our Group comprises three main business entities: Hyphens Pharma Pte. Ltd., Pan-Malayan Pharmaceuticals Pte Ltd and Ocean Health Pte. Ltd..

We generally market specialty pharmaceutical products to medical specialists and primary care physicians who use brand name drugs as well as pharmacies and market our dermocosmetic products primarily through medical professionals. We also have a strong retail distribution channel for our health supplement products.

Our core business comprises:

Specialty Pharma Principals

- Marketing and selling a range of specialty pharmaceutical products in the relevant ASEAN countries through exclusive distributorship or licensing and supply agreements with brand principals
- Our principals are mainly from Europe and the United States and include Guerbet SA, Biosensors International, Sofibel S.A.S., Bausch+Lomb and Chiesi Farmaceutici S.p.A.

Proprietary Brands

- Developing, marketing and selling our own proprietary range of dermatological products and health supplement products
- Dermocosmetic products marketed under:
 - Ceradan® – Targets the different needs of sufferers of atopic dermatitis, commonly known as eczema
 - TDF® – Designed to improve facial skin health, with a focus on the management of oily and acne-prone skin, dehydrated and sensitive skin, ageing skin and hyperpigmentation
- Health supplement products marketed under our Ocean Health® brand

Medical Hypermart and Digital

- Medical hypermart for healthcare professionals, healthcare institutions and retail pharmacies
- Online B2B platform allows registered customers to browse our wholesale product offerings and also serves as a platform for brand principals to provide information regarding their products to our customers by purchasing advertising space from us

Direct Presence and Marketing & Distribution Network



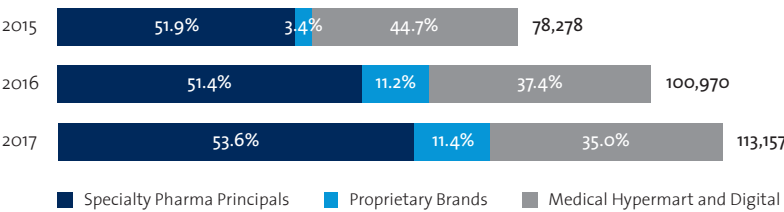
COMPETITIVE STRENGTHS

- Established presence in ASEAN countries and well-positioned to benefit from growth in our markets
 - One of Singapore’s most established companies in the pharmaceutical and consumer healthcare space
 - We believe we will benefit from higher health expenditure in ASEAN countries due to economic growth and aging populations in these countries
- Strong regulatory capabilities in an industry with high barriers to entry
 - Regulatory function headquartered in Singapore with regulatory staff based in Vietnam, Malaysia, Indonesia and the Philippines who are familiar with the local regulatory environment
 - More than 300 product registrations and notifications over pharmaceutical products, medical devices, dermocosmetics and health supplements¹
- Portfolio of internationally well-known specialty pharmaceutical products and strong relationships with principals
 - Offer comprehensive solutions for pharmaceutical companies to distribute products in ASEAN countries
 - Distribute more than 30 specialty pharmaceutical products across various ASEAN countries¹
 - Major products include a range of specialty eye drops under the Bausch+Lomb brand, Curosurf®, Dotarem®, Xenetix® and Rupafin®, products well known within the medical industry internationally
- Strong sales and marketing capabilities
 - Highly trained sales and marketing staff possesses domain knowledge for the specialty pharmaceutical products that we market
 - Dedicated sales and marketing team for medical hypermart and digital business in Singapore, further complemented by our online Virtual Hypermart
 - We believe that we have the ability to continue to scale up as the number of products we market increases
- Possess a proprietary range of products and brands
 - Leverage on existing local and regional distribution channels to market and sell our proprietary products
 - Engage in research and development through partnerships or research collaborations to develop new product formulations or devices
- Highly experienced and committed management team supported by strong and stable employee base
 - Chairman, Executive Director and CEO, Mr. Lim See Wah, and Executive Director, Mr. Tan Chwee Choon, respectively have more than 25 and 35 years of experience in the pharmaceutical industry
 - Supported by Executive Officers who are highly qualified and competent in their areas of expertise

¹ As of 31 December 2017

FINANCIAL HIGHLIGHTS

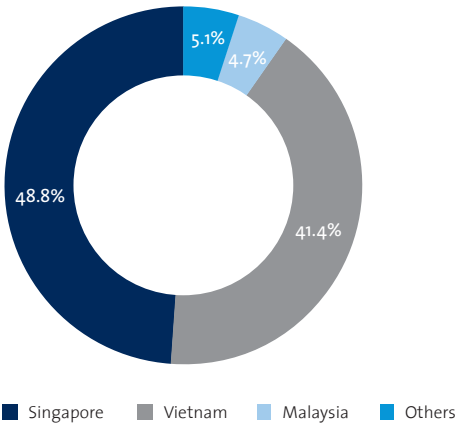
Revenue (S\$'000)



Profit, net of tax (S\$'000)



Revenue segmentation* (by geography)



* For the year ended 31 December 2017



BUSINESS STRATEGIES AND FUTURE PLANS

• Expand and Strengthen Our Product Range

- Proprietary Brands
 - o Plan to launch five products in 2018
 - o Acquired a product formulation for next generation line of Ceradan® products in 2017 and applied for patent protection for it in the United Kingdom²
 - o Develop drug products for the management of inflammatory skin conditions through research collaborations
 - o Expand our range of health supplement products under Ocean Health® brand to include a professional range under the Clinical Series
- Specialty Pharmaceuticals
 - o Continue to explore commercial opportunities with new principals to expand our range of product offerings
 - o Received regulatory approvals in respect of a Rupafin® solution for children and D-Cure, high dosage vitamin D for prescription use

• Maintain Our Growth Momentum through Scaling Our Presence in Markets that We Operate in and Expansion to New Geographical Markets

- Scale up our presence in existing markets by expanding marketing and distribution network and/or leveraging on existing channels to distribute more products

- Explore the registration of our range of dermocosmetic products in other ASEAN countries that we do not currently sell to, as well as other regions such as the Middle East and Australia

• Enhance Our Online Platform and Further Leverage on it to Increase Revenue and Manage Costs

- Continue to capitalise on our first mover advantage as the first pharmaceutical wholesaler in Singapore to establish an online platform and capture new digital opportunities

• Expand through Acquisitions, Joint Ventures or Strategic Alliances

- Grow our business through acquisitions, joint ventures or strategic alliances that will be synergistic to our existing business

• Enhance Our Infrastructure to Support Business Growth

- Consolidate our operations in Singapore in a new integrated facility with an automated packaging facility to increase production efficiency

² As of the Latest Practicable Date

HOW TO APPLY

Applications for the Public Offer may be made through:

- ATMs and internet banking websites of DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited
- Mobile banking interface of DBS Bank Ltd.
- Printed WHITE Application Form for Public Offer Shares which forms part of the Offer Document

IMPORTANT DATES

Opening date and time for the public offer
11 May 2018 at 9:00 p.m.

Closing date and time for the public offer
16 May 2018 at 12 noon

Commence trading on a "ready" basis
18 May 2018 at 9:00 a.m.

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Mr. Lim See Wah (<i>Chairman, Executive Director and CEO</i>) Mr. Tan Chwee Choon (<i>Executive Director</i>) Dr. Tan Kia King (<i>Non-Executive Director</i>) Mr. Heng Wee Koon (<i>Lead Independent Director</i>) Mr. Ng Eng Leng (<i>Independent Director</i>) Dr. Poon Thong Yuen (<i>Independent Director</i>)
COMPANY SECRETARY	:	Ms. Lim Sher Mei, CA
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	:	138 Joo Seng Road #03-00 Singapore 368361
SHARE REGISTRAR	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
SPONSOR, ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT	:	DBS Bank Ltd. 12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982
SOLICITORS TO THE INVITATION AND LEGAL ADVISERS TO OUR COMPANY AS TO SINGAPORE LAW	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
LEGAL ADVISERS TO THE SPONSOR, ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT AS TO SINGAPORE LAW	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
LEGAL ADVISERS TO OUR COMPANY AS TO VIETNAM LAW	:	LNT & Partners Unit 2A Level 18 and Unit 03, Level 21 Bitexco Financial Tower No. 02 Hai Trieu Street, Ben Nghe Ward, District 1 Ho Chi Minh City, Vietnam
LEGAL ADVISERS TO OUR COMPANY AS TO MALAYSIA LAW	:	Foong & Partners 13-1 Menara 1MK, Kompleks 1 Mont' Kiara No. 1 Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur, Malaysia

CORPORATE INFORMATION

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT	:	RSM Chio Lim LLP 8 Wilkie Road #04-08 Wilkie Edge Singapore 228095 Partner-in-charge: Tay Hui Jun Sabrina (a member of the Institute of Singapore Chartered Accountants)
PRINCIPAL BANKER	:	DBS Bank Ltd. 12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982
RECEIVING BANK	:	DBS Bank Ltd. 12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982

DEFINITIONS

In this Offer Document and the accompanying Application Forms and, in relation to Electronic Applications, the instructions appearing on the screens of ATMs of Participating Banks, the internet banking websites of the relevant Participating Banks or the mobile banking interface of DBS Bank, the following definitions apply where the context so admits:

Group Companies

<i>“Company”</i>	:	Hyphens Pharma International Limited
<i>“Group”</i>	:	Our Company and our subsidiaries
<i>“Group Company”</i>	:	Any of our Company and any subsidiary of our Company
<i>“DAC Pharmalab”</i>	:	DAC Pharmalab Pte Ltd
<i>“Hyphens”</i>	:	Hyphens Singapore, Hyphens Malaysia and Hyphens Philippines
<i>“Hyphens Malaysia”</i>	:	Hyphens Pharma Sdn. Bhd.
<i>“Hyphens Singapore”</i>	:	Hyphens Pharma Pte. Ltd.
<i>“Hyphens Philippines”</i>	:	Hyphens Pharma Philippines, Inc.
<i>“Ocean Health Singapore”</i>	:	Ocean Health Pte. Ltd.
<i>“Ocean Health Malaysia”</i>	:	Ocean Healthcare (M) Sdn. Bhd.
<i>“Pan-Malayan”</i>	:	Pan-Malayan Pharmaceuticals Pte Ltd

Other Corporations and Agencies

<i>“A*STAR”</i>	:	Agency for Science, Technology and Research
<i>“Authority”</i>	:	The Monetary Authority of Singapore
<i>“BNM”</i>	:	Bank Negara Malaysia
<i>“CDP” or “Depository”</i>	:	The Central Depository (Pte) Ltd
<i>“DBS Bank”, “Sponsor” or “Sponsor, Issue Manager, Underwriter and Placement Agent”</i>	:	DBS Bank Ltd.
<i>“ICES”</i>	:	A*STAR’s Institute of Chemical and Engineering Sciences
<i>“Independent Auditor and Reporting Accountant”</i>	:	RSM Chio Lim LLP

DEFINITIONS

<i>“Inomed Holding”</i>	:	Inomed Holding Pte Ltd
<i>“Maybank”</i>	:	Malayan Banking Berhad
<i>“Participating Banks”</i>	:	DBS Bank (including POSB), Oversea-Chinese Banking Corporation Limited (“OCBC”) and United Overseas Bank Limited (“UOB”) and each, a “Participating Bank”
<i>“Receiving Bank”</i>	:	DBS Bank Ltd.
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Registrar”</i>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<i>“SingHealth”</i>	:	Singapore Health Services Pte Ltd

Legislation and Regulations

<i>“Companies Act”</i>	:	Companies Act, Chapter 50 of Singapore, as amended or supplemented from time to time
<i>“Health Products Act”</i>	:	Health Products Act, Chapter 122D of Singapore, as amended or supplemented from time to time
<i>“Listing Manual”</i>	:	The provisions of Sections A and B of the listing manual of SGX-ST, as amended or supplemented from time to time
<i>“Rules of Catalist”</i>	:	Section B of the Listing Manual dealing with the rules of Catalist, as amended or supplemented from time to time
<i>“SFA”</i>	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or supplemented from time to time
<i>“SFR”</i>	:	Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore, as amended or supplemented from time to time

General

<i>“Administration Committee”</i>	:	The Remuneration Committee of our Company, or such other committee comprising Directors appointed by our Board to administer the Hyphens Share Plan and the Hyphens Share Option Scheme
<i>“Application Forms”</i>	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Offer Document
<i>“Application List”</i>	:	The list of applications for subscription of the Invitation Shares

DEFINITIONS

“associate”

: As defined in the SFR:

(a) in relation to an entity, means:

(i) in a case where the entity is a substantial shareholder, controlling shareholder, substantial interest-holder or controlling interest-holder, its related corporation, related entity, associated company or associated entity; or

(ii) in any other case –

(A) a director or an equivalent person;

(B) where the entity is a corporation, a controlling shareholder of the entity;

(C) where the entity is not a corporation, a controlling interest-holder of the entity;

(D) a subsidiary, a subsidiary entity, an associated company, or an associated entity; or

(E) a subsidiary, a subsidiary entity, an associated company, or an associated entity, of the controlling shareholder or controlling interest-holder, as the case may be,

of that entity; and

(b) in relation to an individual, means:

(i) his immediate family;

(ii) a trustee of any trust of which the individual or any member of the individual's immediate family is –

(A) a beneficiary; or

(B) where the trust is a discretionary trust, a discretionary object,

when the trustee acts in that capacity; or

(iii) any corporation in which he and his immediate family (whether directly or indirectly) have interests in voting shares of an aggregate of not less than 30.0% of the total votes attached to all voting shares,

or, if the context so requires, may have the meaning ascribed to it in the Rules of Catalist

DEFINITIONS

<i>“ATM”</i>	:	Automated teller machine of a Participating Bank
<i>“Audit Committee”</i>	:	The audit committee of our Company
<i>“Award Shares”</i>	:	The new Shares which may be issued pursuant to the vesting of the Awards
<i>“Awards”</i>	:	The awards which may be granted pursuant to the Hyphens Share Plan
<i>“Board” or “Board of Directors”</i>	:	The board of Directors of our Company as of the date of this Offer Document, unless otherwise stated
<i>“Catalist”</i>	:	The Catalist Board of SGX-ST
<i>“CEO”</i>	:	The chief executive officer of our Company as of the date of this Offer Document
<i>“CFO”</i>	:	The chief financial officer of our Company as of the date of this Offer Document
<i>“Controlling Shareholder”</i>	:	<p>As defined in the Rules of Catalist, a person who:</p> <p>(a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in a company. SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or</p> <p>(b) in fact exercises control over a company,</p> <p>or, if the context so requires, may have the meaning ascribed to it in the SFR</p>
<i>“Constitution”</i>	:	The constitution of our Company, as amended or modified from time to time
<i>“Continuing Sponsorship Agreement”</i>	:	The continuing sponsorship agreement dated 11 May 2018 entered into between our Company and DBS Bank
<i>“Cornerstone Investors”</i>	:	Nikko Asset Management Asia Limited, Qilin Asset Management Pte. Ltd. and Maxi-Harvest Group Pte. Ltd.
<i>“Cornerstone Shares”</i>	:	The aggregate of 30,400,000 new Shares which the Cornerstone Investors have agreed to subscribe for at the Invitation Price pursuant to the Cornerstone Subscription Agreements

DEFINITIONS

<i>“Cornerstone Subscription Agreements”</i>	:	The agreements dated 25 April 2018 entered into between our Company and the Cornerstone Investors, pursuant to which the Cornerstone Investors agreed to subscribe for the Cornerstone Shares at the Invitation Price
<i>“CPF”</i>	:	The Central Provident Fund
<i>“Directors”</i>	:	The directors of our Company as of the date of this Offer Document, unless otherwise stated
<i>“Electronic Applications”</i>	:	Applications for the Public Offer Shares made through an ATM or the internet banking website of the relevant Participating Bank or the mobile banking interface of DBS Bank, subject to and on the terms and conditions of this Offer Document
<i>“EPS”</i>	:	Earnings per Share
<i>“Executive Directors”</i>	:	The executive directors of our Company as of the date of this Offer Document, unless otherwise stated
<i>“Executive Officers”</i>	:	The executive officers of our Company as of the date of this Offer Document, unless otherwise stated
<i>“GDP”</i>	:	Gross domestic product
<i>“GST”</i>	:	Goods and services tax
<i>“Hyphens Share Option Scheme”</i>	:	The Hyphens Share Option Scheme approved by our Shareholders on 20 April 2018
<i>“Hyphens Share Plan”</i>	:	The Hyphens Performance Share Plan approved by our Shareholders on 20 April 2018
<i>“immediate family”</i>	:	As defined in the Rules of Catalist, in relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
<i>“Independent Directors”</i>	:	The independent directors of our Company as of the date of this Offer Document, unless otherwise stated
<i>“Interested Person”</i>	:	Has the meaning ascribed to it in the section titled “Interested Person Transactions and Potential Conflicts of Interests” of this Offer Document
<i>“Invitation”</i>	:	Our Company’s invitation to subscribe for the Invitation Shares at the Invitation Price, subject to and on the terms and conditions of this Offer Document, by way of the Public Offer and the Placement
<i>“Invitation Price”</i>	:	S\$0.26 for each Invitation Share

DEFINITIONS

<i>“Invitation Shares”</i>	:	The 29,600,000 new Shares which are the subject of the Invitation, comprising 3,000,000 Public Offer Shares and 26,600,000 Placement Shares (including 2,810,000 Reserved Shares)
<i>“IPO”</i>	:	Initial public offering
<i>“Latest Practicable Date”</i>	:	13 April 2018
<i>“Law on Pharmacy”</i>	:	Vietnam’s Law on Pharmacy No. 105/2016/QH13 dated 6 April 2016
<i>“Listing”</i>	:	The listing of our Company and the quotation of our Shares on Catalist
<i>“Listing Date”</i>	:	The date of commencement of dealing in our Shares on Catalist
<i>“Management and Underwriting Agreement”</i>	:	The management and underwriting agreement dated 11 May 2018 between our Company and DBS Bank in connection with the Invitation and the Listing, details of which are set out in the section titled “Plan of Distribution – The Invitation – Management and Underwriting Agreement” of this Offer Document
<i>“Market Day”</i>	:	A day on which SGX-ST is open for securities trading
<i>“NAV”</i>	:	Net asset value
<i>“Nominating Committee”</i>	:	The nominating committee of our Company
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer Document”</i>	:	This Offer Document dated 11 May 2018 issued by us in respect of the Invitation
<i>“Option Shares”</i>	:	The Shares which may be issued upon the exercise of the Options granted pursuant to the Hyphens Share Option Scheme
<i>“Options”</i>	:	The share options which may be granted pursuant to the Hyphens Share Option Scheme
<i>“Placement”</i>	:	The placement of 26,600,000 Placement Shares (including 2,810,000 Reserved Shares) by the Sponsor, Issue Manager, Underwriter and Placement Agent to investors on behalf of our Company at the Invitation Price, subject to and on the terms and conditions of this Offer Document

DEFINITIONS

<i>“Placement Shares”</i>	:	The 26,600,000 new Shares which are the subject of the Placement (including 2,810,000 Reserved Shares)
<i>“Public Offer”</i>	:	The offer of 3,000,000 Public Offer Shares by our Company by way of a public offer in Singapore at the Invitation Price, subject to and on the terms and conditions of this Offer Document
<i>“Public Offer Shares”</i>	:	The 3,000,000 new Shares which are the subject of the Public Offer
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company
<i>“Reserved Shares”</i>	:	Has the meaning ascribed to it in the section titled “Plan of Distribution – The Invitation – Reserved Shares” of this Offer Document
<i>“Restructuring Exercise”</i>	:	The corporate restructuring exercise undertaken in connection with the Invitation as set out in the section titled “Restructuring Exercise” of this Offer Document
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP
<i>“Service Agreements”</i>	:	The service agreements entered into between our Company and each of our Chairman, Executive Director and CEO, Mr. Lim See Wah and our Executive Director, Mr. Tan Chwee Choon, as set out in the section titled “Management and Corporate Governance – Service Agreements” of this Offer Document
<i>“SFRS(I)”</i>	:	Singapore Financial Reporting Standards (International)
<i>“SGXNET”</i>	:	Singapore Exchange Network, the corporate announcement system maintained by SGX-ST for the submission of information and announcements by listed companies
<i>“Share Split”</i>	:	The sub-division of each of our Shares into 240 Shares, which was effected on 20 April 2018
<i>“Share-Based Incentive Plans”</i>	:	The Hyphens Share Plan and the Hyphens Share Option Scheme, collectively
<i>“Shareholders”</i>	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<i>“Shares”</i>	:	Ordinary shares in the capital of our Company

DEFINITIONS

<i>“Stop Order”</i>	:	Has the meaning ascribed to it in the section titled “Details of the Invitation” of this Offer Document
<i>“Substantial Shareholder”</i>	:	A person who has an interest in not less than 5.0% of the total votes attached to all voting Shares (excluding treasury Shares) in our Company

Currencies, Units and Others

<i>“EUR”</i>	:	Euro, the official currency of the Eurozone in the European Union
<i>“IDR”</i>	:	Indonesian rupiah, the lawful currency of Indonesia
<i>“MYR” or “RM”</i>	:	Malaysian ringgit, the lawful currency of Malaysia
<i>“PHP”</i>	:	Philippine peso, the lawful currency of the Republic of the Philippines
<i>“SGD” or “S\$” and “cents”</i>	:	Singapore dollars and cents respectively, the lawful currency of Singapore
<i>“USD” or “US\$”</i>	:	United States dollars, the lawful currency of the United States of America
<i>“VND”</i>	:	Vietnamese dong, the lawful currency of Vietnam
<i>“%”</i>	:	Per centum

Names Used in this Offer Document

Names in NRIC

<i>“Mr. David Lim”</i>	:	Lim Swee Chye David
<i>“Mr. Jason Yeo”</i>	:	Jason Yeo Siok Tiong
<i>“Mr. John Leong”</i>	:	John Leong Hock Soon

Any capitalised terms relating to the Hyphens Share Plan and the Hyphens Share Option Scheme which are not defined in this Offer Document shall have the meanings ascribed to them as stated in “Appendix D – Rules of the Hyphens Share Plan” and “Appendix E – Rules of the Hyphens Share Option Scheme” of this Offer Document, respectively.

The expression “subsidiary” shall have the same meaning ascribed to it in the SFR and the Companies Act. The expression “associated company” shall have the same meaning ascribed to it in the SFR.

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

DEFINITIONS

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document, the Application Forms and the Electronic Applications to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or any statutory modification thereof and used in this Offer Document, the Application Forms and the Electronic Applications shall, where applicable, have the meaning ascribed to it in the Companies Act, the SFA or any statutory modification thereof, as the case may be.

Any reference in this Offer Document, the Application Forms and the Electronic Applications to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time or date in this Offer Document, the Application Forms and the Electronic Applications shall be a reference to Singapore time and date, unless otherwise stated.

Unless the context otherwise requires, references in this Offer Document to “we”, “our”, and “us” or their grammatical variations are a reference to our Company and our subsidiaries.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Unless we indicate otherwise, all information in this Offer Document is presented on the basis of our Group.

Our customers, suppliers, partners and competitors named in this Offer Document are generally referred to in this Offer Document by their trade names. Each of our contracts with our suppliers is typically with an entity or entities in that supplier’s group of companies.

In addition, unless we indicate otherwise, all information in this Offer Document assumes that no Invitation Shares have been re-allocated between the Placement and the Public Offer as described in the section titled “Plan of Distribution” of this Offer Document.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the business of our Group, the following glossary provides a description of some of the technical terms and abbreviations used in this Offer Document. The meanings assigned to the terms and abbreviations should not be treated as definitive, and may not correspond to standard industry meanings or usage of these terms:

<i>“adjunct therapy”</i>	:	A treatment used together with the primary treatment, to assist the primary treatment
<i>“CMO”</i>	:	Contract manufacturing organisation
<i>“cosmetic product”</i>	:	Substances or preparations that are intended by their manufacturers to be placed in contact with the various external parts of the human body or with the teeth or the mucous membranes of the oral cavity, with a view exclusively or mainly to cleaning them, perfuming them, changing their appearance, correcting body odours, protecting them or keeping them in good condition
<i>“dermocosmetic products”</i>	:	Skincare products formulated using active ingredients selected from a dermatological point of view to support the management of various skin conditions
<i>“emollients”</i>	:	Substances or preparations that have a softening or moisturising effect when applied to the skin
<i>“specialty pharmaceutical products”</i>	:	Pharmaceutical products that are high-cost, used to treat complex conditions and/or require specialised handling or distribution

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “predicts”, “estimates”, “anticipates”, “may”, “will”, “would” and “could” or similar expressions. However, you should note that these words or phrases are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including, without limitation, statements as to our revenue and profitability, cost measures, planned strategy and anticipated expansion plans, expected growth in demand, expected industry trends and any other matters discussed in this Offer Document regarding matters that are not historical fact, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others, the following:

- (a) changes in laws and regulations and interpretations thereof, political, social and economic conditions, as well as stock or securities market conditions in the jurisdictions in which we operate and intend to operate;
- (b) changes in competitive conditions and our ability to compete under such conditions;
- (c) changes in customer preferences and needs;
- (d) changes in currency exchange or interest rates;
- (e) changes in the availability and prices of goods and supplies which we require to operate our business;
- (f) the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;
- (g) changes in our future capital needs and the availability of financing and capital to fund these needs; and
- (h) other factors beyond our control.

Some of these factors are discussed in greater detail in this Offer Document, including, but not limited to, the discussions under the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Results of Operations and Financial Condition” of this Offer Document. These forward-looking statements are applicable only as of the date of this Offer Document.

The section titled “Our Business – Prospects and Trends” of this Offer Document, as well as other parts of this Offer Document (to the extent applicable or relevant), contain data, information, financial analyses, forecasts, figures and statements (including market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications) which are forward-looking and based on certain assumptions and projections. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but we are unable to assure you that such information is accurate or complete.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

None of us, the Sponsor, Issue Manager, Underwriter and Placement Agent or any person(s) acting on our or their behalf has conducted an independent review or verified the accuracy or veracity of such data, information, financial analyses, forecasts, figures, statements, assumptions and projections (the “Third Party Data”). Where any of the Third Party Data or any information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent or any person(s) acting on our or their behalf has been to ensure that such Third Party Data or information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context. No representation is made by us, the Sponsor, Issue Manager, Underwriter and Placement Agent or any person(s) acting on our or their behalf in respect of any of the Third Party Data and none of us, the Sponsor, Issue Manager, Underwriter and Placement Agent or any person(s) acting on our or their behalf takes any responsibility for any of the Third Party Data.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements. None of us, the Sponsor, Issue Manager, Underwriter and Placement Agent or any person(s) acting on our or their behalf represents or warrants that our Group’s actual future results, performance or achievements will be as discussed in those statements.

All forward-looking statements by or attributable to us, or any person(s) acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We and the Sponsor, Issue Manager, Underwriter and Placement Agent disclaim any responsibility to update any of these forward-looking statements or publicly announce any revisions to these forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the SFA, the SFR and the Rules of Catalist regarding corporate disclosure. Please refer to the section titled “Details of the Invitation” of this Offer Document for further details.

SELLING RESTRICTIONS

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legal or regulatory requirements of any jurisdiction, except for the lodgement and registration of this Offer Document in Singapore, in order to permit a public offering of the Invitation Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Invitation Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by us and the Sponsor, Issue Manager, Underwriter and Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us and the Sponsor, Issue Manager, Underwriter and Placement Agent.

Persons to whom a copy of this Offer Document has been issued shall not circulate to any other persons, reproduce or otherwise distribute this Offer Document or any information contained herein for any purpose whatsoever nor permit or cause the same to occur.

DETAILS OF THE INVITATION

An application has been made to SGX-ST for permission to deal in, and for the listing and quotation of, all our Shares that are already issued, the Invitation Shares, the Cornerstone Shares, the Award Shares and the Option Shares on Catalist. Such permission will be granted when we have been admitted to the Official List of Catalist. Our acceptance of applications will be conditional upon, among others, permission being granted by SGX-ST to deal in, and for the quotation of, all our Shares that are already issued, the Invitation Shares, the Cornerstone Shares, the Award Shares and the Option Shares on Catalist. Monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, if the completion of the Invitation does not occur because the said permission is not granted or for any reason, or if the admission, listing and trading of all our Shares that are already issued, the Invitation Shares, the Cornerstone Shares, the Award Shares and the Option Shares do not proceed for any reason, and the applicant will not have any claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent. No Shares will be allotted and issued on the basis of this Offer Document later than six months after the date of registration of this Offer Document by SGX-ST, acting as agent on behalf of the Authority.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of SGX-ST. In particular, companies may list on Catalist without a track record of profitability and we are unable to assure you that there will be a liquid market for the Shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

A copy of this Offer Document has been lodged with and registered by SGX-ST, acting as agent on behalf of the Authority. Neither the Authority nor SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that our Company is suitable to be listed on Catalist and complies with the Rules of Catalist. Neither the Authority nor SGX-ST has, in any way, considered the merits of the Invitation Shares, the Cornerstone Shares, the Award Shares or the Option Shares, as the case may be, being offered or in respect of which the Invitation is made, for investment.

Admission to the Official List of Catalist is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares that are already issued, the Invitation Shares, the Cornerstone Shares, the Award Shares and the Option Shares.

The registration of this Offer Document by SGX-ST, acting as agent on behalf of the Authority, does not imply that the SFA, the SFR, the Rules of Catalist or any other legal or regulatory requirements have been complied with. We have not lodged this Offer Document in any other jurisdiction.

We are subject to the provisions of the SFA, the SFR and the Rules of Catalist regarding the contents of this Offer Document. In particular, pursuant to Section 241 of the SFA, if after the registration of this Offer Document by SGX-ST, acting as agent on behalf of the Authority, but before the close of the Invitation, we become aware of:

- (a) a false or misleading statement in this Offer Document;
- (b) an omission from this Offer Document of any information that should have been included in it under the requirements of Section 243 of the SFA; or

DETAILS OF THE INVITATION

- (c) a new circumstance that has arisen since this Offer Document was lodged with SGX-ST, acting as agent on behalf of the Authority, and which would have been required by Section 243 of the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement offer document with SGX-ST, acting as agent on behalf of the Authority.

In the event that a supplementary or replacement offer document is lodged with SGX-ST, acting as agent on behalf of the Authority, the Invitation shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Invitation Shares and:

- (a) where the Invitation Shares have not been issued to the applicants, we shall either:
- (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven days from the date of lodgement of the supplementary or replacement offer document, provide the applicants with a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (iii) (A) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled; and (B) within seven days from the date of lodgement of the supplementary or replacement offer document, return all monies paid in respect of any application, (without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk and the applicants shall not have any right or claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent); or
- (b) where the Invitation Shares have been issued to the applicants, we shall either:
- (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Invitation Shares which they do not wish to retain title in; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;

DETAILS OF THE INVITATION

- (ii) within seven days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Invitation Shares which they do not wish to retain title in; or
- (iii) (A) treat the issue of the Invitation Shares as void, in which case the issue shall be deemed void; and (B) within seven days from the date of lodgement of the supplementary or replacement offer document, return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk and the applicants shall not have any right or claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent.

An applicant who wishes to exercise his option under paragraph (a)(i) or (a)(ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven days from the receipt of such notification, return all monies paid in respect of the application, (without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicant shall not have any right or claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent).

An applicant who wishes to exercise his option under paragraph (b)(i) or (b)(ii) to return the Invitation Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Invitation Shares to us, whereupon we shall, within seven days from the receipt of such notification and documents, if any, return to him all monies paid by him for those Invitation Shares (without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicant shall not have any right or claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent), and the issuance of those Invitation Shares shall be deemed to be void.

Pursuant to Section 242 of the SFA, the Authority may, in certain circumstances, issue a stop order (the "Stop Order") to our Company directing that no Shares or no further Shares to which this Offer Document relates be allotted, issued or sold. Such circumstances will include a situation where this Offer Document (a) contains any statement which, in the Authority's opinion, is false or misleading, (b) omits any information that should have been included in it under the SFA, (c) does not, in the Authority's opinion, comply with the requirements of the SFA, or (d) where the Authority is of the opinion that it is in the public interest to issue a Stop Order.

In the event that the Authority issues a Stop Order and applications to subscribe for the Invitation Shares have been made prior to the Stop Order, then:

- (a) where the Invitation Shares have not been issued to the applicants, the applications for the Invitation Shares shall be deemed to have been withdrawn and cancelled and we shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Invitation Shares; or
- (b) where the Invitation Shares have been issued to the applicants, the issuance of the Invitation Shares shall be deemed to be void and we shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by the applicants for the Invitation Shares.

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Where monies are to be returned in respect of any application, such monies will be returned to the applicant at his own risk, without interest or any share of revenue or other benefit arising therefrom, and the applicant will not have any right or claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent.

None of us, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. You should consult your professional or other advisers for business, legal or tax advice before deciding to invest in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us or the Sponsor, Issue Manager, Underwriter and Placement Agent. Neither the delivery of this Offer Document, the Application Forms or any documents relating to the Invitation, nor the Invitation, shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or development reasonably likely to create any change in our affairs, conditions or prospects, or the Invitation Shares or in the statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, SGX-ST and/or any other regulatory or supervisory body or agency, we will make an announcement of the same to SGX-ST and the public and, if required, we may lodge a supplementary or replacement offer document with SGX-ST, acting as agent on behalf of the Authority, and will comply with the requirements of the SFA and/or any other requirements of SGX-ST. All applicants should take note of any such announcements and, upon the release of such an announcement, shall be deemed to have notice of such changes.

Except as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. The Invitation Shares are offered for subscription solely on the basis of the information contained and representations made in this Offer Document.

This Offer Document has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons or for any other purpose other than the applicants in connection with their application for the Invitation Shares.

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised, nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability, during office hours, from:

**DBS Bank Ltd.
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982**

DETAILS OF THE INVITATION

and where available, from members of the Association of Banks in Singapore, members of SGX-ST and merchant banks in Singapore. A copy of this Offer Document is also available on SGX-ST's website at <http://www.sgx.com>.

The Application List will open at 9.00 p.m. on 11 May 2018, and will remain open until 12 noon on 16 May 2018 or such other period or periods as our Directors may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, in their absolute discretion, decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary offer document or replacement offer document is lodged with SGX-ST, acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures for application for the Invitation Shares are described in "Terms, Conditions and Procedures for Application and Acceptance", set out as Appendix F to this Offer Document.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable on the trading of our Shares is set out below:

Indicative Date/Time	Event
11 May 2018 at 9.00 p.m.	Opening of the Public Offer
16 May 2018 at 12 noon	Closing of Application List
17 May 2018	Balloting of applications, if necessary (in the event of over-subscription for the Public Offer Shares)
	Commence returning or refunding of application monies to unsuccessful or partially successful applicants, if necessary
18 May 2018 at 9.00 a.m.	Commence trading on a “ready” basis
23 May 2018	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative and is subject to change at our discretion, with the agreement of the Sponsor, Issue Manager, Underwriter and Placement Agent. We may, at our discretion, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent and subject to all laws and regulations and the Rules of Catalist, agree to extend or shorten the Invitation period, provided that the Public Offer may not be less than two Market Days. It assumes that (a) the date of closing of the Application List will be 16 May 2018; (b) the Listing Date will be 18 May 2018; (c) the shareholding spread requirement of SGX-ST will be complied with; and (d) the Invitation Shares will be issued and fully paid up prior to 18 May 2018. The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by SGX-ST.

The above timetable and procedures may also be subject to such modification as SGX-ST may, in its absolute discretion, decide, including the commencement of trading on a “ready” basis. All persons trading in our Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted or are otherwise beneficially entitled to.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

- (a) through an SGXNET announcement to be posted on the internet at SGX-ST’s website at <http://www.sgx.com>; and
- (b) in at least one local newspaper, such as *The Straits Times* or *Lianhe Zaobao*.

We will publicly announce the results of the Invitation (including the level of subscription for and the basis of allocation and allotment of, and the subscription rate reflecting the true level of demand for, the Invitation Shares pursuant to the Public Offer) as soon as it is practicable after the close of the Application List through the channels in (a) and (b) above.

Investors should consult SGX-ST’s announcement on “ready” trading date released on the Internet (at SGX-ST’s website at <http://www.sgx.com>), or the newspapers or check with their brokers on the date on which trading on a “ready” basis will commence.

INDICATIVE TIMETABLE FOR LISTING

We reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Invitation Shares, without assigning any reason therefor, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allotment and/or allocation, due consideration will be given to the desirability of allotting and/or allocating the Invitation Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

In respect of an application made under the Public Offer, where any such application is rejected, the full amount of the application monies will be refunded (at the applicant's own risk and without interest or any share of revenue or other benefit arising therefrom, and the applicant shall not have any right or claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent) to the applicant within 24 hours after the balloting of applications, provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

In respect of an application made under the Public Offer, where any such application is accepted in full or in part only, any balance of the application monies will be refunded to the applicant (at the applicant's own risk and without interest or any share of revenue or other benefit arising therefrom, and the applicant shall not have any right or claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent) within 14 Market Days after the close of the Invitation, provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

Where the Invitation does not proceed for any reason, the full amount of application monies received under the Public Offer will be returned to the applicant (at the applicant's own risk and without interest or any share of revenue or other benefit arising therefrom, and the applicant shall not have any right or claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent) within three Market Days after the Invitation is discontinued, provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

The manner and method of applications and acceptances under the Placement will be determined by us and the Sponsor, Issue Manager, Underwriter and Placement Agent.

OFFER DOCUMENT SUMMARY

The following summary highlights certain information found in greater detail elsewhere in this Offer Document. Terms defined elsewhere in this Offer Document have the same meanings when used herein. In addition to this summary, we urge you to read the entire Offer Document carefully, especially the section titled “Risk Factors” of this Offer Document, before deciding to invest in our Shares.

OUR COMPANY

Our Company was incorporated in Singapore on 12 December 2017 under the Companies Act as a private company limited by shares, under the name Hyphens Pharma International Pte. Ltd.. Following the Restructuring Exercise, our Company became the holding company of our Group. For more information, please refer to the section titled “Restructuring Exercise” of this Offer Document. On 20 April 2018, our Company was converted into a public company limited by shares and the name of our Company was changed to Hyphens Pharma International Limited in connection therewith.

BUSINESS OVERVIEW

We are one of Singapore’s leading specialty pharmaceutical and consumer healthcare groups leveraging on our diverse footprint in ASEAN countries.

We have a direct presence in five ASEAN countries, namely, Singapore, Vietnam, Malaysia, Indonesia and the Philippines, supplemented by a marketing and distribution network covering five additional jurisdictions, namely, Hong Kong, Myanmar, Brunei, Cambodia and Oman. Singapore is our regional headquarters, where our strategic planning, finance, regulatory affairs, research and development, legal, business development and logistics operations are based.

Our core business comprises the following segments:

- **Specialty Pharma Principals**

We engage in the business of selling and marketing specialty pharmaceutical products through Hyphens. We have long-term relationships with many of our brand principals and, through exclusive distributorship or licensing and supply agreements with the relevant brand principals, we market and sell a range of specialty pharmaceutical products in the relevant ASEAN countries. Our principals are mainly from Europe and the United States and include Guerbet SA, Biosensors International, Sofibel S.A.S., Bausch+Lomb and Chiesi Farmaceutici S.p.A.. We have, over time, developed significant experience in certain therapeutic areas or medical specialties and target our specialty pharmaceutical products around these therapeutic areas or medical specialties, including, but not limited to, dermatology, paediatrics and neonatology, allergy, otorhinolaryngology (ear, nose and throat), orthopaedic and rheumatology, radiology, cardiology and interventional cardiology, ophthalmology, gastroenterology, child psychiatry and family medicine.

Revenue from this segment accounted for 53.6% of our total revenue for the year ended 31 December 2017.

OFFER DOCUMENT SUMMARY

- **Proprietary Brands**

We develop, market and sell our own proprietary range of dermatological products and health supplement products through Hyphens and Ocean Health Singapore. Our key proprietary products comprise dermocosmetic products marketed under our Ceradan® and TDF® brands as well as health supplement products marketed under our Ocean Health® brand. We market our dermocosmetic products primarily through medical professionals, including general practitioners, dermatologists, paediatricians and pharmacists. Our health supplement products are marketed directly to consumers in Singapore via retail channels, including major retail pharmacies. The customers of our proprietary brands business include customers from Singapore, Vietnam, Malaysia, Indonesia and the Philippines, as well as Hong Kong, Myanmar, Brunei and Cambodia.

Revenue from this segment accounted for 11.4% of our total revenue for the year ended 31 December 2017.

- **Medical Hypermart and Digital**

We engage in the wholesale of pharmaceuticals and medical supplies in Singapore through Pan-Malayan, which we position as a medical hypermart for healthcare professionals, healthcare institutions and retail pharmacies. Besides the conventional business model of tele-sales and sales representatives, we have also established an online platform at <http://www.pom.com.sg> to support the needs of our customers. This online B2B platform, which we refer to as our online Virtual Hypermart, allows registered customers to browse our wholesale product offerings and also serves as a platform for brand principals to provide information regarding their products to our customers by purchasing advertising space from us.

Revenue from this segment accounted for 35.0% of our total revenue for the year ended 31 December 2017.

We believe that there are significant synergies between our various business segments that give rise to unique commercial opportunities, allowing us to become an established player in the specialty pharmaceutical and consumer healthcare space in Singapore. Through Pan-Malayan, we have the advantage of a heritage brand with a history of more than 70 years in the Singapore market. With our specialty pharma principals business, our footprint expands to other markets in the ASEAN region including Vietnam, Malaysia, Indonesia and the Philippines. With our proprietary brands business, we intend to further internationalise our business.

COMPETITIVE STRENGTHS

We believe that we are able to compete effectively with the following competitive strengths:

- We are one of Singapore's leading specialty pharmaceutical and consumer healthcare groups with an established presence in ASEAN countries and are well-positioned to benefit from the growth in our markets.
- We possess strong regulatory capabilities in an industry with high barriers to entry.
- Our portfolio of specialty pharmaceutical products is well known internationally and we enjoy strong relationships with our principals.

OFFER DOCUMENT SUMMARY

- We possess strong sales and marketing capabilities.
- We possess a proprietary range of products and brands.
- We have a highly experienced and committed management team supported by a strong and stable employee base.

Further details on our competitive strengths are set out in the section titled “Our Business – Competitive Strengths” of this Offer Document.

SUMMARY OF OUR FINANCIAL INFORMATION

The following tables present a summary of our financial highlights and should be read in conjunction with the section titled “Management’s Discussion and Analysis of Results of Operations and Financial Condition” of this Offer Document and the “Audited Combined Financial Statements of Hyphens Pharma International Limited for the Reporting Years Ended 31 December 2015, 2016 and 2017”, as set out in Appendix A to this Offer Document.

Selected Combined Statement of Profit or Loss and Other Comprehensive Income

(S\$'000)	2015	2016	2017
Revenue	78,278	100,970	113,157
Gross profit	25,167	35,104	37,473
Profit before tax	6,022	5,483	7,160
Profit, net of tax	5,058	5,240	6,088
Exchange differences on translating foreign operations, net of tax	(13)	34	129
Total comprehensive income	5,045	5,274	6,217
EPS (cents)			
Basic and diluted EPS immediately before the Invitation and the issuance of the Cornerstone Shares ⁽¹⁾⁽²⁾	2.1	2.2	2.5
Basic and diluted EPS immediately after the completion of the Invitation and the issuance of the Cornerstone Shares ⁽¹⁾⁽³⁾	1.7	1.7	2.0

Notes:

- (1) Basic EPS is the same as diluted EPS as there were no potential dilutive ordinary Shares existing during the respective reporting years.
- (2) For comparative purposes, our EPS immediately before the Invitation and the issuance of the Cornerstone Shares for 2015, 2016 and 2017 has been computed based on our profit, net of tax and our Company’s share capital immediately before the Invitation and the issuance of the Cornerstone Shares, comprising 240,000,000 Shares (after adjusting for the Share Split).
- (3) For comparative purposes, our EPS immediately after the completion of the Invitation and the issuance of the Cornerstone Shares for 2015, 2016 and 2017 has been computed based on our profit, net of tax and our Company’s share capital immediately after the completion of the Invitation and the issuance of the Cornerstone Shares, comprising 300,000,000 Shares.

OFFER DOCUMENT SUMMARY

Selected Combined Statement of Financial Position

(S\$'000)	As of 31 December 2015	As of 31 December 2016	As of 31 December 2017
ASSETS			
Non-current assets	1,392	10,739	10,050
Current assets	35,091	42,074	49,491
Total assets	36,483	52,813	59,541
LIABILITIES			
Current liabilities	20,765	29,438	38,563
Non-current liabilities	379	3,762	2,148
Total liabilities	21,144	33,200	40,711
Share capital	1,521	1,521	1,521
Retained earnings	13,863	18,103	17,191
Foreign currency translation reserve	(45)	(11)	118
Total equity	15,339	19,613	18,830
NAV	15,339	19,613	18,830
NAV per Share (cents) ⁽¹⁾	6.4	8.2	7.8

Note:

- (1) The NAV per Share has been computed based on our Company's share capital immediately before the Invitation and the issuance of the Cornerstone Shares of 240,000,000 Shares (after adjusting for the Share Split).

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are to:

- expand and strengthen our product range;
- maintain our growth momentum through scaling our presence in markets that we operate in and expansion to new geographical markets;
- enhance our online platform and further leverage on it to increase revenue and manage costs;
- expand through acquisitions, joint ventures or strategic alliances; and
- enhance our infrastructure to support business growth.

Further details of our business strategies and future plans are set out in the section titled "Our Business – Business Strategies and Future Plans" of this Offer Document.

PROSPECTS AND TRENDS

Details of the prospects and trends relevant to our business are set out in the section titled "Our Business – Prospects and Trends" of this Offer Document.

OFFER DOCUMENT SUMMARY

OUR CONTACT DETAILS

Our registered office and principal place of business is 138 Joo Seng Road #03-00 Singapore 368361. The telephone and facsimile numbers for our registered office and principal place of business are (65) 6338 8551 and (65) 6338 8825 respectively. Our internet address is <http://www.hyphens.com.sg>. **Information contained on any website is not incorporated by reference into this Offer Document and you should not rely on such information.**

THE INVITATION

- The Invitation** : 29,600,000 Invitation Shares offered by way of the Placement and the Public Offer, comprising 26,600,000 Placement Shares and 3,000,000 Public Offer Shares. The completion of the Placement and the Public Offer are each conditional upon the completion of the other.
- Invitation Price** : S\$0.26 for each Invitation Share, payable in full on application.
- The Public Offer** : The Public Offer comprises an offer of 3,000,000 Public Offer Shares by our Company at the Invitation Price by way of a public offer in Singapore, subject to and on the terms and conditions set out in this Offer Document. The Public Offer will, subject to certain conditions, be underwritten by the Sponsor, Issue Manager, Underwriter and Placement Agent.
- The Placement** : The Placement comprises a placement of 26,600,000 Placement Shares (including 2,810,000 Reserved Shares) by the Sponsor, Issue Manager, Underwriter and Placement Agent on behalf of our Company at the Invitation Price, subject to and on the terms and conditions of this Offer Document. The Placement will, subject to certain conditions, be underwritten by the Sponsor, Issue Manager, Underwriter and Placement Agent.
- Cornerstone Shares** : Concurrently with, but separate from, the Invitation, the Cornerstone Investors have each entered into a Cornerstone Subscription Agreement with our Company to subscribe for an aggregate of 30,400,000 Cornerstone Shares at the Invitation Price, which is conditional upon, among others, the Management and Underwriting Agreement having been entered into and not having been terminated pursuant to its terms.
- Based on the Invitation Price, the gross proceeds from the issuance of the Cornerstone Shares will be approximately S\$7.9 million.
- Reserved Shares** : Out of the 26,600,000 Placement Shares, 2,810,000 Reserved Shares will be reserved for subscription by the directors and employees of our Company and our subsidiaries, as well as business associates and others who have contributed to the success of our Group, at the Invitation Price.
- In the event that any of the Reserved Shares are not taken up, they will be made available to satisfy excess applications for the Placement Shares or, in the event there are no excess applications for the Placement Shares, to satisfy excess applications for the Public Offer Shares, if applicable.

THE INVITATION

- Re-allocation** : The Invitation Shares may be re-allocated between the Public Offer and the Placement at the discretion of the Sponsor, Issue Manager, Underwriter and Placement Agent (in consultation with our Company), subject to any applicable laws, regulations and rules, including the minimum distribution and shareholding spread requirements of SGX-ST.
- Listing Status** : Prior to the Invitation, there had been no public market for our Shares. Our Shares will be quoted in Singapore dollars on Catalist, subject to admission of our Company to Catalist and permission to deal in, and for the quotation of, our Shares that are already issued, the Invitation Shares, the Cornerstone Shares, the Award Shares and the Option Shares being granted by SGX-ST and the Authority not issuing a Stop Order.
- Risk Factors** : Investing in our Shares involves risks which are described in the section titled “Risk Factors” of this Offer Document.
- Use of Proceeds** : Please refer to the section titled “Use of Proceeds and Listing Expenses” of this Offer Document for more details.

INVITATION STATISTICS

Invitation Price	26.0 cents
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NAV

Audited NAV per Share as of 31 December 2017⁽¹⁾:

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| (a) before adjusting for the estimated net proceeds from the issuance of the Invitation Shares and the Cornerstone Shares and based on our Company's share capital immediately before the completion of the Invitation and the issuance of the Cornerstone Shares of 240,000,000 Shares | 7.8 cents |
| (b) after adjusting for the estimated net proceeds from the issuance of the Invitation Shares and the Cornerstone Shares and based on our Company's share capital immediately after the completion of the Invitation and the issuance of the Cornerstone Shares of 300,000,000 Shares | 10.8 cents |

Premium of Invitation Price per Share over the audited NAV per Share as of 31 December 2017⁽¹⁾:

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| (a) before adjusting for the estimated net proceeds from the issuance of the Invitation Shares and the Cornerstone Shares and based on our Company's share capital immediately before the completion of the Invitation and the issuance of the Cornerstone Shares of 240,000,000 Shares | 233.3% |
| (b) after adjusting for the estimated net proceeds from the issuance of the Invitation Shares and the Cornerstone Shares and based on our Company's share capital immediately after the completion of the Invitation and the issuance of the Cornerstone Shares of 300,000,000 Shares | 140.7% |

EPS

EPS based on the audited combined statements of comprehensive income of our Group for 2017 and our Company's share capital immediately before the completion of the Invitation and the issuance of the Cornerstone Shares of 240,000,000 Shares	2.5 cents
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Price-Earnings Ratio ("PER")

PER based on the Invitation Price, the audited EPS of our Group for 2017 and our Company's share capital immediately before the completion of the Invitation and the issuance of the Cornerstone Shares of 240,000,000 Shares	10.4 times
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INVITATION STATISTICS

Net Operating Cash Flow⁽²⁾

Audited net operating cash flow per Share of our Group for 2017 based on our Company's share capital immediately before the completion of the Invitation and the issuance of the Cornerstone Shares of 240,000,000 Shares 1.8 cents

Price to Net Operating Cash Flow Ratio

Ratio of Invitation Price to audited net operating cash flow per Share for 2017 based on our Company's share capital immediately before the completion of the Invitation and the issuance of the Cornerstone Shares of 240,000,000 Shares 14.4 times

Market Capitalisation

Market capitalisation based on the Invitation Price and our Company's share capital immediately after the completion of the Invitation and the issuance of the Cornerstone Shares of 300,000,000 Shares S\$78.0 million

Notes:

- (1) Based on the audited balance sheet of our Group as of 31 December 2017 and adjusted for the Restructuring Exercise and the Share Split.
- (2) Net operating cash refers to the net cash flows from operating activities.

RISK FACTORS

Prospective investors should consider carefully, together with all other information contained in this Offer Document, the risks described below before deciding whether to invest in our Shares. The risks described below are not the only ones that we face. Additional risks not presently known to us or that we currently deem immaterial may also affect our business operations. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The market price of our Shares could decline due to any of these risks and you may lose a part or all of your investment in our Shares.

This Offer Document also contains forward-looking statements that involve risks and uncertainties. The actual results of our operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below and elsewhere in this Offer Document. Please refer to the section titled “Cautionary Note Regarding Forward-Looking Statements” of this Offer Document for further details.

Before deciding to invest in our Shares, prospective investors should seek professional advice from their advisers about their particular circumstances.

RISKS RELATING TO OUR BUSINESS AND THE INDUSTRIES IN WHICH WE OPERATE

We are subject to extensive legal and regulatory requirements in the countries in which we operate and any changes in the relevant laws and regulations may significantly increase our compliance burden

Our products and business activities are regulated by various healthcare laws and regulations and we are subject to extensive supervision by government and other agencies in respect of various aspects of our operations, including licensing and certification requirements, product registration requirements, quality and safety standards and periodic renewal and reassessment procedures.

For example, we are required to possess various permits, licences or certifications to market and sell our products and the third parties on whom we rely to manufacture, sell and distribute our products are subject to similar requirements. If we or these third parties, including our suppliers, distributors and CMOs, are unable to obtain or renew such permits, licences or certifications in a timely manner, or at all, we and/or such third parties may not be able to manufacture, sell and/or distribute the relevant products in the relevant jurisdiction and our business operations in such jurisdictions may be materially disrupted.

We and the third parties on whom we rely may also be subject to periodic inspections, examinations, inquiries or audits by government agencies, and an adverse outcome from any such inspection, examination, inquiry or audit may result in the loss or non-renewal of permits, licences or certifications required for essential business operations. In respect of our packaging facility, we are required to establish and maintain a quality management system that complies with the relevant quality standards as well as any other applicable standards (such as Halal certification standards) and are subject to periodic inspections by the relevant certification agencies, and similar requirements will also apply to the automated packaging facility in the integrated facility that we intend to set up. In addition, we are subject to certain restrictions in the scope of our permitted business activities in certain jurisdictions. We incur ongoing costs and obligations associated with compliance with the relevant laws, regulations and standards, and failure to comply with these laws, regulations and standards could result in additional costs for corrective measures, subject us to penalties or restrictions on our business operations or otherwise cause disruption to our business operations.

RISK FACTORS

In respect of our medical hypermart and digital business, as a licensed wholesaler of pharmaceutical products, we are required by the relevant laws and regulations to only supply such products to certain specified persons, such as licensed retail pharmacies, licensed healthcare institutions and qualified healthcare professionals. While we have implemented measures to prevent unauthorised persons from purchasing pharmaceutical products from us (for example, we require persons who wish to open a purchasing account with us to provide us with copies of the relevant licences to establish that they are registered healthcare professionals and we only deliver to the address of the account holder), there is a risk that unauthorised persons may nonetheless, fraudulently or otherwise, manage to create a purchasing account with us and/or acquire pharmaceutical products from us. In such an event, we may be exposed to civil and criminal liability under the relevant laws and regulations.

We have had to react to changes in applicable laws, regulations, rules and guidance in the past and future changes to such laws, regulations, rules and guidance could require extensive changes to our business operations or give rise to increased compliance costs or material liabilities, which would have a material and adverse effect on our business, results of operations and financial condition. If such changes relate to the procurement, prescription or dispensing of pharmaceutical products, government funding for healthcare services, or changes in the list of pharmaceutical products included in national essential drugs lists and national drug formularies, they may affect the pricing or distribution of or demand for our products. In addition, healthcare reforms in any of the jurisdictions we cover may result in structural changes to the relevant healthcare system. If we are unable to adapt our sales and marketing strategies accordingly, our business may be materially and adversely affected.

We may not be successful in product registration or our products may be subject to multiple rounds of review

Filing an application and obtaining product registration for a product is an extensive, lengthy, expensive and uncertain process, and regulatory authorities may delay, limit or deny product registration of a product for many reasons, including, but not limited to, the following:

- the product registration application may be rejected if deemed to be incomplete;
- the regulatory authorities may disagree with the design, scope or implementation of the clinical trials conducted in respect of the product;
- we may fail to demonstrate to the satisfaction of the regulatory authorities that the product is safe and effective for its proposed indication, or that its clinical and other benefits outweigh its safety risks;
- the regulatory authorities may not approve of the manufacturing processes or facilities for the product, which would require correction or changes to be made prior to product registration being granted; and
- the failure or success or further approval of competing products approved in indications similar to those of the product may change the standards for registration of the product for its proposed indications.

RISK FACTORS

We have, in the past, experienced delays in product registration and have not been able to register certain products in certain jurisdictions and cannot assure you that we will obtain product registration or successfully renew existing product registrations in any jurisdiction in respect of any of our products in the future. In particular, certain product registrations, including product registrations obtained in Vietnam for Fenosup[®] Lidose[®] and certain products in the contrast media range, will need to be renewed in the next 12 months. If we are not granted product registration or renewal in respect of any product, we will not be able to market and sell the relevant product in the relevant jurisdiction. The relevant regulatory authority may also grant product registration for fewer or more limited indications or stipulate a shorter shelf life than what we had requested, require the inclusion of safety warnings or impose other conditions that may negatively impact the commercial viability of the product. Further, even if we obtain product registration or renewal for a particular product in a particular jurisdiction, there is no assurance that the relevant regulatory authority will not revoke it at any time. In the event any of the foregoing occurs, our business and prospects may be materially and adversely affected.

In particular, Vietnam introduced a new Law on Pharmacy in 2016, but has not issued official guidance on product registrations under the Law on Pharmacy. Revenue attributable to our customers located in Vietnam accounted for 37.4%, 38.1% and 41.4% of our revenue in 2015, 2016 and 2017, respectively. Under the current legal regime, prior to the expiry of an existing product registration for a pharmaceutical product, we or our distributors are allowed to apply for a new product registration or, as the case may be, an extension of the validity period of the existing product registration, but in practice, the new product registration or, as the case may be, the product registration extension may not be granted before the expiry of the existing product registration. While we may, in the interim, continue to market and sell the relevant product in Vietnam and satisfy orders with the existing stock that we have available in Vietnam, we would not be able to import additional stock into Vietnam unless we are granted the product registration or, as the case may be, the product registration extension. In the event we have sold all existing stock that we have available in Vietnam and are unable to obtain a product registration or, as the case may be, the product registration extension on a timely basis, or at all, we may not be able to satisfy our customers' product orders, which may lead to penalties and/or claims by our customers against us, adversely affecting our business, reputation and results of operations.

We operate in a highly competitive industry

The pharmaceutical and consumer healthcare industry in ASEAN countries is highly fragmented and our competitors, which include large multi-national manufacturers and distributors, may have substantially greater financial, managerial or technical resources or stronger marketing or distribution capabilities than we do. We cannot assure you that we will be able to compete effectively, or at all. In particular, we cannot assure you that we will be able to continue to source products from suppliers at favourable prices, maintain our relationships with existing suppliers and customers, maintain or expand our marketing and distribution network, or maintain or increase our existing market share or profit margin in the respective countries in which we operate. If we are unable to compete effectively against existing or new competitors, our business and profitability may be materially and adversely affected.

In respect of our proprietary brands segment, we compete with, among others, international brand names that may be larger and more well known than ours. As of the Latest Practicable Date, we have applied for patent protection in the United Kingdom in respect of one of our pipeline proprietary products and intend to seek patent protection for the same in other jurisdictions as well. However, the proprietary products currently in our product portfolio are not protected by patents and there are many substitutes in the markets in which we operate. The success of our proprietary brands business therefore depends, to a large extent, on our ability to build consumer

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trust in our brands and develop differentiated products to meet the changing needs and preferences of consumers. If we fail to do so, our business and prospects may be materially and adversely affected. We are also subject to aggressive price competition, and our profitability would be adversely affected if any cost increases cannot be matched by a corresponding increase in price for our proprietary products or if we have to reduce prices due to competition or other factors. Our success will be affected by our ability to develop our brand reputation and establish product quality differentiation, which will enable us to maintain our premium pricing.

We are exposed to foreign exchange fluctuation risk

Our functional and reporting currency is SGD. Revenue from our operations in Malaysia, Indonesia and the Philippines is denominated in the respective local currencies. While revenue from our operations in Vietnam is denominated in EUR or USD, we are subject to foreign exchange exposure arising from fluctuations of VND against EUR or USD due to the arrangements that we enter into with our local distributors in Vietnam, where we invoice the distributors in EUR or USD based on a pre-determined EUR/VND or, as the case may be, USD/VND rate and compensate them for the foreign exchange loss if the then-prevailing rate is higher than the pre-determined rate. Conversely, if the prevailing rate is lower than the pre-determined rate, the distributors are required to reimburse us for the foreign exchange gain. Our purchases are primarily sourced from Europe and the United States and denominated in EUR or USD. Our labour costs and other operating expenses are generally denominated in the respective local currencies of the place of operations.

As a result, any significant depreciation of VND, IDR, MYR or PHP against SGD or any significant appreciation of USD or EUR against SGD or VND could cause us to incur foreign exchange losses. There is no assurance that hedging transactions will be available in all cases or that, if available, can be entered into on commercially acceptable terms. In particular, VND, IDR and MYR are restricted currencies and there are limited options available to us to hedge against the risks associated with fluctuations in these currencies. While we can use non-deliverable forwards in offshore markets, the cost is higher. Our inability or failure to fully and effectively hedge against our foreign currency exposure could have an adverse impact on our financial condition and results of operations.

The industry in which we operate is characterised by rapid change and advances in technology or other developments which could negatively affect our business

The pharmaceutical and consumer healthcare industry is characterised by rapid change and the constant emergence of new products. Advances in technology or other developments may negatively affect the competitiveness of our products or adversely affect the viability of our business model. For example, new treatment protocols may be introduced or new scientific evidence may disprove or dispute the safety or efficacy of our products or assert that our products cause previously unknown adverse side effects. If we are unable to adapt to changing technologies or market conditions by modifying our product portfolio or business strategies accordingly, our business and prospects could be materially and adversely affected.

We may not be successful in expanding and strengthening our product range

Our growth strategy includes expanding and strengthening our product range in our specialty pharma principals and proprietary brands businesses. However, our ability to successfully expand and strengthen our product range depends on numerous factors, many of which are beyond our control. These factors include the healthcare infrastructure and our marketing and distribution networks in the relevant markets, demand for our products, our ability to devise effective

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marketing and sales strategies for our products and the ability of our sales and product representatives (or, as the case may be, those of our distributors) to execute these strategies, the speed at which our products can be introduced into hospitals, clinics and pharmacies and our financial resources. Accordingly, there is no assurance that we will be able to successfully expand and strengthen our product range in accordance with our growth strategy, or at all.

We have limited or no control over our suppliers and the quality of products supplied to us and if such products are not manufactured in accordance with the applicable quality standards, our business and reputation could be materially and adversely affected

The manufacturing processes for pharmaceutical products, dermocosmetic products, health supplements and medical supplies are required to meet good manufacturing practice (GMP) and/or other applicable quality standards. We source all of our products from third party suppliers, including brand principals, CMOs and distributors. While we provide our suppliers with the product specifications we require, we have limited or no control over the operations of such third party suppliers and the quality of the products which they supply to us and there is no assurance that such products will be free of defects and meet the applicable quality standards. While we have not experienced any incidents of this nature which have had a material adverse impact on our financial condition or operations in the past, we cannot assure you that such incidents will not occur in the future.

Failure to detect quality defects in our products or to prevent defective products from being delivered to consumers could result in injuries or deaths, product recalls or withdrawals, licence revocations or fines, or lead to other problems that could severely harm our business and reputation, and materially and adversely affect our financial condition and results of operations.

We may be subject to product liability, personal injury or wrongful death claims or product recalls in connection with our products, which may materially and adversely affect our reputation, business and prospects

We are exposed to risks inherent in the development, packaging, marketing, distribution and sale of pharmaceutical products (in our capacity as distributor) and dermocosmetic products and health supplements (in our capacity as proprietary principal). These risks exist even if a product is approved for commercial sale by or, as the case may be, registered with the relevant regulatory authorities in a jurisdiction and manufactured in licensed facilities. We may be subject to product liability, personal injury or wrongful death claims or product recalls, whether as distributor or as proprietary principal, if the products we sell are deemed or proven to be unsafe, defective or contaminated, or if they are insufficiently or improperly labelled.

Our sales and product representatives (or, as the case may be, those of our distributors) or distributors may negligently or otherwise provide inaccurate or incomplete information about our products, as a result of which healthcare professionals may prescribe, or consumers may use, our products incorrectly. Incorrect use of our products could result in our products being less effective or cause adverse effects that could otherwise have been avoided. Our reputation and the sales of our products could consequently be adversely affected, and we could be exposed to product liability lawsuits or regulatory investigations, action or penalties and we may face additional costs and liabilities as a result.

While we are not aware of any product liability claims against us that would have a material adverse impact on our financial condition and operations, any product liability claims brought against us or product recalls, regardless of whether the claims are with merit, could strain our financial resources and divert the time and attention of our management. In respect of our

RISK FACTORS

specialty pharma principals and proprietary brands businesses, even if we are not at fault or ultimately responsible for any quality or labelling faults, we may be penalised by the relevant authorities and we would then rely on a claim of reimbursement from our suppliers pursuant to the terms of our agreements with our suppliers. Reimbursements from our suppliers may or may not be forthcoming. In addition, losses from product liability claims or product recalls may not be fully covered by insurance and, to the extent that we suffer losses that are uninsured or uninsurable, our results of operations and financial condition may be materially and adversely affected. Where any product liability claims or product recalls relate to our proprietary products, consumer confidence in our brands may decline, and our reputation and sales of our proprietary products may be materially and adversely affected.

If any product liability claims against us were to prevail, we may incur substantial monetary liabilities. Further, we may be subject to criminal liabilities and the licences, permits and approvals that we require for our business operations may be revoked. In addition, we may be required to recall the relevant products and/or suspend or cease sales of the relevant products. If any of the foregoing occurs, our business, financial condition and results of operations may be materially and adversely affected.

If our products cause, or are perceived to cause, adverse side effects, our business may be materially and adversely affected

Our products may cause adverse side effects as a result of a number of factors, many of which are beyond our control. Such factors include, but are not limited to, potential side effects not revealed in clinical trials, unusual but severe side effects in isolated cases, defective products or misuse of our products by consumers. Our products may also be perceived to cause severe side effects when a conclusive determination as to the cause of severe side effects is not obtained or is unobtainable.

In addition, our products may be perceived to cause adverse side effects if similar products containing the same or similar active pharmaceutical ingredients, raw materials or delivery technologies as our products cause, or are perceived to have caused, adverse side effects, or if one or more regulators, such as the U.S. Food and Drug Administration or the European Medicines Agency, or an international institution, such as the World Health Organisation, determines that products containing the same or similar active pharmaceutical ingredients as our products could cause or lead to severe side effects.

In respect of our health supplements business, while many of the ingredients in our health supplement products marketed under our Ocean Health® brand are vitamins, minerals, herbs and other substances for which there is a long history of human consumption, some of these products contain innovative ingredients or combinations of ingredients for which there may be limited, or limited documented, long-term experience with human consumption. Moreover, some people may have certain sensitivities or reactions to nutrients commonly found in foods, and may have similar sensitivities or reactions to nutrients contained in our products.

If any of our products cause, or are perceived to cause, adverse side effects, we may face a number of consequences, including, but not limited to:

- injury to, or death of, consumers;
- a severe decrease in the demand for, and sales of, the relevant products;
- recalls or withdrawals of the relevant products;

RISK FACTORS

- revocation of regulatory approvals for the relevant products;
- stricter and more frequent regulatory inspections of our facilities and products;
- removal of the relevant products from national drug formularies; and
- risk of lawsuits and regulatory investigations in respect of the relevant products, which could result in liabilities, fines or penalties.

The occurrence of any of the foregoing consequences may cause our financial condition and results of operations to be materially and adversely affected. In addition, if the products concerned are our proprietary products, our reputation and the value of our proprietary brands could be materially and adversely affected.

Damage to the reputation of our brands or the brands that we distribute may materially and adversely affect our results of operations and prospects

We rely on the reputation of our brands and the brands that we distribute to gain access to, and for our products to be perceived favourably by, healthcare professionals and consumers, who are the main driving force behind the demand for our products. Among other things, the reputation of our brands and the brands that we distribute also affects our ability to win tenders and contracts for supplying products to public hospitals, gain the trust of consumers and increase our market share through brand recognition, attract distributors to work with us and attract co-development partners to collaborate with us on research and development activities.

The reputation of our brands and the brands that we distribute may be materially and adversely affected by a number of factors, many of which are beyond our control, including, but not limited to, the following:

- adverse associations with our products, including with respect to their efficacy or side effects;
- lawsuits and regulatory investigations against us or our principals, CMOs or distributors or otherwise relating to our products or industry;
- improper or illegal conduct by our employees or distributors, whether or not authorised by us; and
- adverse publicity associated with us, our products, our principals, CMOs or distributors or our industry as a whole.

Any damage to the reputation of our brands or the brands that we distribute as a result of these or other factors may cause our products to be perceived unfavourably by regulators, healthcare professionals and consumers and our results of operations and prospects could be materially and adversely affected as a result.

Our business may be adversely impacted by negative news, scandals or other unfavourable incidents associated with the pharmaceutical industry

Incidents that reflect doubt as to the quality or safety of products manufactured, distributed or sold by us or other participants in the pharmaceutical industry, including our competitors, have been and may continue to be subject to widespread media attention. Such incidents may not only

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damage the reputation of the parties involved, but also the pharmaceutical industry in general, and may adversely affect us even if such parties or incidents have no relation to us, our products, our suppliers or our distributors. In particular, negative reports asserting or alleging that dermocosmetic products and health supplement products in general may be ineffective or harmful, or the determination by regulatory authorities that such products are detrimental to public health, may generate adverse publicity for us and hence have a negative effect on our sales, regardless of whether such reports are sufficiently supported or whether the harmful effects are only restricted to the products sold by other companies.

Our specialty pharma principals segment is dependent on our ability to maintain our relationships with our brand principals

We rely on our brand principals for the supply of and/or the right to market our specialty pharmaceutical products. Most of the distributorship agreements that we enter into with our brand principals are for a fixed term and there is no assurance that upon the expiry of the initial terms of such agreements, our brand principals will continue their working relationship with us.

Our brand principals may decide not to renew their working relationship with us either entirely or in respect of one or more jurisdictions for various reasons, including, but not limited to, their decision to conduct the sale and marketing of their products in the relevant jurisdiction themselves. In the past, certain of our brand principals had decided not to renew their working relationship with us to conduct the sale and marketing of their products in the relevant jurisdiction themselves or to change the local distributor of their products.

In addition, the terms of our distributorship agreements with our brand principals typically provide for minimum purchase requirements and if we fail to meet the minimum purchase requirements stipulated, our brand principals may, in accordance with the terms of such distributorship agreements, terminate the agreement and/or appoint other distributors in the relevant jurisdiction, resulting in a loss of our exclusivity to distribute. Our distributorship agreements also generally allow for early termination upon the occurrence of certain specified events, such as in the event of a material breach or insolvency. If one or more of our brand principals withdraw our right to sell and market their products in the relevant jurisdictions, we may not be able to replace the loss of business with other products in a timely manner, or at all, and our business, results of operations and prospects could be materially and adversely affected.

In particular, we are dependent on three of our brand principals, sales of each of whose products contributed more than 5.0% of our revenue in 2015, 2016 and 2017. These brand principals are Guerbet SA, which owns the contrast media products that we market and sell, Biosensors Interventional Technologies Pte. Ltd., which owns the Biosensors coronary stents that we market and sell and Sofibel S.A.S., which owns the Stérimar[®] nasal sprays that we market and sell. Sales of our contrast media products, Biosensors coronary stents and Stérimar[®] nasal sprays respectively contributed approximately 10.9%, 11.5% and 9.2% of our revenue in 2015, 13.9%, 10.2% and 8.9% of our revenue in 2016 and 14.6%, 11.3% and 7.5% of our revenue in 2017.

We rely on local distributors for the distribution of our specialty pharmaceutical products and proprietary products in jurisdictions other than Singapore

We work with various local distributors in Vietnam, Malaysia, Indonesia and the Philippines (such as Central Pharmaceutical Company No. 1, Dan Thanh Pharmaceutical Trading Company Limited and Hoang Duc Pharmaceutical & Medical Supplies Co., Ltd in Vietnam, Zuellig Pharma Sdn Bhd in Malaysia, PT Kebayoran Pharma and PT Nicholas Laboratories Indonesia in Indonesia and Oxford Distributions, Inc. in the Philippines) to market and sell our specialty pharmaceutical

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products and our proprietary products in those jurisdictions. However, our local distributors may cease their business relationships, substantially reduce their orders, or fail to meet performance targets or other terms in their distributorship agreements, with us. Also, disputes between us and our local distributors or the breach of applicable laws and regulations by our local distributors may cause our operations in the relevant jurisdiction to be disrupted.

Our ability to maintain and grow our business will depend, in large part, on our ability to maintain and manage a marketing and distribution network that delivers our products in the jurisdictions where we and/or our distributors generate market demand through sales and marketing activities. Our strategies contemplate that we will seek to, among other things, expand our marketing and distribution network and scale our presence in markets in which we are currently present and expand to new geographical markets, which will require us to establish relationships with new distributors, and we cannot assure you that we will be successful in doing so. If we are unable to maintain and/or expand our marketing and distribution network, our business and prospects may be adversely affected.

In addition, certain of the licences, permits and registrations that are required for our sales and marketing operations in Vietnam and Indonesia are held by our local distributors in those countries, and we would work with these local distributors to obtain and renew such licences, permits and registrations. We would also typically work with them to transfer the relevant licences, permits and registrations in the event of a change of our local distributors. These licences, permits and registrations may be subject to conditions stipulated in their terms and/or the relevant laws and regulations under which they are issued. We have no control over the operations of our local distributors and cannot assure you that they will obtain, renew or transfer the relevant licences, permits or registrations in a timely manner, or at all, nor can we assure you of their compliance with the conditions to which the relevant licences, permits or registrations may be subject. Any revocation or non-renewal of these licences, permits and registrations as a result of the actions of our local distributors could disrupt our operations and have a material and adverse impact on our business, results of operations and prospects.

If any of the foregoing occurs and we are unable to find alternative distributors in the relevant jurisdiction, our business, financial condition and results of operations could be adversely affected.

We are dependent on third party retail distribution channels

The top customers of our medical hypermart and digital business comprise retail pharmacies such as Guardian Health & Beauty and Watson's Personal Care Stores Pte Ltd, which act as retail distribution channels for our wholesale products. There is no assurance that these customers will maintain their existing relationships with us or that they will continue to purchase wholesale products from us at similar volumes and prices as they currently do, or at all. In addition, any change in business strategy, deterioration of outlook or financial position of our customers may materially and adversely affect their purchases from us.

Under our proprietary brands segment, our Ocean Health® health supplement products are also sold through retail distribution channels including, among others, pharmacies, department stores and supermarkets in Singapore. There are no contractual restrictions preventing these retailers from selling our competitors' products and we cannot assure you that these retailers will continue to stock our health supplement products over those of our competitors. We may need to expend significant costs on sales and marketing activities in order to maintain retail distribution support for or increase display coverage or stock purchases of our products. If retailers treat our

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competitors' products more favourably than ours or stop retailing our products and we are unable to find alternative channels through which to sell and market our health supplement products, our business and results of operations may be materially and adversely affected.

Sales of our proprietary products may be adversely affected by a decrease in consumer spending

Sales of dermocosmetic and health supplement products in Singapore and other ASEAN countries are driven by the sustainable growth of consumer spending, which is in turn dependent on a number of factors including the state of the economy, employment rate, consumer confidence, consumer purchase patterns and other factors affecting consumers' spending power. An economic slowdown or downturn or adverse change in consumer spending habits could dampen consumer spending on our dermocosmetic and health supplement products and, if any of such factors persist over a prolonged period, our proprietary brands segment would be adversely affected, which could affect our financial condition and profitability.

Our medical hypermart and digital business may be materially and adversely affected by changes in market dynamics and disintermediation in the healthcare industry

Our medical hypermart and digital business involves supplying pharmaceutical products and medical supplies to, among others, retail pharmacies, hospitals, clinics and nursing homes in Singapore. The principals or distributors of such products typically require purchases to be made in bulk and our customers may not, on their own, meet the minimum order quantities required to obtain good discounts. In addition, our customers may not have an existing relationship with the relevant principal or distributor and hence may not be able to source for the particular products they require. We therefore act as an intermediary between our customers and the relevant principals or distributors.

Our wholesale products are generally available on the open market and changes in market dynamics may result in our intermediary role being reduced or eliminated. For example, in recent years, it has been a trend for several clinics to band together in a large purchasing group to bulk purchase and extract discounts directly from the principals or distributors. It is also possible that customers of our medical hypermart and digital segment may otherwise consolidate their orders. Further, should there be a shift away from private healthcare towards public healthcare, there could be a decrease in the number of private clinics in Singapore, which currently form the bulk of the customer base of our medical hypermart and digital segment. Market dynamics may also change as a result of disruptive innovation. If market dynamics change, our sales could be materially and adversely affected and we may not be able to continue to source products from our suppliers at favourable prices. In such an event and if we are unable to adapt our business model and strategies to compete effectively, our profitability and prospects could be materially and adversely affected.

Supply chain failures could adversely affect our results of operations and financial condition

We rely on third party suppliers such as our brand principals, CMOs and upstream distributors for the timely supply of our products. Our suppliers may fail to supply products to us in a timely manner for various reasons, including adverse financial or other developments affecting their operations, unexpected shortages of raw materials, and quality and product failures. In the event our suppliers cease or interrupt production of our products, delay shipment or otherwise fail to supply products to us, we may experience supply constraints and/or stock-outs. If we are, at any time, unable to provide an uninterrupted supply of our products to our customers, we may lose

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customers and, in the case of our specialty pharma principals business, healthcare professionals may elect to prescribe competing products instead. Failure to meet the delivery schedules agreed with our customers could also subject us to penalties and/or result in claims being brought against us and we may not have a corresponding right of recourse to our suppliers.

We engage third party contractors to deliver our products to our customers in Singapore. We have no control over the delivery processes of such third party contractors and cannot assure you that they will be able to deliver products to our customers on a timely basis, or at all. Interruptions or delays in delivery may also occur as a result of events beyond the control of our third party contractors, such as inclement weather, natural disasters and transportation disruptions. In the event that our third party contractors fail to deliver our products in a proper condition or in a timely manner, or at all, our business and reputation may be adversely affected.

In addition, certain of our products are required to be stored and transported under specific conditions (for example, cold storage for certain probiotics and vaccines). We rely on third parties, including our suppliers, logistics service providers and downstream distributors, for the storage, transportation and handling of such products at various points in our supply chain. We have limited control over the operations of these third parties and failure by them to meet our storage or transportation specifications could lead to lost inventory or product recalls, with consequential reputational damage and the risk of product liability to us, which would have a material and adverse effect on our business, financial condition and results of operations.

We face inventory management risks

Our ability to supply products to our customers in a timely manner is dependent on, among others, our ability to accurately forecast our supply needs and efficiently manage inventory. We generally maintain inventory levels of products primarily based on our forecasted supply needs, which are estimated with reference to market conditions and based on our management's experience. However, our ability to accurately forecast our supply needs is affected by, among others, factors beyond our control.

In particular, Vietnam introduced a new Law on Pharmacy in 2016, but has not issued official guidance on product registrations under the Law on Pharmacy. Under the current legal regime, in practice, a new product registration or, as the case may be, product registration extension may not be granted in respect of a pharmaceutical product before the expiry of its existing product registration. To avoid a shortage of supply of the relevant product in the interim, we and our distributors have, in the past, maintained higher inventory levels in Vietnam in respect of a product prior to the expiry of its product registration primarily based on our forecasted supply needs. If we are unable to accurately predict the time it takes for the particular product registration to be extended or, as the case may be, for a new product registration to be issued, and the corresponding demand of the product in the interim, we may be subject to shortage of supply of our products and may not be able to satisfy our customers' product orders in a timely manner, or at all, or we may overstock and risk inventory write-offs.

If we fail to manage our inventory effectively (including ensuring that any specific storage conditions that are required, such as cold storage, are maintained), we may face risks such as shortage of supply of our products, inventory obsolescence, deterioration of inventory, a decline in inventory values, and significant inventory write-offs. We may suffer losses in the event of an occurrence of the foregoing and such losses may not be fully covered by insurance. To the extent that the losses we suffer are uninsured or uninsurable, our financial condition and results of operations could be materially and adversely affected. High inventory levels may also require us

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to commit substantial capital resources, preventing us from using that capital for other purposes. The occurrence of any of the foregoing could adversely affect our financial condition and results of operations.

In addition, our products have limited shelf lives (generally between one and three years) and, in the event that the shelf lives of our products expire and our customers withdraw these expired products from the shelf, we may replace them with new batches at our own cost. In addition, certain of our customers may return products to us for other commercial reasons. Such occurrences, if frequent and significant, would add to our inventory management challenges and could adversely affect our financial performance.

If we are unable to retain the services of key management personnel, our growth and future success may be adversely affected

Our future success depends, in large part, on the continued services of our key management personnel, comprising our Executive Directors, Executive Officers and management team. Our key management personnel are material to our business as they possess expertise and experience with respect to our industry, operations and business, and relationships with our suppliers and customers and we do not maintain key man insurance for any of our key management personnel. We cannot assure you that we will be able to retain the services of our key management personnel and, should we lose the services of any of our key management personnel, we cannot assure you that we will be able to hire suitable or qualified replacements. In addition, we may not be successful in attracting and retaining additional personnel of suitable experience and qualifications as necessary for the growth of our business.

We depend on skilled labour and our business and prospects may be adversely affected if we lose the services of our skilled personnel or are unable to attract new skilled personnel

Our ability to continue our operations and manage our potential future growth depends on our ability to hire and retain suitably skilled and qualified employees in the long term. Due to the specialised nature of our industry, there is a limited supply of suitable candidates. In particular, the success of our specialty pharma principals business depends on our ability to attract, train, motivate and retain a sufficient number of sales and marketing personnel who are, among other things, knowledgeable about particular therapeutic areas and are able to communicate information about our products effectively with physicians and other healthcare professionals. Competition for experienced marketing and sales personnel in our industry is intense and our competitors include large multi-national companies which have substantially greater financial resources than we do. If we are unable to attract, train, motivate and retain a sufficient number of sales and marketing personnel for our sales and marketing activities, our results of operations and prospects could be adversely affected.

The process of developing new proprietary products involves investment of time and resources and the outcome is uncertain

The success of our proprietary brands business and our long-term competitiveness depend on our ability to develop and commercialise new proprietary products. We have limited internal research and development capabilities and currently rely on external research and development as well as collaborations with third parties for the development of new proprietary products. There is no assurance that such collaborations will be successful.

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In addition, the process of developing new proprietary products involves investment of time and resources and the result is unpredictable. A product candidate that appears promising during preliminary development may fail to reach the market for a number of reasons, including, but not limited to, the following:

- failure to meet the required product stability, safety or other standards during the research and development process;
- failure to obtain approvals for the intended use from the relevant regulatory authorities;
- inability to economically manufacture and commercialise sufficient quantities of the products; and
- inability to obtain proprietary rights to our product candidate or to license such rights at commercially reasonable terms, or at all.

We cannot assure you that any of our proprietary products will be commercially successful. Market acceptance of our proprietary products depends on, among others, the effectiveness of our proprietary products for their labelled uses, their pricing as compared to substitute products and the ability of our sales and marketing team to market our proprietary products in our targeted jurisdictions. In particular, our dermocosmetic products and health supplement products are not required to be studied for their efficacy in clinical trials before they may be marketed and sold in a jurisdiction and there is limited conclusive clinical data to support the efficacy of these products, which may affect market acceptance of these products. The commercialisation of a proprietary product may be less successful or profitable than expected and may not yield an appropriate return on the sales and marketing and research and development costs we had expended on such proprietary product, in which event, our financial condition and results of operations may be materially and adversely affected.

Our growth strategy of expanding through acquisitions, joint ventures or strategic alliances may not be successful and we may fail to realise the anticipated benefits

One of our business strategies is to grow our capabilities through acquisitions that will be synergistic to our existing business. This approach had contributed significantly to the diversification of our revenue streams and growth in the past and we intend to further expand our business operations through selective acquisitions in the future.

Expansion through acquisitions involves many risks and uncertainties, including the following:

- inability to identify suitable acquisition targets or compete for attractive acquisition targets;
- difficulties in obtaining financing to fund acquisitions;
- failure to complete acquisitions under commercially acceptable terms;
- inability to secure necessary governmental approvals or third party consents in a timely manner, which may expose us to liabilities, fines or penalties;
- difficulties in managing a larger and growing business, operating in new geographic regions and optimising the allocation of resources and operational efficiency;

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- potential ongoing financial obligations and unforeseen, hidden or latent liabilities of acquired businesses and other risks unidentified before the acquisitions;
- failure to effectively integrate various operating functions, standardise information systems, identify and eliminate redundant and underperforming operations and assets, conform standards, controls, procedures and accounting and other policies, and establish unified corporate cultures and compensation structures among the combined operations;
- managing costs of inefficiencies associated with the consolidation of the combined operations and poor performance of the acquired businesses that leads to potential impairment costs;
- adverse effect on our combined gross margin or liquidity if the gross margin or cash flow of an acquired business is worse than ours;
- failure to retain the key management personnel or key sales and marketing personnel of the acquired businesses; and
- diversion of resources and management attention from our existing business.

In addition, we may seek and pursue opportunities via joint ventures or strategic alliances for expansion from time to time, which may cause us to face similar risks and uncertainties.

Failure to successfully address these risks and uncertainties may materially and adversely affect our ability to carry out our expansion plans, integrate and consolidate newly acquired or newly formed businesses and realise all or any of the anticipated benefits of such expansion, which may have an adverse impact on our financial condition and results of operations.

We may not be able to obtain any required future financing on terms acceptable to us, or at all

We may require additional capital in the future for our business operations or to execute our business strategies and expansion plans. Our future financing needs may require us to raise funds in the equity or debt capital markets, or obtain credit facilities from financial institutions.

Additional financing may not be available to us as and when required or on terms acceptable to us, and the terms of any refinancing undertaken may be less favourable than the terms of the original borrowing. Our ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence and any financing restrictions that may be imposed on us.

Failure to obtain additional financing when required, or on commercially acceptable terms, could mean that we would not have adequate funds to fund our operations or acquisitions, withstand unfavourable changes in business conditions in the countries in which we operate or to service our financing obligations. Failure to service our indebtedness, maintain any required security interests or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our credit facilities or trigger cross-default provisions, penalties or acceleration of amounts due under such facilities. In any of these events, our business and financial condition could be materially and adversely affected.

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We may become involved in litigation or other disputes arising from our operations

In the course of our business, we may, from time to time, become involved in disputes with various parties (including our suppliers, customers and distributors) in relation to, among others, contractual interpretation, product liability and infringement of intellectual property rights. Such disputes may lead to litigation or other proceedings, which could in turn result in costs and negative publicity to us, regardless of the outcome. Any attempts to resolve outstanding disputes may also be protracted and complaints that assert some form of wrongdoing, regardless of the factual basis for the assertions being made, may further lead to investigations by regulators.

While we are not aware of any claims against us that would have a material adverse impact on our financial condition or operations, our involvement in such disputes could divert our management's attention, disrupt our day-to-day operations and negatively affect our relationships with our suppliers, customers and distributors and our reputation in the industry.

We are exposed to risks of infringement of our intellectual property rights and the unauthorised use of our trademarks and trade names by third parties and may face claims for intellectual property infringement

The markets for our specialty pharmaceutical products and proprietary products depend, to a significant extent, on the goodwill associated with our trademarks and trade names and protection of our intellectual property rights is important to our business.

We market and promote our proprietary products under our brands Ceradan[®], TDF[®] and Ocean Health[®] and have filed for and obtained trademarks in respect of these brands to protect our intellectual property rights in Singapore. We own, or have licences to use, the material trademark and trade name rights used in connection with the packaging, marketing, sales and distribution of our products in the countries where those products are sold. While we seek to register our trademarks in the jurisdictions we operate in, we may not be successful in asserting trademark or trade name protection. In addition, the laws of certain foreign countries may not protect our intellectual property rights to the same extent as the laws of Singapore.

We may also engage in litigation to counter infringement or unauthorised use of our intellectual property rights. At the same time, claims for infringement of intellectual property rights, whether with or without merit, may be brought against us. Litigation is a time-consuming and costly process and may divert our management's attention from our core businesses and reduce the resources available for our business activities and have a material and adverse effect on our business and prospects, regardless of the outcome.

The outcome of any litigation may not be favourable to us and, even if we are successful, the damages or other remedies awarded, if any, may not be commercially meaningful. If we fail to protect our intellectual property rights adequately, or if we fail to defend ourselves against claims for infringement, our business and prospects may be materially and adversely affected. Uncertainties resulting from such litigation or other proceedings could also have a material and adverse effect on our business.

We may not be successful in protecting our trade secrets and other proprietary information

We rely on trade secrets and know-how to protect our innovations and develop, strengthen and maintain our proprietary position, especially when we do not believe that patent protection is appropriate or can be obtained. We generally protect our proprietary information by imposing confidentiality obligations on our employees, contractors and partners in our agreements with

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them. However, we cannot assure you that these obligations will be honoured or that we will have adequate remedies in the event of any breach. Our trade secrets may also otherwise become known or be independently discovered by our competitors and we may not be able to prevent our competitors from using such information to compete against us. If we fail to protect our trade secrets and other proprietary information, our business and prospects could be materially and adversely affected.

Our products may be subject to counterfeiting or imitation, which could have an impact on our reputation, leading to the loss of consumer confidence, reduced sales and/or higher administrative costs

We are susceptible to the threat of counterfeit products. Although we are vigilant in policing the abuse of our proprietary brands, trademarks and trade names and those of our brand principals, we may not be able to detect or prevent the sale of counterfeit products. Any occurrence of counterfeiting or imitation could have a negative impact on our reputation and lead to loss of consumer confidence in our brands. In addition, counterfeit and imitation products could result in a reduction of our market share, causing a long-term or even permanent decline in our sales and profitability as well as increasing our administrative costs in respect of detection and prosecution. Should such counterfeit products be of inferior quality and cause harm to consumers, the goodwill generated by our brand and those of our brand principals may be eroded and our business may be materially and adversely affected.

Failures in or breaches of our IT systems may materially and adversely affect our business operations

We make use of IT systems to manage our business processes and to record and process operational and financial data. In particular, we rely on IT systems to, among other things, facilitate the shipping and transport of products to and from our warehouses, monitor and control the receipt and processing of orders, inventory levels and product flows, manage our quality control systems, manage billings and collections from customers, and process payments to suppliers and service providers.

Any system damage or failure that interrupts data input, retrieval or transmission or increases service time could make our online Virtual Hypermart, Ocean Health[®] e-shop and other services unavailable or difficult to access, prevent us from promptly responding to or executing the purchase orders of our customers, or otherwise disrupt our normal operations. We rely on third party consultants to maintain our IT systems and they may not be prompt in responding to or resolving breakdowns.

In addition, security breaches of our IT systems could jeopardise the security of information stored in our IT systems or transmitted over our networks and could result in unauthorised access to and misappropriation, modification or deletion of information or data (including client information or data) or denial-of-service or other interruptions to our online marketplaces. Our online marketplace has been subject to a cyber attack in the past and may be subject to future attacks. Techniques used to obtain unauthorised access to or sabotage systems change frequently and we may not be able to anticipate or implement effective measures to protect against such breaches. Actual or anticipated attacks or risks may cause us to incur significant costs, including costs of deploying additional personnel and implementing network protection technologies, training, and engaging third party experts or consultants.

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We cannot assure you that we will be able to effectively handle a failure or breach of our IT systems, or that we will be able to restore our operational capacity in a timely manner so as to avoid disruptions to our business. Any material failure of our IT systems or those of our third party web hosting service providers due to natural disasters, failures of public infrastructure, security breaches or otherwise could result in our inability to perform, or delays in our performance of, critical business operational functions or the loss of key business data, which could materially and adversely affect our business operations, as well as expose us to possible litigation and liability under various laws and regulations. In addition, if we are unable to increase the capacity of our IT systems to meet our needs as we grow our operations, our ability to expand our business may be constrained.

If our sales and product representatives (or, as the case may be, those of our distributors) or distributors breach local laws and regulations, our reputation may be adversely affected and we may be exposed to regulatory investigations

We do not have control over the interactions of our sales and product representatives (or, as the case may be, those of our distributors) and our distributors with our customers and could be held liable for the actions of our sales and product representatives (or, as the case may be, those of our distributors) or distributors and be exposed to regulatory investigations, regulatory action or penalties and we may be subject to additional costs and liabilities as a result. In particular, such sales and product representatives or distributors may increase the sales volumes of our products through corrupt or other improper means that constitute violations of anti-corruption or other related laws. Such practices may include, among other things, the provision of kickbacks, bribes or other illegal gains or benefits to hospitals, other medical institutions or healthcare professionals in connection with the procurement or prescription of certain products. If our sales and product representatives (or, as the case may be, those of our distributors) or distributors engage in corrupt or improper practices or otherwise violate anti-corruption or other relevant laws in the countries in which we operate, our reputation could be harmed.

We may be affected by adverse global and local economic conditions

Our financial performance may be adversely affected by conditions in the financial markets and the economies in Singapore, Vietnam, Malaysia and elsewhere. Increased uncertainty in global political and social conditions may also lead to greater volatility in financial markets. Such uncertainty and volatility could cause additional adverse effects on global economies, including reduced liquidity and tightening of credit. Any prolonged downturn in general economic conditions would present risks for our business, such as a potential decrease in healthcare spending by governments and consumers. Any adverse economic developments in the markets that we operate in or that have an indirect impact on our business could have material and adverse effects on our business, financial performance and prospects.

Delays or failures in collecting receivables from our customers could have a material and adverse impact on our financial condition

We generally extend to our customers credit terms of between 30 and 90 days, depending on factors such as creditworthiness, level of risk involved, size of order, payment history records and length of time dealing with the customer. To the extent that revenue recognised under a sales contract has not been received, we record it as trade receivables. We cannot assure you that our past provisioning practice will not change in the future or that our provision levels will be sufficient to cover defaults in our trade receivables. Our liquidity and cash flows from operations may be materially and adversely affected if our receivable cycles or collection periods lengthen further or if we encounter a material increase in defaults of payment or an increase in provisions for

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impairment of our receivables from customers. Should these events occur, we may be required to obtain working capital from other sources, such as third party financing, in order to maintain our daily operations, and such financing may not be available to us on commercially acceptable terms, or at all.

In addition, should the government of any country in which we operate impose foreign exchange controls, this may affect the ability of our customers to remit payments to us in a timely manner, or at all.

Our business operations may be disrupted by natural disasters, terrorist attacks, armed conflicts, outbreaks of infectious diseases and other events beyond our control

Severe weather conditions, natural disasters and other incidents such as outbreak of fire, terrorist attacks, armed conflicts or other emergency risks could cause damage to or a temporary shutdown of our facilities as well as those of our suppliers and distributors. Any damage to our inventory or prolonged shutdown of our facilities or those of our suppliers or distributors could cause our business operations to be disrupted. In addition, if our employees or those of our suppliers are infected or suspected of being infected with any communicable disease, our Group and/or our suppliers may be required by health authorities to temporarily shut down the affected premises or facilities and quarantine the relevant employees to prevent the spread of the disease. This will result in delays and increased costs to us and may have an adverse impact on our business and financial performance.

The validity of certain issuances and transfers of shares in our subsidiaries, Ocean Health Singapore and DAC Pharmalab, cannot be verified

We acquired Ocean Health Singapore, Ocean Health Malaysia and DAC Pharmalab in 2016. The combined audited pre-tax profits of Ocean Health Singapore, DAC Pharmalab and Ocean Health Malaysia accounted for 0.6% of our audited consolidated pre-tax profits in 2017.

Certain corporate secretarial records, including the minute books of Ocean Health Singapore from the date of its incorporation to July 2007 and the minute books of DAC Pharmalab from the date of its incorporation to June 2008 were not provided to us on completion of the acquisition. Accordingly, there are no records of, among other things, the relevant board and shareholders' resolutions for the issuances of shares of Ocean Health Singapore and DAC Pharmalab that occurred during these periods (the "Relevant Issuances"). The shares which are the subject of the Relevant Issuances constitute the entire issued and paid-up share capital of each of Ocean Health Singapore and DAC Pharmalab.

In addition, while the register of members and register of transfers of Ocean Health Singapore and DAC Pharmalab contain entries evidencing certain share transfers (the "Relevant Transfers") in November 1994 for Ocean Health Singapore and January 2002 for DAC Pharmalab, there are no records of the relevant share transfer instruments and board resolutions approving such share transfers.

In the event legal proceedings or claims are commenced against our Group in relation to the Relevant Issuances or the Relevant Transfers, we may have to devote substantial time and resources to defending such proceedings and such proceedings may also divert the attention of our management from our core business. Further, in the event a claimant successfully challenges the validity of the Relevant Issuances or the Relevant Transfers, certain share issuances may be considered void or we may be required to transfer certain shares and consequently lose all or a

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part of our interest in Ocean Health Singapore and DAC Pharmalab. If the foregoing events should occur, our business, financial condition, results of operations and prospects would be materially and adversely affected.

RISKS RELATING TO THE COUNTRIES IN WHICH WE OPERATE

We are subject to political, economic and social risks of doing business in the countries in which we operate

Any adverse development in the political, social or economic environment in the countries in which we operate could adversely affect our results of operations and prospects. These developments may include, but are not limited to, changes in political leadership, nationalisation, price and capital controls, inflation, fluctuations in interest rates, sudden restrictive changes to government policies, introduction of new taxes on goods and services and introduction of new laws, as well as demonstrations, riots, coups and war. These may result in the termination of contracts and/or disrupt our business operations in the relevant country. In addition, our labour costs may increase for various reasons, such as changes in the labour laws in the countries in which we operate. Potential disputes, adverse relations, and increases in labour costs could result in work stoppages or other events that could disrupt our business operations, which could materially and adversely affect our business and results of operations.

Social or civil disturbances, terrorist attacks, hostilities and other acts of violence or war may also occur in the countries in which we operate and directly or indirectly adversely affect our business operations in these countries and our financial performance. The occurrence of any of these events may result in a loss of business confidence, potentially lead to an economic downturn and have an adverse effect on our business, financial performance, and prospects.

The legal and regulatory framework in emerging markets may differ from those of more mature economies

Certain of the countries in which we operate, including Vietnam, Malaysia, Indonesia and the Philippines, are emerging markets and the legal and regulatory framework in these countries may differ significantly from, and be less sophisticated than, those of more mature economies. Policy changes and interpretations of applicable laws may produce unexpected consequences which could materially and adversely affect our operations in the respective countries. For example, the governments in the respective countries may impose import restrictions, quotas, duties or tariffs that could limit or adversely affect our or our local distributors' ability to import products into the relevant country, or foreign exchange controls that could adversely affect our local distributors' ability to remit payments to us and/or the intra-Group transfer of funds. In addition, there may be inconsistencies and uncertainties in the interpretation or application of laws and regulations, timing of effectiveness and the nature or scope of penalties, and the recognition and enforcement of legal rights in the event of a dispute may be uncertain. The administration and enforcement of laws and regulations by the relevant local courts and government agencies may also be subject to considerable discretion and uncertainty. These risks may adversely affect our ability to conduct business activities and enforce our contractual rights and interests in the countries in which we operate.

In particular, in 2016, Vietnam introduced the Law on Pharmacy, which was followed in 2017 by Decree No. 54/2017/ND-CP detailing and guiding the implementation of some articles of the Law on Pharmacy, including the marketing of pharmaceutical products. As a result, we transferred our sales and product representatives in Vietnam to one of our local distributors with effect from 1 January 2018 and entered into a marketing service agreement with such local distributor.

RISK FACTORS

Tax laws and regulations and changes to such laws and regulations could adversely affect our financial condition and results of operations

We are subject to the tax laws and regulations of the various jurisdictions in which we are tax resident or have operations and our result of operations and financial condition may be adversely affected if there is a change in such laws or regulations, if we are audited by tax authorities and they disagree with our tax declarations or if we do not comply with tax laws and regulations. In particular, in 2005, the representative office of Hyphens Singapore in Ho Chi Minh City was sanctioned with an administrative fine of VND 100,000 (equivalent to S\$5.80 (based on an exchange rate of VND 1 = S\$0.000058)) as a result of a late application for tax registration with the local tax authorities.

In addition, local tax authorities may, from time to time, require a tax audit to be conducted and may require us to make payments of additional taxes (as well as interest and/or administrative fines) due to their reassessment. In particular, our operations in Vietnam are subject to tax audits that occur in the ordinary course. In 2005, the representative office of Hyphens Singapore in Ho Chi Minh City was audited by the local tax authorities for the reporting period of 2004 and we were required to make payment of additional tax amounts of VND 29,604,023 (equivalent to S\$1,717 (based on an exchange rate of VND 1 = S\$0.000058)). In 2017, the representative office of Hyphens Singapore in Hanoi was audited for the reporting periods of 2011, 2012 and 2013 and we were required to make payment of additional tax amounts and late payment interest of VND 185,119,215 (equivalent to S\$10,737 (based on an exchange rate of VND 1 = S\$0.000058)) as well as an administrative fine of VND 15,887,070 (equivalent to S\$921 (based on an exchange rate of VND 1 = S\$0.000058)). As of the Latest Practicable Date, there is an ongoing tax audit in respect of the representative office of Hyphens Singapore in Ho Chi Minh City for the reporting periods commencing from the date of its establishment to 2016 and, depending on the outcome of such audit, we may be required to make payments of additional taxes (as well as interest and/or administrative fines), which may adversely affect our financial condition and results of operations.

Our drug products are subject to price controls imposed by the Drug Administration of Vietnam

Our drug products are subject to government price controls. In particular, we are required to declare the wholesale prices of our drug products when we apply for product registration and the Drug Administration of Vietnam will assess whether such prices are reasonable before publishing such prices on its website. The published prices are the price ceilings for our products and we will not be able to increase the prices of the relevant products without prior approval from the Drug Administration of Vietnam. Accordingly, we may not be able to implement pricing strategies to optimise our profitability. In the event that our cost of sales increases and any application for a price increase is rejected or not approved to the extent that we had applied for, our financial condition and results of operations may be adversely affected.

We face risks associated with the public hospital tender process in Vietnam

Most of our revenue from Vietnam is derived from sales to public hospitals by our local distributors via a public tender process. Our local distributors submit tender bids to supply our products to public hospitals at specified prices. Such bids are generally considered on the bases of price, clinical effectiveness, as well as the quality of our products and services, among other things. If our distributors are successful in a tender bid, the relevant products will be sold to the relevant public hospital at the bid price, which, in part, determines the prices at which we sell our products

RISK FACTORS

to our distributors. In addition, if our distributors are successful in a tender bid, we are obligated to supply the amount of product specified and any failure to deliver, including as a result of delay in regulatory clearance, could result in penalties.

The public tender process can create pricing pressure among substitute products or products that are perceived to be substitute products. Our sales volumes and profitability depend on our distributors' ability to differentiate our products and price tender bids in a manner that enables them to succeed in a tender bid at profitable levels. Our distributors may fail to win bids in a public tender due to various factors, including reduced demand for the relevant product, an uncompetitive bidding price, if the relevant product is perceived to be less clinically effective than competing products or if our services or other aspects of our operations are perceived to be less competitive than those of our competitors. If our distributors are unable to differentiate our products or are otherwise unsuccessful in winning public tenders at profitable levels, our sales volumes will suffer and our market share, revenue and profitability may be materially reduced.

In addition, we may face challenges in getting our products on initial tender lists. Our distributors' sales and product representatives representing our products may not be successful in reaching out to the relevant decision makers. In provinces with a centralised tender process, such as Ho Chi Minh City, decisions on which pharmaceutical products go on the initial tender list are made by government administrators, who may be more difficult to identify and whose lack of scientific expertise may limit the ability of our distributors' sales and product representatives to educate them on the usage and benefits of our products. If we are unable to get our products on initial tender lists, our sales and profitability would be materially and adversely affected.

High inflation rates in Vietnam may affect our results of operations

Vietnam has experienced high levels of inflation in the past and may continue to experience periods of high inflation in the future. Future increases in inflation and material increases in the cost of labour may materially and adversely affect the ability of our local distributors to operate profitably and our profitability could in turn be affected if our local distributors reduce or cease their purchases from us as a result. In addition, the Vietnam government has in the past responded to high inflation by imposing measures designed to restrict the availability of credit, such as raising borrowing costs, which could inhibit economic activity in Vietnam and have a material adverse impact on our profitability.

RISKS RELATING TO OUR SHARES

Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of SGX-ST

An application has been made to SGX-ST for the listing and quotation of our Shares on Catalist, a listing platform designed primarily for fast-growing and emerging or smaller companies to which a higher investment risk tends to attach as compared to larger or more established companies listed on the Main Board of SGX-ST. As such, an investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of SGX-ST. We are unable to assure you that an active or liquid trading market for our Shares will develop or be sustained following the Invitation.

RISK FACTORS

An active trading market for our Shares may not develop

Prior to the Invitation, there had not been a public market for our Shares and an active public market for our Shares may not develop or be sustained after the Invitation. The extent to which a trading market may develop or how liquid the market might become depends on a variety of factors, including, among others, our results of operations, performance of our business, competitive conditions, general economic, political and social factors, volatility in the Singapore and global securities markets and the performance of the Singapore economy. As such, we cannot assure you that an active trading market for our Shares will develop or, if developed, will be sustained. Although we currently intend that our Shares will remain listed on SGX-ST, we cannot guarantee the continued listing of our Shares.

The price of our Shares may fluctuate significantly in the future and you may lose all or part of your investment

The market price of our Shares may fluctuate significantly and rapidly as a result of, among others, the following factors, some of which are beyond our control:

- (a) variation in our results of operations;
- (b) our prospects, as well as those of the pharmaceutical and consumer healthcare industries;
- (c) changes in securities analysts' estimates of our results of operations and their recommendations;
- (d) announcements made by us about significant contracts, acquisitions, strategic alliances or joint ventures or capital commitments;
- (e) additions or departures of key personnel;
- (f) involvement in litigation;
- (g) the valuations of publicly-traded companies that are engaged in business activities similar to ours;
- (h) general economic and stock market conditions; and
- (i) discrepancies between our actual operating results and those expected by investors and securities analysts.

The Singapore stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices of securities. These fluctuations have often been unrelated or disproportionate to the operating performance of publicly-traded companies. In the past, following periods of volatility in the market price of a particular company's securities, an investor may lose part or all of his investment and litigation has sometimes been brought against that company. If similar litigation is instituted against us, it could result in substantial costs and diversion of our management's attention and resources from our core businesses.

RISK FACTORS

Future issuances of Shares by us and the sale of Shares by our existing Shareholders may adversely affect the price of our Shares

In the event we issue, or our Shareholders sell, substantial amounts of our Shares following the Invitation, the price of our Shares may be subject to downward pressure. Such downward pressure may also make it difficult for us to issue new Shares and raise the necessary funds in the future at a time and price we deem appropriate. In addition, our Share price may also come under downward pressure if certain of our Shareholders sell their Shares upon the expiry of their moratorium periods.

We may require additional funding in the form of equity or debt for our future growth, and additional funding in the form of equity may cause dilution in Shareholders' equity interests

Following the Invitation, we may pursue opportunities to grow our business through joint ventures, strategic alliances, acquisitions or investment opportunities. However, we are unable to assure you that we will be able to obtain additional funding on terms that are acceptable to us, or at all. If we are unable to do so, our future plans and growth may be adversely affected.

To the extent that funds generated from operations have been exhausted, we may have to raise additional funds to meet new financial requirements which may be by way of a further rights offering (which would be subject to Shareholders' approval, if required), through the issuance and placement of new Shares or through borrowings. Any disruptions, volatility or uncertainty in the credit markets could limit our ability to borrow funds or cause our borrowings to be more expensive, as we may be forced to pay unattractive interest rates, thereby increasing our interest expense, decreasing our profitability and reducing our financial flexibility if we take on additional debt financing.

An issuance of Shares or other equity securities to raise funds will dilute Shareholders' equity interests and may, in the case of a rights issue, require additional investments by Shareholders. Furthermore, an issuance of Shares below the then prevailing market price may also affect the value of Shares then held by investors. Dilution in Shareholders' equity interests may occur even if the issuance of Shares is at a premium to the market price. The terms of any future debt financing may also subject us to certain covenants that limit or otherwise adversely affect our ability to declare and pay dividends to Shareholders. Such covenants may also restrict our ability to undertake additional investments and may require us to create security interests over our assets or set aside funds for the maintenance or repayment of security deposits.

Investors may not be able to participate in future rights issues or certain other equity issues of our Shares

In the event that we issue new Shares, we will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where we elect to conduct a rights issue. However, in electing to conduct a rights issue or certain other equity issues, we may be subject to certain regulations as to the procedures to be followed in extending such rights issue to Shareholders or in disposing of their entitlements for the benefit of such Shareholders and making the net proceeds available to them. In addition, we may choose not to extend such rights issue to our existing Shareholders having an address in jurisdictions outside of Singapore.

Accordingly, certain Shareholders may be unable to participate in future equity offerings by us and may experience dilution in their shareholdings as a result.

RISK FACTORS

Control by our Controlling Shareholder of our share capital after the Invitation may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

After the completion of the Invitation, our Controlling Shareholder, Inomed Holding, will hold approximately 65.4% of the issued share capital of our Company. The shareholders of Inomed Holding comprise Mr. Lim See Wah and Dr. Tan Kia King, who hold 61.1% and 38.9%, respectively, of the shares in Inomed Holding. As a result, Inomed Holding will be able to significantly influence our corporate actions such as mergers or take-over attempts in a manner which may not be in line with the interests of our public Shareholders. It will also be able to effectively block any Shareholder action or approval which requires a special resolution except in situations where it is required by the Rules of Catalist, SGX-ST or undertakings given by it and its associates to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Group which may not benefit our Shareholders.

Investors in our Shares will face immediate and substantial dilution in NAV per Share and may experience future dilution

The Invitation Price is substantially higher than our audited NAV per Share. Dilution is determined by subtracting our audited NAV per Share immediately after the completion of the Invitation from the Invitation Price paid by the new investors. NAV per Share is determined by subtracting total liabilities and minority interests from total assets, and dividing the difference by the number of Shares deemed to be outstanding on the date as of which the book value is determined. Since the Invitation Price per Share exceeds the NAV per Share immediately after the completion of the Invitation, investors who participate in the Invitation will experience immediate dilution.

We may not be able to pay dividends in the future

Our Company is a holding company that conducts the majority of its operations through its subsidiaries. Most of our assets are held by, and substantially all of our earnings and cash flows are attributable to, our subsidiaries. If earnings from these operating subsidiaries were to decline, our earnings and cash flow would be affected. The ability of our subsidiaries to pay dividends will depend on their earnings and cash flows and will be subject to laws and regulations of the relevant jurisdictions where they operate. Our ability to declare dividends to our Shareholders in the future will be contingent on our future financial performance and distributable reserves of our Company. This is in turn dependent on our ability to implement our future plans, and on regulatory, competitive and technical factors such as general economic conditions, demand for and selling prices of our products and services and other factors exclusive to the industry in which we operate. Any of these factors could have a material and adverse effect on our business, financial condition and results of operations, and hence, we are unable to assure you that we will be able to pay dividends to our Shareholders after the completion of the Invitation.

The receipt of dividends from our subsidiaries may be subject to exchange controls that may restrict the transfer of cash upstream from our foreign-incorporated operating subsidiaries to our Company. It may also be affected by the passage of new laws, adoption of new regulations and other events outside our control, and our subsidiaries may not continue to meet the applicable legal and regulatory requirements for the payment of dividends in the future. Source withholding tax may also apply to dividends and distributions from our subsidiaries to our Company.

RISK FACTORS

Furthermore, in the event that our Company or our subsidiaries are required to enter into any loan arrangements with any financial institutions, certain covenants in the loan agreements may limit when and how much dividends we can declare and pay out, or may also restrict the ability of our subsidiaries to make contributions to us and our ability to receive distributions.

If our subsidiaries stop paying dividends or reduce the amount of the dividends they pay to our Company, or dividends become subject to increased tax because of changes in ownership of our subsidiaries or changes in tax laws or treaties, it would have an adverse effect on our ability to pay dividends on our Shares.

Singapore take-over laws contain provisions (which may vary from those in other jurisdictions) which could adversely affect the market price of our Shares

The Singapore Code on Take-overs and Mergers (the “Take-over Code”) contains certain provisions that may possibly delay, deter or prevent a future take-over or change in control of our Company. Under the Take-over Code, except with the consent of the Securities Industry Council of Singapore, any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares, is required to extend a take-over offer for the remaining voting Shares in accordance with the Take-over Code. Except with the consent of the Securities Industry Council of Singapore, such a take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of the voting Shares, either on his own or together with parties acting in concert with him, acquires additional voting Shares representing more than 1.0% of the voting Shares in any six-month period. While the Take-over Code seeks to ensure an equality of treatment among Shareholders, its provisions could substantially impede the ability of the Shareholders to benefit from a change of control and, as a result, may adversely affect the market price of our Shares and the ability to realise any benefits from a potential change of control.

USE OF PROCEEDS AND LISTING EXPENSES

The estimated net proceeds from the Invitation and the issuance of the Cornerstone Shares, after deducting underwriting and placement commissions and estimated offering expenses (excluding any discretionary fee which we may pay to the Sponsor, Issue Manager, Underwriter and Placement Agent), will be approximately S\$13.5 million.

USE OF PROCEEDS

We intend to utilise the net proceeds from the Invitation and the issuance of the Cornerstone Shares primarily for the following purposes:

- business expansion, including potential acquisitions, joint ventures, product development and research and development collaborations;
- setting up of our integrated facility⁽¹⁾; and
- general corporate and working capital purposes.

For each dollar of the gross proceeds from the Invitation and the issuance of the Cornerstone Shares, we intend to use the following amounts for the purposes set out below:

	Amount in Aggregate (S\$ million)	Estimated Amount Allocated for Each Dollar of the Gross Proceeds from the Invitation and the Issuance of the Cornerstone Shares (S\$)
Use of Proceeds⁽²⁾		
Business expansion, including potential acquisitions, joint ventures, product development and research and development collaborations	7.0	0.45
Setting up of our integrated facility ⁽¹⁾	3.0	0.19
General corporate and working capital purposes	3.5	0.22
Payment of underwriting and placement commissions as well as offering expenses ⁽³⁾	2.1	0.14
Gross proceeds from the Invitation and the issuance of the Cornerstone Shares	15.6	1.00

Notes:

- (1) This will comprise costs that we intend to incur on the refurbishment of the premises, the installation of racks for our warehouse facilities and an automated packaging facility. Further details of our integrated facility are set out in the section titled “Our Business – Properties” of this Offer Document.
- (2) Based on the Invitation Price, our gross proceeds from the Invitation, separate from the issuance of the Cornerstone Shares, will be approximately S\$7.7 million. Our estimated net proceeds from the Invitation, after deducting underwriting and placement commissions of the Invitation Shares and fees and expenses arising from the Invitation, the Listing and the issuance of the Cornerstone Shares (estimated to be approximately S\$1.8 million (inclusive of GST)), will be approximately S\$5.9 million. We intend to use the net proceeds from the Invitation (as well as the proceeds from the sale of the Cornerstone Shares) in accordance with the proportions and uses set out in the table above.
- (3) Please refer to “Use of Proceeds and Listing Expenses – Expenses” below for further details.

USE OF PROCEEDS AND LISTING EXPENSES

Further details of our use of proceeds may be found in the section titled “Our Business – Business Strategies and Future Plans” of this Offer Document.

The foregoing represents our best estimate of our allocation of the proceeds from the Invitation and the issuance of the Cornerstone Shares based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and we may find it necessary or advisable to re-allocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event that we decide to re-allocate the net proceeds or use portions of it for other purposes, we will publicly announce our intention to do so through an SGXNET announcement on SGX-ST’s website at <http://www.sgx.com>.

Pending the deployment of the net proceeds as described above, the funds may be placed in short-term deposits, money market instruments and/or used for our Group’s working capital requirements, as our Directors may, in their absolute discretion, deem appropriate.

We will make periodic announcements on the use of the proceeds from the Invitation and the issuance of the Cornerstone Shares as and when such proceeds are materially disbursed and provide a status report on the use of such proceeds in our annual report.

EXPENSES

We estimate that the costs and expenses payable by us in connection with the Invitation and the issuance of the Cornerstone Shares and the application for Listing, including underwriting and placement commissions and all other incidental expenses (excluding any discretionary fee which we may pay to the Sponsor, Issue Manager, Underwriter and Placement Agent) relating to the Invitation and the issuance of the Cornerstone Shares, will be approximately S\$2.1 million. A breakdown of these estimated expenses is as follows:

	Estimated Expenses (S\$'000)⁽¹⁾	As a Percentage of the Gross Proceeds from the Invitation and the Issuance of the Cornerstone Shares (%)
Listing fees	34.2	0.2
Underwriting and placement commissions ⁽²⁾	500.8	3.2
Professional fees ⁽³⁾	1,167.6	7.5
Miscellaneous expenses ⁽⁴⁾	397.4	2.6
Total	2,100.0	13.5

Notes:

- (1) Inclusive of GST.
- (2) Does not include any discretionary fee payable to the Sponsor, Issue Manager, Underwriter and Placement Agent. For more details on such discretionary fee, please refer to the description below.
- (3) Includes the management fee payable to the Sponsor, Issue Manager, Underwriter and Placement Agent, solicitors’ fees, fees for the Independent Auditor and Reporting Accountant and other professionals’ fees.
- (4) Includes the cost of the printing of the Offer Document, road show expenses and certain other expenses incurred or to be incurred in connection with the Invitation and the issuance of the Cornerstone Shares but excludes Listing fees.

USE OF PROCEEDS AND LISTING EXPENSES

We will pay the Sponsor, Issue Manager, Underwriter and Placement Agent, as compensation for its services in connection with the Invitation, a management fee as well as an underwriting and placement commission which is equal to 3.0% of the Invitation Price (exclusive of GST) multiplied by the aggregate number of Invitation Shares and Cornerstone Shares. These underwriting and placement commissions (exclusive of GST) will amount to approximately S\$0.01 for each Invitation Share and Cornerstone Share.

We may, at our sole discretion, pay the Sponsor, Issue Manager, Underwriter and Placement Agent a discretionary fee of up to 0.75% of the Invitation Price (exclusive of GST) multiplied by the aggregate number of Invitation Shares and Cornerstone Shares.

Subscribers of the Placement Shares will be required to pay to the Sponsor, Issue Manager, Underwriter and Placement Agent or any sub-underwriter or sub-placement agent that may be appointed by the Sponsor, Issue Manager, Underwriter and Placement Agent a brokerage fee of up to 1.0% of the Invitation Price, as well as stamp duty and other similar charges to the relevant authorities in accordance with the laws and practices of the country of subscription, at the time of settlement.

No fee is payable by applicants for the Public Offer Shares, save for an administration fee of S\$2.00 for each application made through an ATM, the internet banking websites of the Participating Banks or the mobile banking interface of DBS Bank.

Please see the section titled “Plan of Distribution” of this Offer Document for a description of the commissions payable in connection with the Invitation.

PLAN OF DISTRIBUTION

THE INVITATION

The Invitation is for 29,600,000 Invitation Shares offered for subscription under the Public Offer and the Placement at the Invitation Price.

Prior to the Invitation, there had been no public market for our Shares. The Invitation Price was determined by our Company, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, through a book-building process and taking into consideration, among others, prevailing market conditions and estimated market demand for the Invitation Shares. The Invitation Price is payable in full on application.

The minimum initial application is for 1,000 Invitation Shares. An applicant may apply to subscribe for a larger number of Invitation Shares in integral multiples of 100 Shares. In order to ensure a reasonable spread of Shareholders, we have the absolute discretion to prescribe a limit to the number of Invitation Shares to be allotted to any single applicant and/or to allot Invitation Shares above or under such prescribed limit as we shall deem fit.

The Invitation Shares may be re-allocated between the Public Offer and the Placement at the discretion of the Sponsor, Issue Manager, Underwriter and Placement Agent (in consultation with our Company), subject to any applicable laws, regulations and rules, including the minimum distribution and shareholding spread requirements of SGX-ST.

Public Offer

3,000,000 Public Offer Shares are being offered by our Company at the Invitation Price by way of a public offer in Singapore. The terms, conditions and procedures for application and acceptance are described in “Terms, Conditions and Procedures for Application and Acceptance”, as set out in Appendix F to this Offer Document. In the event that not all the Public Offer Shares are validly applied for as of the close of the Application List, such number of Public Offer Shares not applied for shall be made available to satisfy excess applications under the Placement to the extent there are excess applications for the Placement Shares as of the close of the Application List.

In the event of excess applications for the Public Offer Shares as of the close of the Application List and full or excess applications for the Placement Shares as of the close of the Application List, the successful applications under the Public Offer will be determined by ballot or otherwise as determined by our Company, after consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, and approved by SGX-ST, if required.

No fee is payable by applicants for the Public Offer Shares, save for an administration fee of S\$2.00 for each application made through an ATM, the internet banking websites of the Participating Banks or the mobile banking interface of DBS Bank.

Placement (Excluding Reserved Shares)

23,790,000 Placement Shares (excluding Reserved Shares) are being offered by our Company at the Invitation Price by way of placement. Application for the Placement Shares (excluding Reserved Shares) at the Invitation Price under the Placement may be made by way of Application Forms or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent deems appropriate. The terms, conditions and procedures for application and acceptance are described in “Terms, Conditions and Procedures for Application and Acceptance”, as set out in Appendix F to this Offer Document.

PLAN OF DISTRIBUTION

Any Placement Shares (excluding Reserved Shares) not validly applied for may be allocated to satisfy excess applications under the Public Offer, subject to the terms and conditions of this Offer Document applicable to the applications by the public under the Public Offer.

Conversely, any Public Offer Shares not subscribed for may be allocated to satisfy applications by the Sponsor, Issue Manager, Underwriter and Placement Agent and/or persons procured by the Sponsor, Issue Manager, Underwriter and Placement Agent, to the extent that there is an over-subscription for the Placement Shares, subject to the terms and conditions of this Offer Document applicable to the applications for the Placement Shares.

Subscribers under the Placement may be required to pay to the Sponsor, Issue Manager, Underwriter and Placement Agent or any sub-underwriter or sub-placement agent that may be appointed by the Sponsor, Issue Manager, Underwriter and Placement Agent a brokerage fee of up to 1.0% of the Invitation Price, as well as stamp duty and other similar charges to the relevant authorities in accordance with the laws and practices of the country of subscription, at the time of settlement.

Reserved Shares

To recognise contributions to our Group, we have reserved 2,810,000 Placement Shares for subscription by the directors and employees of our Company and our subsidiaries, as well as business associates and others who have contributed to the success of our Group, at the Invitation Price.

In the event that any of the Reserved Shares are not taken up, they will be made available to satisfy excess applications for the Placement Shares or, in the event there are no excess applications for the Placement Shares, to satisfy excess applications for the Public Offer Shares, if applicable.

Cornerstone Shares

Concurrently with, but separate from, the Invitation, the Cornerstone Investors have each entered into a Cornerstone Subscription Agreement with our Company to subscribe for an aggregate of 30,400,000 Cornerstone Shares at the Invitation Price, which is conditional upon, among others, the Management and Underwriting Agreement having been entered into and not having been terminated pursuant to its terms.

The Cornerstone Shares will, in aggregate, constitute approximately 10.1% of our share capital immediately after the Listing.

Management and Underwriting Agreement

Pursuant to the Management and Underwriting Agreement entered into between our Company and DBS Bank, our Company has appointed DBS Bank, and DBS Bank has agreed, subject to the terms and conditions set forth in that agreement, to manage the Listing as sponsor and issue manager. DBS Bank has also agreed, subject to the terms and conditions set forth in that agreement, to procure the subscription and payment for, or failing which, to subscribe and pay for, the Invitation Shares and the Cornerstone Shares at the Invitation Price.

PLAN OF DISTRIBUTION

DBS Bank will receive as compensation for their services in connection with the Invitation, a management fee as well as an underwriting and placement commission which is equal to 3.0% of the Invitation Price (exclusive of GST), multiplied by the aggregate number of Invitation Shares and Cornerstone Shares.

Our Company may, at our sole discretion, pay DBS Bank a discretionary fee of up to 0.75% of the Invitation Price (exclusive of GST), multiplied by the aggregate number of Invitation Shares and Cornerstone Shares.

DBS Bank shall be at liberty (in consultation with our Company and subject to applicable laws and regulations) to make sub-underwriting and/or sub-placement arrangements for the Invitation Shares.

Our Company has agreed in the Management and Underwriting Agreement to indemnify the Sponsor, Issue Manager, Underwriter and Placement Agent against certain liabilities.

Continuing Sponsorship Agreement

Pursuant to the Continuing Sponsorship Agreement entered into between our Company and DBS Bank, our Company has appointed DBS Bank, and DBS Bank has agreed, subject to the terms and conditions set forth in that agreement, to act as continuing sponsor.

No Existing Trading Market

Prior to the Invitation, there had been no trading market for our Shares. The Invitation Price was determined after a book-building process and agreed among our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent. Among the factors considered in determining the Invitation Price were the prevailing market conditions, estimated market demand for the Invitation Shares, current market valuations of publicly-traded companies that our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent believe to provide a reasonable basis of comparison with our Group, and assessment of our Group's recent historical performance, estimates of our Group's business and earnings prospects, the current state of our Group's development and the current state of the industry in which our Group operates as well as the economy as a whole.

INTERESTS OF THE SPONSOR, ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT

Except as disclosed in this Offer Document, including in the section titled "Capitalisation and Indebtedness" of this Offer Document, in the reasonable opinion of our Directors, our Company does not have any material relationship with the Sponsor, Issue Manager, Underwriter and Placement Agent except as described below:

- (a) DBS Bank is the Sponsor, Issue Manager, Underwriter and Placement Agent for the Invitation and has been appointed as our continuing sponsor pursuant to the Continuing Sponsorship Agreement;
- (b) DBS Bank is the principal banker of our Group;

PLAN OF DISTRIBUTION

- (c) DBS Bank is the Receiving Bank for the Invitation; and
- (d) DBS Bank engages in transactions with and performs services for us and/or our affiliates in the ordinary course of business and has engaged, and may in the future engage, in commercial banking and/or investment banking transactions with our Group and/or our affiliates for which it has received, and may in future receive, customary fees.

PERSONS INTENDING TO SUBSCRIBE FOR INVITATION SHARES

To the best of our knowledge and belief, none of our Directors or Substantial Shareholders intends to subscribe for Invitation Shares pursuant to the Invitation. In the event that any Invitation Shares are subscribed for by our Directors, Substantial Shareholders and/or their respective associates, such subscriptions will be disclosed in an announcement in accordance with Rule 428 of the Rules of Catalist.

To the best of our knowledge and belief, as of the date of the Offer Document, we are not aware of any person who intends to subscribe for more than 5.0% of the Invitation Shares.

However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to subscribe for more than 5.0% of the Invitation Shares. The final allocation and allotment of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406 of the Rules of Catalist.

No Shares shall be allotted or issued, as the case may be, on the basis of this Offer Document later than six months after the date of registration of this Offer Document by SGX-ST, acting as agent on behalf of the Authority.

DIVIDEND POLICY

Our Company has not declared or paid any dividends since its incorporation on 12 December 2017.

Details of the dividends declared and paid by Hyphens Singapore for the years ended 31 December 2015, 2016 and 2017 are as follows:

(S\$ million)	Year Ended 31 December		
	2015	2016	2017
Hyphens Singapore	2.0	1.0	7.0

Our Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares will depend on our earnings, general business and financial condition, results of operations, capital requirements, cash flow, plans for expansion and other factors which our Directors may deem appropriate, such as our expected financial performance. In addition, our Company is a holding company and depends upon the receipt of dividends and other distributions from our subsidiaries to pay the dividends on our Shares.

However, our Board intends to recommend and distribute dividends of at least 30.0% of our net profits attributable to our Shareholders for each of the years of 2018 and 2019, as we wish to reward Shareholders for participating in our Group's growth. Investors should note that the foregoing statements, which may be subject to modification (including reduction or non-declaration thereof) in our Directors' sole and absolute discretion, are merely statements of our present intention and shall not constitute legally binding obligations on our Company or legally binding statements in respect of our future dividends. Investors should also not treat the proposed dividends for 2018 and 2019 as an indication of our future dividend policy.

We cannot assure you that dividends will be paid in the future or as to the timing of any dividends that are to be paid in the future. Any final dividends that we may declare are subject to the approval of our Shareholders in a general meeting. No dividend or distribution shall be declared in excess of the amount recommended by our Directors. Subject to our Constitution and in accordance with the Companies Act, our Directors may also from time to time declare an interim dividend without the approval of our Shareholders. Our Company must pay all dividends out of our profits.

In addition, under the terms of Hyphens Malaysia's foreign exchange contract facility with Maybank, for so long as any sum remains to be lent under this facility or remains payable thereunder, Hyphens Malaysia may not, without the prior written consent of Maybank, declare or pay any dividends to Hyphens Singapore, the sole shareholder of Hyphens Malaysia. Please refer to the section titled "Capitalisation and Indebtedness – Bank Facilities" for further details.

Information relating to taxes payable on dividends is set out in the section titled "Taxation" of this Offer Document.

All dividends are paid pro rata among the Shareholders in proportion to the amount paid up on each Shareholder's Share(s), unless the rights attaching to an issuance of any Share provide otherwise. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

No inference shall or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed.

RESTRUCTURING EXERCISE

Our Company was incorporated on 12 December 2017 in Singapore under the Companies Act as a private company limited by shares with an issued and paid-up share capital of S\$5,000 comprising 5,000 Shares, with 4,088 Shares and 912 Shares being held by our Controlling Shareholder, Inomed Holding and our Executive Director, Mr. Tan Chwee Choon, respectively.

In connection with the Invitation, we undertook the following restructuring exercise (the “Restructuring Exercise”) to streamline and rationalise our Group structure:

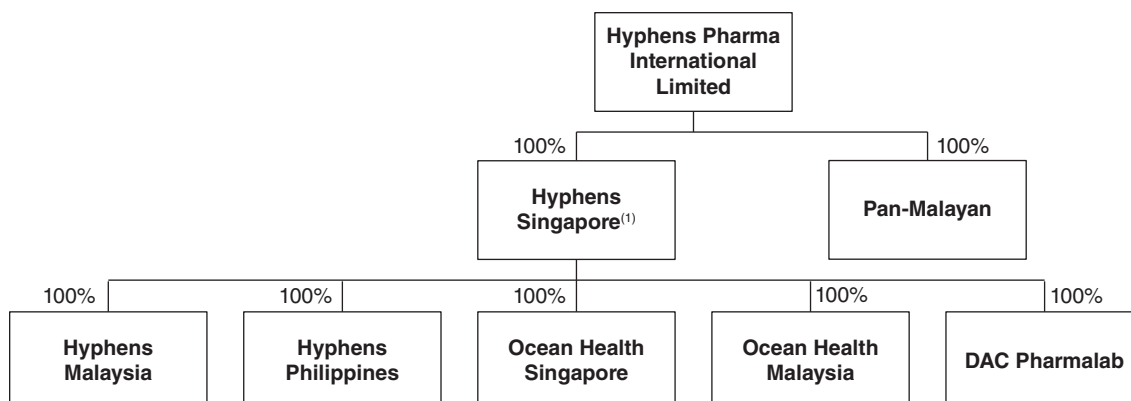
- (a) by a sale and purchase agreement dated 19 April 2018 entered into between our Company and Hyphens Singapore, our Company acquired from Hyphens Singapore the entire issued and paid-up share capital of Pan-Malayan for a consideration of S\$1,013,780, which was based on the cost of investment of Pan-Malayan as of 31 December 2017. The consideration was satisfied by the issuance of 46,593 Shares and 10,397 Shares to Inomed Holding and Mr. Tan Chwee Choon, respectively; and
- (b) by a sale and purchase agreement dated 19 April 2018 entered into among our Company, Inomed Holding and Mr. Tan Chwee Choon, our Company acquired from Inomed Holding and Mr. Tan Chwee Choon the entire issued and paid-up share capital of Hyphens Singapore for a consideration of S\$16,686,145, which was based on the unaudited pro forma net asset value of Hyphens Singapore as of 31 December 2017 less the net asset value of Pan-Malayan. The consideration was satisfied by the issuance of 766,880 Shares and 171,130 Shares to Inomed Holding and Mr. Tan Chwee Choon, respectively.

Following the completion of the Restructuring Exercise, our Company became the holding company of our Group. As a result of the foregoing, more than 10.0% of our share capital has been paid for with assets other than cash within the period of three years before the date of lodgement of this Offer Document with SGX-ST, acting as agent on behalf of the Authority.

On 20 April 2018, our Company was converted into a public company limited by shares and the name of our Company was changed to Hyphens Pharma International Limited in connection therewith.

GROUP STRUCTURE

Our Group structure following the completion of the Restructuring Exercise is as follows:



Note:

- (1) Hyphens Singapore has two representative offices in Vietnam and one representative office in Indonesia. Please refer to “– Representative Offices” for further details.

SUBSIDIARIES

The details of our subsidiaries following the completion of the Restructuring Exercise are as follows:

Name	Country of Incorporation or Constitution	Principal Place of Business	Principal Activities	Ownership Interest Held by Our Group (%)
Hyphens Singapore	Singapore	Singapore	Sales, marketing, distribution and development of pharmaceutical and healthcare products and related services	100.0
Hyphens Malaysia	Malaysia	Malaysia	Sales, marketing and distribution of pharmaceutical and healthcare products and related services	100.0
Hyphens Philippines	The Philippines	The Philippines	Sales, marketing and distribution of pharmaceutical and healthcare products and related services	100.0 ⁽¹⁾
Ocean Health Singapore	Singapore	Singapore	Brand owner of health supplement products	100.0
Ocean Health Malaysia	Malaysia	Malaysia	Dormant ⁽²⁾	100.0

GROUP STRUCTURE

Name	Country of Incorporation or Constitution	Principal Place of Business	Principal Activities	Ownership Interest Held by Our Group (%)
Pan-Malayan	Singapore	Singapore	Wholesale of pharmaceuticals and medical supplies and digital business and services	100.0
DAC Pharmalab	Singapore	Singapore	Primary packaging of cosmetic products and health supplement products	100.0

Notes:

- (1) The total number of issued common shares of Hyphens Philippines is 10,000,000 common shares. Due to local requirements in the Philippines, five of the common shares of Hyphens Philippines are held by five individuals, respectively, as nominees for Hyphens Singapore. The remaining 9,999,995 common shares of Hyphens Philippines are directly held by Hyphens Singapore.
- (2) As Ocean Health Malaysia is a dormant company, we intend to make an application to the Companies Commission of Malaysia to strike this company off the register.

Representative Offices

Hyphens Singapore has representative offices in Vietnam and Indonesia. The details of these representative offices are as follows:

Country of Establishment	Principal Place of Business	Principal Activities
Vietnam	Ho Chi Minh City, Vietnam	Liaison office, market research and enhancement of investment opportunities of Hyphens Singapore in Vietnam
Vietnam	Hanoi, Vietnam	Liaison office, market research and enhancement of investment opportunities of Hyphens Singapore in Vietnam
Indonesia	Jakarta, Indonesia	Liaison office, market research and enhancement of investment opportunities of Hyphens Singapore in Indonesia

SHARE CAPITAL

Our Company was incorporated in Singapore on 12 December 2017 under the Companies Act as a private company limited by shares, under the name Hyphens Pharma International Pte. Ltd.. Following the Restructuring Exercise, our Company became the holding company of our Group. For more information, please refer to the section titled “Restructuring Exercise” of this Offer Document. On 20 April 2018, our Company was converted into a public company limited by shares and the name of our Company was changed to Hyphens Pharma International Limited in connection therewith.

As of our date of incorporation, our issued and paid-up share capital was S\$5,000, comprising 5,000 Shares.

At an extraordinary general meeting held on 20 April 2018, our Shareholders approved, among others, the following:

- (a) the conversion of our Company into a public company limited by shares and the change of our Company’s name to Hyphens Pharma International Limited;
- (b) the adoption of a new Constitution with effect from the date of conversion of our Company into a public company;
- (c) the sub-division of each of our Shares into 240 Shares, which was effected on 20 April 2018 (the “Share Split”);
- (d) the allotment and issuance of the Invitation Shares and the Cornerstone Shares, on the basis that the Invitation Shares and the Cornerstone Shares, when allotted, issued and fully paid, will rank equally and without preference in all respects with our Shares that are already issued;
- (e) the adoption of the Hyphens Share Plan and the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to allot and issue Shares upon the vesting of Awards granted under the Hyphens Share Plan;
- (f) the adoption of the Hyphens Share Option Scheme and the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to allot and issue Shares upon the exercise of Options granted under the Hyphens Share Option Scheme;
- (g) the approval of the listing and quotation of all our Shares that are already issued, the Invitation Shares, the Cornerstone Shares, the Award Shares and the Option Shares, on Catalist; and
- (h) the authorisation to our Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting, to:
 - (A) (i) issue Shares whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (each an “Instrument” and collectively, “Instruments”) that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issuance of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into Shares; and/or

SHARE CAPITAL

- (iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issuances,

at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit; and

- (B) issue Shares in pursuance of any Instrument made or granted by our Directors pursuant to (A)(ii) and/or (A)(iii) above, while such authority was in force (notwithstanding that such issuance of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

provided:

- (i) the aggregate number of Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to this authority but excluding Shares which may be issued pursuant to any adjustments (“Adjustments”) effected under any relevant Instrument, which Adjustment shall be made in compliance with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by SGX-ST) and the Constitution for the time being of our Company), does not exceed 100.0% of the post-Invitation issued share capital, and provided further that the aggregate number of Shares to be issued other than on a pro rata basis to Shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority, but excluding Shares which may be issued pursuant to any Adjustments effected under any relevant Instrument) shall not exceed 50.0% of the Company’s post-Invitation issued share capital;
- (ii) in exercising such authority, our Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by SGX-ST) and the Constitution for the time being of our Company; and
- (iii) unless revoked or varied by our Company in general meeting by ordinary resolution, the authority so conferred shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is earlier.

For the purpose of this resolution and pursuant to Rules 806(3) and 806(4) of the Rules of Catalist, the “post-Invitation issued share capital” shall mean the total number of issued Shares of our Company (excluding treasury Shares and subsidiary holdings) immediately after the completion of the Invitation and the issuance of the Cornerstone Shares, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities, (b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given, provided that the options or share awards were granted in compliance with the Rules of Catalist, and (c) any subsequent bonus issuance, consolidation or sub-division of Shares.

SHARE CAPITAL

As of the Latest Practicable Date, there is only one class of shares in the capital of our Company. The rights and privileges attached to our Shares are stated in our Constitution. Please refer to the “Summary of our Constitution” as set out in Appendix B to this Offer Document for further details. There is no restriction on the transfer of fully-paid Shares in scripless form, except where required by law or the Rules of Catalist.

As of the Latest Practicable Date, the issued and paid-up share capital of our Company is S\$5,000 comprising 5,000 Shares.

Our Company’s share capital immediately before the completion of the Invitation and the issuance of the Cornerstone Shares will be S\$17,704,925 comprising 240,000,000 Shares. Upon the allotment and issuance of the Invitation Shares and the Cornerstone Shares, the resultant issued and paid-up share capital of our Company will be increased to S\$32,504,925 comprising 300,000,000 Shares.

CHANGES IN ISSUED SHARE CAPITAL

Details of the changes in the issued and paid-up share capital of our Company since incorporation and the resultant issued and paid-up share capital of our Company immediately after the completion of the Invitation and the issuance of the Cornerstone Shares are as follows:

	Number of Shares	Resultant Issued and Paid-up Share Capital (S\$)
Issued and paid-up share capital as of incorporation of our Company	5,000	5,000
Issued and paid-up share capital immediately after the Restructuring Exercise ⁽¹⁾	1,000,000	17,704,925
Issued and paid-up share capital immediately after the Share Split	240,000,000	17,704,925
Issued and paid-up share capital immediately after the completion of the Invitation and the issuance of the Cornerstone Shares	300,000,000	32,504,925 ⁽²⁾

Notes:

- (1) Please refer to the section titled “Restructuring Exercise” for further details.
- (2) Takes into account the set-off of the underwriting and placement commissions and certain of our Company’s estimated offering expenses in relation to the Invitation against our issued and fully paid-up share capital.

Except as disclosed above and in the section titled “Restructuring Exercise” of this Offer Document, there has not been any change in the share capital of our Company or our subsidiaries within the three years preceding the Latest Practicable Date.

SHARE CAPITAL

The issued share capital and the Shareholders' equity of our Company (a) as of incorporation; (b) after the completion of the Restructuring Exercise and the Share Split; and (c) after adjustments to reflect the issuance of the Invitation Shares and the Cornerstone Shares are set out below. This should be read in conjunction with the financial statements set out in Appendix A to this Offer Document:

	As of Incorporation	After the Completion of the Restructuring Exercise⁽¹⁾ and the Share Split	After the Completion of the Invitation and the Issuance of the Cornerstone Shares
Issued and fully paid-up Shares (number of Shares)	5,000	240,000,000	300,000,000
Issued and fully paid-up share capital (S\$)	5,000	17,704,925	32,504,925 ⁽²⁾
Total Shareholders' equity (S\$)	5,000	18,834,286	33,634,286
Equity attributable to equity holders of our Company (S\$)	5,000	18,834,286	33,634,286

Notes:

- (1) Please refer to the section titled "Restructuring Exercise" for further details.
- (2) Takes into account the set-off of the underwriting and placement commissions and certain of our Company's estimated offering expenses in relation to the Invitation against our issued and fully paid-up share capital.

SHAREHOLDERS

OWNERSHIP STRUCTURE

The shareholdings of our Directors and Substantial Shareholders as of the Latest Practicable Date, immediately before the Invitation and the issuance of the Cornerstone Shares and immediately after the completion of the Invitation and the issuance of the Cornerstone Shares are set out below⁽¹⁾:

	As of the Latest Practicable Date			Immediately before the Invitation and the Issuance of the Cornerstone Shares			Immediately after the Completion of the Invitation and the Issuance of the Cornerstone Shares		
	Direct Interest	Deemed Interest	%	Direct Interest	Deemed Interest	%	Direct Interest	Deemed Interest	%
	Number of Shares	Number of Shares		Number of Shares	Number of Shares		Number of Shares	Number of Shares	
Directors									
Mr. Lim See Wah ⁽²⁾	-	4,088	81.8	-	196,214,640	81.8	-	196,214,640	65.4
Mr. Tan Chwee Choon	912	-	18.2	43,785,360	-	14.6	43,785,360	-	-
Dr. Tan Kia King ⁽²⁾	-	4,088	81.8	-	196,214,640	81.8	-	196,214,640	65.4
Mr. Heng Wee Koon	-	-	-	-	-	-	-	-	-
Mr. Ng Eng Leng	-	-	-	-	-	-	-	-	-
Dr. Poon Thong Yuen	-	-	-	-	-	-	-	-	-
Substantial Shareholders (other than Directors)									
Inomed Holding ⁽²⁾	4,088	-	81.8	196,214,640	-	81.8	196,214,640	65.4	-
Cornerstone Investors									
Public	-	-	-	-	-	-	30,400,000	-	-
	-	-	-	-	-	-	29,600,000	9.9	-
Total	5,000		100.0	240,000,000		100.0	300,000,000	100.0	

Notes:

- (1) The table assumes that none of our Directors, Substantial Shareholders and/or their respective associates will subscribe for any of the Invitation Shares. In the event that any Invitation Shares are subscribed for by our Directors, Substantial Shareholders and/or their respective associates, such subscriptions will be disclosed in an announcement in accordance with Rule 428 of the Rules of Catalyst.
- (2) The shareholders of Inomed Holding comprise Mr. Lim See Wah and Dr. Tan Kia King, who respectively hold 61.1% and 38.9% of the shares in Inomed Holding. Accordingly, for the purposes of Section 4 of the SFA, each of Mr. Lim See Wah and Dr. Tan Kia King is deemed to have an interest in the Shares held by Inomed Holding.

SHAREHOLDERS

Except as disclosed above, to the best of our knowledge, we are not directly or indirectly owned or controlled, whether severally or jointly, by any other corporation, any government or other natural or legal person.

We are not aware of any arrangement the operation of which may, at a subsequent date, result in a change in control of our Company.

The Shares held by our Directors, CEO and Substantial Shareholders do not carry different voting rights from the Invitation Shares.

There are no Shares in our Company that are held by or on behalf of our Company or by the subsidiaries of our Company.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

The significant changes in the percentage of ownership of our Company held by our Directors and Substantial Shareholders since our incorporation are as follows:

	As of Our Date of Incorporation		As of the Latest Practicable Date		After the Completion of the Restructuring Exercise and the Share Split	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors and CEO						
Mr. Lim See Wah ⁽²⁾	—	—	—	—	—	—
Mr. Tan Chwee Choon	912	18.2	912	18.2	43,785,360	18.2
Dr. Tan Kia King ⁽²⁾	—	—	—	—	—	—
Mr. Heng Wee Koon	—	—	—	—	—	—
Mr. Ng Eng Leng	—	—	—	—	—	—
Dr. Poon Thong Yuen	—	—	—	—	—	—
Substantial Shareholders (other than Directors)						
Inomed Holding ⁽²⁾	4,088	81.8	4,088	81.8	196,214,640	81.8

Notes:

- (1) Calculated based on the issued share capital of our Company as of the relevant dates.
- (2) The shareholders of Inomed Holding comprise Mr. Lim See Wah and Dr. Tan Kia King, who respectively hold 61.1% and 38.9% of the shares in Inomed Holding. Accordingly, for the purposes of Section 4 of the SFA, each of Mr. Lim See Wah and Dr. Tan Kia King is deemed to have an interest in the Shares held by Inomed Holding.

SHAREHOLDERS

CORNERSTONE INVESTORS

Concurrently with, but separate from, the Invitation, the Cornerstone Investors have each entered into a Cornerstone Subscription Agreement with our Company to subscribe for an aggregate of 30,400,000 Cornerstone Shares at the Invitation Price, which is conditional upon, among others, the Management and Underwriting Agreement having been entered into and not having been terminated pursuant to its terms.

Details of the Cornerstone Investors are set out below:

Nikko Asset Management Asia Limited

Nikko Asset Management Asia Limited (“Nikko Asset Management”) is one of Asia’s largest asset managers, providing high-conviction, active fund management across a range of equity, fixed income, multi-asset and alternative strategies and its complementary range of passive strategies covers more than 20 indices and includes some of Asia’s largest exchange-traded funds. Nikko Asset Management has US\$211.6 billion (23.83 trillion yen) in assets under management (consolidated assets under management and sub-advisory of Nikko Asset Management and its subsidiaries as of 31 December 2017). Headquartered in Asia since 1959, Nikko Asset Management represents nearly 200 investment professionals (including employees of Nikko Asset Management and its subsidiaries as of 31 December 2017) and over 30 nationalities across nine countries. More than 300 banks, brokers, financial advisers and life insurance companies around the world distribute the company’s products.

Qilin Asset Management Pte. Ltd.

Qilin Asset Management Pte. Ltd. is a single family office headquartered in Singapore. Qilin Asset Management Pte. Ltd. oversees a global portfolio of equities, debt, funds, derivatives and foreign currencies. Its principal strategies and divisions include value-driven allocations, quantitative trading as well as long-short strategies.

Maxi-Harvest Group Pte. Ltd.

Maxi-Harvest Group Pte. Ltd. is an investment holding company established in Singapore in March 2012. It specialises in equities and fixed income investments in the Southeast Asian markets. Maxi-Harvest Group Pte. Ltd. is wholly-owned by Mr. Lee Sai Sing, who has many years of financial investment experience, having worked in the fund management industry with major financial institutions such as the Government of Singapore Investment Corporation Pte. Ltd. and Maybank Kim Eng Securities Pte. Ltd..

MORATORIUM

Our Company

We have agreed with the Sponsor, Issue Manager, Underwriter and Placement Agent that we will not, from the date of the Management and Underwriting Agreement until the date falling six months after the Listing Date (both dates inclusive), without the consent of the Sponsor, Issue Manager, Underwriter and Placement Agent, such consent not to be unreasonably withheld or denied:

- (a) allot, offer, issue, sell, contract to issue, grant any option, warrant or other right to subscribe or purchase, grant security over, encumber (whether by way of mortgage, assignment of

SHAREHOLDERS

rights, charge, pledge, pre-emption rights, rights of first refusal or otherwise), or otherwise dispose of or transfer, any Shares or any other securities of the Company or any subsidiary of the Company (including any equity-linked securities, perpetual securities and any securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase such Shares or any other securities of the Company or any subsidiary of the Company), whether such transaction is to be settled by delivery of Shares or other securities of the Company or subsidiary of the Company, or in cash or otherwise;

- (b) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any securities of the Company or any subsidiary of the Company, or any interest in any of the foregoing (including any securities convertible into or exercisable or exchangeable for, or which carry rights to subscribe for or purchase any Shares or any other securities of the Company or any subsidiary of the Company), whether such transaction is to be settled by delivery of Shares or other securities of the Company or subsidiary of the Company, or in cash or otherwise;
- (c) deposit any Shares or any other securities of the Company or any subsidiary of the Company (including any securities convertible into or exercisable or exchangeable for, or which carry rights to subscribe for or purchase any Shares or any other securities of the Company or any subsidiary of the Company) in any depository receipt facilities (other than a CDP designated moratorium account for the purposes of complying with the obligations under this undertaking);
- (d) enter into any transaction which is designed or which may reasonably be expected to result in any of the above; or
- (e) announce or publicly disclose any intention to do any of the above,

provided, however, that the foregoing restrictions shall not apply in respect of the Invitation Shares, the Cornerstone Shares, the Award Shares and the Option Shares.

Our Executive Directors and Controlling Shareholder

Inomed Holding and Mr. Tan Chwee Choon will have a direct interest in 196,214,640 Shares and 43,785,360 Shares, respectively, representing approximately 65.4% and 14.6%, respectively, of our share capital immediately after the completion of the Invitation and the issuance of the Cornerstone Shares.

Each of Inomed Holding and Mr. Tan Chwee Choon has given an undertaking to the Sponsor, Issue Manager, Underwriter and Placement Agent in respect of all the Shares which it/he legally and/or beneficially owns, directly and/or indirectly, as of the date of the undertaking and as of the Listing Date (adjusted for any bonus issue or sub-division) (such Shares referred to below as the “Relevant Company Shares”).

Pursuant to their respective undertakings, each of Inomed Holding and Mr. Tan Chwee Choon has agreed that it/he will not, without the prior written consent of the Sponsor, Issue Manager, Underwriter and Placement Agent, directly or indirectly:

- (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate,

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grant security over, encumber or otherwise transfer or dispose of, any of the Relevant Company Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Relevant Company Shares;

- (b) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Company Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Relevant Company Shares;
- (c) deposit any of the Relevant Company Shares or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase any Relevant Company Shares in any depository receipt facilities (other than in a CDP designated moratorium account, if any, for the purposes of complying with its/his obligations under its/his undertaking), whether any such transaction described above is to be settled by delivery of the Relevant Company Shares or such other securities, in cash or otherwise;
- (d) enter into any transaction which is designed or which may reasonably be expected to result in any of the above; or
- (e) announce or publicly disclose any intention to do any of the above.

The foregoing restrictions shall apply to (a) all the Relevant Company Shares for the period commencing from the date of the undertaking until the date falling six months from the Listing Date (both dates inclusive) (the “First Lock-up Period”) and (b) 50.0% of the Relevant Company Shares for the period commencing on the day immediately following the expiry of the First Lock-up Period until the date falling 12 months from the Listing Date (both dates inclusive) (the “Second Lock-up Period”).

As of the Latest Practicable Date, Mr. Lim See Wah and Dr. Tan Kia King have a direct interest in 78,445 ordinary shares and 50,000 ordinary shares, respectively, in the share capital of Inomed Holding, representing approximately 61.1% and 38.9%, respectively, of the share capital of Inomed Holding.

Each of Mr. Lim See Wah and Dr. Tan Kia King has given an undertaking to the Sponsor, Issue Manager, Underwriter and Placement Agent in respect of all the shares in Inomed Holding which he legally and/or beneficially owns, directly and/or indirectly, as at the date of the undertaking and as at the Listing Date (adjusted for any bonus issue or sub-division) (such shares referred to below as the “Relevant Inomed Shares”).

Pursuant to their respective undertakings, each of Mr. Lim See Wah and Dr. Tan Kia King has agreed that he will not, without the prior written consent of the Sponsor, Issue Manager, Underwriter and Placement Agent, directly or indirectly:

- (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise transfer or dispose of, any of the Relevant Inomed Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Relevant Inomed Shares;

SHAREHOLDERS

- (b) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Inomed Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Relevant Inomed Shares;
- (c) deposit any of the Relevant Inomed Shares or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase any Relevant Inomed Shares in any depository receipt facilities (other than in a CDP designated moratorium account, if any, for the purposes of complying with his obligations under his undertaking), whether any such transaction described above is to be settled by delivery of the Relevant Inomed Shares or such other securities, in cash or otherwise;
- (d) enter into any transaction which is designed or which may reasonably be expected to result in any of the above; or
- (e) announce or publicly disclose any intention to do any of the above.

The foregoing restrictions in the undertakings provided by each of Mr. Lim See Wah and Dr. Tan Kia King shall apply to all of the Relevant Inomed Shares for the period commencing from the date of the undertaking until the date falling 12 months from the Listing Date (both dates inclusive).

DILUTION

Dilution is the amount by which the Invitation Price paid by the subscribers of our Shares in this Invitation exceeds our NAV per Share immediately after the completion of the Invitation and the issuance of the Cornerstone Shares. Our NAV per Share as of 31 December 2017 after adjusting for the Restructuring Exercise and the Share Split but before adjusting for the issuance of the Invitation Shares and the Cornerstone Shares, was 7.8 cents per Share.

Our NAV per Share as of 31 December 2017 after adjusting for the Restructuring Exercise, the Share Split, and the issuance of the Invitation Shares and the Cornerstone Shares, would have been 10.8 cents per Share⁽¹⁾. This represents an immediate dilution in NAV per Share of 15.2 cents, or approximately 58.5%, to new investors subscribing for the Invitation Shares at the Invitation Price.

The following table illustrates the dilution on a per Share basis:

	Cents
Invitation Price per Share	26.0
NAV per Share as of 31 December 2017 after adjusting for the Restructuring Exercise and the Share Split	7.8
Increase in NAV per Share attributable to existing Shareholders	3.0
NAV per Share as of 31 December 2017 after adjusting for the Restructuring Exercise, the Share Split, and the issuance of the Invitation Shares and the Cornerstone Shares ⁽¹⁾	10.8
Dilution in NAV per Share to new investors	15.2
Percentage decrease in NAV per Share to new investors	58.5%

Note:

- (1) This does not take into account our actual financial performance after 31 December 2017. Depending on our actual financial results, our NAV per Share may be higher or lower than the NAV per Share set out above.

DILUTION

The following table summarises the total number of Shares (after adjusting for the Share Split) acquired by our Directors, Substantial Shareholders and/or their associates, or Shares which they have the right to acquire, since the incorporation of our Company to the date that this Offer Document was lodged with SGX-ST, acting as agent on behalf of the Authority, the total consideration paid by them and the average effective cash cost per Share to them and to the new investors pursuant to the Invitation:

	Number of Shares Acquired or for Which There Is a Right to Acquire	Total Consideration (S\$)	Average Effective Cash Cost per Share (cents)
Directors, Substantial Shareholders and their Associates			
Mr. Lim See Wah ⁽¹⁾	—	—	—
Mr. Tan Chwee Choon ⁽²⁾	43,785,360	3,230,075	7.4
Dr. Tan Kia King ⁽¹⁾	—	—	—
Mr. Heng Wee Koon	—	—	—
Mr. Ng Eng Leng	—	—	—
Dr. Poon Thong Yuen	—	—	—
Inomed Holding ⁽¹⁾⁽³⁾	196,214,640	14,474,850	7.4
Cornerstone Investors	30,400,000	7,904,000	26.0
New investors	29,600,000	7,696,000	26.0

Notes:

- (1) The shareholders of Inomed Holding comprise Mr. Lim See Wah and Dr. Tan Kia King, who respectively hold 61.1% and 38.9% of the shares in Inomed Holding. Accordingly, for the purposes of Section 4 of the SFA, each of Mr. Lim See Wah and Dr. Tan Kia King is deemed to have an interest in the Shares held by Inomed Holding.
- (2) The effective cost of the Shares issued to Mr. Tan Chwee Choon is calculated based on the aggregate of the consideration paid by Mr. Tan Chwee Choon for the Shares acquired by him on incorporation of our Company ("TCC Incorporation Shares") as well as the consideration attributable to Mr. Tan Chwee Choon for the Shares issued to him in connection with the Restructuring Exercise, divided by the sum of the TCC Incorporation Shares and the Shares that had been issued to him pursuant to the Restructuring Exercise. Please refer to the section titled "Restructuring Exercise" of the Offer Document for further details.
- (3) The effective cost of the Shares issued to Inomed Holding is calculated based on the aggregate of the consideration paid by Inomed Holding for the Shares acquired by it on incorporation of our Company ("Inomed Incorporation Shares") as well as the consideration attributable to Inomed Holding for the Shares issued to it in connection with the Restructuring Exercise, divided by the sum of the Inomed Incorporation Shares and the Shares that had been issued to it pursuant to the Restructuring Exercise. Please refer to the section titled "Restructuring Exercise" of the Offer Document for further details.

SELECTED COMBINED FINANCIAL INFORMATION

The following selected combined financial information of our Group should be read in conjunction with the full text of this Offer Document, including the “Audited Combined Financial Statements of Hyphens Pharma International Limited for the Reporting Years Ended 31 December 2015, 2016 and 2017”, as set out in Appendix A to this Offer Document. Our financial statements are prepared and presented in accordance with SFRS(I).

SELECTED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(S\$'000)	2015	2016	2017
Revenue	78,278	100,970	113,157
Cost of sales	(53,111)	(65,866)	(75,684)
Gross profit	25,167	35,104	37,473
Interest income	1	3	9
Other gains	431	671	259
Marketing and distribution costs	(13,830)	(20,413)	(20,907)
Administrative expenses	(4,901)	(8,343)	(8,472)
Finance costs	(23)	(310)	(206)
Other losses	(823)	(1,229)	(996)
Profit before tax	6,022	5,483	7,160
Income tax expense	(964)	(243)	(1,072)
Profit, net of tax	5,058	5,240	6,088
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	(13)	34	129
Other comprehensive (loss) income for the year, net of tax:	(13)	34	129
Total comprehensive income	5,045	5,274	6,217
EPS (cents)			
Basic and diluted EPS immediately before the Invitation and the issuance of the Cornerstone Shares ⁽¹⁾⁽²⁾	2.1	2.2	2.5
Basic and diluted EPS immediately after the completion of the Invitation and the issuance of the Cornerstone Shares ⁽¹⁾⁽³⁾	1.7	1.7	2.0

SELECTED COMBINED FINANCIAL INFORMATION

Notes:

- (1) Basic EPS is the same as diluted EPS as there were no potential dilutive ordinary Shares existing during the respective reporting years.
- (2) For comparative purposes, our EPS immediately before the Invitation and the issuance of the Cornerstone Shares for 2015, 2016 and 2017 has been computed based on our profit, net of tax and our Company's share capital immediately before the Invitation and the issuance of the Cornerstone Shares, comprising 240,000,000 Shares (after adjusting for the Share Split).
- (3) For comparative purposes, our EPS immediately after the completion of the Invitation and the issuance of the Cornerstone Shares for 2015, 2016 and 2017 has been computed based on our profit, net of tax and our Company's share capital immediately after the completion of the Invitation and the issuance of the Cornerstone Shares, comprising 300,000,000 Shares.

SELECTED COMBINED STATEMENT OF FINANCIAL POSITION

(\$'000)	As of 31 December 2015	As of 31 December 2016	As of 31 December 2017
ASSETS			
<u>Non-current assets</u>			
Plant and equipment	619	849	630
Intangible assets	773	9,470	9,105
Deferred tax assets	–	420	315
Total non-current assets	1,392	10,739	10,050
<u>Current assets</u>			
Inventories	6,190	9,035	13,178
Trade and other receivables	15,261	20,169	23,775
Prepayments	92	247	245
Cash and cash equivalents	13,548	12,623	12,293
Total current assets	35,091	42,074	49,491
Total assets	36,483	52,813	59,541
EQUITY AND LIABILITIES			
<u>Equity</u>			
Share capital	1,521	1,521	1,521
Retained earnings	13,863	18,103	17,191
Foreign currency translation reserve	(45)	(11)	118
Total equity	15,339	19,613	18,830
<u>Non-current liabilities</u>			
Deferred tax liabilities	35	624	560
Other financial liabilities, non-current	344	3,138	1,588
Total non-current liabilities	379	3,762	2,148
<u>Current liabilities</u>			
Income tax payable	998	744	1,092
Trade and other payables	19,047	24,604	35,101
Other financial liabilities, current	720	4,090	2,370
Total current liabilities	20,765	29,438	38,563
Total liabilities	21,144	33,200	40,711
Total equity and liabilities	36,483	52,813	59,541

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion of our results of operations and financial condition should be read in conjunction with our combined financial statements as of and for the years ended 31 December 2015, 2016 and 2017 and the related notes and auditor's reports thereto, as well as other financial information included elsewhere in this Offer Document. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors such as those set forth under the sections titled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document and as discussed below and elsewhere in this Offer Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date of this Offer Document.

OVERVIEW

We are one of Singapore's leading specialty pharmaceutical and consumer healthcare groups leveraging on our diverse footprint in ASEAN countries.

We have a direct presence in five ASEAN countries, namely, Singapore, Vietnam, Malaysia, Indonesia and the Philippines, supplemented by a marketing and distribution network covering five additional jurisdictions, namely, Hong Kong, Myanmar, Brunei, Cambodia and Oman.

Our core business comprises the following segments:

- **Specialty Pharma Principals**

We engage in the business of selling and marketing specialty pharmaceutical products through Hyphens. We have long-term relationships with many of our brand principals and, through exclusive distributorship or licensing and supply agreements with the relevant brand principals, we market and sell a range of specialty pharmaceutical products in the relevant ASEAN countries. Our principals are mainly from Europe and the United States and include Guerbet SA, Biosensors International, Sofibel S.A.S., Bausch+Lomb and Chiesi Farmaceutici S.p.A.. We have, over time, developed significant experience in certain therapeutic areas or medical specialties and target our specialty pharmaceutical products around these therapeutic areas or medical specialties, including, but not limited to, dermatology, paediatrics and neonatology, allergy and otorhinolaryngology (ear, nose and throat), orthopaedic and rheumatology, radiology, cardiology and interventional cardiology, ophthalmology, gastroenterology, child psychiatry and family medicine.

Revenue from this segment accounted for 51.9% of our total revenue for 2015, 51.4% of our total revenue for 2016 and 53.6% of our total revenue for 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

- **Proprietary Brands**

We develop, market and sell our own proprietary range of dermatological products and health supplement products through Hyphens Singapore and Ocean Health Singapore. Our key proprietary products comprise dermocosmetic products marketed under our Ceradan[®] and TDF[®] brands as well as health supplement products marketed under our Ocean Health[®] brand. We market our dermocosmetic products primarily through medical professionals, including general practitioners, dermatologists, paediatricians and pharmacists. Our health supplement products are marketed directly to consumers in Singapore via retail channels, including major retail pharmacies. The customers of our proprietary brands business include customers from Singapore, Vietnam, Malaysia, Indonesia and the Philippines, as well as Hong Kong, Myanmar, Brunei and Cambodia.

Revenue from this segment accounted for 3.4% of our total revenue for 2015, 11.2% of our total revenue for 2016 and 11.4% of our total revenue for 2017.

- **Medical Hypermart and Digital**

We engage in the wholesale of pharmaceuticals and medical supplies in Singapore through Pan-Malayan, which we position as a medical hypermart for healthcare professionals, healthcare institutions and retail pharmacies. Besides the conventional business model of tele-sales and sales representatives, we have also established an online platform at <http://www.pom.com.sg> to support the needs of our customers. This online B2B platform, which we refer to as our online Virtual Hypermart, allows registered customers to browse our wholesale product offerings and also serves as a platform for brand principals to provide information regarding their products to our customers by purchasing advertising space from us.

Revenue from this segment accounted for 44.7% of our total revenue for 2015, 37.4% of our total revenue for 2016 and 35.0% of our total revenue for 2017.

Our revenue increased from S\$78.3 million in 2015 to S\$101.0 million in 2016, and further to S\$113.2 million in 2017, representing a compound annual growth rate ("CAGR") of 20.2% between 2015 to 2017.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are and will be affected by a number of factors, including the following:

Market Demand for Our Products and Our Ability to Maintain and Expand Our Product Portfolio

In our specialty pharma principals segment, our revenues are primarily affected by the number of products we sell and market for the relevant brand principals, the price and demand for such products and the number of jurisdictions we sell and market these products in. Our ability to acquire, retain or replace products we carry for third party brand principals, obtain and maintain regulatory approval to market and sell these products and generate growth in the respective markets are therefore important factors in period to period comparisons of revenues in this segment. There has been significant growth in this segment in the past three years, primarily driven by increased demand for specialty pharmaceutical products in the countries in which we

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

operate as a result of general economic progress and increased affluence in these countries, as well as increased market penetration. Our future growth in this segment will depend on our ability to maintain our specialty pharmaceutical product portfolio as well as our ability to identify, and successfully negotiate exclusive rights to distribute, additional specialty pharmaceutical products with good growth potential.

In our proprietary brands segment, our revenues are affected by the sales performance of existing products, our ability to launch new products in our existing markets and our ability to expand into new markets. Sales performance of our proprietary products depends on market demand and the success of our sales and marketing activities. In the past three years, our revenues have grown significantly in this segment due to our acquisition of Ocean Health Singapore in 2016, through which we expanded our proprietary product range to include the TDF[®] range of dermocosmetic products and the Ocean Health[®] range of health supplement products, as well as an increase in sales of Ceradan[®] products coupled with the introduction of new products under our Ceradan[®] range. We intend to continue expanding and strengthening our proprietary product range in the dermatology and health supplement sectors by launching new products under our Ocean Health[®] range and a second generation of Ceradan[®] products.

Revenues from our medical hypermart and digital segment have increased over the past three years but the share of total revenues from our medical hypermart and digital segment has been declining due to the more significant growth in our other segments. Revenues in this segment over the past three years have primarily been driven by increases in the size of our customer base and the size of our wholesale product portfolio, each of which has grown by over 15.5% from 2015 to 2017.

Competition

The pharmaceutical and consumer healthcare industry in ASEAN countries is highly fragmented and we compete with, among others, large multi-national distributors to secure and retain exclusive rights to distribute and sell innovative products (particularly for our specialty pharma principals segment) and to attract suitable marketing and sales personnel.

In respect of our proprietary brands segment, our competitors include international brand names that may be larger and more well known than ours. Our success will be affected by our ability to develop our brand reputation and establish product quality differentiation, which will enable us to maintain our premium pricing.

For our medical hypermart and digital segment, pricing is considered one of the most important factors for our customers and we are subject to competition from other wholesalers and if our customers decide to band together to make bulk purchase orders and extract discounts directly from the principals or distributors.

We endeavour to overcome these competitive factors through our marketing efforts. Our ability to successfully market new products and improve product awareness is an important aspect of our marketing efforts.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Regulatory Environment Relating to the Pharmaceutical and Healthcare Industry

We operate in a highly regulated industry. Government policies, regulations and their implementation and enforcement have historically had, and are expected to continue to have, a significant impact on the supply, demand and pricing of pharmaceutical and healthcare products in the countries in which we operate as well as on our competitive environment and compliance costs. Our ability to successfully register (or maintain registration of) our products in each jurisdiction will affect our revenues.

Vietnam is one of our key markets and accounted for 37.4% of our revenue in 2015, 38.1% of our revenue in 2016 and 41.4% of our revenue in 2017. In Vietnam, a majority of our products are subject to government price controls. In particular, we are required to declare the wholesale prices of our pharmaceutical products when we apply for product registration and the Drug Administration of Vietnam will assess whether such prices are reasonable before publishing such prices on its website. The published prices are the price ceilings for our products and we will not be able to increase the prices of the relevant products without prior approval from the Drug Administration of Vietnam. Accordingly, we may not be able to implement pricing strategies to optimise our profitability. As a result, inflationary impact on salaries and the depreciation of VND have adversely affected our profit margins in Vietnam in the recent past.

Our Ability to Maintain and Manage Our Marketing and Distribution Network

We work with various local distributors in Vietnam, Malaysia, Indonesia and the Philippines to market and sell our specialty pharmaceutical and proprietary products in the respective jurisdictions. Our ability to maintain and grow our business will depend, in large part, on our ability to maintain and manage a marketing and distribution network that delivers our products in the jurisdictions where we and/or our distributors generate market demand through sales and marketing activities. In addition, our strategies contemplate that we will seek to, among other things, expand our marketing and distribution network and scale our presence in markets in which we are currently present and expand to new geographical markets, which will require us to establish relationships with new distributors. The quality and size of our marketing and distribution network will affect our distribution capacity and, accordingly, sales volumes.

Supply of Products from Suppliers and Inventory Management

We rely on the timely supply of products from our suppliers to meet the purchase orders of our customers and maintain inventory levels of products based on our forecasted supply needs. If our suppliers cease or interrupt production of our products, delay shipment or otherwise fail to supply products to us, we may experience supply constraints and/or stock-outs as a result, which may increase our expenses if we have to pay penalties to our customers in respect of committed hospital tenders, in addition to the loss of sales for such products. For example, in 2015, we experienced a supply shortage of one of our major products in Vietnam, which resulted in lower sales in Vietnam for that year.

As our inventory levels of products are based on forecasted supply needs, which are estimated with reference to market conditions and based on our management's experience, weaker-than-expected demand for our products could lead to significant losses from inventory write-offs.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Average Selling Prices of Our Products and Our Ability to Negotiate Favourable Supply Prices

The profitability of our business depends on our selling price to our customers and the supply price we negotiate with the respective brand principals and suppliers. Our ability to increase our selling price to customers may be limited where our products are subject to government price controls (such as in Vietnam) or where we face intense competition.

Our gross profit as a percentage of revenues was 32.2% in 2015, 34.8% in 2016 and 33.1% in 2017. Our gross profit margins over the last three years have generally been influenced by changes in gross profit margins for our proprietary brands segment, offset by a decline in gross profit margins for our specialty pharma principals and medical hypermart and digital segments. We are better able to set prices in our proprietary brands segment and the gross profit margin for our proprietary brands segment increased from 2015 to 2016, primarily due to our acquisition of Ocean Health Singapore, which has a higher margin product portfolio, in 2016. However, from 2016 to 2017, the gross profit margin for our proprietary brands segment declined due to an increase in costs of raw materials and packaging materials of our Ocean Health[®] and TDF[®] products and promotional activities, which resulted in lower average selling prices for our Ocean Health[®] products. Our gross profit margins for our specialty pharma principals segments have been primarily driven by the increase in revenue contribution from Vietnam as well as the appreciation of EUR against SGD. Our gross profit margin in Vietnam is affected by regulatory pricing for our products, purchase cost increases and the depreciation of VND against EUR, USD and SGD. The decline in gross profit margins in our medical hypermart and digital segment was driven by our strategy of competitive pricing to increase sales volumes and market share.

Labour Costs

We record the remuneration and benefits paid to our Executive Directors and staff as employee benefits expense, which is charged and included under marketing and distribution costs, administrative expenses and cost of sales. Our employee benefits expense was S\$11.7 million in 2015, S\$16.2 million in 2016 and S\$17.0 million in 2017, representing 14.9%, 16.0% and 15.0% of our total revenue for the respective periods.

We primarily rely on sales and product representatives to promote our products to healthcare professionals through face-to-face meetings. Even as digital marketing becomes an increasingly viable alternative to traditional face-to-face marketing, we believe that our physical sales force will remain a key driver of growth for our business and, accordingly, continue to be the largest component in our operating expenses. Our labour costs may increase for various reasons, including in particular, inflationary impact on labour costs in the developing markets in which we operate.

Currency Fluctuations

Currency fluctuations between SGD and foreign currencies in which we transact affect our results of operations. The accounting records for our Group Companies are maintained in their respective functional currencies, reflecting the primary economic environment in which the respective entities operate. Our functional currency and the presentation currency for our combined financial statements is SGD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

In preparing the combined financial statements, transactions in currencies other than each entity's functional currency are measured and recorded in the functional currency at exchange rates approximating those prevailing on the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated at the end of each reporting period and are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items as of the end of the reporting period are included in profit or loss for the period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

For the purpose of presenting combined financial statements, the assets and liabilities denominated in other currencies are translated to SGD using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average rates of exchange for the reporting year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under exchange differences on translating foreign operations, net of tax.

Revenue from our operations in Malaysia, Indonesia and the Philippines is denominated in the respective local currencies. While revenue from our operations in Vietnam is denominated in EUR or USD, we are subject to foreign exchange exposure arising from fluctuations of VND against EUR or USD due to the arrangements that we enter into with our local distributors in Vietnam, where we invoice distributors in EUR or USD based on a pre-determined EUR/VND or, as the case may be, USD/VND rate and compensate them for the foreign exchange loss if the then-prevailing rate is higher than the pre-determined rate. Conversely, if the prevailing rate is lower than the pre-determined rate, the distributors are required to reimburse us for the foreign exchange gain. Our purchases are primarily sourced from Europe and the United States and denominated in EUR or USD. Our labour costs and other operating expenses are generally denominated in the respective local currencies of the place of operations.

For 2017, 49.5% of our revenue was denominated in SGD, 23.6% of our revenue was denominated in EUR, 18.6% of our revenue was denominated in USD and 8.3% of our revenue was denominated in other currencies. For the same year, 59.9% of our purchases was denominated in SGD, 19.6% of our purchases was denominated in EUR, 19.4% of our purchases was denominated in USD and 1.1% of our purchases was denominated in other currencies. Foreign currencies were presented in SGD equivalent amounts to derive the percentage.

Research and Development Expenses

We recorded research and development expenses of S\$14,000 in 2015, S\$581,000 in 2016 and S\$174,000 in 2017. Our research and development expenses increased from approximately S\$0.01 million in 2015 to approximately S\$0.6 million in 2016 due to higher milestone payments made in 2016 for product development projects undertaken for our proprietary brands segment. While the product development projects continued into 2017, fewer milestone payments were

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

made in 2017. As a result, our research and development expense decreased from approximately S\$0.6 million in 2016 to approximately S\$0.2 million in 2017. We expect research and development expenses to increase in 2018. In addition, we generally establish our research and development budget in advance and may experience actual cost over-runs or exceed the estimated time we spend in developing our new proprietary products. Further, we may not receive all or any of the grants we apply for for our research and development projects. These incidents may lead to an increase in our administrative expenses and may impact our profitability as we may not be able to launch these products as planned.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are policies that require the application of management's most challenging, subjective or complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Critical accounting policies involve judgements and uncertainties that are sensitive to results under different assumptions and conditions. Our key critical accounting policies are described below.

Net Realisable Value of Inventories

We review inventory for excess inventory and declines in net realisable value below cost and record an allowance against the inventory balance for any such declines. The review requires our management to consider future demand for the products. The realisable value represents the best estimate of the recoverable amount based on the acceptable evidence available at the end of each reporting year and inherently involves estimates regarding future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, this process requires significant judgement and materially affects the carrying amount of inventories at the end of each reporting year. Possible changes in these estimates could result in revisions to the stated value of inventories.

Allowance for Doubtful Trade Accounts

We make an allowance for doubtful trade accounts for estimated losses arising from the inability of our customers to make payments. If the financial condition of our customers deteriorates and their ability to make payments is impaired as a result, we may be required to make additional allowances in future periods. We estimate impairment and collectability with reference to individual items to the extent that it is feasible to do so. In other cases, a collective evaluation of impairment is performed. The trade receivables carrying amount at the end of each reporting year approximates the fair value and the carrying amounts may change materially in the following year but such changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year.

Assessment of Impairment of Goodwill

We assess goodwill for impairment on an annual basis. The assessment process is complex and involves subjective judgements and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash generating units and the use of estimates. Actual outcomes could vary from these estimates.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Functional Currency

We record foreign currency transactions in the functional currency of the relevant Group Company. In determining the functional currency of each Group Company, judgement is required to determine the currency that mainly influences the sales prices of its goods and services and the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services. The functional currency of each Group Company is determined based on management's assessment of the economic environment in which the relevant Group Company operates and the relevant Group Company's process of determining sales prices.

PRINCIPAL COMPONENTS OF STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

We derive our revenue primarily from sales of goods, which amounted to approximately S\$77.2 million in 2015, S\$99.9 million in 2016 and S\$112.1 million in 2017, or 98.6%, 98.9% and 99.1% of our total revenue for the respective periods. We also derive revenue from marketing services fees and advertisements, commission income (which comprises income from the provision of third party logistics services) and other income (which primarily comprises contribution from certain principals for additional marketing activities).

We recognise revenue from the sale of goods when significant risks and rewards of ownership of the goods are transferred to our customers, there is neither controlling managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. We recognise revenue from the provision of services upon completion of the services.

The following table sets out the breakdown of our revenue by operating segments, by amount and as a percentage of our total revenue, for 2015, 2016 and 2017.

	For the Year Ended 31 December					
	2015		2016		2017	
	(S\$'000)	(%)	(S\$'000)	(%)	(S\$'000)	(%)
Specialty pharma principals	40,605	51.9	51,866	51.4	60,707	53.6
Proprietary brands	2,707	3.4	11,353	11.2	12,886	11.4
Medical hypermart and digital	34,966	44.7	37,751	37.4	39,564	35.0
Total	78,278	100.0	100,970	100.0	113,157	100.0

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following table sets out the breakdown of our revenue by geographical segments, by amount and as a percentage of our total revenue, for 2015, 2016 and 2017. For the purpose of geographical segmentation, revenue is attributed to countries on the basis of the customer's location.

	For the Year Ended 31 December					
	2015		2016		2017	
	(S\$'000)	(%)	(S\$'000)	(%)	(S\$'000)	(%)
Singapore	42,284	54.0	52,240	51.7	55,275	48.8
Vietnam	29,252	37.4	38,483	38.1	46,859	41.4
Malaysia	3,302	4.2	4,810	4.8	5,290	4.7
Others	3,440	4.4	5,437	5.4	5,733	5.1
Total	78,278	100.0	100,970	100.0	113,157	100.0

Cost of Sales

Our cost of sales primarily comprises raw materials, packaging materials, finished goods for resale, freight and handling, marine cargo insurance, and distributors' charges. Our cost of sales amounted to approximately S\$53.1 million in 2015, S\$65.9 million in 2016 and S\$75.7 million in 2017, or 67.8%, 65.2% and 66.9% of our total revenue for the respective years.

The table below sets out the breakdown of our cost of sales by operating segments, by amount and as a percentage of our total revenue, for 2015, 2016 and 2017.

	For the Year Ended 31 December					
	2015		2016		2017	
	(S\$'000)	(%)	(S\$'000)	(%)	(S\$'000)	(%)
Specialty pharma principals	23,098	29.5	30,221	29.9	37,398	33.1
Proprietary brands	1,056	1.3	4,070	4.0	4,807	4.2
Medical hypermart and digital	28,957	37.0	31,575	31.3	33,479	29.6
Total	53,111	67.8	65,866	65.2	75,684	66.9

Gross Profit

Our gross profit amounted to approximately S\$25.2 million in 2015, S\$35.1 million in 2016 and S\$37.5 million in 2017. Our gross profit margin was approximately 32.2% in 2015, 34.8% in 2016 and 33.1% in 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The table below sets out the breakdown of our gross profit by operating segments, by amount and as a percentage of our total revenue, for 2015, 2016 and 2017.

	For the Year Ended 31 December					
	2015		2016		2017	
	(S\$'000)	(%)	(S\$'000)	(%)	(S\$'000)	(%)
Specialty pharma principals	17,507	22.4	21,645	21.5	23,309	20.6
Proprietary brands	1,651	2.1	7,283	7.2	8,079	7.1
Medical hypermart and digital	6,009	7.7	6,176	6.1	6,085	5.4
Total	25,167	32.2	35,104	34.8	37,473	33.1

The table below sets out the breakdown of our gross profit margin by operating segments for 2015, 2016 and 2017.

	For the Year Ended 31 December		
	2015 (%)	2016 (%)	2017 (%)
Specialty pharma principals	43.1	41.7	38.4
Proprietary brands	61.0	64.2	62.7
Medical hypermart and digital	17.2	16.4	15.4
Overall	32.2	34.8	33.1

Interest Income

Our interest income comprises interest income from bank deposits. Our interest income amounted to approximately S\$1,000 in 2015, S\$3,000 in 2016 and S\$9,000 in 2017.

Other Gains

Our other gains primarily comprise government grants and reversal of allowance for impairment on trade receivables. Our other gains amounted to approximately S\$0.4 million in 2015, S\$0.7 million in 2016 and S\$0.3 million in 2017, or 0.5%, 0.7% and 0.3% of our total revenue for the respective periods. Our government grants primarily comprise grants from the Singapore Standards, Productivity and Innovation Board (SPRING Singapore) and International Enterprise Singapore, incentives relating to the Special Employment Credit Scheme and the Wage Credit Scheme and staff training grants from the Singapore Workforce Development Agency.

Marketing and Distribution Costs

Our marketing and distribution costs primarily comprise employee benefits expense (remuneration and benefits paid to our sales, marketing and operations staff), advertising and promotional expenses and other expenses. Our marketing and distribution costs amounted to approximately S\$13.8 million in 2015, S\$20.4 million in 2016 and S\$20.9 million in 2017, or 17.7%, 20.2% and 18.4% of our total revenue for the respective years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The table below sets out the breakdown of our marketing and distribution costs, by amount and as a percentage of our total revenue, for 2015, 2016 and 2017.

	For the Year Ended 31 December					
	2015		2016		2017	
	(S\$'000)	(%)	(S\$'000)	(%)	(S\$'000)	(%)
Employee benefits expense	9,149	11.7	11,829	11.7	12,218	10.8
Advertising and promotional expenses	1,932	2.5	5,392	5.3	5,589	4.9
Other expenses ⁽¹⁾	2,749	3.5	3,192	3.2	3,100	2.7
Total	13,830	17.7	20,413	20.2	20,907	18.4

Note:

- (1) Other expenses mainly comprise distribution expenses and travel, transport, entertainment and other miscellaneous business expenses incurred by our sales and marketing staff.

Administrative Expenses

Our administrative expenses primarily comprise employee benefits expense (remuneration and benefits paid to our Executive Directors and administrative staff) and other expenses. Our administrative expenses amounted to approximately S\$4.9 million in 2015, S\$8.3 million in 2016 and S\$8.5 million in 2017, or 6.3%, 8.3% and 7.5% of our total revenue for the respective years.

The table below sets out the breakdown of our administrative expenses, by amount and as a percentage of our total revenue, for 2015, 2016 and 2017.

	For the Year Ended 31 December					
	2015		2016		2017	
	(S\$'000)	(%)	(S\$'000)	(%)	(S\$'000)	(%)
Employee benefits expense	2,513	3.2	4,170	4.1	4,504	4.0
Office rental	666	0.9	1,047	1.0	1,077	1.0
Listing expense	—	—	—	—	310	0.3
Research and development expense	14	0.02	581	0.6	174	0.2
Other expenses ⁽¹⁾	1,708	2.2	2,545	2.6	2,407	2.0
Total	4,901	6.3	8,343	8.3	8,472	7.5

Note:

- (1) Other expenses mainly comprise depreciation of plant and equipment, amortisation of intangible assets and professional fees.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Finance Costs

Our finance costs primarily relate to interest expense on bank borrowings. Our finance costs amounted to approximately S\$0.02 million in 2015, S\$0.3 million in 2016 and S\$0.2 million in 2017, or 0.03%, 0.3% and 0.2% of our total revenue for the respective years.

Other Losses

Our other losses primarily comprise foreign exchange transaction losses, provision for stock obsolescence, allowance for impairment on trade receivables and write-off of inventories and intangible assets. Other losses amounted to approximately S\$0.8 million in 2015, S\$1.2 million in 2016 and S\$1.0 million in 2017, or 1.0%, 1.2% and 0.9% of our total revenue for the respective years.

Income Tax Expense

The table below sets out the breakdown of our income tax expense and overall effective income tax rates for 2015, 2016 and 2017.

	For the Year Ended 31 December		
	2015	2016	2017
Income tax expense (S\$'000)	964	243	1,072
Profit before tax (S\$'000)	6,022	5,483	7,160
Effective tax rate (%)	16.0	4.4 ⁽¹⁾	15.0

Note:

- (1) Our effective tax rate fell to 4.4% in 2016 primarily due to the recognition of a mergers and acquisitions allowance granted to our Company in connection with our acquisition of Ocean Health Singapore and DAC Pharmed in 2016.

We generally book revenues in the jurisdictions in which they were earned, with the exception of revenue from sales to customers based in Vietnam and Indonesia, where we have representative offices, which we book in Singapore and apply Singapore tax to.

Exchange Differences on Translating Foreign Operations, Net of Tax

Exchange differences on translating foreign operations, net of tax relate to the gains/losses recognised due to the translation of the accounts of Hyphens Malaysia and Ocean Health Malaysia, which report their accounts in MYR, and Hyphens Philippines, which reports its accounts in PHP, into our reporting currency, SGD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

REVIEW OF PAST OPERATING PERFORMANCE

Year Ended 31 December 2017 Compared to Year Ended 31 December 2016

Revenue

Our revenue increased by approximately 12.1%, or S\$12.2 million, from approximately S\$101.0 million in 2016 to approximately S\$113.2 million in 2017, primarily due to an increase in revenue contribution from our specialty pharma principals, proprietary brands and medical hypermart and digital segments.

Breakdown by Operating Segments

Revenue from our specialty pharma principals segment increased by approximately 17.0%, or S\$8.8 million, from approximately S\$51.9 million in 2016 to approximately S\$60.7 million in 2017. The increase was primarily due to increased revenues across most of our products, particularly due to increased market penetration leading to an increase in sales volumes of our contrast media and coronary stent products in Vietnam, partially offset by a decrease in revenue due to the expiry of the product registration for one of our products in Vietnam in 2016.

Revenue from our proprietary brands segment increased by approximately 13.2%, or S\$1.5 million, from approximately S\$11.4 million in 2016 to approximately S\$12.9 million in 2017. The increase was primarily due to increased sales volumes of our Ceradan[®] and Ocean Health[®] products. In 2017, we launched new products under our Ceradan[®] and Ocean Health[®] ranges, which contributed to the increase in sales volumes.

Revenue from our medical hypermart and digital segment increased by approximately 4.8%, or S\$1.8 million, from approximately S\$37.8 million in 2016 to approximately S\$39.6 million in 2017. The increase was primarily due to an increase in the number of customers and an increase in the average selling price of our products due to increased sales of higher value products, partially offset by the expiration of a tender contract awarded by SingHealth in 2016 for one of our products as well as a decline in commission income and marketing services fees and advertisements revenue.

Breakdown by Geographical Segments

There was a general increase in sales across our geographical markets. Sales to customers in Singapore increased by approximately 5.9%, or S\$3.1 million, from approximately S\$52.2 million in 2016 to approximately S\$55.3 million in 2017, sales to customers in Vietnam increased by approximately 21.8%, or S\$8.4 million, from approximately S\$38.5 million in 2016 to approximately S\$46.9 million in 2017, sales to customers in Malaysia increased by approximately 10.4%, or S\$0.5 million, from approximately S\$4.8 million in 2016 to approximately S\$5.3 million in 2017 and sales to customers in other countries increased by approximately 5.6%, or S\$0.3 million, from approximately S\$5.4 million in 2016 to approximately S\$5.7 million in 2017.

As a percentage of total revenue, sales to customers in Vietnam increased from 38.1% in 2016 to 41.4% in 2017, primarily due to increased sales volumes of our contrast media and coronary stent products. As the increase in sales in Vietnam outpaced the increase in sales in Singapore, sales to customers in Singapore as a percentage of total revenue decreased from 51.7% in 2016 to 48.8% in 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Cost of Sales

Our cost of sales increased by approximately 14.9%, or S\$9.8 million, from approximately S\$65.9 million in 2016 to approximately S\$75.7 million in 2017 and also increased as a percentage of revenue, from approximately 65.2% in 2016 to approximately 66.9% in 2017, primarily as a result of the strengthening of EUR relative to the currencies in which we transact and the depreciation of these currencies against SGD.

Breakdown by Operating Segments

Cost of sales from our specialty pharma principals segment increased by approximately 23.8%, or S\$7.2 million, from approximately S\$30.2 million in 2016 to approximately S\$37.4 million in 2017, primarily due to the strengthening of EUR relative to the currencies in which we transact and the depreciation of these currencies against SGD.

Cost of sales from our proprietary brands segment increased by approximately 17.1%, or S\$0.7 million, from approximately S\$4.1 million in 2016 to approximately S\$4.8 million in 2017, primarily due to an increase in the cost of raw materials and packaging materials of our Ocean Health[®] and TDF[®] products.

Cost of sales from our medical hypermart and digital segment increased by approximately 6.0%, or S\$1.9 million, from approximately S\$31.6 million in 2016 to approximately S\$33.5 million in 2017, largely in line with increased sales.

Gross Profit

As a result of the above, our gross profit increased by approximately 6.8%, or S\$2.4 million, from approximately S\$35.1 million in 2016 to approximately S\$37.5 million in 2017. Our gross profit margin decreased from 34.8% in 2016 to 33.1% in 2017, primarily as a result of the increase in contribution from sales in Vietnam and the increase in associated costs as a result of the depreciation of VND, an increase in the cost of raw materials and packaging materials of our Ocean Health[®] and TDF[®] products and a decline in commission income and marketing services fees and advertisements revenue in the medical hypermart and digital segment, which do not have corresponding cost of sales.

Interest Income

Our interest income increased by approximately 200.0%, or S\$6,000, from approximately S\$3,000 in 2016 to approximately S\$9,000 in 2017, primarily as a result of an increase in fixed deposits.

Other Gains

Our other gains decreased by approximately 57.1%, or S\$0.4 million, from approximately S\$0.7 million in 2016 to approximately S\$0.3 million in 2017. The decrease was primarily due to a decrease in government grants received, partially offset by an increase in reversal of allowance for impairment on trade receivables.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Marketing and Distribution Costs

Our marketing and distribution costs increased by approximately 2.5%, or S\$0.5 million, from approximately S\$20.4 million in 2016 to approximately S\$20.9 million in 2017, primarily as a result of higher employee benefits expense and advertising and promotional expenses. As a percentage of revenue, our marketing and distribution costs decreased from approximately 20.2% in 2016 to approximately 18.4% in 2017, primarily as a result of improved employee productivity arising from experience gained by our sales and marketing staff hired in prior periods.

Administrative Expenses

Our administrative expenses increased by approximately 2.4% or S\$0.2 million, from approximately S\$8.3 million in 2016 to approximately S\$8.5 million in 2017, primarily due to an increase in directors' remuneration and staff benefits and the addition of listing expense, which was partially offset by a decrease in research and development expenses.

Finance Costs

Our finance costs decreased by approximately 33.3%, or S\$0.1 million, from approximately S\$0.3 million in 2016 to approximately S\$0.2 million in 2017. The decrease was primarily due to the repayment of loans.

Other Losses

Our other losses decreased by approximately 16.7%, or S\$0.2 million, from approximately S\$1.2 million in 2016 to approximately S\$1.0 million in 2017. The decrease was primarily due to lower inventory write-off and provision for stock obsolescence by approximately S\$0.4 million and the absence of a one-time write-off of intangible assets of approximately S\$0.3 million which had been present in 2016, partially offset by an increase in exchange losses of approximately S\$0.5 million.

Profit Before Tax

As a result of the foregoing, our profit before tax increased by approximately 30.9%, or S\$1.7 million, from approximately S\$5.5 million in 2016 to approximately S\$7.2 million in 2017.

Income Tax Expense

Our income tax expense increased by approximately 450.0%, or S\$0.9 million, from approximately S\$0.2 million in 2016 to approximately S\$1.1 million in 2017, primarily due to higher profit levels and the absence of a mergers and acquisitions allowance which had been recognised in 2016.

Profit, Net of Tax

As a result of the foregoing, our profit, net of tax increased by approximately 17.3%, or S\$0.9 million, from approximately S\$5.2 million in 2016 to approximately S\$6.1 million in 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Year Ended 31 December 2016 Compared to Year Ended 31 December 2015

Revenue

Our revenue increased by approximately 29.0%, or S\$22.7 million, from approximately S\$78.3 million in 2015 to approximately S\$101.0 million in 2016, primarily due to an increase in revenue contribution from our specialty pharma principals, proprietary brands and medical hypermart and digital segments.

Breakdown by Operating Segments

Revenue from our specialty pharma principals segment increased by approximately 27.8%, or S\$11.3 million, from approximately S\$40.6 million in 2015 to approximately S\$51.9 million in 2016. The increase was primarily due to increased revenues across most of our products, particularly due to increased market penetration leading to increased sales volumes of our contrast media and coronary stent products in Vietnam, partially offset by a decrease in revenue due to the discontinued production of certain ophthalmology products we sold in Vietnam and the expiry of the product registration for one of our products in Vietnam in 2016.

Revenue from our proprietary brands segment increased by approximately 322.2%, or S\$8.7 million, from approximately S\$2.7 million in 2015 to approximately S\$11.4 million in 2016. The increase was primarily due to increased sales volumes of our Ceradan® products and our acquisition of Ocean Health Singapore in 2016.

Revenue from our medical hypermart and digital segment increased by approximately 8.0%, or S\$2.8 million, from approximately S\$35.0 million in 2015 to approximately S\$37.8 million in 2016. The increase was primarily due to an increase in sales volumes, commission incomes and marketing services fees.

Breakdown by Geographical Segments

There was a general increase in sales across our geographical markets. Sales to customers in Singapore increased by approximately 23.4%, or S\$9.9 million, from approximately S\$42.3 million in 2015 to approximately S\$52.2 million in 2016, sales to customers in Vietnam increased by approximately 31.4%, or S\$9.2 million, from approximately S\$29.3 million in 2015 to approximately S\$38.5 million in 2016, sales to customers in Malaysia increased by approximately 45.5%, or S\$1.5 million, from approximately S\$3.3 million in 2015 to approximately S\$4.8 million in 2016 and sales to customers in other countries increased by approximately 58.8%, or S\$2.0 million, from approximately S\$3.4 million in 2015 to approximately S\$5.4 million in 2016.

As a percentage of total revenue, sales to customers in Vietnam increased from 37.4% in 2015 to 38.1% in 2016, primarily due to increased sales volumes of our contrast media and coronary stent products. As the increase in sales in Vietnam outpaced the increase in sales in Singapore, sales to customers in Singapore as a percentage of total revenue decreased from 54.0% in 2015 to 51.7% in 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Cost of Sales

Our cost of sales increased by approximately 24.1%, or S\$12.8 million, from approximately S\$53.1 million in 2015 to approximately S\$65.9 million in 2016. As a percentage of revenue, our cost of sales decreased from approximately 67.8% in 2015 to approximately 65.2% in 2016, primarily as a result of an increase in the percentage of revenue from our proprietary brands segment, which has higher profitability, from approximately 3.4% of our total revenue in 2015 to approximately 11.2% of our total revenue in 2016.

Breakdown by Operating Segments

Cost of sales from our specialty pharma principals segment increased by approximately 30.7%, or S\$7.1 million, from approximately S\$23.1 million in 2015 to approximately S\$30.2 million in 2016, primarily due to the increase in prices of a few key products resulting in higher purchase cost.

Cost of sales from our proprietary brands segment increased by approximately 272.7%, or S\$3.0 million, from approximately S\$1.1 million in 2015 to approximately S\$4.1 million in 2016, primarily due to our acquisition of Ocean Health Singapore in 2016.

Cost of sales from our medical hypermart and digital segment increased by approximately 9.0%, or S\$2.6 million, from approximately S\$29.0 million in 2015 to approximately S\$31.6 million in 2016, primarily due to an increase in sales volumes which resulted from our strategy to lower our average selling prices to increase our market share.

Gross Profit

As a result of the above, our gross profit increased by approximately 39.3%, or S\$9.9 million, from approximately S\$25.2 million in 2015 to approximately S\$35.1 million in 2016. Our gross profit margin increased from 32.2% in 2015 to 34.8% in 2016, primarily as a result of our acquisition of Ocean Health Singapore in 2016, which has a higher margin product portfolio, partially offset by the increase of prices for a few key products in the specialty pharma principals segment, resulting in higher purchase cost and lower average selling prices in our medical hypermart and digital segment for the reasons above.

Interest Income

Our interest income increased by approximately 200.0%, or S\$2,000, from approximately S\$1,000 in 2015 to approximately S\$3,000 in 2016, primarily as a result of a transfer of certain bank deposits into interest-bearing accounts.

Other Gains

Other gains increased by approximately 75.0%, or S\$0.3 million, from approximately S\$0.4 million in 2015 to approximately S\$0.7 million in 2016. The increase was primarily due to an increase in government grants received by Hyphens Singapore and the addition of government grants received by Ocean Health Singapore, which we acquired in 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Marketing and Distribution Costs

Our marketing and distribution costs increased by approximately 47.8%, or S\$6.6 million, from approximately S\$13.8 million in 2015 to approximately S\$20.4 million in 2016. The increase was primarily due to (a) our acquisition of Ocean Health Singapore, which contributed approximately S\$2.9 million of marketing and distribution costs in 2016, including employee benefit expense of approximately S\$1.5 million and advertising and promotional expenses of approximately S\$1.1 million, (b) an increase in employee benefit expense of approximately S\$1.2 million due to investment in additional staff to drive sales growth in all our markets and (c) an increase in advertising and promotional expenses of approximately S\$2.4 million.

Administrative Expenses

Our administrative expenses increased by approximately 69.4%, or S\$3.4 million, from approximately S\$4.9 million in 2015 to approximately S\$8.3 million in 2016. The increase was primarily due to the addition of approximately S\$2.0 million of administrative expenses in 2016 arising from our acquisition of Ocean Health Singapore and DAC Pharmalab, approximately S\$0.6 million in research and development expenses incurred by Hyphens Singapore and an increase in remuneration and benefits of our Directors and staff of S\$0.4 million, partially offset by the absence of professional fees of S\$0.3 million incurred in 2015 in relation to the acquisition of Ocean Health Singapore, DAC Pharmalab and Ocean Health Malaysia.

Finance Costs

Our finance costs increased by approximately 1500.0%, or S\$0.3 million, from approximately S\$0.02 million in 2015 to approximately S\$0.3 million in 2016. The increase was primarily due to new bank borrowings taken out to finance our acquisition of Ocean Health Singapore.

Other Losses

Our other losses increased by approximately 50.0%, or S\$0.4 million, from approximately S\$0.8 million in 2015 to approximately S\$1.2 million in 2016. The increase was primarily due to an increase in provision for stock obsolescence and write-off of inventories aggregating approximately S\$0.6 million and a one-time write-off of intangible assets, comprising development costs, of approximately S\$0.3 million, partially offset by a reduction in exchange losses and the absence of an allowance for impairment on trade receivables. The increase in provision for stock obsolescence was partly attributable to Ocean Health Singapore, which we acquired in 2016.

Profit before Tax

As a result of the foregoing, our profit before tax decreased by approximately 8.3%, or S\$0.5 million, from approximately S\$6.0 million in 2015 to approximately S\$5.5 million in 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Income Tax Expense

Our income tax expense decreased by approximately 80.0%, or S\$0.8 million, from approximately S\$1.0 million in 2015 to approximately S\$0.2 million in 2016. This decrease was primarily due to lower profit before tax and deferred tax income of approximately S\$0.4 million arising from the recognition of a mergers and acquisitions allowance.

Profit, Net of Tax

As a result of the foregoing, our profit, net of tax increased by approximately 2.0%, or S\$0.1 million, from approximately S\$5.1 million in 2015 to approximately S\$5.2 million in 2016.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary uses of cash are to fund working capital, recurring expenses and acquisitions. During the years ended 31 December 2015, 2016 and 2017, we funded our cash requirements principally from cash generated from our operations and bank borrowings. Please refer to the section titled "Capitalisation and Indebtedness – Bank Facilities" for details of our bank borrowings. To ensure that we have sufficient funds to meet our contractual and financial obligations, we monitor our net operating cash flows and maintain a level of cash and cash equivalents deemed adequate by management for working capital purposes.

Based on our audited combined statement of financial position as of 31 December 2017, we were in a net current assets position of approximately S\$10.9 million and our cash and cash equivalents amounted to approximately S\$12.3 million.

Taking into account the cash flows generated from our operating and financing activities, together with our existing cash and cash equivalents and available credit facilities from financial institutions, our Directors are of the reasonable opinion that we have sufficient working capital, as of the date of lodgement of this Offer Document, for our present requirements and for at least 12 months after our Listing.

Taking into account the cash flows generated from our operating and financing activities, together with our existing cash and cash equivalents and available credit facilities from financial institutions, the Sponsor is of the reasonable opinion that we have sufficient working capital, as of the date of lodgement of this Offer Document, for our present requirements and for at least 12 months after our Listing.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Cash Flows

The following table sets out certain information relating to our cash flows for the years ended 31 December 2015, 2016 and 2017. The following cash flow summary should be read in conjunction with the full text of this Offer Document, including the "Audited Combined Financial Statements of Hyphens Pharma International Limited for the Reporting Years Ended 31 December 2015, 2016 and 2017", as set out in Appendix A to this Offer Document.

(S\$'000)	For the Year Ended 31 December		
	2015	2016	2017
Net cash flows from operating activities	6,310	6,482	4,308
Net cash flows used in investing activities	(587)	(11,261)	(162)
Net cash flows (used in) from financing activities	(2,059)	3,854	(4,476)
Net increase (decrease) in cash and cash equivalents	3,664	(925)	(330)
Cash and cash equivalents, statement of cash flows, beginning balance	9,884	13,548	12,623
Cash and cash equivalents, statement of cash flows, ending balance	13,548	12,623	12,293

Year Ended 31 December 2017

In 2017, we recorded net cash flows generated from operating activities of approximately S\$4.3 million, which was a result of operating cash flows before working capital changes of approximately S\$8.2 million, adjusted for net working capital outflows of approximately S\$3.2 million and income taxes of approximately S\$0.7 million paid. The net working capital outflows were primarily due to (i) an increase in trade and other receivables by approximately S\$3.6 million, which was generally in line with higher revenue and (ii) an increase in inventories by approximately S\$4.1 million, partially offset by an increase in trade and other payables by approximately S\$4.5 million. The increase in inventories was primarily due to higher inventory levels maintained in Vietnam in respect of certain products in anticipation of the expiry of their product registrations. The increase in trade and other payables was primarily due to higher accrued operating expenses.

Net cash flows used in investing activities amounted to approximately S\$0.2 million, primarily due to (i) the acquisition of plant and equipment amounting to approximately S\$0.1 million and (ii) the acquisition of intangible assets amounting to approximately S\$0.04 million.

Net cash flows used in financing activities of approximately S\$4.5 million was primarily due to (i) the repayment of bank borrowings amounting to approximately S\$3.3 million, (ii) interest of approximately S\$0.2 million incurred on bank borrowings, and (iii) the payment of dividends of S\$1.0 million.

As a result of the foregoing, there was a net decrease of approximately S\$0.3 million in our cash and cash equivalents, from approximately S\$12.6 million as of 31 December 2016 to approximately S\$12.3 million as of 31 December 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Year Ended 31 December 2016

In 2016, we recorded net cash flows generated from operating activities of approximately S\$6.5 million, which was a result of operating cash flows before working capital changes of approximately S\$6.8 million, adjusted for net working capital inflows of approximately S\$0.7 million and income taxes of approximately S\$1.0 million paid. The net working capital inflows were primarily due to an increase in trade and other payables of approximately S\$5.5 million, partially offset by increases in (i) trade and other receivables of approximately S\$4.0 million and (ii) inventories of approximately S\$0.7 million. The increase in trade and other payables was primarily due to higher trade payables associated with higher purchases and higher inventory, as well as higher accrued operating expenses for the enlarged Group following our acquisition of Ocean Health Singapore and DAC Pharmalab. The increase in trade and other receivables was primarily due to an increase in trade receivables from customers in Vietnam, in line with increased sales volumes of our contrast media and coronary stent products in Vietnam, coupled with the addition of trade and other receivables of Ocean Health Singapore, which we acquired in 2016. The increase in inventories was primarily due to the addition of inventories of Ocean Health Singapore and higher inventory levels maintained to meet anticipated growth in customer demand.

Net cash flows used in investing activities amounted to approximately S\$11.3 million, primarily due to (i) the acquisition of Ocean Health Singapore, DAC Pharmalab and Ocean Health Malaysia, amounting to approximately S\$10.7 million (net of cash acquired), and (ii) the acquisition of plant and equipment amounting to approximately S\$0.5 million.

Net cash flows generated from financing activities amounted to approximately S\$3.9 million, primarily due to net bank borrowings amounting to approximately S\$6.2 million used to finance the acquisition of subsidiaries, which was partially offset by the payment of dividends amounting to S\$2.0 million, and interest payments incurred on bank borrowings amounting to approximately S\$0.3 million.

As a result of the foregoing, there was a net decrease of approximately S\$0.9 million in our cash and cash equivalents, from approximately S\$13.5 million as of 31 December 2015 to approximately S\$12.6 million as of 31 December 2016.

Year Ended 31 December 2015

In 2015, we recorded net cash flows generated from operating activities of approximately S\$6.3 million, which was a result of operating cash flows before working capital changes of approximately S\$6.3 million, adjusted for net working capital inflows of approximately S\$1.0 million and income taxes of approximately S\$1.0 million paid. The net working capital inflows were primarily due to an increase in trade and other payables of approximately S\$1.2 million and a decrease in trade and other receivables of approximately S\$0.6 million, which were partially offset by an increase in inventories of approximately S\$0.8 million.

Net cash flows used in investing activities amounted to approximately S\$0.6 million, primarily due to the acquisition of plant and equipment amounting to approximately S\$0.3 million and the acquisition of intangible assets amounting to approximately S\$0.2 million.

Net cash flows used in financing activities amounted to approximately S\$2.1 million, primarily due to payment of dividends amounting to approximately S\$2.3 million, which was partially offset by bank borrowings amounting to approximately S\$0.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

As a result of the foregoing, there was a net increase of approximately S\$3.6 million in our cash and cash equivalents, from approximately S\$9.9 million as of 31 December 2014 to approximately S\$13.5 million as of 31 December 2015.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures and Divestments

The following table sets out our capital expenditures during the years ended 31 December 2015, 2016 and 2017 and for the period from 1 January 2018 up to the Latest Practicable Date.

	For the Year Ended 31 December			1 January 2018 to the Latest Practicable Date
(S\$'000)	2015	2016 ⁽¹⁾	2017	
Plant and equipment	–	53	1	–
Hardware and software	54	317	70	49
Fixtures and equipment	276	188	59	10
Motor vehicles	15	45	–	–
Total	345	603	130	59

Note:

- (1) Our capital expenditures in 2016 include additions of approximately S\$149,000 attributable to Ocean Health Singapore and DAC Pharmedlab which we acquired in 2016. Plant and equipment, hardware and software and fixtures and equipment acquired as a result of our acquisition of Ocean Health Singapore and DAC Pharmedlab in 2016 are presented at net book value. Please refer to "Audited Combined Financial Statements of Hyphens Pharma International Limited for the Reporting Years Ended 31 December 2015, 2016 and 2017", as set out in Appendix A to this Offer Document for further details on the acquisitions.

The above capital expenditures were primarily funded by internally generated funds. Our acquisition of Ocean Health Singapore, DAC Pharmedlab and Ocean Health Malaysia in 2016 was funded by a combination of internally generated funds and bank borrowings.

The following table sets out our capital divestments during the years ended 31 December 2015, 2016 and 2017 and for the period from 1 January 2018 up to the Latest Practicable Date.

	For the Year Ended 31 December			1 January 2018 to the Latest Practicable Date
(S\$'000)	2015	2016	2017	
Plant and equipment	–	–	15	–
Hardware and software	27	32	161	–
Fixtures and equipment	52	16	236	–
Motor vehicles	–	–	–	–
Total	79	48	412	–

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Commitments

Capital Commitments

As of the Latest Practicable Date, we have no capital commitments for future capital expenditure.

Operating Lease Payment Commitments

The following table sets out our operating lease payment commitments as of the Latest Practicable Date.

	(S\$'000)
Not later than one year	740
Later than one year and not later than five years	361
Total	1,101

Our operating lease commitments comprise rent payable by us for office space and certain equipment.

We intend to finance the above operating lease commitments by internally generated funds and utilisation of our banking facilities.

CREDIT POLICY AND MANAGEMENT

Credit Terms for Our Customers

We generally extend to our customers credit terms of between 30 and 90 days, depending on factors such as creditworthiness, level of risk involved, size of order, payment history records and length of time dealing with the customer.

Our average trade receivables turnover days for 2015, 2016 and 2017 were as follows:

	For the Year Ended 31 December		
	2015	2016	2017
Average trade receivables turnover (days) ⁽¹⁾	71	63	70

Note:

(1) For 2015, 2016 and 2017, average trade receivables turnover (days) = (average trade receivables/revenue) x 365 days.

Allowance for impairment of trade receivables is made when the collectability of an outstanding debt is in doubt. Allowance for impairment of trade receivables will usually be assessed on a case-by-case basis, depending on the creditworthiness of the customers at the relevant time. We may also write off an outstanding debt when we are certain that a customer is unable to meet its financial obligations to us.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

As of 31 December 2017, we had in aggregate trade receivables after deduction of allowance for doubtful debts of S\$23.1 million, of which 15.2% had been outstanding for less than 30 days from the due date of the invoices, 7.9% for 31 to 60 days, 6.4% for 61 to 90 days and 9.3% for over 90 days. As of 31 December 2017, our allowance for doubtful debts of trade receivables amounted to S\$0.3 million, or 1.3% of total trade receivables.

Our allowance for impairment of trade receivables as well as bad debts written off for 2015, 2016 and 2017 were as follows:

(S\$'000)	For the Year Ended 31 December		
	2015	2016	2017
Allowance/(reversal) for impairment of trade receivables	347	(25)	(44)
Bad debts written off	1	7	–

Credit Terms for Our Suppliers

Our suppliers generally grant us credit terms of between 30 and 90 days. The availability of credit and the credit terms extended to us by our suppliers vary from supplier to supplier, depending on factors such as the length of our business relationship with them, their evaluation of our creditworthiness, as well as the supplier's internal policies.

Our average trade payables turnover days for 2015, 2016 and 2017 were as follows:

	For the Year Ended 31 December		
	2015	2016	2017
Average trade payables turnover (days) ⁽¹⁾	78	79	83

Note:

(1) For 2015, 2016 and 2017, average trade payables turnover (days) = (average trade payables/cost of inventories sold) x 365 days.

DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks arising from our operations. The key market risk that we are exposed to is foreign currency risk. Our Board reviews and agrees policies and procedures for the management of these risks, which are executed by our CFO. It is and has been our policy that no trading in derivatives for speculative purposes shall be undertaken.

Foreign Exchange Risk

We have transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currencies of the Group Companies. The foreign currencies in which these transactions are denominated are mainly USD and EUR. Our trade payables at the balance sheet date have similar exposures.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We currently do not have any formal policy for hedging against foreign exchange exposure and have not undertaken any significant hedging activities during the years ended 31 December 2015, 2016 and 2017. Going forward, we may employ hedging instruments to manage our foreign exchange exposure should the need arise. Prior to implementing any formal hedging policies, we will seek the approval of our Board on the policy and put in place adequate procedures which shall be reviewed and approved by our Audit Committee. Thereafter, all hedging transactions that we enter into will be in accordance with the set policies and procedures.

Interest Rate Risk

We are exposed to interest rate risk due to variable interest rates under our bank facilities. Changes in economic conditions could result in higher interest rates, thereby increasing our interest expense and reducing our funds available for capital investment or operations. Additionally, if domestic interest rates continue to increase, the interest rates on any of our future credit facilities and debt offerings could be higher than current levels, causing our financing costs to increase accordingly.

ORDER BOOK

Due to the nature of our business, we do not maintain an order book.

TRANSITION FROM SINGAPORE FINANCIAL REPORTING STANDARDS TO SFRS(I)

We adopted SFRS(I)s on 1 January 2017 in advance of its effective date. Our combined financial statements for the year ended 31 December 2017 are our first set of combined financial statements prepared in accordance with SFRS(I)s. Our previously issued financial statements for periods up to and including the financial year ended 31 December 2016 were prepared in accordance with Singapore Financial Reporting Standards.

In adopting SFRS(I)s on 1 January 2017, we are required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of SFRS(I) ("SFRS(I) 1"). Under SFRS(I) 1, our combined financial statements are required to be prepared using accounting policies that comply with SFRS(I)s effective as at 31 December 2017. The same accounting policies are applied throughout all periods presented in our combined financial statements, subject to the mandatory exception and optional exemption under SFRS(I) 1.

Our opening balance sheet has been prepared as at 1 January 2015, which is the date of transition to SFRS(I)s.

Our combined statements of financial position, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows are reported in accordance with SFRS(I)s. There are no material adjustments to these combined financial statements arising from the transition from Singapore Financial Reporting Standards to SFRS(I)s.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

NEW ACCOUNTING STANDARDS AND CHANGES IN ACCOUNTING POLICIES

A number of new or revised SFRS(I)s and the related interpretations to SFRS(I)s ("SFRS(I) INT") have been issued and are effective for annual periods beginning on or after 1 January 2018, and as such, have not been applied in preparing these financial statements. None of these are expected to have a significant effect on our financial performance or position. Those applicable to the reporting entity for future reporting years are listed below:

FRS No.	Title	Effective Date for Periods Beginning on or after
SFRS(I) 2	Amendments to Classification and Measurement of Share-based Payment Transactions	1 January 2018
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers Amendments to Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 January 2018
SFRS(I) 16	Leases and Leases – Illustrative Examples & Amendments to Guidance on Other Standards	1 January 2019
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019

CAPITALISATION AND INDEBTEDNESS

The following table sets out our cash and cash equivalents as well as our capitalisation and indebtedness as of 28 February 2018, based on the management accounts of our Group as of 28 February 2018, on an actual basis and as adjusted for the issuance of the Invitation Shares and the Cornerstone Shares at the Invitation Price and the application of the net proceeds from the Invitation and the issuance of the Cornerstone Shares (in the manner described in the section titled “Use of Proceeds and Listing Expenses” of this Offer Document).

You should read this table in conjunction with the section titled “Management’s Discussion and Analysis of Results of Operations and Financial Condition” of this Offer Document and the “Audited Combined Financial Statements of Hyphens Pharma International Limited for the Reporting Years Ended 31 December 2015, 2016 and 2017”, as set out in Appendix A to this Offer Document.

(S\$’000)	As of 28 February 2018 Actual	Adjusted ⁽¹⁾
Cash and bank balances	10,925	24,425
Short-term indebtedness		
Secured and guaranteed	1,538	1,538
Secured and non-guaranteed	15	15
Unsecured and guaranteed	–	–
Unsecured and non-guaranteed	–	–
	1,553	1,553
Long-term indebtedness		
Secured and guaranteed	1,330	1,330
Secured and non-guaranteed	–	–
Unsecured and guaranteed	–	–
Unsecured and non-guaranteed	–	–
	1,330	1,330
Total indebtedness	2,883	2,883
Total Shareholders’ equity	21,108	34,608
Total capitalisation and indebtedness	23,991	37,491

Note:

- (1) Adjusted to reflect the issuance of 29,600,000 Invitation Shares and 30,400,000 Cornerstone Shares at the Invitation Price and the application of the net proceeds from the Invitation and the issuance of the Cornerstone Shares in the manner described in the section titled “Use of Proceeds and Listing Expenses” of this Offer Document.

CAPITALISATION AND INDEBTEDNESS

OUR BANKING AND OTHER FACILITIES

As of 31 December 2017, our banking and other facilities (utilised and unutilised) were as follows:

Borrower	Lender	Type of Facility	Amount of Facilities Granted ('000)	Amount Owing ('000)	Amount Unutilised ('000)	Interest Rate per Annum	Maturity Profile
Hyphens Singapore	DBS Bank	Overdraft facility ⁽⁵⁾	S\$100	–	S\$100	1.25% above the prevailing prime rate	Revolving
Hyphens Singapore	DBS Bank	Fixed advance facility ⁽⁵⁾	S\$1,200	–	S\$1,200	2.50% above the prevailing one-, three- or six-month SIBOR ⁽¹⁾⁽²⁾	One, three or six months for each drawdown or any other period as agreed to by DBS Bank
Hyphens Singapore	DBS Bank	Revolving credit facility ⁽³⁾⁽⁵⁾⁽⁶⁾	S\$2,000	–	S\$2,000	2.5% above the prevailing three-month SIBOR ⁽¹⁾⁽²⁾	Three months for each drawdown or any other period as agreed to by DBS Bank
Hyphens Singapore	DBS Bank	Trade facilities ⁽⁵⁾	S\$2,200	–	S\$2,200	1.25% above the prevailing prime rate (for bills denominated in S\$); 1.50% above DBS Bank's prevailing cost of funds (for bills denominated in currencies other than S\$)	Sight/usance/local letters of credit – at sight or up to 150 days Trust receipts, import/local bills receivable purchase – 150 days inclusive of suppliers' credit
Hyphens Singapore	DBS Bank	Term loan ⁽³⁾⁽⁵⁾⁽⁶⁾	S\$6,000	S\$3,117	–	For the first year (from the date of first disbursement) – 4.00% For the second year – 4.00% For subsequent years – 2.50% above the prevailing three-month SIBOR ⁽¹⁾⁽²⁾	28 December 2019, being four years from the date of first disbursement
Hyphens Singapore	DBS Bank	Foreign exchange spot and forward ⁽⁵⁾	S\$2,200	–	S\$2,200	Not applicable	12 months from the transaction date

CAPITALISATION AND INDEBTEDNESS

Borrower	Lender	Type of Facility	Amount of Facilities Granted ('000)	Amount Owing ('000)	Amount Unutilised ('000)	Interest Rate per Annum	Maturity Profile
Ocean Health Singapore	DBS Bank	Trade facilities ⁽⁵⁾	S\$1,000	–	S\$1,000	1.25% above the prevailing prime rate (for bills denominated in S\$); 1.50% above DBS Bank's prevailing cost of funds (for bills denominated in currencies other than S\$)	Sight/usance/local letters of credit – at sight or up to 180 days Trust receipts, import/local bills receivable – 180 days inclusive of suppliers' credit
Ocean Health Singapore	DBS Bank	Foreign exchange spot and forward ⁽⁵⁾	S\$1,000	–	S\$1,000	Not applicable	12 months from the transaction date
Pan-Malayan	DBS Bank	Overdraft facility ⁽⁵⁾	S\$100	–	S\$100	1.25% above the prevailing prime rate	Revolving
Pan-Malayan	DBS Bank	Fixed advance facility ⁽⁵⁾	S\$400	–	S\$400	2.50% above the prevailing one-, three-or six-month SIBOR ⁽¹⁾⁽²⁾	One, three or six months for each drawdown or any other period as agreed to by DBS Bank
Pan-Malayan	DBS Bank	Letters of guarantee facility ⁽⁵⁾	S\$20	S\$42	–	Not applicable	Letters of guarantee – up to one year Long term letters of guarantee – more than one year and up to three years
Pan-Malayan	DBS Bank	Trade facilities ⁽⁵⁾	S\$680	–	S\$680	0.75% above the prevailing prime rate (for bills denominated in S\$); 1.50% above DBS Bank's prevailing cost of funds (for bills denominated in currencies other than S\$)	Sight/usance/local letters of credit – at sight or up to 120 days Trust receipts, import/local bills receivable purchase – up to 120 days inclusive of suppliers' credit
Pan-Malayan	DBS Bank	Foreign exchange spot and forward ⁽⁵⁾	S\$1,500	–	S\$1,500	Not applicable	12 months from the transaction date

CAPITALISATION AND INDEBTEDNESS

Borrower	Lender	Type of Facility	Amount of Facilities Granted ('000)	Amount Owing ('000)	Amount Unutilised ('000)	Interest Rate per Annum	Maturity Profile
Hyphens Singapore	Maybank	Trade facilities ⁽⁵⁾	S\$1,500	S\$821	S\$679	Sight/local/ usance letter of credit – 0.125% per month (minimum two months) or S\$80, whichever is higher Trust receipt financing – 2.5% above Maybank's cost of funds Shipping guarantee – as per Maybank's standard pricing guidelines	Up to 150 days
Hyphens Singapore	Maybank	Revolving credit facility ⁽⁵⁾	S\$2,000	–	S\$2,000	2.5% above Maybank's cost of funds for interest period of 1, 2, 3 or 6 months	One, two, three or six months for each drawdown, at our option
Hyphens Singapore	Maybank	Foreign exchange line	US\$1,200	–	US\$1,200	Not applicable	180 days from the transaction date
Ocean Health Singapore	Maybank	Trade facilities ⁽⁵⁾	S\$1,000	–	S\$1,000	Sight/local/ usance letter of credit – 0.125% per month (minimum two months) or S\$80, whichever is higher Trust receipt financing – 2.5% above Maybank's cost of funds Shipping guarantee – as per Maybank's standard pricing guidelines	Up to 120 days
Ocean Health Singapore	Maybank	Revolving credit facility ⁽⁵⁾	S\$1,500	–	S\$1,500	2.5% above Maybank's cost of funds for interest period of 1, 2, 3 or 6 months	One, two, three or six months for each drawdown, at our option

CAPITALISATION AND INDEBTEDNESS

Borrower	Lender	Type of Facility	Amount of Facilities Granted ('000)	Amount Owning ('000)	Amount Unutilised ('000)	Interest Rate per Annum	Maturity Profile
Ocean Health Singapore	Maybank	Foreign exchange line ⁽⁵⁾	US\$800	–	US\$800	Not applicable	180 days from the transaction date
Pan-Malayan	Maybank	Trade facilities ⁽⁵⁾	S\$500	–	S\$500	Sight/3 rd country/usance letter of credit – 0.125% per month (minimum two months) or S\$80, whichever is higher Trust receipt financing – at the prime rate Shipping guarantee – as per Maybank's standard pricing guidelines	Up to 120 days
Pan-Malayan	Maybank	Revolving credit facility ⁽⁵⁾	S\$1,000	–	S\$1,000	2.5% above Maybank's cost of funds for interest period of 1, 2, 3 or 6 months	One, two, three or six months for each drawdown, at our option
Pan-Malayan	Maybank	Foreign exchange line ⁽⁵⁾	US\$350	–	US\$350	Not applicable	180 days from the transaction date
Hyphens Malaysia	Maybank	Foreign exchange contract facility ⁽⁴⁾	RM1,000	–	RM1,000	Not applicable	–
Hyphens Philippines	Toyota Financial Services	Auto Loan ⁽⁷⁾	PHP2,438	PHP552	–	18.14% effective interest rate	18 October 2018
Hyphens Philippines	BPI Family Savings Bank	Auto Loan ⁽⁷⁾	PHP878	PHP176	–	10.54% effective interest rate	27 November 2018

Notes:

- (1) Singapore Inter-Bank Offered Rate ("SIBOR"), which is a daily reference rate based on the interest rates at which banks offer to lend unsecured funds to other Singapore banks in the Singapore wholesale money market (or inter-bank market).
- (2) On the condition that the SIBOR will not be determined to be lower than DBS Bank's cost of funds for the applicable interest period. If DBS Bank determines that the SIBOR is lower than its cost of funds for the applicable interest period, the interest rate for that interest period shall be charged at DBS Bank's cost of funds plus the applicable agreed margin.
- (3) We took out this facility to finance our acquisition of Ocean Health Singapore in 2016.

CAPITALISATION AND INDEBTEDNESS

- (4) Under the terms of Hyphens Malaysia's foreign exchange contract facility with Maybank, for so long as any sum remains to be lent under this facility or remains payable thereunder, Hyphens Malaysia may not, without the prior written consent of Maybank, declare or pay any dividends to its shareholders.
- (5) Secured by corporate guarantees provided by Hyphens Singapore or Pan-Malayan and joint and several personal guarantees provided by our Directors, Mr. Lim See Wah, Mr. Tan Chwee Choon and Dr. Tan Kia King. Following the admission of our Company to Catalist, these personal guarantees will be discharged and replaced with corporate guarantees provided by our Company. Please refer to the section titled "Interested Person Transactions and Potential Conflicts of Interests – Past Interested Person Transactions – Provision of Guarantees by Interested Persons" for further details.
- (6) Secured by a charge over the shares of Ocean Health Singapore.
- (7) This is a hire purchase facility for motor vehicles obtained by Hyphens Philippines.

The terms and conditions of our bank facility agreements generally include financial covenants, such as requirements to maintain a certain net worth, debt service coverage ratio and gearing ratio.

To the best of our knowledge, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results or business operations, or the investments by our Shareholders in our Shares.

EXCHANGE CONTROLS

SINGAPORE

Currently, there are no exchange control restrictions in effect in Singapore.

VIETNAM

Vietnam has historically imposed exchange control mechanisms designed to limit foreign currency outflows, generally requiring the use of VND in domestic transactions and attempting to channel foreign currencies into its banking system. Vietnam's exchange control policy is administered primarily by the State Bank of Vietnam ("SBV").

Government regulations allow for companies to open one foreign currency account in Vietnam, and to open offshore foreign currency bank accounts with the approval of the SBV. Foreign-invested enterprises ("FIEs") may convert VND into foreign currency to cover current payments denominated in foreign currency and to repay foreign loans.

Under the current Vietnamese foreign exchange control regulations, any person or organisation may exchange VND for foreign currency at exchange rates quoted by credit institutions licensed to provide foreign exchange services in Vietnam, provided that such person or organisation declares the intended use of the money and provides the appropriate supporting documents required by the regulations set by the SBV on foreign exchange management. Foreign currencies may be freely exchanged for VND at the exchange rates quoted by such licensed credit institutions.

There are no restrictions on inward remittances of foreign currency by companies, provided that such remittances are conducted via authorised credit institutions. Outward remittances of foreign currency by domestic enterprises may only be made to pay for imported goods and services, to repay offshore loans registered with the SBV, to make overseas investments or other permitted purposes. FIEs are generally allowed to repatriate profits and lawful incomes in foreign currency from foreign direct investment activities and are allowed to make outward remittances of foreign currency for payments relating to transactions not for the purpose of transferring capital (or current transactions), such as for the purchase of raw materials and supplies, the provision of services, licensed technology transfers, payments of principal and interest on offshore loans registered with the SBV, salaries and payments of other legally owed sums of money and assets. Upon termination or dissolution of a business enterprise, foreign investors may repatriate their capital. Remittances must be made through certain registered accounts opened at authorised banks licensed to operate in Vietnam.

MALAYSIA

Cash Dividends

In Malaysia, the current foreign exchange administration rules allow non-residents to freely repatriate profits or dividends arising from investments or proceeds from divestment of RM assets. However, the repatriation must be made in foreign currency.

Notwithstanding the above, no person in Malaysia may undertake or engage in any dealing or transaction with the State of Israel or its residents, any entity owned or controlled, directly or indirectly, by the State of Israel or its residents including any authority or agency of the State of Israel in whatever name or style, or any dealing or transaction using or involving the currency of the State of Israel.

EXCHANGE CONTROLS

Dividends are freely transferable out of the country and no exchange controls or approvals are required subject to any applicable reporting requirements and withholding tax.

Loans and Advances

Pursuant to the Financial Services Act 2013 (“FSA”), BNM has issued notices pursuant to section 214 of FSA and section 225 of Islamic FSA (“Notices”). While Section 214 and Schedule 14 of FSA provide for comprehensive restrictions against various transactions related to exchange control, the Notices set out transactions that are allowed (which otherwise would be prohibited) without the consent of BNM.

Briefly, the more relevant exchange control rules in the Notices applicable to Hyphens Malaysia and Ocean Health Malaysia (each, a “Resident Entity”), as resident entities, with regard to borrowings are as follows:

- (a) A Resident Entity is allowed to borrow any amount of RM to finance activities in the real sector from non-resident entities within its group of entities and its non-resident direct shareholders, and up to RM1 million in aggregate in RM from any non-resident other than a non-resident financial institution for use in Malaysia. A Resident Entity is allowed to borrow any amount of RM from a non-resident through the issuance of RM private debt securities or Islamic private debt securities under the Private Debt Securities Guidelines or Islamic Private Debt Securities Guidelines issued by the Securities Commission Malaysia, excluding non-tradable private debt securities or Islamic private debt securities issued to certain non-residents.
- (b) A Resident Entity is free to obtain any amount of foreign currency borrowings from:
 - (i) licensed onshore banks;
 - (ii) resident or non-resident entities within its group of entities;
 - (iii) resident or non-resident direct shareholders; and
 - (iv) another resident through the issuance of foreign currency debt securities.A limit of RM100.0 million equivalent in aggregate is applicable to borrowing by a Resident Entity from non-resident financial institutions and other non-residents which are not part of its group of entities.
- (c) A Resident Entity is free to refinance outstanding approved RM and foreign currency borrowings, including principal and accrued interest or profit.
- (d) Borrowings in RM from a Resident Entity by a non-resident (other than a non-resident financial institution) are allowed: (i) through the issuance of private debt securities or Islamic private debt securities in RM approved by BNM; or (ii) to finance activities in the real sector in Malaysia.

OUR BUSINESS

HISTORY

Our Company was incorporated in Singapore on 12 December 2017 under the Companies Act as a private company limited by shares, under the name Hyphens Pharma International Pte. Ltd.. Following the Restructuring Exercise, our Company became the holding company of our Group. For more information on the Restructuring Exercise, please refer to the section titled “Restructuring Exercise” of this Offer Document. On 20 April 2018, our Company was converted into a public company limited by shares and the name of our Company was changed to Hyphens Pharma International Limited in connection therewith.

Our Group comprises three main business entities: Hyphens Singapore, Pan-Malayan and Ocean Health Singapore.

Our Group’s history dates back to September 1998, when Inomed Holding (an investment-holding company incorporated by our Chairman, Executive Director and CEO, Mr. Lim See Wah, and our Non-Executive Director, Dr. Tan Kia King) and Mr. Lim See Wah incorporated Pan-Malayan to acquire Pan-Malayan Pharmacy Pte. Ltd’s business of wholesale supply of pharmaceutical products and medical supplies in Singapore, which had been established since the 1940s.

Inomed Holding first acquired shares in Hyphens Singapore in September 2001. Hyphens Singapore was established in January 1986 and, at the time of the initial investment in September 2001, was engaged in the business of conducting business development activities (including product registration) for pharmaceutical principals. Our Executive Director, Mr. Tan Chwee Choon, subsequently invested in Hyphens Singapore in January 2004.

Following the completion of a restructuring exercise (the “2010 Restructuring Exercise”) in November 2010, Pan-Malayan became a wholly-owned subsidiary of Hyphens Singapore, and Inomed Holding and Mr. Tan Chwee Choon respectively held 81.8% and 18.2% of the total number of shares in the issued share capital of Hyphens Singapore.

In 2016, Hyphens Singapore acquired the entire issued share capital of Ocean Health Singapore and Ocean Health Malaysia. At the time of the acquisition, Ocean Health Singapore owned the TDF® brand of dermocosmetic products and the Ocean Health® brand of health supplement products.

The following table sets out the major corporate milestones of our Group from the date of incorporation of Pan-Malayan:

Year	Milestone
1998	Inomed Holding and Mr. Lim See Wah incorporated Pan-Malayan in September 1998 to acquire the business of Pan-Malayan Pharmacy Pte. Ltd. Following the acquisition, Mr. Lim See Wah and Inomed Holding collectively held a 20.0% shareholding interest in Pan-Malayan. By November 2008, Inomed Holding and Mr. Lim See Wah had collectively acquired the entire issued share capital of Pan-Malayan.
2001	Inomed Holding acquired a 25.0% shareholding interest in Hyphens Singapore in September 2001. This marked our expansion into the specialty pharmaceutical industry. By January 2004, Inomed Holding, Pan-Malayan and Mr. Tan Chwee Choon collectively held the entire issued share capital of Hyphens Singapore.

OUR BUSINESS

Year	Milestone
2003	We began expanding the geographical footprint of our specialty pharma principals business with the establishment of a representative office of Hyphens Singapore in Ho Chi Minh City, Vietnam in July 2003.
2004	We expanded our specialty pharma principals business to Malaysia with the incorporation of Hyphens Malaysia in January 2004.
2005	We strengthened our presence in Vietnam with the establishment of a representative office of Hyphens Singapore in Hanoi, Vietnam in January 2005.
2007	We expanded our specialty pharma principals business to the Philippines with the incorporation of Hyphens Philippines in October 2007. At the time of its incorporation, Hyphens Philippines was a joint venture between Hyphens Singapore and a local partner. In July 2013, Hyphens Singapore acquired the local partner's interest in Hyphens Philippines.
2010	<p>Following the completion of the 2010 Restructuring Exercise in November 2010, Pan-Malayan became a wholly-owned subsidiary of Hyphens Singapore, and Inomed Holding and Mr. Tan Chwee Choon respectively held 81.8% and 18.2% of the total number of shares in the issued share capital of Hyphens Singapore.</p> <p>Hyphens Singapore received the Enterprise 50 Award, which recognises the 50 most enterprising privately-owned local companies in Singapore.</p>
2011	<p>We launched Ceradan[®], our first proprietary product.</p> <p>We expanded our specialty pharma principals business to Indonesia with the establishment of a representative office of Hyphens Singapore in Indonesia.</p>
2014	<p>We launched our online Virtual Hypermart, an online B2B platform that allows registered customers to browse our wholesale product offerings.</p> <p>Pan-Malayan received the Enterprise 50 Award.</p>
2016	We expanded our range of proprietary products with the acquisition of the entire issued share capital of Ocean Health Singapore and Ocean Health Malaysia in 2016. We also acquired the entire issued share capital of DAC Pharmed, a company engaged in the primary packaging of cosmetic products and health supplement products for Ocean Health Singapore.
2017	To further our corporate strategy to expand and strengthen our proprietary product range, we acquired a product formulation for our next generation line of Ceradan [®] products and applied for patent protection for it in the United Kingdom. Hyphens Singapore also entered into a service agreement with ICES, in connection with which our research scientist will work with a team of scientists from ICES on joint projects, including developing the formulation for the next generation of Ceradan [®] products.

OUR BUSINESS

BUSINESS OVERVIEW

We are one of Singapore's leading specialty pharmaceutical and consumer healthcare groups leveraging on our diverse footprint in ASEAN countries.

We have a direct presence in five ASEAN countries, namely, Singapore, Vietnam, Malaysia, Indonesia and the Philippines, supplemented by a marketing and distribution network covering five additional jurisdictions, namely, Hong Kong, Myanmar, Brunei, Cambodia and Oman. Singapore is our regional headquarters, where our strategic planning, finance, regulatory affairs, research and development, legal, business development and logistics operations are based.

Our core business comprises the following segments:

- **Specialty Pharma Principals**

We engage in the business of selling and marketing specialty pharmaceutical products through Hyphens. We have long-term relationships with many of our brand principals and, through exclusive distributorship or licensing and supply agreements with the relevant brand principals, we market and sell a range of specialty pharmaceutical products in the relevant ASEAN countries. Our principals are mainly from Europe and the United States and include Guerbet SA, Biosensors International, Sofibel S.A.S., Bausch+Lomb and Chiesi Farmaceutici S.p.A.. We have, over time, developed significant experience in certain therapeutic areas or medical specialties and target our specialty pharmaceutical products around these therapeutic areas or medical specialties, including, but not limited to, dermatology, paediatrics and neonatology, allergy, otorhinolaryngology (ear, nose and throat), orthopaedic and rheumatology, radiology, cardiology and interventional cardiology, ophthalmology, gastroenterology, child psychiatry and family medicine.

Revenue from this segment accounted for 53.6% of our total revenue for the year ended 31 December 2017.

- **Proprietary Brands**

We develop, market and sell our own proprietary range of dermatological products and health supplement products through Hyphens and Ocean Health Singapore. Our key proprietary products comprise dermocosmetic products marketed under our Ceradan® and TDF® brands as well as health supplement products marketed under our Ocean Health® brand. We market our dermocosmetic products primarily through medical professionals, including general practitioners, dermatologists, paediatricians and pharmacists. Our health supplement products are marketed directly to consumers in Singapore via retail channels, including major retail pharmacies. The customers of our proprietary brands business include customers from Singapore, Vietnam, Malaysia, Indonesia and the Philippines, as well as Hong Kong, Myanmar, Brunei and Cambodia.

Revenue from this segment accounted for 11.4% of our total revenue for the year ended 31 December 2017.

OUR BUSINESS

- **Medical Hypermart and Digital**

We engage in the wholesale of pharmaceuticals and medical supplies in Singapore through Pan-Malayan, which we position as a medical hypermart for healthcare professionals, healthcare institutions and retail pharmacies. Besides the conventional business model of tele-sales and sales representatives, we have also established an online platform at <http://www.pom.com.sg> to support the needs of our customers. This online B2B platform, which we refer to as our online Virtual Hypermart, allows registered customers to browse our wholesale product offerings and also serves as a platform for brand principals to provide information regarding their products to our customers by purchasing advertising space from us.

Revenue from this segment accounted for 35.0% of our total revenue for the year ended 31 December 2017.

We believe that there are significant synergies between our various business segments that give rise to unique commercial opportunities, allowing us to become an established player in the specialty pharmaceutical and consumer healthcare space in Singapore. Through Pan-Malayan, we have the advantage of a heritage brand with a history of more than 70 years in the Singapore market. With our specialty pharma principals business, our footprint expands to other markets in the ASEAN region including Vietnam, Malaysia, Indonesia and the Philippines. With our proprietary brands business, we intend to further internationalise our business.

COMPETITIVE STRENGTHS

We believe the following to be our competitive strengths:

We are one of Singapore's leading specialty pharmaceutical and consumer healthcare groups with an established presence in ASEAN countries and are well-positioned to benefit from the growth in our markets

We are one of Singapore's most established companies in the pharmaceutical and consumer healthcare space. Through Pan-Malayan, we have the advantage of a heritage brand with a history of more than 70 years in the Singapore market. We have a direct presence in five ASEAN countries, namely, Singapore, Vietnam, Malaysia, Indonesia and the Philippines, which is supplemented by a marketing and distribution network covering five additional jurisdictions, namely, Hong Kong, Myanmar, Brunei, Cambodia and Oman.

With our regional presence, we believe we are well-positioned to benefit from the economic growth in ASEAN countries where the combined GDP increased from US\$0.58 trillion in 1999 to US\$2.55 trillion in 2016 and the GDP per capita increased from US\$1,135 to US\$4,021 over the same period⁽¹⁾.

⁽¹⁾ Source: The ASEAN Secretariat. *Celebrating ASEAN: 50 Years of Evolution and Progress – A Statistical Publication*. Available from: http://www.aseanstats.org/wp-content/uploads/2017/08/ASEAN50_Master_Publication.pdf, as extracted on 24 April 2018. The ASEAN Secretariat has not consented to the inclusion of the above information or statistics cited or attributed to it in this Offer Document for the purposes of Section 249 of the SFA and is thereby not liable for the relevant information or statistics under Sections 253 and 254 of the SFA. While our Directors, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent have taken reasonable action to ensure that the above information has been reproduced in this Offer Document in its proper form and context and that the information is extracted accurately and fairly, none of our Directors, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has independently reviewed or verified the accuracy of the relevant information.

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In tandem with the economic growth in Singapore, Vietnam, Malaysia, Indonesia and the Philippines in the last decade, there has been an increase in total health expenditure in these countries. The charts⁽¹⁾ below illustrate the GDP growth and the total health expenditure for the period from 2007 to 2015.

Chart 1: GDP growth from 2007 to 2015 (rebased to 100)

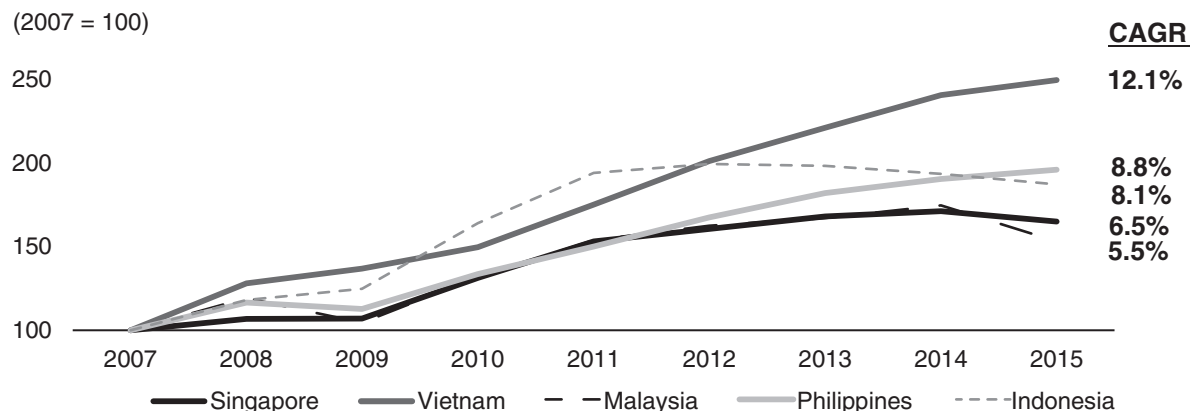
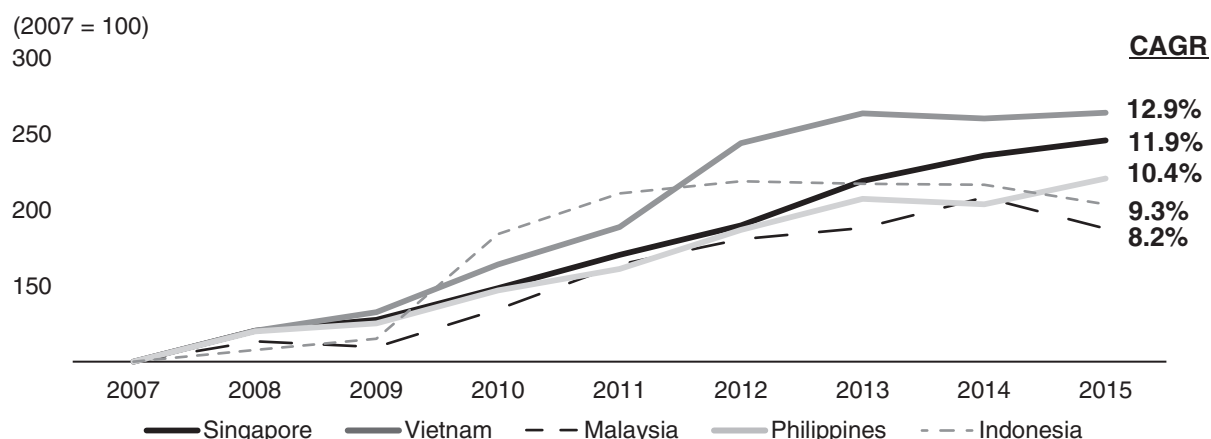


Chart 2: Health expenditure growth from 2007 to 2015 (rebased to 100)



⁽¹⁾ Source: The World Bank: World Development Indicators, GDP (current US\$) and Current health expenditure (% of GDP). Available from: <http://databank.worldbank.org/data/home.aspx>, as extracted on 24 April 2018. The World Bank Group has not consented to the inclusion of the above information or statistics cited or attributed to it in this Offer Document for the purposes of Section 249 of the SFA and is thereby not liable for the relevant information or statistics under Sections 253 and 254 of the SFA. While our Directors, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent have taken reasonable action to ensure that the above information has been reproduced in this Offer Document in its proper form and context and that the information is extracted accurately and fairly, none of our Directors, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has independently reviewed or verified the accuracy of the relevant information.

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In addition, health expenditure in ASEAN countries is expected to rise with an aging population profile. Life expectancy in ASEAN countries has increased significantly from 56 years in 1967 to 71 years in 2016. In Singapore, where we derived more than half of our revenue in 2015, 2016 and 2017, the median age of the resident population rose from 34.0 years in 2000 to 40.5 years in 2017⁽¹⁾ and the number of citizens aged 65 and above is expected to increase. In Vietnam, Malaysia and the Philippines, the percentage of population aged 65 years old and above is expected to increase from 6.3%⁽²⁾, 5.0%⁽³⁾ and 4.3%⁽⁴⁾, respectively, in 2010, to 11.2%⁽⁵⁾, 9.3%⁽⁶⁾ and 7.6%⁽⁷⁾, respectively, in 2030.

- (1) Source: Department of Statistics, Government of Singapore. Available from: <http://www.singstat.gov.sg/statistics/visualising-data/charts/age-pyramid-of-resident-population>, as extracted on 24 April 2018. The Department of Statistics, Government of Singapore has not consented to the inclusion of the above information or statistics cited or attributed to it in this Offer Document for the purposes of Section 249 of the SFA and is thereby not liable for the relevant information or statistics under Sections 253 and 254 of the SFA. While our Directors, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent have taken reasonable action to ensure that the above information has been reproduced in this Offer Document in its proper form and context and that the information is extracted accurately and fairly, none of our Directors, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has independently reviewed or verified the accuracy of the relevant information.
- (2) Based on 86,722,000 citizens in total and 5,462,000 citizens aged 65 years and above in 2010. Source: General Statistics Office of Vietnam. *Population Projection for Vietnam*. Available from: https://www.gso.gov.vn/default_en.aspx?tabid=617&ItemID=11016, as extracted on 24 April 2018. The General Statistics Office of Vietnam has not consented to the inclusion of the above information or statistics cited or attributed to it in this Offer Document for the purposes of Section 249 of the SFA and is thereby not liable for the relevant information or statistics under Sections 253 and 254 of the SFA. While our Directors, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent have taken reasonable action to ensure that the above information has been reproduced in this Offer Document in its proper form and context and that the information is extracted accurately and fairly, none of our Directors, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has independently reviewed or verified the accuracy of the relevant information.
- (3) Source: Department of Statistics Malaysia. *Population Projection, Malaysia 2010 – 2040*. Available from: https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=118&bul_id=eTBVckl4UnBGU3l0OXNOTUNMZTM2QT09&menu_id=L0pheU43NWJwRWVSZklWdzQ4TlhUUT09, as extracted on 24 April 2018. The Department of Statistics Malaysia has not consented to the inclusion of the above information or statistics cited or attributed to it in this Offer Document for the purposes of Section 249 of the SFA and is thereby not liable for the relevant information or statistics under Sections 253 and 254 of the SFA. While our Directors, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent have taken reasonable action to ensure that the above information has been reproduced in this Offer Document in its proper form and context and that the information is extracted accurately and fairly, none of our Directors, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has independently reviewed or verified the accuracy of the relevant information.
- (4) Based on 93,135,100 citizens in total and 4,025,800 citizens aged 65 years and above in 2010. Source: Philippines Statistics Authority. Available from: <https://psa.gov.ph/statistics/census/projected-population>, as extracted on 24 April 2018. The Philippines Statistics Authority has not consented to the inclusion of the above information or statistics cited or attributed to it in this Offer Document for the purposes of Section 249 of the SFA and is thereby not liable for the relevant information or statistics under Sections 253 and 254 of the SFA. While our Directors, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent have taken reasonable action to ensure that the above information has been reproduced in this Offer Document in its proper form and context and that the information is extracted accurately and fairly, none of our Directors, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has independently reviewed or verified the accuracy of the relevant information.
- (5) Based on a projected 103,117,000 citizens in total and 11,584,000 citizens aged 65 years and above in 2030. Source: General Statistics Office of Vietnam. *Population Projection for Vietnam*. Available from: https://www.gso.gov.vn/default_en.aspx?tabid=617&ItemID=11016, as extracted on 24 April 2018. The General Statistics Office of Vietnam has not consented to the inclusion of the above information or statistics cited or attributed to it in this Offer Document for the purposes of Section 249 of the SFA and is thereby not liable for the relevant information or statistics under Sections 253 and 254 of the SFA. While our Directors, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent have taken reasonable action to ensure that the above information has been reproduced in this Offer Document in its proper form and context and that the information is extracted accurately and fairly, none of our Directors, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has independently reviewed or verified the accuracy of the relevant information.
- (6) Source: Department of Statistics Malaysia. *Population Projection, Malaysia 2010 – 2040*. Available from: https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=118&bul_id=eTBVckl4UnBGU3l0OXNOTUNMZTM2QT09&menu_id=L0pheU43NWJwRWVSZklWdzQ4TlhUUT09, as extracted on 24 April 2018. The Department of Statistics Malaysia has not consented to the inclusion of the above information or statistics cited or attributed to it in this Offer Document for the purposes of Section 249 of the SFA and is thereby not liable for the relevant information or statistics under Sections 253 and 254 of the SFA. While our Directors, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent have taken reasonable action to ensure that the above information has been reproduced in this Offer Document in its proper form and context and that the information is extracted accurately and fairly, none of our Directors, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has independently reviewed or verified the accuracy of the relevant information.
- (7) Based on a projected 125,337,500 citizens in total and 9,560,800 citizens aged 65 years and above in 2030. Source: Philippines Statistics Authority. Available from: <https://psa.gov.ph/statistics/census/projected-population>, as extracted on 24 April 2018. The Philippines Statistics Authority has not consented to the inclusion of the above information or statistics cited or attributed to it in this Offer Document for the purposes of Section 249 of the SFA and is thereby not liable for the relevant information or statistics under Sections 253 and 254 of the SFA. While our Directors, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent have taken reasonable action to ensure that the above information has been reproduced in this Offer Document in its proper form and context and that the information is extracted accurately and fairly, none of our Directors, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has independently reviewed or verified the accuracy of the relevant information.

OUR BUSINESS

With our regional presence and product portfolio, we believe we will benefit from higher health expenditure in ASEAN countries as a result of economic growth and the aging population in these countries.

We possess strong regulatory capabilities in an industry with high barriers to entry

The marketing of pharmaceutical products is subject to strict regulation in most countries and typically, pharmaceutical products are required to be registered with the relevant regulatory authority before they may be marketed in a particular jurisdiction. This applies to pharmaceutical products, medical devices, cosmetics and food supplements. Notwithstanding that a product may be approved for sale in one jurisdiction, a separate product registration would still be required for every other jurisdiction that a product is sold in.

As of 31 December 2017, we have a team of 16 employees dedicated to performing the regulatory function of our business. Our core competencies include product knowledge, domain knowledge and market know-how, which enables us to understand the effects of the product, the suitability of the product in complying with the relevant country's laws, and to effectively coordinate and manage product registrations successfully in a regulatory environment where product registrations may take up to three years before they are granted.

Once a product registration is obtained, it must be maintained and renewed periodically. We also continue to monitor the safety of the relevant pharmaceutical product in the market and report any suspected adverse reactions to the relevant regulatory authority in each jurisdiction (or work with our local distributors to do so). While our regulatory function is headquartered in Singapore, we also have regulatory staff based in Vietnam, Malaysia, Indonesia and the Philippines who are familiar with the local regulatory environment and will assist in the regulatory process.

In addition, prior to filing for product registration, we may be required to obtain certain operating licences from relevant regulatory authorities, such as the Good Distribution Practice licence, before we can participate in the product registration process or distribute a product in each jurisdiction. The requirement for such licences, together with the extensive product registration process, pose a high barrier to entry for competitors.

As of 31 December 2017, we and our local distributors hold more than 300 product registrations and notifications over pharmaceutical products, medical devices, dermocosmetics and health supplements, across the countries we market and sell our products in.

Our portfolio of specialty pharmaceutical products is well known internationally and we enjoy strong relationships with our principals

We offer comprehensive solutions for pharmaceutical companies looking to distribute their products in ASEAN countries. With our regional presence and strong regulatory capabilities, coupled with an established marketing and distribution network, we are able to effectively work with our brand principals to promote their products in ASEAN countries.

As of 31 December 2017, we distribute more than 30 specialty pharmaceutical products across various ASEAN countries. We target our specialty pharmaceutical products around certain therapeutic areas or medical specialties, including, but not limited to, dermatology, paediatrics and neonatology, allergy, otorhinolaryngology (ear, nose and throat), orthopaedic and rheumatology, radiology, cardiology and interventional cardiology, ophthalmology, gastroenterology, child psychiatry and family medicine.

OUR BUSINESS

Over the years, we have established long-term relationships with international pharmaceutical brands and, through exclusive distributorship or licensing and supply agreements with them, market and sell their products in the relevant ASEAN countries. Our principals include Bausch+Lomb, Chiesi Farmaceutici S.p.A. and Guerbet SA, which are leading companies in their respective fields. We have a strong track record and some of our principals have been working with us for more than 20 years. The major products in our product portfolio include a range of specialty eye drops under the Bausch+Lomb brand, Curosurf[®], Dotarem[®], Xenetix[®] and Rupafin[®], which are well known within the medical industry internationally.

We possess strong sales and marketing capabilities

We possess strong competence in sales and marketing, which we leverage on to formulate and implement marketing strategies for our products. We have a direct presence in five ASEAN countries, namely, Singapore, Vietnam, Malaysia, Indonesia and the Philippines, which is supplemented by a marketing and distribution network covering five additional jurisdictions, namely, Hong Kong, Myanmar, Brunei, Cambodia and Oman. We also have a dedicated sales and marketing team for our medical hypermart and digital business in Singapore, which is further complemented by our online Virtual Hypermart.

Specialty Pharma Principals

The process of sales and marketing of specialty pharmaceuticals to physicians and pharmacists requires significant domain knowledge which includes an understanding of the interaction between utility, pricing and demand dynamics for each of our customers. As our first point of contact with physicians and pharmacists, our highly trained sales and marketing staff possess the domain knowledge for the products that we market and are tasked to ensure that accurate product information is disseminated to the physicians and pharmacists so that the product can be used safely and efficaciously.

As part of our sales and marketing process, we also often participate in continuing medical education events to support the medical community. Examples of such events include medical conferences and training sessions conducted by physicians for their counterparts in other countries.

By ensuring the quality of the products we market and having our people well-trained to ensure the accuracy of the information communicated to the physicians, we believe that we have earned the trust of the physicians we work with. This is a valuable intangible asset and ensures that we can continue to scale up as the number of products we market increases.

Medical Hypermart and Digital

To complement our sales force, we launched an online B2B platform, our Virtual Hypermart, in 2014 to allow clinics, retail pharmacies, hospitals and nursing homes in Singapore to access and purchase our full range of products conveniently.

Our Virtual Hypermart allows our customers to place orders for our products at their own convenience. It also improves our productivity as it reduces the manpower required in taking orders as compared to traditional sales channels. In addition, our Virtual Hypermart has a scalable business model, which allows us to add more products and offerings and handle higher sales volumes without incurring a significant increase in our costs.

OUR BUSINESS

Our Virtual Hypermart also provides opportunities for us to increase revenue and interaction between Pan-Malayan's brand principals and customers. The customers of our medical hypermart and digital business are mainly physicians who purchase our pharmaceutical products and medical supplies for use in their clinics and/or to dispense to their patients. We believe that physicians are, as a group, an integral part of the medical and pharmaceutical industry but may be difficult to access. However, with the growth in our online customer traffic, our Virtual Hypermart has become an increasingly attractive platform for Pan-Malayan's brand principals to provide information regarding their products to our customers by purchasing advertising space from us, resulting in additional revenue for our medical hypermart and digital business and placing us in a better position to negotiate with new principals and to increase our product offerings. This would, in turn, make our Virtual Hypermart a more attractive platform for our customers to purchase pharmaceutical products and medical supplies.

We believe our Virtual Hypermart will continue to benefit from the increased acceptance of e-commerce by physicians as a means to purchase pharmaceutical products and medical supplies while also providing an avenue for direct interaction or advertising between Pan-Malayan's brand principals and medical professionals.

We possess a proprietary range of products and brands

As part of our growth strategy, we have developed and acquired our own proprietary range of products and brands in order to expand our product portfolio.

With our acquisition of Ocean Health Singapore, Ocean Health Malaysia and DAC Pharmalab in 2016, we expanded our range of proprietary products to include health supplements marketed under the Ocean Health® brand and dermocosmetics marketed under the TDF® brand. As these products are largely distributed through retail channels, the acquisition also allowed us to extend our access to retail distribution channels through which our other products may be distributed, which facilitated the growth of our business.

Our existing range of proprietary products include dermocosmetics under our Ceradan® and TDF® brands and health supplements under our Ocean Health® brand. As we own the brand rights to our proprietary products, we are able to determine the commercialisation strategy. In addition, we leverage on our existing local and regional distribution channels to market and sell our proprietary products.

To further expand our proprietary product range, we continue to engage in research and development through partnerships or research collaborations with institutes of higher education to tap on their capabilities to develop new product formulations or devices. This arrangement allows us to continue to build our proprietary product range without incurring significant expenses on, and having to bear the risks associated with, research and development. As of 31 December 2017, our research and development team comprises four employees, three of whom are dedicated to the research and development of dermocosmetic products and one of whom is dedicated to the research and development of health supplement products.

We have a highly experienced and committed management team supported by a strong and stable employee base

We have a committed, experienced and highly qualified management team led by our Chairman, Executive Director and CEO, Mr. Lim See Wah, who has more than 25 years of experience in the pharmaceutical industry. Starting his career in 1993, Mr. Lim See Wah was instrumental in establishing our Group with the acquisition, from Pan-Malayan Pharmacy Pte. Ltd, of the business of wholesale supply of pharmaceutical products and medical supplies in Singapore in 1998,

OUR BUSINESS

Hyphens Singapore between 2001 and 2004 and Ocean Health Singapore, DAC Pharmalab and Ocean Health Malaysia in 2016, having seen the growth and synergistic opportunities in each of these acquisitions.

Our Executive Director, Mr. Tan Chwee Choon, is responsible for managing our operations in Vietnam. He has more than 35 years of experience in the pharmaceutical industry. After leaving AstraZeneca Singapore Pte Ltd, where he was the marketing company president (Singapore, Vietnam and Indochina), Mr. Tan Chwee Choon joined our Group in January 2004, where he took charge of managing our operations in Indochina.

Our Executive Officers, Ms. Fang Lee Wei, our CFO, Mr. John Leong, the General Manager of Hyphens Singapore (Malaysia, Indonesia and the Philippines), Mr. Jason Yeo, the General Manager of Hyphens Singapore (Singapore) and Mr. David Lim, the General Manager of Pan-Malayan, possess significant knowledge in their respective fields. They are all highly qualified and competent in their areas of expertise and have been with our Group for more than eight, two, 15 and 17 years, respectively.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategy comprises the following key elements:

Expand and Strengthen Our Product Range

Proprietary Brands

We intend to continue to expand our range of dermatological and health supplement products in our proprietary brands segment. In 2017, we launched four new products and we have plans to launch another five products in 2018.

To expand and strengthen our proprietary product range in the dermatology and health supplement sector, we acquired a product formulation for our next generation line of Ceradan® products in 2017. As of the Latest Practicable Date, we have applied for patent protection for it in the United Kingdom and intend to seek patent protection for the same in other jurisdictions as well.

We are also in the process of developing drug products for the management of atopic dermatitis. Currently, we are arranging for the technology transfer of the production expertise to us, together with a CMO, and we are also developing a steroid drug for the management of inflammatory skin conditions, such as atopic dermatitis, through our research collaboration with A*STAR.

We intend to expand our range of health supplement products under the Ocean Health® brand to include additional products under the Clinical Series, a professional range of health supplement products we developed to meet the clinical nutrition needs of patients. We currently market the Clinical Series to physicians in Singapore and we intend to market the Clinical Series regionally as well.

Other than looking for opportunities to acquire relevant innovations to complement or expand our existing portfolio of proprietary products, we remain committed to building our in-house development capabilities and will continue to engage in research and development through partnerships or research collaborations with institutes of higher education to tap on their capabilities to develop new product formulations or devices. This arrangement allows us to continue to build our proprietary product range without incurring significant expenses on, and having to bear the risks associated with, research and development. This includes discussions which we have held with A*STAR to explore development of future products.

OUR BUSINESS

Specialty Pharmaceuticals

We engage our existing principals regularly so that we can market new products that they develop. In addition, we will also continue to explore commercial opportunities with new principals to expand our range of product offerings. As part of our business development, we consult doctors on an ongoing basis to understand new drug trends or developments in order to seek out new opportunities.

We have received regulatory approvals in respect of a Rupafin[®] solution for children and D-Cure, a high dosage vitamin D for prescription use, and intend to market the Rupafin[®] solution for children in Singapore and Vietnam and D-Cure in Singapore.

As of 31 December 2017, we have five products undergoing registration, including for existing products in new markets. Our products undergoing registration include products for the treatment of attention deficit hyperactivity disorder.

Maintain Our Growth Momentum through Scaling Our Presence in Markets that We Operate in and Expansion to New Geographical Markets

We have a direct presence in five ASEAN countries, namely, Singapore, Vietnam, Malaysia, Indonesia and the Philippines, which is supplemented by a marketing and distribution network covering five additional jurisdictions, namely, Hong Kong, Myanmar, Brunei, Cambodia and Oman.

We intend to scale up our presence in our existing markets such as Vietnam, Malaysia, Indonesia and the Philippines, by expanding our marketing and distribution network and/or leveraging on existing channels to distribute more products. For instance, we intend to expand our reach in Indonesia by engaging in the marketing and sale of our products to consumers through chain pharmacies, so as to tap on the consumer healthcare market in Indonesia.

As part of our overall business strategy, we will initially market and sell our proprietary products and specialty pharmaceutical products to medical professionals. After the brand has gained broad acceptance among consumers, we may then sell the products through consumer healthcare channels such as pharmacies and other relevant point of sales.

We also intend to expand into new markets. We currently sell and market our dermocosmetic products directly to customers in Singapore and through third party distributors in Vietnam, Indonesia, Hong Kong and other jurisdictions. We are exploring the registration of our range of dermocosmetic products in other ASEAN countries that we do not currently sell to, as well as other regions such as the Middle East and Australia.

As Ocean Health[®] is one of the leading health supplement brands in Singapore, we intend to expand this business by actively exploring opportunities to market our health supplement products overseas, primarily in ASEAN countries. Our products are already sold in China through online marketplaces such as JD Worldwide and ICBC Mall. We have appointed a local distributor to distribute and sell our products in Myanmar. We are also planning to market our health supplement products in Vietnam and Malaysia through the marketing and distribution channels of our specialty pharma principals business. In Indonesia and Brunei, we are exploring the appointment of local distributors. We are also exploring the possibility of exporting our health supplement products to other countries and regions.

OUR BUSINESS

Enhance Our Online Platform and Further Leverage on it to Increase Revenue and Manage Costs

We are actively promoting our Virtual Hypermart to our existing offline customers to encourage them to transact using our online platform in order to reduce our marketing costs. Such efforts include providing promotional rates for online transactions and implementing a loyalty programme where customers may earn loyalty points for placing orders through our online Virtual Hypermart. These loyalty points can be redeemed for discounts on future purchases on our online Virtual Hypermart. We are promoting our Virtual Hypermart through both our traditional sales channels as well as in our trade catalogue-magazine, or catazine, The Medical Hypermart.

We are also further improving our Virtual Hypermart with the aim of increasing our online traffic and extending the time which users spend on our website. Some of the additional services will include an event hall where our principals may provide online resources relating to their products and industry or event updates that may be of interest to our customers. These efforts will increase the ancillary advertising revenue that we derive from our principals.

We will continue to capitalise on the first mover advantage we had gained by being the first pharmaceutical wholesaler in Singapore to establish an online platform and capture new digital opportunities that emerge as the pharmaceutical and consumer healthcare industry continues to evolve in line with technological developments.

Expand through Acquisitions, Joint Ventures or Strategic Alliances

Where suitable opportunities arise, we may also grow our business through acquisitions, joint ventures or strategic alliances that will be synergistic to our existing business. In evaluating such opportunities, we will consider factors such as the acquisition of products, technology and/or capabilities which are synergistic with our existing business.

For product acquisitions, we will continue to focus on dermocosmetic and health supplement products. These may include novel products in the late stages of development or a finished product that is already available in the market.

We will also look out for opportunities to enhance our capabilities in our existing markets and/or new markets. This may involve opportunities that enable us to acquire and gain access to an existing customer base based in a market or therapeutic field that we are not presently in, or allow us to scale up our operations and achieve operational efficiency.

We do not currently have any specific proposals or plans with respect to acquisitions, joint ventures or strategic alliances, and we have not identified any targets to acquire or parties to enter into joint ventures or strategic alliances with.

We intend to use S\$7.0 million from the net proceeds raised from the Invitation and the issuance of the Cornerstone Shares to fund our business expansion including potential acquisitions, joint ventures, product development and research and development collaborations, as described above.

OUR BUSINESS

Enhance Our Infrastructure to Support Business Growth

As we scale up our operations and to achieve better efficiencies, we intend to consolidate our operations in Singapore in a new integrated facility. With our new integrated facility, we will be able to consolidate all our business operations (including our corporate office and warehouse) in one location. We also intend to install an automated packaging facility to increase our production efficiency. To this end, we are in the process of leasing a new premise for our integrated facility and expect to set up our integrated facility before the end of 2018.

We intend to use S\$3.0 million from the net proceeds raised from the Invitation and the issuance of the Cornerstone Shares for the setting up of our integrated facility.

OUR SPECIALTY PHARMA PRINCIPALS BUSINESS

Overview

We are one of the leading specialty pharmaceutical sales and marketing groups in ASEAN countries. We engage in the business of selling and marketing specialty pharmaceutical products through Hyphens. We have long-term relationships with many of our brand principals and, through exclusive distributorship or licensing and supply agreements with the relevant brand principals, we market and sell a range of specialty pharmaceutical products in the relevant ASEAN countries. We generally market specialty pharmaceutical products to medical specialists and primary care physicians (or general practitioners) who use brand name drugs, as well as pharmacies.

Our key strengths in this business segment include the following:

- **Product Registration** – The principals we represent often do not have a business presence in the jurisdiction(s) they engage us to cover and rely on us to make the necessary regulatory applications to obtain regulatory approval for the marketing and sale of their products in those markets. Our experience and market standing in the jurisdictions in which we operate, together with the expertise of our regulatory pharmacists, enables us to effectively coordinate and manage product registrations successfully.
- **Domain Knowledge** – The principals we represent engage us to market their products in the respective jurisdiction(s). Our significant industry experience and knowledge of the markets in which we operate help us to understand the product and how to best position it within the relevant market.
- **Market Know-how** – We have 18 years of sales and marketing experience in Singapore (leveraging on approximately 70 years of experience that Pan-Malayan has as a pharmaceuticals wholesaler in Singapore), 29 years of experience in Vietnam, 14 years of experience in Malaysia, seven years of experience in Indonesia and 11 years of experience in the Philippines. As a result, we have established relationships with healthcare professionals in these jurisdictions and have a deep understanding of the market. We are able to leverage on our know-how to match products with local needs as well as actively source for new products from principals which we believe would be successful in a particular market. Each of the markets we cover has a different market infrastructure. For example, Singapore and Malaysia are dispensing markets and specialty pharmaceutical products are available at clinics and retail pharmacies, whereas Vietnam, Indonesia and the Philippines are prescribing markets. Our familiarity with the market infrastructure in each of the countries in which we operate enables us to formulate effective sales and marketing strategies for our principals' products.

OUR BUSINESS

Our Principals and Distributorship Agreements

Our principals are mainly from Europe and the United States and include reputable pharmaceutical manufacturers such as Guerbet SA, Biosensors International, Sofibel S.A.S., Bausch+Lomb and Chiesi Farmaceutici S.p.A.. We generally target products which have been registered, and are established, in the United States, Europe or other developed markets, with an aim to introduce these products into our principal markets.

We typically enter into distributorship or licensing and supply agreements with principals through Hyphens Singapore for the exclusive right to market and sell their products in one or more ASEAN countries. Such agreements are usually for a fixed term subject to renewal and typically include certain minimum purchase requirements. The prices of the products are negotiated and agreed upfront and, unless our principals notify us of a price increase, are fixed for the term of the agreement. We generally notify our principals regarding our commercialisation strategy for the relevant products in the various jurisdictions, including providing information on the Group Companies and/or third parties through which we carry out such activities. In addition, our agreements generally provide that our principals will indemnify us against any product liability claims by third parties that are due to the fault or negligence of our principals in connection with their obligations under the respective agreements.

We prefer to enter into long-term arrangements with principals as we believe that this allows us to deliver greater value by developing a marketing strategy to suit the product over a longer time horizon. Certain arrangements also allow us to brand the products under the Hyphens brand name in specified markets, which enhances our brand visibility and also allows us to leverage our established branding when marketing a new product.

Our Product Portfolio

We have, over time, developed significant experience in certain therapeutic areas or medical specialties and target our specialty pharmaceutical products around these therapeutic areas or medical specialties, including, but not limited to, dermatology, paediatrics and neonatology, allergy, otorhinolaryngology (ear, nose and throat), orthopaedic and rheumatology, radiology, cardiology and interventional cardiology, ophthalmology, gastroenterology, child psychiatry and family medicine.

As of 31 December 2017, our specialty pharmaceutical product portfolio comprises more than 30 products. The major products in our product portfolio include the following:

OUR BUSINESS

Contrast Media Products



We sell and market a range of contrast media products comprising Xenetix[®], an iodine-based contrast agent used for plain X-rays and CT scans, Dotarem[®], a gadolinium-based contrast agent used for MRI scans and Lipiodol[®] Ultra Fluid, an iodine-based contrast agent used in interventional radiology in certain countries. A contrast medium (or contrast agent) is a substance used to enhance the contrast between different structures of the body in medical imaging, so as to improve the delineation of the contours of body structures in the image. Different types of contrast media are used for different imaging techniques.

We have been the exclusive distributor of the above products in Vietnam since 1994. Our current distributorship agreement with the principal, Guerbet SA, expires on 31 December 2020.

We currently market Xenetix[®], Dotarem[®] and Lipiodol[®] in Vietnam and Dotarem[®] and Lipiodol[®] in Indonesia.



Biosensors Coronary Stents

We sell and market a range of coronary stents under the brand Biosensors. Coronary stents are small, expandable, tubular mesh scaffolds that are inserted in the artery to help prevent the narrowing of the arteries that can occur following Percutaneous Transluminal Coronary Angioplasty, a non-surgical procedure used to treat coronary artery disease.

We have been the exclusive distributor of the above products in Vietnam since 2005. Our current distributorship agreement with the principal, Biosensors Interventional Technologies Pte. Ltd., expires on 1 April 2019 and may be renewed in accordance with its terms.

OUR BUSINESS

Stérimar® Nasal Sprays



We sell and market a range of natural, purified seawater based nasal sprays under the brand Stérimar®. The nasal sprays are intended to provide relief for congested or runny noses.

We have been the exclusive distributor of the above products in Singapore, Vietnam, Malaysia, the Philippines and Cambodia since 1999. Our current distributorship agreement with the principal, Sofibel S.A.S., expires on 31 December 2019 and may be renewed in accordance with its terms.

From July 2018 onwards, Stérimar® will be marketed in Singapore, Vietnam, Malaysia and Indonesia.

Bausch+Lomb Eye Drops



We sell and market a range of specialty eye drops under the Bausch+Lomb brand.

We are the exclusive distributor of the above products in Vietnam. Our current distributorship agreement with the principal, Bausch & Lomb (Hong Kong) Limited, expires on 1 January 2019 and may be renewed in accordance with its terms.

OUR BUSINESS

Vivomixx™



We sell and market Vivomixx™, a high potency probiotic food supplement.

We have been the exclusive distributor of the above product in Singapore since 2015. Our current distributorship agreement with the principal, Next Gen Pharma India Pvt. Ltd, expires on 27 August 2025 and may be renewed in accordance with its terms.

Fenosup® Lidose®



We sell and market Fenosup® Lidose®, a product indicated for the treatment of high cholesterol and high triglyceride levels.

We have been the exclusive distributor of the above product in Singapore since 1999. Our current supply agreement with the principal, SMB Technology S.A., remains in full force and effect unless earlier terminated in accordance with its terms.

We currently market this product under the Hyphens brand name in Singapore, Vietnam, Malaysia, Indonesia and the Philippines.

OUR BUSINESS

Rupafin®



We sell and market Rupafin®, an antihistamine used to treat allergy symptoms.

We have been the exclusive distributor of the above product in Singapore, Vietnam, Indonesia and the Philippines since 2009. Our current agreement with the principal, J. Uriach y Compañía, S.A., expires in February 2023 and may be renewed in accordance with its terms.

We currently market this product under the Hyphens brand name in Singapore, Vietnam, Indonesia and the Philippines.

Product Registration and Pharmacovigilance

The marketing of pharmaceutical products and medical devices is subject to strict regulation in most countries and such products must be registered with the relevant regulatory authority before they can be marketed in a particular jurisdiction. Notwithstanding that a product may be registered in one jurisdiction, a separate product registration would still be required for every other jurisdiction that a product is sold in. The product registration process typically takes two to three years from the date an application is submitted to the relevant regulatory authorities.

The diagram below illustrates the typical product registration process:



We apply for and hold the product registration and any renewals thereof for the products that we market in Singapore, Malaysia and the Philippines.

In Vietnam, we apply for and hold the product registration and any extensions thereof for our pharmaceutical products that are marketed in that jurisdiction. In respect of the registration of medical devices, depending on the relevant product, we or our local distributors apply for and hold the product registrations for our medical devices which are marketed in Vietnam. In Indonesia, due to local laws and regulations in respect of the registration of pharmaceutical products, we do not ourselves undertake product registration. Instead, our local distributors apply for and hold the product registration for our pharmaceutical products that are marketed in Indonesia. However, in both Vietnam and Indonesia, we remain actively involved in the product registration process.

OUR BUSINESS

Cosmetic products such as our Ceradan[®] and TDF[®] products can only be marketed in a particular jurisdiction after the product has been notified to the relevant regulatory authority in that jurisdiction (by filing a product notification) and acknowledgement of the same has been received. In Singapore, Malaysia and the Philippines, we file for and hold the product notification for our Ceradan[®] and TDF[®] products. In Vietnam and Indonesia, due to local laws and regulations in respect of the notification of cosmetic products, we rely on our local distributors to file for and hold the product notification for our Ceradan[®] and TDF[®] products. However, we remain actively involved in the product notification process.

Our experience, together with the expertise of our regulatory affairs personnel, enables us to effectively coordinate and manage the product registration and notification processes. As of 31 December 2017, we have a team of 16 employees dedicated to performing the regulatory function of our business.

We are required under the relevant laws and regulations of the respective jurisdictions to continue to monitor the safety of the relevant products in the market and report any adverse reactions or suspected adverse reactions to the relevant regulatory authorities in each jurisdiction and we work with our local distributors to do so. We have an internal reporting system in respect of notifications of adverse reactions or suspected adverse reactions, including escalation to our CEO in appropriate circumstances. This internal reporting system facilitates the collection, recording and reporting to the relevant authorities, if required, of adverse reactions or suspected adverse reactions which are brought to our attention.

As of 31 December 2017, we and our local distributors hold more than 300 product registrations and notifications over pharmaceutical products, medical devices, dermocosmetics and health supplements, across the countries we market and sell our products in.

Sales and Marketing

We have a proven track record in formulating and executing sales and marketing strategies in ASEAN countries. We have historically marketed our products to hospitals, clinics and other medical institutions.

We have, over time, developed significant experience in certain therapeutic areas, and we currently target our specialty pharmaceutical products around these therapeutic areas or medical specialties, including, but not limited to, dermatology, paediatrics and neonatology, allergy, otorhinolaryngology (ear, nose and throat), orthopaedic and rheumatology, radiology, cardiology and interventional cardiology, ophthalmology, gastroenterology, child psychiatry and family medicine. We intend to grow our specialty pharma principals business by leveraging our strength in these product categories and medical specialties to enhance our product portfolio for related pharmaceuticals. We will also vertically enhance our product portfolios in these areas by adding our proprietary products as appropriate.

We leverage on our experience and network in countries in ASEAN to formulate and implement marketing strategies for the products in our product portfolio. We tailor our marketing strategy to the particular attributes and market dynamics of each product.

Based on the overall marketing strategy, we come up with a marketing plan setting out a list of target hospitals and clinics and a schedule for carrying out specific field marketing activities. In doing so, we take into account various factors, including market demand and supply dynamics, competing products, the demographic profile of the patient pool, prevalence rates in the relevant

OUR BUSINESS

geographic area and prevailing treatment protocols. We review our marketing plans regularly and work closely with our (or, as the case may be, our distributors') sales and product representatives to adjust our marketing plans based on feedback from them and the end customers.

Our (or, as the case may be, our distributors') sales and product representatives directly approach physicians at target hospitals and clinics and promote our products to them by providing them with information regarding these products, such as clinical profile, therapeutic uses and benefits, to educate them on the usage and benefit of these products. We may also provide training to local physicians by inviting medical experts to share with them information on the latest treatment regimes or new medical discoveries or train them on how to use a particular product. In addition, we publish informational pamphlets, brochures and booklets on our products, which our (or, as the case may be, our distributors') sales and product representatives distribute to healthcare professionals.

We regularly organise or participate in medical-related symposiums, seminars, conferences and exhibitions to raise and reinforce awareness of our pharmaceutical products among healthcare professionals. In particular, we invite experts to speak on medical conditions which our products treat and the therapeutic effectiveness of our products.

In order to motivate our sales and marketing personnel and increase their productivity, we evaluate their performance quarterly with reference to key performance indicators, and these evaluations are directly linked to remuneration. We have also established a comprehensive training system for our sales personnel, which includes educating them on new products, selling skills training and on-the-job training with guidance from senior sales personnel.

As of 31 December 2017, the sales and marketing team for our specialty pharma principals business comprises 300 persons, 48 of whom are based in our headquarters in Singapore, 24 persons in Malaysia and 27 persons in the Philippines. In Vietnam and Indonesia, our network comprises 155 and 46 persons, respectively, who are based in our representative offices and at our distributors.

Distribution and Logistics

Our procurement process is triggered by orders from the local distributors that we partner and work closely with in the various ASEAN countries. Pan-Malayan is our channel to market in Singapore. We also work with local distributors such as Central Pharmaceutical Company No. 1, Dan Thanh Pharmaceutical Trading Company Limited and Hoang Duc Pharmaceutical & Medical Supplies Co., Ltd in Vietnam, Zuellig Pharma Sdn Bhd in Malaysia, PT Kebayoran Pharma and PT Nicholas Laboratories Indonesia in Indonesia and Oxford Distributions, Inc. in the Philippines.

Our local distributors collate purchase orders (or equivalents) from end customers and fulfil orders to these customers out of their inventory. We manage the supply chain by placing purchase orders with the principals, coordinating customs clearance of the products and arranging transport of the products directly to our local distributors in the various countries.

We assess potential distributors based on the following criteria:

- their distribution network in the relevant jurisdiction;
- their reputation and financial soundness;

OUR BUSINESS

- whether they comply with the required local regulations, such as those in relation to storage and product handling;
- their service quality, in terms of customer order fulfilment; and
- the specific contractual terms, including stockholding period, distribution fee and credit terms.

We monitor the performance of each distributor we appoint. In particular, we assess their promptness of payment to us, their speed of customer order fulfilment and whether their storage practices meet our quality standards. We also require our distributors to comply with all local laws and health regulations. Our regulatory team monitors the latest developments in laws and regulations and communicates them to our local distributors and our sales and marketing team.

OUR PROPRIETARY BRANDS

We develop, market and sell our own proprietary range of dermatological products and health supplement products through Hyphens Singapore, Hyphens Malaysia, Hyphens Philippines and Ocean Health Singapore. Our key proprietary products comprise dermocosmetic products marketed under our Ceradan® and TDF® brands as well as health supplement products marketed under our Ocean Health® brand.

Our Dermocosmetic Products

We engage in the research and development of medical dermatological products to meet the needs of patients suffering from various skin disorders. We have developed a proprietary range of medical skin care and pharmaceutical products, with a focus on acne, atopic dermatitis, ageing, hyperpigmentation, skin disorders and photo-ageing. We launched our first proprietary product, Ceradan®, a ceramide-dominant emollient which we developed with a CMO, in Singapore in 2011. In 2016, we broadened our dermatology portfolio to include TDF®, a line of dermocosmetic products, through our acquisition of Ocean Health Singapore.

Ceradan®



We have been involved in and have developed deep domain knowledge in the therapeutic area of allergy. Atopic dermatitis is an allergic disease that is at the starting point of the allergic march (the typical progression of allergic diseases that often begin early in life). Emollients are a first line adjunct therapy for atopic dermatitis.

OUR BUSINESS

Our Ceradan[®] range consists of a family of ceramide-dominant topical emollients designed to alleviate skin dryness associated with atopic dermatitis. The various products in our Ceradan[®] range target the different needs of atopic dermatitis sufferers.

Atopic dermatitis, more commonly known as eczema, is a common chronic or recurrent inflammatory skin condition that affects people of all ages. It often begins in infancy and may persist into adolescence and adulthood. Symptoms of atopic dermatitis include dry, red and itchy skin typically on the face, neck and extensor surfaces (e.g., the back of the elbows and the front of the knees). Ceramide is one of the most important lipids forming the skin barrier and ceramide levels are reduced in patients with atopic dermatitis, causing the skin barrier to break down easily. The skin barrier regulates water loss from the body and acts as a protective barrier between the body and the external environment. When the skin barrier is broken, moisture evaporates from the skin easily, causing dryness. In addition, allergens, irritants and pathogens may penetrate the skin causing inflammation.

Our Ceradan[®] products are scientifically formulated to replenish ceramide deficiency in the skin and restore normal skin barrier function. They contain a 3:1:1 ratio of ceramide, cholesterol and free fatty acids, which we believe is the optimal ratio of physiological lipids for promoting skin barrier recovery.

We have invested in clinical studies for our Ceradan[®] products, which support our communication with healthcare professionals on the safety and efficacy of our products. In early 2013, we funded a clinical study in which children with atopic dermatitis aged between six months and six years old used Ceradan[®]. The study stated that the ceramide-dominant moisturiser used within the study was safe and effective in the management of atopic dermatitis in young children.

We believe that there is a substantial market for atopic dermatitis therapies in Singapore. Our Ceradan[®] products are currently marketed and sold to medical specialists (in particular, dermatologists, allergists and paediatricians), general practitioners and pharmacies in Singapore, Vietnam, Malaysia, Indonesia, the Philippines, Hong Kong, Brunei and Cambodia. We are also in preliminary discussions with distributors in other countries.

Currently, our Ceradan[®] range comprises the following products:



 **Ceradan[®]**
Ceramide-dominant skin barrier repair cream

Ceradan[®], our flagship product, is a hypoallergenic, ceramide-dominant cream that delivers physiological lipids (ceramide, cholesterol and free fatty acids) in the optimal 3:1:1 ratio to replenish ceramide that is lacking in the skin, reduce trans-epidermal water loss and repair the defective skin barrier.

OUR BUSINESS



Ceradan® Hydra is a hypoallergenic hydrating moisturiser designed as a step-down from Ceradan®. It is intended for use during periods of non-flares in atopic dermatitis and has a lighter texture than Ceradan®, allowing for easy application during periods of non-flares or in between uses of Ceradan®.



Ceradan® Wash is a gentle, hypoallergenic non-soap wash for face and body that produces a slight lathering effect when applied. It is designed to be mildly acidic, to match the skin's acid mantle and free of ingredients harmful to dry, itchy skin, such as soap, sodium lauryl sulphate, parabens, fragrance and colourants.



CeramoZ® is a hypoallergenic mosquito repellent cream specially formulated for people with sensitive skin, including those suffering from atopic dermatitis. It contains 10% DEET and is enriched with ceramide to moisturise skin while providing protection from mosquito bites.

OUR BUSINESS



Ceradan® Diaper Cream is a hypoallergenic cream that helps to prevent, manage and soothe diaper rash. It is enriched with physiological lipids, antimicrobials and zinc oxide, to seal out wetness.



Ceradan® Soothing Gel is the latest addition to our Ceradan® range of products. It is a hypoallergenic soothing gel formulated with menthol and polidocanol to elicit a cooling sensation and relieve itching.

TDF®



TDF® is a brand established by Ocean Health and has had a presence in Singapore and various ASEAN countries for more than 20 years. We acquired the TDF® brand with our acquisition of Ocean Health Singapore in 2016.

Our TDF® range is a line of dermocosmetic products designed to improve facial skin health, with a focus on the management of oily and acne-prone skin, dehydrated and sensitive skin, ageing skin and hyperpigmentation. The products in our TDF® range include facial cleansers and moisturisers for various skin types, as well as sunscreen, eye care products and acne treatments. The best-selling products in our TDF® range are our acne, skin pigmentation and sun protection and age defence series.

Dermocosmetics are an adjunct therapy in acne management and we believe that such products contribute to the success of anti-acne treatments by promoting good facial hygiene, relieving irritation and dryness and allowing for the use of adapted cosmetics and sun protection products.

OUR BUSINESS

TDF[®] is one of the pioneering brands in glycolic acid formulations. Glycolic acid is a powerful exfoliant that sloughs off dull, rough skin to promote softer and smoother skin, fade wrinkles, lighten spots and reduce blemishes. Published studies have been conducted on the use of our TDF[®] products in the management of acne scarring and photoaging.

Our TDF[®] products are currently marketed and sold to medical specialists and general practitioners in Singapore, Vietnam, Malaysia, Indonesia, the Philippines and Hong Kong. They are also stocked in hospital pharmacies in Singapore.

Our Health Supplement Products



We expanded our range of proprietary products to include Ocean Health[®] health supplements following our acquisition of Ocean Health Singapore in 2016. Current product offerings under our Ocean Health[®] range comprise a wide range of health supplement products specially formulated to address various specific health needs. These products span the categories of general health, heart health, joint health, physical health, brain health, eye health and children's health.

We have a strong retail distribution channel for our Ocean Health[®] products and we believe that our Ocean Health[®] products are one of the most widely distributed health supplement products in Singapore. Our Ocean Health[®] products are sold in all major retail pharmacies, hospital pharmacies, department stores, supermarkets and selected Chinese medical halls in Singapore. They are also sold online, on our own website (on our Ocean Health[®] e-shop) as well as on third party online marketplaces such as JD Worldwide and ICBC Mall (which are online marketplaces based in China), Qoo10, Lazada and Redmart.

Our best-selling Ocean Health[®] product ranges include the following:

- **Omega 3 Range** – Our Omega 3 range comprises supplements containing Omega-3 fatty acids derived from natural fish oil. The products in our Omega 3 range include: Omega 3 Fish Oil, a supplement formulated to help maintain a healthy cholesterol level, support brain function, relieve dry eyes and promote healthy joints, Odourless Omega 3 Fish Oil, an odourless formulation of our Omega 3 Fish Oil infused with lemon flavouring, Coco Omega[®] Memory Formula, a blend of organic virgin coconut oil and Omega-3 fatty acids formulated to help support memory function and maintain brain health and Ginkgo Omega Alertness Formula, a combination of ginkgo biloba and Omega-3 fatty acids formulated to help reduce tiredness and boost alertness.

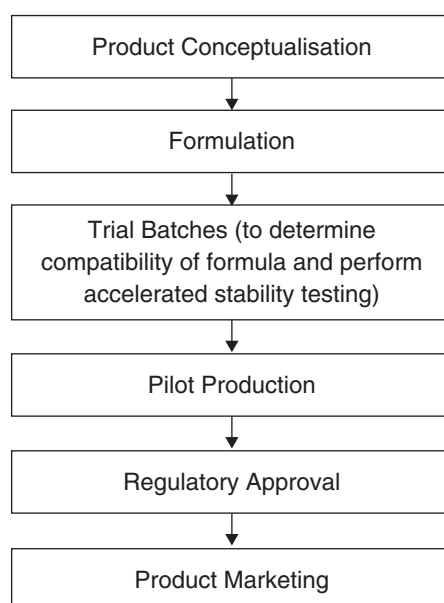
OUR BUSINESS

- **Multivitamin & Minerals Range** – Our Multivitamin & Minerals range comprises supplements containing essential vitamins and minerals to promote health and provide nutritional support for both children and adults. The products in our Multivitamins & Minerals range include: Multivitamin & Minerals, Men's Multivite Vitality Formula, For Adults 50+ Women's Multi-Vite and Children's Vitamin C-100.
- **Joint Range** – Our Joint range comprises supplements to help protect against joint discomfort and pain and promote healthy and flexible joints. The products in our Joint range include: Joint-RX®, a supplement formulated to assist in the production of joint cartilage components and help reduce joint ache and stiffness, Calcium Plus-RX, a supplement that contains calcium, magnesium and other essential minerals to help slow or reduce bone mineral loss in the body, Vegetarian Glucosamine 750+, a supplement formulated with anti-inflammatory and antioxidant properties to help reduce joint pain and improve joint flexibility and mobility and COLLAJOINT® Pure Collagen Powder, a powder containing bioactive collagen peptides specifically designed to help support mobility, improve flexibility and protect joint cartilage.

Our Ocean Health® product range also includes the Clinical Series, a professional range of health supplement products we developed to meet the clinical nutrition needs of patients. We currently market the Clinical Series to physicians in Singapore and intend to continue developing additional products under this series.

Product Development

The following chart illustrates the general product development process for our products:



Our research and development team works closely with CMOs in Singapore and the United States to conceptualise and formulate our proprietary products. We also work closely with external scientists on research in our therapeutic areas of focus, which we use to guide the development of our proprietary products.

OUR BUSINESS

Once a product candidate is considered viable, we engage our CMOs to prepare trial batches to determine the compatibility between the formula and the packaging and perform accelerated stability testing. If the product candidate is evaluated positively at this stage, we will seek regulatory approval to market it in the targeted jurisdictions. Clinical studies may or may not be required and may in certain instances be conducted post-marketing.

Our product development strategy in respect of our health supplements business is to continue developing new products in our current core product categories. In 2017, we launched four new products (namely, Odourless Omega 3 Fish Oil, Coco Omega[®] Memory Formula, Ginkgo Omega Alertness Formula and COLLAJOINT[®] Pure Collagen Powder) under our Omega 3 range and our Joint range, two of our most popular product ranges.

Production

We outsource the manufacturing of our proprietary products to CMOs. These products are supplied to us either in bulk or in finished pack. Each batch of products undergoes quality control checks before being supplied to us and each batch of products supplied to us is accompanied by a Certificate of Analysis confirming that the products meet the required product specifications. The products supplied to us in bulk are repackaged in our facility. From there, we supply our products to customers both in Singapore and regionally. In the case of our Ocean Health[®] products, they are distributed in Singapore mainly by Zuellig Pharma Pte. Ltd..

We work closely with our CMOs to ensure that they have the necessary quality control procedures in place and that they conform to all applicable laws, regulations and standards. We also conduct site visits to their premises from time to time. Furthermore, we have in place our own stringent quality control measures. For example, before accepting a batch of products, we will conduct visual inspections for abnormalities (such as broken tablets, off-odour, leaking soft gels or capsules) and laboratory tests on a sample. When selecting CMOs, we consider, among others, factors such as their capabilities and track record and whether they possess the necessary manufacturing licences.

Sales and Marketing

We sell and market our dermocosmetic products directly to customers in Singapore and through third party distributors in Vietnam, Indonesia, Hong Kong and other jurisdictions. As these are our proprietary products, we have control over the overall commercialisation strategy.

We engage in trade marketing and consumer engagement through advertisements in print media, corporate talks and events with retailers, social media marketing and physical promoters located at various retail outlets to market our health supplement products.

We are actively exploring opportunities to market our health supplement products overseas, primarily in ASEAN countries. Our products are already sold in China through online marketplaces such as JD Worldwide and ICBC Mall. We have appointed a local distributor to distribute and sell our products in Myanmar. We are also planning to market our health supplement products in Vietnam and Malaysia through the marketing and distribution channels of our specialty pharma principals business. In Indonesia and Brunei, we have also appointed local distributors and product registration is underway. We are also exploring the possibility of exporting our health supplement products to other countries and regions.

OUR BUSINESS

OUR MEDICAL HYPERMART AND DIGITAL BUSINESS

We engage in the wholesale of pharmaceutical products and medical supplies in Singapore through Pan-Malayan. Pan-Malayan's wholesale business has been ongoing since the late 1940s, making Pan-Malayan one of the oldest and most established pharmaceutical wholesalers in Singapore.

We supply pharmaceutical products and medical supplies to, among others, retail pharmacies, hospitals, clinics and nursing homes in Singapore. The manufacturers or authorised distributors of such products typically require purchases to be made in bulk and our customers may not, on their own, meet the minimum order quantities required to obtain good discounts. In addition, our customers may not have an existing relationship with the relevant manufacturer or authorised distributor and hence may not be able to source for the particular products they require. We therefore act as an intermediary between our customers and the relevant manufacturers or authorised distributors. As we are able to purchase these products in larger quantities at a discounted rate, we are able to pass on some of these savings to our customers. Our customers are also able to benefit from the convenience of a one-stop shop for their pharmaceutical products and medical supplies.

Our customers may place orders with us for our wholesale products through the telephone and other forms of telecommunication as well as through our sales and product representatives. Besides the conventional business model of telesales and sales representatives, we have also established an online platform at <http://www.pom.com.sg> to support the needs of our customers. This online B2B platform, or our online Virtual Hypermart, allows registered customers to browse our wholesale product offerings and also serves as a platform for brand principals to provide information regarding their products to our customers by purchasing advertising space from us.

We launched our online Virtual Hypermart in 2014. Access to our full range of pharmaceutical products and medical supplies on our online Virtual Hypermart is restricted to certain persons, including licensed retail pharmacies, licensed healthcare institutions and qualified healthcare professionals. Since the launch of our online Virtual Hypermart in 2014, our user base has steadily increased and, as of 31 December 2017, a total of 1,343 clinics have registered an online profile with us, representing approximately 65.0% of our total clinic customer base. With the increased acceptance of e-commerce in Singapore, sales from our online Virtual Hypermart have grown by approximately 476.0% from the second quarter of 2014 to the fourth quarter of 2017.

As a licensed wholesaler of pharmaceutical products, we are required by the relevant laws and regulations to only supply such products to certain specified persons, such as licensed retail pharmacies, licensed healthcare institutions and qualified healthcare professionals. We have implemented measures to prevent unauthorised persons from purchasing pharmaceutical products from us (for example, we require persons who wish to open a purchasing account with us to provide us with copies of the relevant licences to establish that they are registered healthcare professionals and we only deliver to the address of the account holder).

To leverage on our growing dominance in the healthcare wholesale market, we have also introduced our own range of house brand products in generic pharmaceuticals and medical supplies, including a selection of gloves, protective wears and covers, dispensing and disposal supplies, bandages and castings, surgical dressings, gauzes and first aid items. We have been awarded tenders by SingHealth to supply such products to public healthcare institutions in Singapore.

OUR BUSINESS

Apart from revenue from the sales of products through our online Virtual Hypermart, we also derive revenue from advertisers who advertise their product offerings on our online Virtual Hypermart and our trade catalogue-magazine, or catazine, The Medical Hypermart. The Medical Hypermart contains informational articles related to the products in our product catalogue as well as advertisements for such product offerings. We distribute this complimentary publication to our customers.

Sales and Marketing

We regularly conduct promotions and periodically offer discounts on our online Virtual Hypermart to boost sales. We have also implemented a loyalty programme where customers may earn loyalty points for placing orders through our online Virtual Hypermart. These loyalty points can be redeemed for discounts on future purchases on our online Virtual Hypermart.

In November 2017, we launched a new feature on our online Virtual Hypermart called the Event Hall, which allows registered users to access talks, product information, updates and other services from principals at their convenience.

Logistics and Delivery

We pride ourselves on our reliability and consistency in fulfilling orders from our customers. Our logistics team handles the delivery of our products in Singapore.

Our distribution process is as follows:

- **Procurement** – With the exception of our house brand products, we purchase pharmaceutical products from principals and suppliers in Singapore. The normal delivery lead time from our principals and suppliers is approximately three days from the date we place our purchase orders.
- **Quality Inspection and Storage** – We conduct quality inspections when we receive the products from our suppliers and store the products in our warehouses in accordance with Good Distribution Practice requirements.
- **Purchase Orders from Customers** – Our system will automatically notify our logistics team when we receive a purchase order from a customer.
- **Logistics and Delivery** – The normal delivery lead time for our customers is approximately two days from the date we receive the purchase order. Our products are delivered to our customers through our own logistics team or third party logistics providers.

INVENTORY MANAGEMENT

We hold inventory for raw materials, packaging items, finished goods and goods in transit. Our local divisions in the respective ASEAN countries are required to submit a three-month committed forecast and a nine-month rolling forecast of the products to be purchased. Based on the forecast submitted, we will place purchase orders with our principals and suppliers and advise our local divisions on the estimated lead time for delivery of these items.

We typically keep three to six months' stock for our specialty pharmaceutical and proprietary products and one to two months' stock for our wholesale products. We require our local distributors to submit a month-end inventory report to us on a monthly basis.

OUR BUSINESS

We conduct stock takes on an annual basis and cycle counts on a quarterly basis against the inventory list from our inventory management system. We will investigate any major discrepancies in stock count and any write-offs are required to be approved by management.

Our average inventory turnover and allowance for impairment of inventories for 2015, 2016 and 2017 are as follows:

	2015	2016	2017
Average inventory turnover (days) ⁽¹⁾	42	45	59
Allowance for impairment of inventories (S\$'000)	76	306	471

Note:

- (1) Average inventory turnover days is calculated on the basis of average inventory balance divided by total cost of inventories sold for the financial year and multiplied by 365 days.

QUALITY CONTROL AND ASSURANCE

In accordance with the Guidance Notes on Good Distribution Practice issued by the Health Sciences Authority, we have implemented a quality management system designed to ensure that our products are consistently stored and handled as required by the relevant marketing authorisation or product specification, to maintain the quality of our products during storage, transportation and distribution.

All of our employees receive initial and continuing training in relation to Good Distribution Practice standards, operating procedures and safety issues, in accordance with our employee training policy. Please refer to the section titled “– Employee Training Policy” of this Offer Document for further details. We require all of our employees to be responsible for implementing and maintaining Good Distribution Practice standards throughout all processes involving our products.

We conduct annual internal audits to evaluate our quality management system for compliance with all aspects of Good Distribution Practice standards. These internal audits are carried out by an internal auditor appointed by our CEO in accordance with written standard operating procedures. At the end of each internal audit, a formal written report is generated and signed off by the internal auditor. The findings and recommendations in the report will be presented by the internal auditor and our regulatory affairs manager to our CEO, together with other members of our management team, at a management review meeting. Our regulatory affairs manager, who oversees our regulatory function, is responsible for ensuring that any corrective or preventive actions that are required are satisfactorily completed within the provided timeframe and the implementation of corrective or preventive actions are properly documented. A follow-up inspection may also be scheduled to verify and track serious problems. When all follow-up action has been completed, our regulatory affairs manager will update our CEO.

In addition to internal audits, annual external audits are undertaken by auditors from an audit company that is certified by the Singapore Accreditation Council and periodic external audits are undertaken by officers from the Health Sciences Authority, to ensure our compliance with the relevant Good Distribution Practice standards.

OUR BUSINESS

MAJOR CUSTOMERS

The table below sets out the customers which accounted for 5.0% or more of our total revenue for 2015, 2016 and 2017:

Customer	Percentage Contribution to Total Revenue (%)		
	2015	2016	2017
Central Pharmaceutical Company No.1 ⁽¹⁾	18.2	13.9	16.3
Hoang Duc Pharmaceutical & Medical Supplies Co., Ltd	14.0	13.9	14.2
Dan Thanh Pharmaceutical Trading Company Limited ⁽¹⁾	5.9	9.8	10.0
Guardian Health & Beauty ⁽²⁾	10.5	7.2	6.8
Zuellig Pharma Pte. Ltd. ⁽³⁾	0.0	6.0	4.9
Watson's Personal Care Stores Pte Ltd	5.9	5.0	4.8

Notes:

- (1) Central Pharmaceutical Company No. 1 and Dan Thanh Pharmaceutical Trading Company Limited are our local distributors in Vietnam. Our sales to Central Pharmaceutical Company No. 1 as a percentage of revenue decreased from 2015 to 2016 because of a decrease in sales volume of certain products to Central Pharmaceutical Company No. 1 after Dan Thanh Pharmaceutical Trading Company Limited obtained the product registration in Vietnam for these products and was able to import them directly into Vietnam. Correspondingly, our sales to Dan Thanh Pharmaceutical Trading Company Limited increased from 2015 to 2016.
- (2) Guardian Health & Beauty is one of our customers in Singapore. Our sales to Guardian Health & Beauty decreased as a percentage of revenue from 2015 to 2016 because of a decrease in sales volume of certain products to Guardian Health & Beauty.
- (3) Following our acquisition of Ocean Health Singapore in 2016, Zuellig Pharma Pte. Ltd. became a major customer of our Group as Zuellig Pharma Pte. Ltd. distributes products for Ocean Health Singapore. Our sales to Zuellig Pharma Pte. Ltd. as a percentage of our revenue decreased from 2016 to 2017 as we transferred the distribution of certain products from Zuellig Pharma Pte. Ltd. to Pan-Malayan.

As of the Latest Practicable Date, none of our Directors and/or Controlling Shareholder has any interest, direct or indirect, in any of the above major customers.

OUR BUSINESS

MAJOR SUPPLIERS

The table below sets out the suppliers which accounted for 5.0% or more of our total cost of inventories sold for 2015, 2016 and 2017.

Supplier	Countries Supplied	Segment and Products Supplied	Percentage Contribution to Total Cost of Inventories Sold (%)		
			2015	2016	2017
Zuellig Pharma Pte. Ltd.	Singapore	Medical hypermart and digital – Various	20.9	19.7	21.9
Guerbet SA ⁽¹⁾	Vietnam and Indonesia	Specialty pharma principals – Contrast media	11.3	15.9	20.1
Biosensors Interventional Technologies Pte. Ltd. ⁽²⁾	Vietnam	Specialty pharma principals – Coronary stents	7.0	6.4	10.1
DKSH Singapore Pte. Ltd.	Singapore	Medical hypermart and digital – Various	7.5	7.5	7.8
H C P Pte. Ltd.	Singapore	Medical hypermart and digital – Various	7.3	6.4	6.0
Sofibel S.A.S.	Singapore, Vietnam, Malaysia, Indonesia and the Philippines ⁽³⁾	Specialty pharma principals – Nasal sprays	7.3	7.7	7.1

Notes:

- (1) Guerbet SA is the brand principal for the range of contrast media products that we market and sell in Vietnam and Indonesia. Our cost of inventories sold from Guerbet SA as a percentage of our total cost of inventories sold increased year-on-year from 2015 to 2017 as a result of increased market demand in Vietnam for the contrast media products and in order to maintain higher inventory levels in Vietnam prior to the expiry of the product registrations of certain contrast media products in Vietnam.
- (2) Biosensors Interventional Technologies Pte. Ltd. is the brand principal for the Biosensors coronary stent products that we market and sell in Vietnam. Our cost of inventories sold from Biosensors Interventional Technologies Pte. Ltd. as a percentage of our total cost of inventories sold increased from 2016 to 2017 as a result of increased market demand in Vietnam for Biosensors coronary stent products and in order to maintain higher inventory levels in Vietnam prior to the expiry of the product registrations of the Biosensors coronary stent products in Vietnam.
- (3) From July 2018 onwards, Stérimar® will be marketed in Singapore, Vietnam, Malaysia and Indonesia.

As of the Latest Practicable Date, none of our Directors and/or Controlling Shareholder has any interest, direct or indirect, in any of the above major suppliers.

OUR BUSINESS

PROPERTIES

The table below sets out, as of the Latest Practicable Date, a list of the properties we have leased which are material for our operations.

Location	Tenure	Gross Area (square feet) ⁽¹⁾	Landlord	Usage
136 Joo Seng Road #02-02 Singapore 368360	From 25 July 2013 to 24 July 2019	8,956	RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Cambridge Industrial Trust, now known as ESR-REIT)	General office, warehousing and storage
136 Joo Seng Road #02-01 and #05-02 Singapore 368360	From 25 July 2013 to 24 July 2019	13,476	RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Cambridge Industrial Trust, now known as ESR-REIT)	Warehousing, storage and packing
138 Joo Seng Road #03-00 and #04-01/02 Singapore 368361	From 28 September 2015 to 27 September 2018	21,302	HSBC Institutional Trust Services (Singapore) Limited (as trustee of Mapletree Logistics Trust)	General office, warehousing and storage
315 Truong Chinh, Thanh Xuan, Ha Noi	From 1 January 2014 to 31 December 2018	3,335	Ha Noi Transport Corporation Ltd	Office
17A Cong Hoa Street, Ward 4, Tan Binh District, Ho Chi Minh City	From 20 September 2017 to 20 July 2022	5,564	Bac Thanh Investment Construct and Consulting JSC	Office
Suite 11.01, Menara AmFirst, No. 1, Jalan 19/3, 46300 Petaling Jaya, Selangor Darul Ehsan	From 1 March 2018 to 29 February 2020	1,700	Maybank Trustees Berhad in its capacity as trustee of AmFIRST Real Estate Investment Trust, c/o AmAra REIT Managers Sdn Bhd	Office

Note:

(1) Rounded to the nearest square foot.

In addition to the properties listed above, we currently lease an office space in Indonesia and in the Philippines.

We are in the process of leasing a new premise for the purpose of setting up an integrated facility in Singapore, which will house our corporate office, warehouse and packing facility. We expect to set up our integrated facility before the end of 2018.

OUR BUSINESS

EMPLOYEES

As of the Latest Practicable Date, we have 246 full-time employees⁽¹⁾. We do not employ a significant number of employees on a temporary basis.

Five of our employees of our representative office in Ho Chi Minh City, Vietnam are members of the Hyphens Trade Union, which was established in February 2018. The rest of our employees are not unionised. None of our employees are covered by any collective bargaining agreements.

The breakdown of our full-time employees by function and geography as of the end of each of 2015, 2016 and 2017 is as follows:

Function	As of 31 December		
	2015	2016	2017
Management ⁽²⁾	9	12	12
Sales and marketing ⁽¹⁾⁽³⁾	194	252	258
Regulatory	11	14	16
Operations	38	59	60
Finance, human resource and administration	23	28	32
Total	275	365⁽⁴⁾	378

Country	As of 31 December		
	2015	2016	2017
Singapore	78	141	142
Vietnam ⁽¹⁾	135	149	164
Malaysia	19	27	28
Indonesia ⁽³⁾	9	9	10
The Philippines	34	39	34
Total	275	365	378

Notes:

- (1) In 2016, Vietnam introduced the Law on Pharmacy, which was followed in 2017 by Decree No. 54/2017/ND-CP detailing and guiding the implementation of some articles of the Law on Pharmacy, including the marketing of pharmaceutical products. As a result, we transferred our sales and product representatives in Vietnam to one of our local distributors with effect from 1 January 2018 and entered into a marketing service agreement with such local distributor. Accordingly, our number of full-time employees decreased from 31 December 2017 to the Latest Practicable Date.
- (2) Management includes, but is not limited to, our Executive Directors and Executive Officers.
- (3) As of the end of each of 2015, 2016 and 2017, there were 41, 42 and 42 sales and product representatives in Indonesia who carried out sales and marketing activities solely for our products. These sales and product representatives have not been included in the figures above as they are employed by one of our local distributors rather than by us due to requirements under local laws and regulations.
- (4) Our number of full-time employees increased from 2015 to 2016, primarily because of the acquisition of Ocean Health Singapore and DAC Pharmed in 2016.

OUR BUSINESS

EMPLOYEE TRAINING POLICY

Quality control and assurance is integral to our business. All employees involved in duties related to the handling and distribution of our products and pharmacovigilance undergo systematic training in accordance with written standard operating procedures, to ensure that they are adequately trained for their respective roles.

Our employee training programme is manifold and comprises the following:

- **On-the-job Training** – We require our employees to familiarise themselves with the standard operating procedures relevant to their respective job scopes. New employees are given an orientation by their immediate supervisors, which includes a site tour of our premises and a briefing on their roles and responsibilities. They also undergo hands-on training under the supervision of senior and more experienced personnel.
- **In-house Training** – From time to time, we arrange for more experienced employees to conduct in-house seminars to train or refresh our employees' training on Good Distribution Practice and pharmacovigilance requirements, or to update our employees on changes in the relevant laws, regulations or standards.
- **External Training** – Our employees also attend training conducted by external parties where they require training that is outside the scope of our in-house training capabilities.

Retraining is conducted on a regular basis as well as when the need arises due to revisions in the training details, or if we determine, through our internal audits, that incorrect procedures are being undertaken by our employees.

INSURANCE

We maintain insurance policies in respect of, among others, our office and other working premises, real and personal property and our stock-in-trade. Such insurance policies cover, among others, products liability, property damage and public liability risks, as well as risks of deterioration of stock and non-payment of debts. In addition, we have insured our staff in respect of work injury compensation.

SEASONALITY

We generally do not observe any significant seasonal trends in our business and operations.

RESEARCH AND DEVELOPMENT

We have entered into collaboration arrangements both locally and internationally with, among others, research institutions to jointly carry out research and development of new products, as well as to enhance our own research and development capabilities. We collaborate with these research institutions and others to further broaden our access to proprietary products and leverage their established research and development platforms, thereby minimising the upfront costs and risks associated with product development.

OUR BUSINESS

In particular, Hyphens Singapore entered into a service agreement with ICES on 7 August 2017, pursuant to which our research scientist will work with a team of scientists from ICES on joint projects, including developing the formulation for the next generation of Ceradan® products. In addition, we have engaged external experts to conduct research and development activities on our Ceradan® formula for us.

As of 31 December 2017, our research and development team comprises four employees, three of whom are dedicated to research and development of dermocosmetic products and one of whom is dedicated to research and development of health supplement products.


We do not have a policy of committing any fixed amount to research and development activities.

We recorded research and development expenses of approximately S\$14,000 in 2015, S\$581,000 in 2016 and S\$174,000 in 2017, representing approximately 0.02%, 0.6% and 0.2%, respectively, of our revenue for each of those years.

INTELLECTUAL PROPERTY

Trademarks

We have registered trademarks and applied to register trade marks in Singapore, Vietnam, Malaysia, Indonesia, the Philippines, Australia, Brazil, China, Hong Kong, New Zealand, Thailand and the USA. The table below sets out details of our material registered trademarks as of the Latest Practicable Date.

Trademark	Registration No.	Duration of Right (including Commencement and Expiry Date)	Trade Mark Class	Jurisdiction
	T1310859D	8 July 2013 to 8 July 2023	5 ⁽¹⁾	Singapore
	T1306354Z	22 April 2013 to 22 April 2023	5 ⁽¹⁾	Singapore
	T1012140I	20 September 2010 to 20 September 2020	5 ⁽¹⁾	Singapore

OUR BUSINESS

Trademark	Registration No.	Duration of Right (including Commencement and Expiry Date)	Trade Mark Class	Jurisdiction
 	T1310211A	27 June 2013 to 27 June 2023	5 ⁽¹⁾ ; 35 ⁽²⁾ ; 39 ⁽³⁾	Singapore
  	T1012141G	20 September 2010 to 20 September 2020	5 ⁽¹⁾ ; 35 ⁽²⁾ ; 39 ⁽³⁾	Singapore
Fenosup	T1100963G	26 January 2011 to 26 January 2021	5 ⁽⁴⁾	Singapore
NataBoost	T0806047C	8 May 2008 to 8 May 2018 ⁽¹⁴⁾	5 ⁽⁵⁾ ; 29 ⁽⁶⁾ ; 31 ⁽⁷⁾	Singapore
Ceradan	T1012397E	24 September 2010 to 24 September 2020	3 ⁽⁸⁾ ; 5 ⁽⁹⁾	Singapore
	T0520006A	10 October 2005 to 10 October 2025	3 ⁽¹⁰⁾	Singapore
 	40201710673Q	8 June 2017 to 8 June 2027	3 ⁽¹¹⁾	Singapore
	T1319976Z	11 December 2013 to 11 December 2023	3 ⁽¹²⁾	Singapore
  	T1213893G	20 September 2012 to 20 September 2022	5 ⁽¹³⁾	Singapore

OUR BUSINESS

Notes:

- (1) Medicine and pharmaceutical preparations; all included in Class 5.
- (2) Retail and wholesale services in relation to medicine and pharmaceutical preparations; all included in Class 35.
- (3) Transport, packaging and storage of medicine and pharmaceutical preparations; all included in Class 39.
- (4) Drugs.
- (5) Nutritional supplements [for medical use]; dietary supplements [for medical use]; oils adapted for dietetic nutritional use.
- (6) Dietetic food and food supplements for non-medical purposes, mainly consisting of fatty acids; edible fish oil.
- (7) Food products made from algae; food supplements made from algae.
- (8) Cosmetics; barrier creams; cosmetic creams; skin creams (cosmetic); barrier lotions; barrier preparations for the skin; hand barrier creams; non-medicated sun barrier preparations; sun barriers (cosmetics); sun blocking gel (cosmetics); gels for use on the body; shampoos; soap; bath products, not medicated; washing preparations; body sprays (non-medicated).
- (9) Pharmaceutical preparations; sun barriers for medical use; medicated protective creams; medicated skin creams; medicinal creams for the protection of the skin; pharmaceutical creams; skin care creams for medical use; medicated lotions; sun blocking gel for medical use; preparations for the scalp (medicated), other than shampoo; bath preparations for medical purposes; sprays for use on the body (medicaments); sprays for use on the body (pharmaceuticals); medical preparations; pharmaceutical preparations for topical use; topical dermatological products for medical purposes.
- (10) Skin care preparations (cosmetics); creams, lotions and gels for the face, the body and hands; cosmetic dermatological preparations and substances; face masks; creams for skin whitening; creams (non-medicated) for hydrating and firming the skin; essences for skin care; preparations for toning the skin; facial masks (cosmetics); eye masks (cosmetics); preparations in the form of creams for application to the skin for sun-screening; all included in Class 3.
- (11) Cosmetic preparations for skin care; skin creams; skin lotions; skincare cosmetics; gels for cosmetic purposes; topical skin sprays for cosmetic purposes; ointments for cosmetic use; powders for skin care; cosmetic powder; Dermatological preparations [non-medicated]; cream for skin whitening; Non-medicated creams for hydrating the skin; Non-medicated creams for moisturising the skin; Skin cleansing preparations; Preparations for toning the skin; Facial masks; Sunscreen preparations; Exfoliants; exfoliants for the care of the skin; exfoliants for the cleansing of the skin.
- (12) Non-medicated preparations and lotions such as lotions, gels, creams and milk for the care and cleansing of the skin, hair, nails and body; cosmetics dermatological preparations and substances; soaps; essential oils; perfumery; cosmetics; hair lotions; toilet preparations; shampoos, hair colorants and dyes; dentifrices; moisturisers, astringents, beauty masks; preparations for the maintenance of the skin; creams for skin whitening; creams (non-medicated) for toning, hydrating and firming the skin; essences for skin care; eye masks [cosmetics]; eye creams and eye gels; non-medicated toilet preparations for use as aids to slimming; non-medicated preparations for the enhancement of the bust; non-medicated preparations for use on stretch marks; preparations in the form of creams for application to the skin for sun-screening; sun-tanning preparations; antiperspirants; deodorants; all included in Class 3.
- (13) Non-prescription food and dietary supplements for human consumption consisting principally of minerals, trace elements, vitamins or combinations thereof; herbal preparations for medicinal purposes; herbal remedies; nutritional supplements for medical use; vitamins, vitamin supplements; pharmaceutical preparations consisting of minerals; edible fish oil [cod liver oil]; naturopathic and homeopathic preparations and substances; dietetic foods adapted for medical use; nutriments; plant compounds and extracts for use as dietary supplements [medicinal]; mineral supplements; dietary supplements for strengthening joints and their mobility; antioxidants; dietary supplements for maintaining healthy bones, teeth, gums, vision, skin and blood cells; slimming aids for medical use; medicated preparations for the treatment of cellulitis; medicated preparations for the treatment of body stretch marks; vitamins and vitamin formulations in the nature of tablet, capsule, liquid, all for human consumption; pharmaceutical preparations in the nature of foodstuffs for humans; pharmaceutical preparations for use in dermatology, namely, dermatological and derma-cosmetic products; dermatological pharmaceutical products for the prevention and treatment of ageing of the skin; pharmaceutical preparations for anti-aging and rejuvenation of the skin, namely, vitamin, minerals, serum and enzyme preparations and substances; antiseptic washing preparations and antiseptic lotions; all included in Class 5.
- (14) We submitted an application for the renewal of this trademark and received a confirmation of renewal for a further period of 10 years from 8 May 2018 to 8 May 2028.

OUR BUSINESS

Patents

As of the Latest Practicable Date, we have applied for the following patent protection for our next generation line of Ceradan® products in the United Kingdom and intend to seek patent protection for the same in other jurisdictions as well.

Title	Application No.	Jurisdiction/Patent Office
Skin barrier composition	1707489.9	United Kingdom

Licensing Agreements

On 1 January 2016, Hyphens Singapore entered into a know-how license agreement with Exploit Technologies Pte Ltd (“ETPL”), the commercialisation and marketing arm of A*STAR and ICES, pursuant to which ETPL agreed to grant Hyphens Singapore a right and license to use certain know-how in the field of formulation and production of topical cream containing immunomodulating agents used for the treatment of atopic dermatitis (the “Field”) for a fixed term of three years in Singapore, Vietnam, Malaysia, Indonesia, the Philippines and Cambodia. Hyphens Singapore entered into a second license agreement with ETPL on 1 January 2016, pursuant to which ETPL agreed to grant Hyphens Singapore a non-exclusive licence to use a certain patent and know-how in the Field for a fixed term of ten years in Singapore, Vietnam, Malaysia, Indonesia, the Philippines and Cambodia.

Trade Secrets and Proprietary Information

We also rely on trade secrets and know-how to protect our innovations and develop, strengthen and maintain our proprietary position, especially when we do not believe that patent protection is appropriate or can be obtained. To protect our proprietary information, the terms of our employment agreements with our employees contain confidentiality provisions which prohibit them from disclosing our trade secrets, know-how and other proprietary information to third parties and require them to keep such information confidential.

LICENCES, PERMITS, APPROVALS, CERTIFICATIONS, ACCREDITATIONS AND AWARDS

Licences, Permits and Approvals

The tables below sets out the material licences, permits and approvals required for our business and operations as of the Latest Practicable Date.

Singapore

Licence, Permit or Approval	Issued to	Issuing Organisation	Description	Expiry Date
Therapeutic Products – Importer’s Licence (No. IMTPF1600178)	Hyphens Singapore	Health Sciences Authority	Licence to import therapeutic products	31 October 2018 ⁽¹⁾
Therapeutic Products – Wholesaler’s Licence (No. WLMP1600141)	Hyphens Singapore	Health Sciences Authority	Licence to engage in wholesale dealing in registered therapeutic products and unregistered therapeutic products for patients’ use	31 October 2018 ⁽¹⁾

OUR BUSINESS

Licence, Permit or Approval	Issued to	Issuing Organisation	Description	Expiry Date
Dealer's Licence – Wholesaler (No. ES0000691)	Hyphens Singapore	Health Sciences Authority	Licence to supply by wholesale medical devices that have been registered on the Singapore Medical Device Register or that have been exempted from product registration	31 August 2018 ⁽¹⁾
Dealer's Licence – Importer (No. ES0000732)	Hyphens Singapore	Health Sciences Authority	Licence to import medical devices that have been registered on the Singapore Medical Device Register or that have been exempted from product registration	31 August 2018 ⁽¹⁾
Therapeutic Products – Manufacturer Licence (No. MLMP0700007)	Pan-Malayan	Health Sciences Authority	Licence to engage in the secondary assembly of therapeutic products in the following dosage forms: external liquid preparations, ear drops, liquid preparations for nasal administration (non-sterile), foams, liquid preparations for inhalation (non-sterile), non-sterile semi-solid preparations, non sterile powders for topical applications, suppositories, pessaries, tablets for external administration, dry powder inhalers, oral liquid preparations, tablets for oral administration, soft capsules, hard capsules, pills, powders and granules for oral liquid preparations, oral powders and granules, pastilles, injections, sterile powders for injection, sterile non-injectable liquid preparations, sterile semi-solid preparations, sterile strips and aerosol, metered	3 July 2018 ⁽¹⁾

OUR BUSINESS

Licence, Permit or Approval	Issued to	Issuing Organisation	Description	Expiry Date
Therapeutic Products – Importer’s Licence (No. IMMP1000043)	Pan-Malayan	Health Sciences Authority	Licence to import therapeutic products	6 August 2018 ⁽¹⁾
Therapeutic Products – Wholesaler’s Licence (No. WLMP0700047)	Pan-Malayan	Health Sciences Authority	Licence to engage in wholesale dealing in registered therapeutic products and unregistered therapeutic products for patients’ use	6 August 2018 ⁽¹⁾
Dealer’s Licence – Wholesaler (No. ES0000690)	Pan-Malayan	Health Sciences Authority	Licence to supply by wholesale medical devices that have been registered on the Singapore Medical Device Register or that have been exempted from product registration	31 August 2018 ⁽¹⁾
Dealer’s Licence – Importer (No. ES0003255)	Pan-Malayan	Health Sciences Authority	Licence to import medical devices that have been registered on the Singapore Medical Device Register or that have been exempted from product registration	5 January 2019 ⁽¹⁾
Chinese Proprietary Medicine – Manufacturer Licence (No. MLCP1300006)	DAC Pharmalab	Health Sciences Authority	Licence to engage in the primary assembly of Chinese proprietary medicines in the following dosage forms: capsules and tablets	4 October 2018 ⁽¹⁾

Vietnam

Licence, Permit or Approval	Issuing Organisation	Description	Expiry Date
Establishment Licence of the representative office of Hyphens Singapore in Ho Chi Minh City, Vietnam (No. 79-00402-01)	Department of Industry and Trade in Ho Chi Minh City	Licence to establish the representative office of Hyphens Singapore in Ho Chi Minh City, Vietnam	9 January 2022
Establishment Licence of the representative office of Hyphens Singapore in Hanoi, Vietnam (No. 01-00043-02)	Department of Industry and Trade in Hanoi	Licence to establish the representative office of Hyphens Singapore in Hanoi, Vietnam	5 December 2021

OUR BUSINESS

Malaysia

Licence, Permit or Approval	Issuing Organisation	Description	Expiry Date
Business Premises Licence (No. L950000175646)	Petaling Jaya City Council	To operate the business or use any place or premises in the local area of the Petaling Jaya City Council	31 December 2018 ⁽²⁾
Import Licence (No. (MALLI20180019A)	Drug Control Authority of the Ministry of Health of Malaysia	License to import, sell by way of retail or wholesale or supply the registered products listed in the licence, including scheduled poisons	31 December 2018 ⁽²⁾
Pharmacist's Poisons Licence (Type A Licence) (Licence No. 002233, Register No.: BA0413/2018) ⁽³⁾	Ministry of Health of Malaysia	Licence to import, store and deal generally in all poisons in a wholesale manner	31 December 2018 ⁽²⁾
Establishment Licence (No. KP6357912915)	Medical Device Authority	Licence to import, export or place in the market any registered medical device	13 April 2018 ⁽⁴⁾

Notes:

- (1) These licences are automatically renewed upon expiry.
- (2) Applications to renew these licences would only be submitted by Hyphens Malaysia no earlier than two to three months prior to the expiry date of the relevant licence.
- (3) This licence is granted to an employee of Hyphens Malaysia.
- (4) On 2 January 2018, Hyphens Malaysia submitted an application for the renewal of its Establishment Licence. Hyphens Malaysia received a notification dated 26 March 2018 from the Medical Device Authority that it has satisfied all the requirements for the renewal of its Establishment Licence and that the certificate for its Establishment Licence will be issued to it after payment for the licence renewal fee is made. Hyphens Malaysia made this payment to the Medical Device Authority on 13 April 2018.

OUR BUSINESS

Product Registrations/Notifications

The marketing of pharmaceutical products and medical devices is subject to strict regulation in most countries and such pharmaceutical products and medical devices must be registered with the relevant regulatory authority before they can be marketed in a particular jurisdiction. Cosmetic products such as our Ceradan® and TDF® products can only be marketed in a particular jurisdiction after the product has been notified to the relevant regulatory authority in that jurisdiction (by filing a product notification) and acknowledgement of the same has been received. Please refer to “– Our Specialty Pharma Principals Business – Product registration and pharmacovigilance” for further details. Please also refer to “Risk Factors – Risks Relating to Our Business and the Industries in which We Operate – We are subject to extensive legal and regulatory requirements in the countries in which we operate and any changes in the relevant laws and regulations may significantly increase our compliance burden” and “Risk Factors – Risks Relating to Our Business and the Industries in which We Operate – We may not be successful in product registration or our products may be subject to multiple rounds of review” for details regarding the risks which may arise in relation to (among other things) obtaining and renewing various permits, licences or certifications required to market our products.

As of 31 December 2017, we and our local distributors hold more than 300 product registrations and notifications over pharmaceutical products, medical devices, dermocosmetics and health supplements, across the countries we market and sell our products in.

Certifications and Accreditations

The table below sets out the material certifications and accreditations we have received as of the Latest Practicable Date.

Singapore

Certification or Accreditation	Issued to	Issuing Organisation	Description	Expiry Date
Certificate (Good Distribution Practice for Medical Devices) (No. GDP-2009-0023)	Hyphens Singapore	TÜV SÜD PSB Pte Ltd	Certification that Hyphens Singapore has established and applies a Good Distribution Practice for Medical Devices in respect of the import, storage and distribution of non-active implantable devices and single-use devices (storage condition of products at temperature 15°C to 25°C)	9 December 2018
Certificate of Approval (ISO 9001:2015 – Quality Management Systems) (No. 108-00087-Q)	Ocean Health Singapore	QMSCS Pty Ltd (trading as QMS Certification Services)	Certification that Ocean Health Singapore’s quality management systems in respect of the provision of sales, distribution and marketing of healthcare products conforms with the requirements of the ISO 9001:2015 standard	9 January 2021

OUR BUSINESS

Certification or Accreditation	Issued to	Issuing Organisation	Description	Expiry Date
Certificate (Good Distribution Practice for Medical Devices) (No. GDP-2009-0021)	Pan-Malayan	TÜV SÜD PSB Pte Ltd	Certification that Pan-Malayan has established and applies a Good Distribution Practice for Medical Devices in respect of (a) the import, storage and distribution of active implantable devices, electro mechanical medical devices, non-active implantable devices, reusable instruments, in vitro diagnostic devices, anaesthetic and respiratory devices, dental devices, hospital hardware, ophthalmic and optical devices and technical aids for disabled persons and (b) the import, storage, distribution and secondary assembly of single-use devices and diagnostic and therapeutic radiation devices (storage condition of products at temperature of 2°C to 8°C for single use devices and in vitro diagnostic devices)	16 December 2018
Good Manufacturing Practice Certificate (No. MCGM1600377)	DAC Pharmalab	Health Sciences Authority	Certification that the manufacturing facility has been audited and found to demonstrate satisfactory compliance with the required GMP standard	18 April 2019
Halal Certificate (No. PRN17050006690)	DAC Pharmalab	Islamic Religious Council of Singapore	Certification that the following products are Halal to Muslims according to Islamic Law: (a) Ocean Health Odourless Omega 3 1000mg; and (b) Ocean Health Coco Omega Memory Formula	31 May 2018
Halal Certificate (No. PRN16040005777)	DAC Pharmalab	Islamic Religious Council of Singapore	Certification that the following products are Halal to Muslims according to Islamic Law: (a) Ocean Health Omega 3 Fish Oil 1000mg; (b) Ocean Health Evening Primrose Oil 1000mg; (c) Ocean Health Minusfat Extra; (d) Ocean Health Red Yeast Rice; (e) Ocean Health Pure Collagen-RX; and (f) Ocean Health High Strength Omega-3	31 May 2018

OUR BUSINESS

Awards

Over the years, we have received awards and accolades from various government bodies and industry authorities. The following table sets out some of the notable awards and accolades which we have received in recent years.

Year	Award	Awarded to	Description of Award	Awarding Organisation
2010	Enterprise 50 (E50) Award	Hyphens Singapore	Recognises the 50 most enterprising privately-owned local companies in Singapore	The Business Times and KPMG, jointly
2014	Enterprise 50 (E50) Award	Pan-Malayan	Recognises the 50 most enterprising privately-owned local companies in Singapore	The Business Times and KPMG, jointly

CORPORATE SOCIAL RESPONSIBILITY

We are committed to fulfilling our corporate social responsibilities to society, the environment and other stakeholders and making an effort to contribute towards the less fortunate in society, whether by financial means or by volunteering our employees' time, on an annual basis. Over the years, our corporate social responsibility initiatives have included sponsoring and participating in events at the Thye Hua Kwan Moral Home and the Thye Hua Kwan Seniors Activity Centre at Macpherson, organising and sponsoring a flu vaccination programme at the AWWA Community Home for Senior Citizens, preparing and distributing lunch boxes with Willing Hearts, sponsoring and participating in a carnival organised by the Down Syndrome Association (Singapore) for World Down Syndrome Day and packing and distributing grocery items for needy families with Fei Yue Family Service Centre.

In addition, since 2013, we have been partnering with local medical organisations in Vietnam for medical outreach missions for the provision of basic medical services to remote communities in Vietnam. Besides sponsoring medical supplies, we also enlist our staff as volunteers in these programmes. We have supported medical outreach missions at seven villages and provided basic medical services to more than 3,000 villagers.

We also place a strong emphasis on environmental conservation in our operations and our staff are encouraged to recycle and use resources efficiently. Some of the initiatives we have undertaken include using energy-efficient lighting, electrical appliances and equipment, reducing printing and paper wastage, recycling, purchasing products with a social and environmental benefit, and using Forest Stewardship Council certified materials.

Through our corporate social responsibility efforts, we aim to provide a better quality of life for the less fortunate in society and help to improve the lives of those around us.

OUR BUSINESS

COMPETITION

Our Specialty Pharma Principals Business

We engage in the business of selling and marketing specialty pharmaceutical products in ASEAN countries. This industry is highly competitive and fragmented and we face competition from, among others, large multi-national manufacturers and distributors. Our key competitors in this business include the DCH Auriga group of companies and the DKSH group of companies, which both have operations in various ASEAN countries, as well as Pharmaforte Singapore Pte Ltd, which is based in Singapore.

Our Proprietary Brands Business

We develop, market and sell our own proprietary range of dermatological products and health supplement products. In this respect, we compete with, among others, international brand names that may be larger and more well known than ours.

The key competitors of our Ceradan[®] products include brands such as Cetaphil[®] and Physiogel[®]. The key competitors of our TDF[®] products include brands such as Neostrata[®]. The key competitors of our Ocean Health[®] products include brands such as Blackmores[®] and Swisse[®].

Our Medical Hypermart and Digital Business

We engage in the wholesale of pharmaceuticals and medical supplies in Singapore. Our key competitors in this business include Apex Pharma Marketing Pte. Ltd..

PROSPECTS AND TRENDS

The following discussion about our prospects and trend information includes forward-looking statements that involve risk and uncertainties. Actual results could differ materially from those that may be projected in these forward-looking statements. Please refer to the section titled “Cautionary Note Regarding Forward-Looking Statements” of this Offer Document for further details.

Trend Information

We expect that our sales and results of operations for 2018 will be affected by the following:

- general economic conditions in the countries in which we operate, which will have an impact on incomes and the affordability of medical care and our products;
- changes in regulations and policies relating to the pharmaceutical and healthcare industry, which may affect our ability to register, or maintain registration of, and sell our products;
- the number of competitors and product competition in the markets that our products are sold in;
- currency fluctuations;
- our ability to grow our marketing and distribution network; and
- our ability to execute our business plans and strategies.

OUR BUSINESS

Based on our operations as of the Latest Practicable Date and barring any unforeseen circumstances, we have observed the following trends for 2018:

- (a) the percentage of our revenue generated from markets outside of Singapore is expected to increase as we continue our strategy to increase our presence in markets such as Vietnam, Malaysia, Indonesia and the Philippines and expand to new geographical markets;
- (b) our administrative expenses are expected to increase due to increased research and development expenses, professional fees and expenses incurred in connection with the Invitation and increased compliance costs post-Listing; and
- (c) our marketing and distribution costs are expected to increase in line with the expansion of our marketing and distribution networks across all our markets.

Save as disclosed above and in the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Results of Operations and Financial Condition” of this Offer Document, as well as “Audited Combined Financial Statements of Hyphens Pharma International Limited for the Reporting Years Ended 31 December 2015, 2016 and 2017”, as set out in Appendix A to this Offer Document, and barring any unforeseen circumstances, there are no other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenue, profitability, liquidity or capital resources, or that will cause the financial information disclosed in this document to be not necessarily indicative of our future operating results or financial condition.

Prospects

Our Directors believe that the outlook for our business is expected to remain positive in view of the following trends and developments:

Strong Economic Growth in ASEAN Countries with Increased Health Expenditure

As a collective economic bloc, ASEAN countries represent almost 7.0% of total world trade, and is collectively the world’s fourth largest trading powerhouse after the major economies of the European Union, the USA and China⁽¹⁾.

The combined GDP of ASEAN countries has increased from US\$0.58 trillion in 1999 to US\$2.55 trillion in 2016 and the GDP per capita has increased from US\$1,135 to US\$4,021 over the same period⁽¹⁾. In tandem with the economic growth in Singapore, Vietnam, Malaysia, Indonesia and the Philippines, these countries have seen an increase in total health expenditure.

⁽¹⁾ Source: The ASEAN Secretariat. *Celebrating ASEAN: 50 Years of Evolution and Progress – A Statistical Publication*. Available from: http://www.aseanstats.org/wp-content/uploads/2017/08/ASEAN50_Master_Publication.pdf, as extracted on 24 April 2018. The ASEAN Secretariat has not consented to the inclusion of the above information or statistics cited or attributed to it in this Offer Document for the purposes of Section 249 of the SFA and is thereby not liable for the relevant information or statistics under Sections 253 and 254 of the SFA. While our Directors, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent have taken reasonable action to ensure that the above information has been reproduced in this Offer Document in its proper form and context and that the information is extracted accurately and fairly, none of our Directors, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has independently reviewed or verified the accuracy of the relevant information.

OUR BUSINESS

The table below sets out health expenditure (as a percentage of total GDP)⁽¹⁾ in our major markets:

Global (in 2015)	9.9%
ASEAN countries ⁽²⁾ (in 2016)	4.5%
Singapore (in 2015)	4.3%
Vietnam (in 2015)	5.7%
Malaysia (in 2015)	4.0%
Indonesia (in 2015)	3.3%
Philippines (in 2015)	4.4%

In Singapore, we expect government health expenditure to rise over the next three to five years and, in the Singapore government's 2018 budget statement, it was announced that the average annual healthcare spending of the Singapore government is expected to rise from 2.2% of GDP in 2018 to almost 3.0% of GDP over the next decade.

Increased Life Expectancy with an Aging Population

Life expectancy in ASEAN countries has increased significantly from 56 years in 1967 to 71 years in 2016. This, coupled with decreasing fertility rates, have resulted in an aging population profile across ASEAN countries.

⁽¹⁾ Source: The World Bank: World Development Indicators, GDP (current US\$) and Current health expenditure (% of GDP). Available from: <http://databank.worldbank.org/data/home.aspx>, as extracted on 24 April 2018. The World Bank Group has not consented to the inclusion of the above information or statistics cited or attributed to it in this Offer Document for the purposes of Section 249 of the SFA and is thereby not liable for the relevant information or statistics under Sections 253 and 254 of the SFA. While our Directors, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent have taken reasonable action to ensure that the above information has been reproduced in this Offer Document in its proper form and context and that the information is extracted accurately and fairly, none of our Directors, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has independently reviewed or verified the accuracy of the relevant information.

⁽²⁾ Source: The ASEAN Secretariat. *Celebrating ASEAN: 50 Years of Evolution and Progress – A Statistical Publication*. Available from: http://www.aseanstats.org/wp-content/uploads/2017/08/ASEAN50_Master_Publication.pdf, as extracted on 24 April 2018. The ASEAN Secretariat has not consented to the inclusion of the above information or statistics cited or attributed to it in this Offer Document for the purposes of Section 249 of the SFA and is thereby not liable for the relevant information or statistics under Sections 253 and 254 of the SFA. While our Directors, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent have taken reasonable action to ensure that the above information has been reproduced in this Offer Document in its proper form and context and that the information is extracted accurately and fairly, none of our Directors, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has independently reviewed or verified the accuracy of the relevant information.

OUR BUSINESS

In Singapore, where we derived more than half of our revenue in 2015, 2016 and 2017, the median age of the resident population rose from 34.0 years in 2000 to 40.5 years in 2017⁽¹⁾ and the number of citizens aged 65 and above is expected to increase.

An aging population is expected to result in increased health expenditure and continued economic development of ASEAN countries is expected to drive this spending. We believe that healthcare is a priority across ASEAN countries, with universal health coverage being implemented in Indonesia and Vietnam with their respective governments steadily increasing healthcare budgets to meet the needs of a growing and aging population. This may, in turn, increase demand for our products.

Increase in Prevalence of Atopic Dermatitis

As we have been involved in and have developed deep domain knowledge in the therapeutic area of allergy, we intend to focus on developing products for the management of atopic dermatitis.

Studies have shown a statistical correlation between urban environments and atopic dermatitis and accordingly, we believe that there is a substantial market for products for the management of atopic dermatitis, such as our Ceradan[®] products, with the rise in urbanisation of ASEAN countries, where the percentage share of urban population has increased from 21.5% in 1967 to 49.0% in 2016⁽²⁾. This is still below the global average of 54.3%⁽²⁾ indicating a strong likelihood of further urbanisation of the ASEAN population with increasing economic development.

⁽¹⁾ Source: Department of Statistics, Government of Singapore. Available from: <http://www.singstat.gov.sg/statistics/visualising-data/charts/age-pyramid-of-resident-population>, as extracted on 24 April 2018. The Department of Statistics, Government of Singapore has not consented to the inclusion of the above information or statistics cited or attributed to it in this Offer Document for the purposes of Section 249 of the SFA and is thereby not liable for the relevant information or statistics under Sections 253 and 254 of the SFA. While our Directors, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent have taken reasonable action to ensure that the above information has been reproduced in this Offer Document in its proper form and context and that the information is extracted accurately and fairly, none of our Directors, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has independently reviewed or verified the accuracy of the relevant information.

⁽²⁾ Source: The ASEAN Secretariat. *Celebrating ASEAN: 50 Years of Evolution and Progress – A Statistical Publication*. Available from: http://www.aseanstats.org/wp-content/uploads/2017/08/ASEAN50_Master_Publication.pdf, as extracted on 24 April 2018. The ASEAN Secretariat has not consented to the inclusion of the above information or statistics cited or attributed to it in this Offer Document for the purposes of Section 249 of the SFA and is thereby not liable for the relevant information or statistics under Sections 253 and 254 of the SFA. While our Directors, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent have taken reasonable action to ensure that the above information has been reproduced in this Offer Document in its proper form and context and that the information is extracted accurately and fairly, none of our Directors, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has independently reviewed or verified the accuracy of the relevant information.

INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTERESTS

OVERVIEW

In general, transactions between our Group and any of our interested persons (namely, our Directors, CEO, Controlling Shareholders and their associates (as defined in the Rules of Catalist)) (“Interested Persons” and each, an “Interested Person”) would constitute interested person transactions for the purposes of Chapter 9 of the Rules of Catalist.

Except as disclosed in this section and in the sections titled “Restructuring Exercise” and “Capitalisation and Indebtedness” of this Offer Document, there have been no interested person transactions which are material in the context of the Invitation for the years ended 31 December 2015, 2016 and 2017 and for the period from 1 January 2018 up to the Latest Practicable Date (the “Relevant Period”).

In line with the rules set out in Chapter 9 of the Rules of Catalist, a transaction which value is less than S\$100,000 is not considered material in the context of the Invitation and is not taken into account for the purposes of aggregation in this section.

PAST INTERESTED PERSON TRANSACTIONS

Provision of Guarantees by Interested Persons

As of the Latest Practicable Date, Mr. Lim See Wah, Mr. Tan Chwee Choon and Dr. Tan Kia King have provided joint and several personal guarantees to secure our Group’s obligations under certain credit facilities, details of which are set out below.

Borrower	Financial Institution	Type of Facility	Guarantors	Amount Owing as of the Latest Practicable Date (\$’000)	Amount Guaranteed as of the Latest Practicable Date (\$’000)	Largest Amount Guaranteed during the Relevant Period (\$’000)
Hyphens Singapore	DBS Bank	Overdraft facility, fixed advance facility, revolving credit facility, trade facilities, term loan, foreign exchange spot and forward	Mr. Lim See Wah, Mr. Tan Chwee Choon and Dr. Tan Kia King	3,869	3,869	7,978
Ocean Health Singapore	DBS Bank	Trade facilities, foreign exchange spot and forward	Mr. Lim See Wah, Mr. Tan Chwee Choon and Dr. Tan Kia King	—	—	—

INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTERESTS

Borrower	Financial Institution	Type of Facility	Guarantors	Amount Owing as of the Latest Practicable Date (\$'000)	Amount Guaranteed as of the Latest Practicable Date (\$'000)	Largest Amount Guaranteed during the Relevant Period (\$'000)
Pan-Malayan	DBS Bank	Overdraft facility, fixed advance facility, letters of guarantee facility, trade facilities, foreign exchange spot and forward	Mr. Lim See Wah, Mr. Tan Chwee Choon and Dr. Tan Kia King	–	–	400
Hyphens Singapore	Maybank	Trade facilities, revolving credit facility, foreign exchange line	Mr. Lim See Wah, Mr. Tan Chwee Choon and Dr. Tan Kia King	–	–	822
Ocean Health Singapore	Maybank	Trade facilities, revolving credit facility, foreign exchange line	Mr. Lim See Wah, Mr. Tan Chwee Choon and Dr. Tan Kia King	–	–	–
Pan-Malayan	Maybank	Trade facilities, revolving credit facility, foreign exchange line	Mr. Lim See Wah, Mr. Tan Chwee Choon and Dr. Tan Kia King	–	–	800

As no fees were paid to Mr. Lim See Wah, Mr. Tan Chwee Choon or Dr. Tan Kia King for the provision of the above guarantees, the above guarantees are not provided on an arm's length basis or on commercial terms, but are not prejudicial to the interests of our Group.

Following the admission of our Company to Catalist, the above guarantees will be discharged and replaced with corporate guarantees provided by our Company.

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

As of the Latest Practicable Date, there are no present and on-going transactions between our Group and any of our Interested Persons which would constitute interested person transactions for the purposes of Chapter 9 of the Rules of Catalist.

GUIDELINES AND REVIEW PROCEDURE FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS

Our Audit Committee will review and approve all interested person transactions to ensure that they are on normal commercial terms and are transacted on an arm's length basis on terms and prices not more favourable to the Interested Persons than if they were transacted with a third party and are not prejudicial to the interests of our Group and our minority Shareholders in any way.

INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTERESTS

To ensure that all future interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of our Group or our minority Shareholders, the following procedures will be implemented by our Group:

- (a) when purchasing any products or procuring any services from an Interested Person, two additional quotations from non-interested persons will be obtained for comparison to ensure that the interests of our Group and minority Shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two additional quotations from non-interested persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, requirements, specifications, delivery time and track record will be taken into consideration;
- (b) in the case of renting properties from or to an Interested Person, the Board shall take appropriate steps to ensure that the rent is commensurate with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and/or obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rate of similar property in terms of size, suitability for purpose and location, based on the results of the relevant inquiries;
- (c) when we sell any products or supply any services to an Interested Person, the price or fee and terms of two other successful transactions of a similar nature with non-Interested Persons will be used as comparison to ensure that the interests of our Group or minority Shareholders are not disadvantaged. The price or fee for the sale of products or the supply of services shall not be lower than the lowest price or fee of the two other successful transactions with non-Interested Persons;
- (d) where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from an Interested Person, the interested person transaction will be referred to our Audit Committee, and our Audit Committee will determine whether the relevant price and terms are fair and reasonable and consistent with our Group's usual business practice. In determining the transaction price payable to the Interested Person for such products and/or services, factors such as, but not limited to, quantity, requirements and specifications will be taken into account; and
- (e) in addition, we will monitor all interested person transactions entered into by us and categorise these transactions as follows:
 - (i) a Category 1 interested person transaction is one where the value thereof is equal to or below S\$100,000; and
 - (ii) a Category 2 interested person transaction is one where the value thereof exceeds S\$100,000.

All Category 2 interested person transactions must be approved by our Audit Committee prior to entry whereas Category 1 interested person transactions need not be approved by our Audit Committee prior to entry but shall be reviewed on a quarterly basis by our Audit Committee.

INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTERESTS

Our Audit Committee will review all interested person transactions, if any, on a quarterly basis to ensure that they are carried out on an arm's length basis. In accordance with the procedures outlined above, our Audit Committee will take into account all relevant non-quantitative factors. In the event that a member of our Audit Committee is interested in any such transaction, he will abstain from participating in the review and approval process in relation to that particular transaction.

We will prepare all the relevant information to assist our Audit Committee in its review and will keep a register recording all interested person transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis.

In addition, our Audit Committee and our Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Rules of Catalist (in particular, Chapter 9) and relevant accounting standards are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into. Such transactions will also be subject to the approval of our Shareholders if required by the Rules of Catalist. We will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

The internal audit reports will be reviewed by our Audit Committee to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. Our Audit Committee shall also, from time to time, review such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that interested person transactions are conducted on normal commercial terms, on an arm's length basis and do not prejudice the interests of our Group and our minority Shareholders. Furthermore, if during these periodic reviews by our Audit Committee, our Audit Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that interested person transactions will be on normal commercial terms, on an arm's length basis and not prejudicial to the interests of our Group and our minority Shareholders, our Audit Committee will adopt such new guidelines and review procedures for future interested person transactions as may be appropriate.

Pursuant to the Rules of Catalist, we will make the required disclosure in relation to our interested person transactions in our annual report during the relevant financial year under review.

POTENTIAL CONFLICTS OF INTERESTS

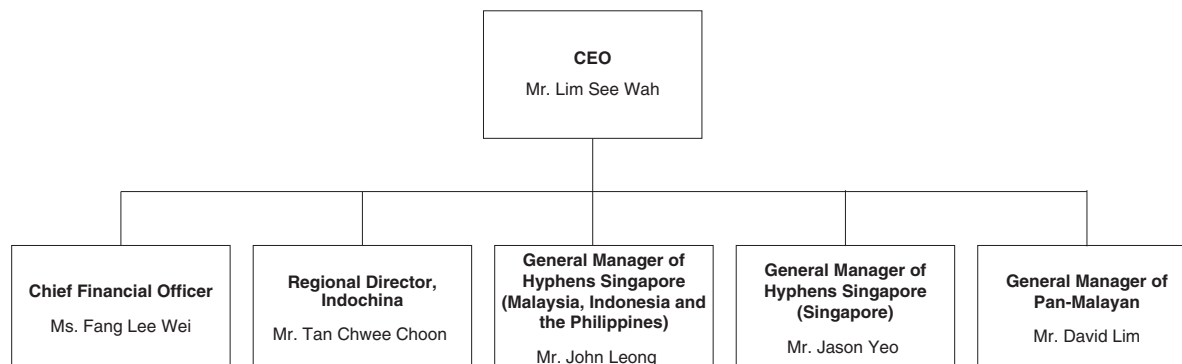
Except as disclosed in the sections titled "Restructuring Exercise" and "Interested Person Transactions and Potential Conflicts of Interests" of this Offer Document, none of our Directors, Controlling Shareholders or any of their respective associates has any interest, direct or indirect, in any material transactions to which our Company or any of our subsidiaries was or is a party.

None of our Directors, CEO, Controlling Shareholders or any of their respective associates has any interest, direct or indirect, in any entity carrying on the same business or dealing in similar products as our Group or in any business that was or is our customer or supplier of goods or services.

MANAGEMENT AND CORPORATE GOVERNANCE

MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as of the Latest Practicable Date:



DIRECTORS

The Board of Directors is entrusted with the responsibility for the overall management of our Group. Our Directors' particulars are listed below:

Name	Age	Address	Position
Mr. Lim See Wah	50	c/o 138 Joo Seng Road #03-00 Singapore 368361	Chairman, Executive Director and CEO
Mr. Tan Chwee Choon	61	c/o 138 Joo Seng Road #03-00 Singapore 368361	Executive Director
Dr. Tan Kia King	51	c/o 138 Joo Seng Road #03-00 Singapore 368361	Non-Executive Director
Mr. Heng Wee Koon	48	c/o 138 Joo Seng Road #03-00 Singapore 368361	Lead Independent Director
Mr. Ng Eng Leng	53	c/o 138 Joo Seng Road #03-00 Singapore 368361	Independent Director
Dr. Poon Thong Yuen	42	c/o 138 Joo Seng Road #03-00 Singapore 368361	Independent Director

There are no arrangements or understandings with any of our Substantial Shareholders, customers or suppliers or any other person, pursuant to which any of our Directors was selected as a Director.

None of our Directors has any family relationships with one another, our Executive Officers or our Substantial Shareholders. None of our Independent Directors sits on the board of our principal subsidiaries that are based in jurisdictions other than Singapore.

MANAGEMENT AND CORPORATE GOVERNANCE

Information on the working and business experience of our Directors is set out below:

Mr. Lim See Wah is our Chairman, Executive Director and CEO. He was appointed to our Board on 12 December 2017.

Mr. Lim See Wah has been with our Group since our inception in September 1998 and is currently responsible for overseeing our overall operations and managing our strategic direction. He has more than 25 years of experience working in the pharmaceutical industry. Mr. Lim See Wah started his career as a pre-registration pharmacist at Singapore General Hospital, a role he held from July 1992 to June 1993. Thereafter, he worked as a pharmacist at Ciba-Geigy S.E. Asia (Private) Limited between June 1993 and April 1994. Mr. Lim See Wah was, between April 1994 and September 1998, employed as a pharma manager of Hyphens Marketing & Technical Services Pte Ltd, prior to incorporating Pan-Malayan to acquire Pan-Malayan Pharmacy Pte. Ltd's business in September 1998.

Mr. Lim See Wah graduated with a Bachelor of Science (Pharmacy) with Honours (Second Class Honours Upper Division) from National University of Singapore in June 1992. He also obtained a Graduate Diploma in Business Administration from Singapore Institute of Management in May 1994. He has also taken part in the UC Berkeley-Nanyang Advanced Management Program which took place over four weeks in September 2012 and March 2013 and the Spring Singapore: Executive Leadership Development Programme at The Wharton School of the University of Pennsylvania in August 2017.

Mr. Tan Chwee Choon is our Executive Director. He was appointed to our Board on 12 December 2017.

Mr. Tan Chwee Choon has had more than 35 years of experience in the pharmaceutical and consumer healthcare industries. He joined our Group in January 2004 and is currently responsible for managing our Indochina operations.

Prior to joining our Group, Mr. Tan Chwee Choon was, from February 2003, the international business development manager of Vita Health Asia Pacific (S) Pte Ltd, where he was responsible for all aspects of business development, including overseeing international sales operations and profiling and targeting new customer opportunities. Prior to that, he was the marketing company president (Singapore, Vietnam and Indochina) for AstraZeneca Singapore Pte Ltd from January 2000 to January 2003. Between August 1990 and December 1999, he was the country manager (Singapore and Indochina) of Astra Pharmaceuticals (Singapore) Pte Ltd. From 1987 to 1989, he served as a sales manager (Singapore and Brunei) for Eli Lilly. Mr. Tan Chwee Choon started his career as a medical representative and sales supervisor at Boehringer Ingelheim from 1980 to 1986.

Mr. Tan Chwee Choon graduated with a Bachelor of Business (with Distinction) from Curtin University of Technology in February 1988.

Dr. Tan Kia King is our Non-Executive Director. He was appointed to our Board on 12 December 2017.

Dr. Tan Kia King has been with our Group since our inception in September 1998 and has always served a non-executive function in our Group. He has had over 24 years of experience as a medical doctor, starting his career as a medical officer in the Ministry of Health from July 1993 to October 1998. Between 1999 to 2000, he served as a locum doctor at various medical clinics.

MANAGEMENT AND CORPORATE GOVERNANCE

From 2000 to 2003, he was the managing director of Westpoint Family Hospital Pte Ltd, where he was responsible for overseeing the day-to-day operations of the hospital. Since July 2003, he has been a locum doctor at Clinical Associates Medical Centre.

Dr. Tan Kia King has been a registered doctor of the Singapore Medical Council since July 1993 and the vice-chairman of Sengkang West Citizens' Consultative Committee since July 2016. He has also been awarded a Public Service Medal (Pingat Bakti Masyarakat) in August 2016 for commendable public service by the Prime Minister's Office. He graduated from the National University of Singapore with a Bachelor of Medicine and Bachelor of Surgery in June 1993.

Mr. Heng Wee Koon is our Lead Independent Director. He was appointed to our Board on 23 April 2018.

Mr. Heng Wee Koon is currently an advisor to Nihon M&A Center Inc., a mergers and acquisitions advisory firm that is listed on the Tokyo Stock Exchange, as well as Regional Marine & Engineering Services Pte Ltd, an engineering company in offshore marine.

Mr. Heng Wee Koon started his career in July 1994 with OCBC Asset Management Limited, where he worked his way to become a fund manager before leaving in August 2001. Between September 2001 and October 2002, he worked as a research manager of DP Information Network Pte Ltd, an information service provider. In November 2002, he joined KPMG Business Advisory Pte. Ltd. (now known as KPMG Advisory Services Pte. Ltd.) and became an associate director in the Transaction Services department before leaving in December 2005 to join Regnum Business Advisory Pte. Ltd., where he was a director from January 2006 to December 2006. Mr. Heng Wee Koon re-joined KPMG's Transaction Services department in January 2007 and was made an executive director in October 2008. He was named a partner of KPMG Advisory LLP when it was established in October 2010. Mr. Heng Wee Koon left KPMG Services Pte. Ltd. and KPMG Advisory LLP in December 2016. He joined Biomax Green Pte. Ltd., a small and medium-sized enterprise based in Singapore, in January 2017 and left in November 2017 as the chief operating officer.

Mr. Heng Wee Koon was awarded the CFA charter in 1998 and is a member of the CFA Society Singapore. He graduated from the National University of Singapore with a Degree of Bachelor of Business Administration with Honours in 1994 and obtained a Master of Business Administration from Nanjing University in 1997.

Mr. Ng Eng Leng is our Independent Director. He was appointed to our Board on 23 April 2018.

Mr. Ng Eng Leng has been a partner of Rodyk & Davidson LLP (now Dentons Rodyk & Davidson LLP), specialising in mergers and acquisitions and corporate work, since October 2011. He is also presently an independent director of Ascendas Property Fund Trustee Pte. Ltd. (as trustee-manager for Ascendas India Trust), a role that he has held since April 2013.

Mr. Ng Eng Leng has had over 27 years of experience in legal practice. Between March 1990 and May 1995, he was a legal associate at Chor Pee & Company. From June 1995 to June 1997, he was a legal associate at Khattar Wong & Partners. Between July 1997 and October 2002, he was a partner at Chang See Hiang & Partners. From November 2002 to September 2011, he was a partner at WongPartnership LLP.

Mr. Ng Eng Leng graduated from the National University of Singapore with a Bachelor of Laws (LLB) in 1989 and obtained a Master of Laws (LLM) from the National University of Singapore in 1995.

MANAGEMENT AND CORPORATE GOVERNANCE

Dr. Poon Thong Yuen is our Independent Director. He was appointed to our Board on 23 April 2018.

Dr. Poon Thong Yuen is currently the chief investment officer of Zicom Medtacc Private Limited, the medical technology subsidiary of Zicom Group Limited, a company listed on the Australian Securities Exchange, from March 2017.

Dr. Poon Thong Yuen has had more than ten years of experience in venture capital investments in biomedical sciences companies. From April 2004 to August 2016, he worked at EDBI Pte. Ltd., the corporate investment arm of the Singapore Economic Development Board, where he last held the position of Vice President. As part of his role in EDBI Pte. Ltd., he was involved in various investments in and served on the board of directors of several biomedical sciences companies in Singapore and the United States, including Amaranth Medical Pte. Ltd., Amaranth Medical, Inc., Forma Therapeutics LLC, Inviragen, Inc., Ivantis, Inc. and Sotera Wireless, Inc.

Dr. Poon Thong Yuen graduated from National University of Singapore with a Bachelor of Science (Pharmacy) with Honours in July 2000 and a Doctor of Philosophy in July 2004.

Mr. Ng Eng Leng is an independent director of Ascendas Property Fund Trustee Pte. Ltd. (as trustee-manager for Ascendas India Trust, a business trust listed on SGX-ST). Other than Mr. Ng Eng Leng, our Directors do not have prior experience as a director of any listed entity in Singapore. All of our Directors have attended the relevant training and have been updated on the roles and responsibilities of a director of a public listed company in Singapore.

The list of present and past directorships of each Director over the last five years, other than in our Company, is set out below:

Name	Present Directorships	Past Directorships
Mr. Lim See Wah	Group Companies DAC Pharmalab Hyphens Malaysia Hyphens Philippines Hyphens Singapore Ocean Health Singapore Ocean Health Malaysia Pan-Malayan Other Companies Inomed Holding LTT Investments Pte. Ltd.	Group Companies — Other Companies —
Mr. Tan Chwee Choon	Group Companies DAC Pharmalab Hyphens Philippines Hyphens Singapore Ocean Health Singapore Ocean Health Malaysia Pan-Malayan Other Companies LTT Investments Pte. Ltd.	Group Companies — Other Companies —

MANAGEMENT AND CORPORATE GOVERNANCE

Name	Present Directorships	Past Directorships
Dr. Tan Kia King	Group Companies DAC Pharmalab Hyphens Singapore Ocean Health Singapore Ocean Health Malaysia Pan-Malayan Other Companies Inomed Holding LTT Investments Pte. Ltd.	Group Companies — Other Companies —
Mr. Heng Wee Koon	Group Companies — Other Companies —	Group Companies — Other Companies —
Mr. Ng Eng Leng	Group Companies — Other Companies Ascendas Property Fund Trustee Pte. Ltd. (as trustee-manager of Ascendas India Trust)	Group Companies — Other Companies TheSaurus Pte. Ltd. ⁽¹⁾
Dr. Poon Thong Yuen	Group Companies — Other Companies Zicom Medtacc Private Limited	Group Companies — Other Companies Amaranth Medical, Inc. Amaranth Medical Pte. Ltd. Forma Therapeutics LLC Inviragen, Inc. Ivantis, Inc. Mirxes Pte. Ltd. Sotera Wireless, Inc.

Note:

- (1) Pursuant to an application that TheSaurus Pte. Ltd. had filed, it was struck off the register of companies in October 2017.

MANAGEMENT AND CORPORATE GOVERNANCE

EXECUTIVE OFFICERS

Our day-to-day operations are entrusted to our Executive Directors who are assisted by a team of Executive Officers. The particulars of our Executive Officers are set out below:

Name	Age	Address	Position
Ms. Fang Lee Wei	43	c/o 138 Joo Seng Road #03-00 Singapore 368361	CFO
Mr. John Leong	54	c/o 138 Joo Seng Road #03-00 Singapore 368361	General Manager of Hyphens Singapore (Malaysia, Indonesia and the Philippines)
Mr. Jason Yeo	40	c/o 138 Joo Seng Road #03-00 Singapore 368361	General Manager of Hyphens Singapore (Singapore)
Mr. David Lim	56	c/o 138 Joo Seng Road #03-00 Singapore 368361	General Manager of Pan-Malayan

There are no arrangements or understandings with any of our Substantial Shareholders, customers or suppliers or any other person, pursuant to which any of our Executive Officers was selected as an Executive Officer.

None of our Executive Officers has any family relationships with one another, our Directors or our Substantial Shareholders.

Information on the working and business experience and areas of responsibility of our Executive Officers is set out below:

Ms. Fang Lee Wei is our CFO. She has been with our Group since April 2010 and is responsible for overseeing the overall financial management of our Group.

Ms. Fang Lee Wei began her career with Ernst & Young in July 1996, where she worked her way from an audit assistant in the assurance and advisory department to a manager in the corporate finance department, before leaving in November 2002. From November 2002 to June 2006, she was the finance manager of United Fiber System Limited, where she was responsible for financial reporting for the group and its subsidiaries in Singapore, Malaysia and China and assisted in handling SGX-ST continuing listing obligations. Thereafter, she was the group financial controller of Leeden Limited between July 2006 and August 2009, overseeing the overall financial management of the Group and handling SGX-ST continuing listing obligations. She was also the group financial controller of CSE Global Limited from August 2009 to April 2010, where she was responsible for financial reporting.

Ms. Fang Lee Wei is a chartered accountant registered with the Institute of Singapore Chartered Accountants. She has also been a member of the executive committee of the National Arthritis Foundation (Singapore) since July 2012. She graduated from Nanyang Technological University with a Bachelor of Accountancy (Second Class Honours Upper Division) in June 1996, obtained a Graduate Diploma in Marketing from the Marketing Institute of Singapore in November 1998 and a Master of Commerce (International Business) from the University of New South Wales in December 1999.

MANAGEMENT AND CORPORATE GOVERNANCE

Mr. John Leong is the general manager of Hyphens Singapore (Malaysia, Indonesia and the Philippines). He has been with our Group since May 2015. He is responsible for overseeing the operations of Hyphens in Malaysia, Indonesia and the Philippines.

Mr. John Leong started his career in September 1988 as a pharmacist in retail pharmacy in New Asiatic Sdn. Bhd., where he was responsible for patient counselling and drug inventory. Thereafter, from November 1988 to August 1990, he was employed as a medical representative of F E Zuellig (M) Sdn Bhd.

Mr. John Leong worked in Servier (S) Pte Ltd (formerly known as Asiamed Pharmaceutical Products (S) Pte Ltd) (“Servier Singapore”) and Servier Malaysia Sdn. Bhd. (“Servier Malaysia”) from September 1990 to April 2015. Before joining our Group in May 2015, he was the general manager of Servier Singapore and Servier Malaysia where he oversaw business operations in Singapore, Malaysia and Brunei and assisted in Myanmar operations.

Mr. John Leong graduated from National University of Singapore with a Bachelor of Science (Pharmacy) in July 1987 and obtained a Diploma in Marketing from the Chartered Institute of Marketing, United Kingdom in December 1990.

Mr. Jason Yeo is the general manager of Hyphens Singapore (Singapore). He has been with our Group since June 2002. He is responsible for overseeing the Singapore operations of Hyphens and Ocean Health Singapore.

Mr. Jason Yeo began his career in January 2000 as an account executive with ADdudes Advertising Pte. Ltd., where he was responsible for sales development, before leaving in June 2002 to join our Group.

Mr Jason Yeo obtained a Diploma in Mechatronic Engineering from Ngee Ann Polytechnic in August 1997 and graduated from the University of Bradford with a Bachelor of Science (Second Class Honours Second Division) in Business and Management Studies (Marketing) in November 2004.

Mr. David Lim is the general manager of Pan-Malayan. He has been with our Group since November 2000. He is responsible for overseeing the operations of Pan-Malayan.

Mr. David Lim began his career as a projects executive at Tradewinds (Private) Limited, where he was responsible for project management in the tours and travel division between October 1988 and August 1991. From November 1991 to January 1996, he was employed as an area export manager of Asia Pacific Breweries (Singapore) Pte Ltd and was responsible for regional sales and marketing of Tiger Beer and other brands in various export markets. Thereafter, between February 1996 and April 2000, he joined L’etoile Co Pte Ltd as a business development manager, where he was responsible for the development of company’s overseas business in the ASEAN region.

Mr David Lim graduated from the National University of Singapore with a Bachelor of Social Sciences (Honours) in June 1987 and obtained a Graduate Diploma in Marketing Management from the Singapore Institute of Management in December 1989.

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The list of present and past directorships of each Executive Officer over the last five years is set out below:

Name	Present Directorships	Past Directorships
Ms. Fang Lee Wei	Group Companies	Group Companies
	—	—
	Other Companies	Other Companies
	—	—
Mr. John Leong	Group Companies	Group Companies
	—	—
	Other Companies	Other Companies
	Richpath Property Sdn. Bhd	—
Mr. Jason Yeo	Group Companies	Group Companies
	—	—
	Other Companies	Other Companies
	—	—
Mr. David Lim	Group Companies	Group Companies
	—	—
	Other Companies	Other Companies
	—	—

CHIEF REPRESENTATIVE OF OUR REPRESENTATIVE OFFICES IN VIETNAM

Our Non-Executive Director, Dr. Tan Kia King⁽¹⁾, is also the chief representative of the representative offices of Hyphens Singapore in Ho Chi Minh City and Hanoi.

Under Vietnam law, the chief representative of a representative office is appointed by the relevant company and his power and authority is subject to the authorisation from the company, which must be in line with the representative office's scope as permitted by law and its establishment licences. In particular:

- (a) a chief representative is entitled, within his statutory power and authority, to enter into contracts for the purposes of serving the day-to-day operations of the representative office and to sign decisions on labour discipline and other labour documents;
- (b) for purposes of applying for certain licences and/or approvals, the chief representative can sign application dossiers in accordance with the regulations and guidance on the relevant procedures by the competent state authorities; and
- (c) for purposes other than those listed above, the chief representative can exercise rights or enter into binding obligations for and on behalf of the company only if he is authorised by the company through a power of attorney, on a case-by-case basis and, as such, the scope of powers granted to the chief representative is limited to that provided for in the relevant power of attorney, may only be acted on in the specific situations provided for in the relevant power of attorney and may be reviewed and amended from time to time by the company.

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While the chief representative of the representative offices of Hyphens Singapore in Ho Chi Minh City and Hanoi has the powers to represent, exercise rights on behalf of, and enter into binding obligations on behalf of such representative office and/or Hyphens Singapore in Vietnam within the scope of authorisation granted by Hyphens Singapore from time to time, other than as provided under the powers of attorney⁽²⁾ granted by Hyphens Singapore, he has not been appointed or designated with sole powers to represent, exercise rights on behalf of, and enter into binding obligations on behalf of Hyphens Singapore. In addition, Hyphens Singapore is able to control the appointment and removal of the chief representative of the representative offices of Hyphens Singapore in Ho Chi Minh City and Hanoi and the chief representative may be removed without his consent.

Notes:

- (1) Mr. Lim See Wah was previously designated as the chief representative of the representative offices of Hyphens Singapore in Ho Chi Minh City and Hanoi. However, from 2010, Dr. Tan Kia King was designated as the chief representative of the representative offices of Hyphens Singapore in Ho Chi Minh City and Hanoi instead as Vietnam law requires the chief representative not to be the head of a branch or a legal representative of the relevant company and the Vietnam authorities then regarded Mr. Lim See Wah, as managing director of Hyphens Singapore, to be such a person.
- (2) Hyphens Singapore has executed two powers of attorney on 1 January 2018, to authorise Dr. Tan Kia King to conclude and sign agreements with Central Pharmaceutical Company No. 1, Dan Thanh Pharmaceutical Trading Company Limited and Hoang Duc Pharmaceutical & Medical Supplies Co., Ltd related to the marketing and promotion of products traded by Hyphens Singapore in Vietnam.

REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

The remuneration⁽¹⁾ of our Directors and Executive Officers for 2016, 2017 and 2018 (estimated), in remuneration bands⁽²⁾, for services rendered by them in all capacities to us are as follows:

	2016	2017	2018 ⁽³⁾ (Estimated)
Directors			
Mr. Lim See Wah ⁽⁴⁾	Band B	Band C	Band B
Mr. Tan Chwee Choon ⁽⁴⁾	Band B	Band B	Band B
Dr. Tan Kia King	Band A	Band A	Band A
Mr. Heng Wee Koon	–	–	Band A
Mr. Ng Eng Leng	–	–	Band A
Dr. Poon Thong Yuen	–	–	Band A
Executive Officers			
Ms. Fang Lee Wei ⁽⁴⁾	Band B	Band B	Band A
Mr. John Leong ⁽⁴⁾	Band A	Band B	Band B
Mr. Jason Yeo ⁽⁴⁾	Band A	Band A	Band A
Mr. David Lim ⁽⁴⁾	Band A	Band A	Band A

Notes:

- (1) Remuneration includes any bonus (discretionary or under any profit-sharing plan or any other profit-linked arrangement), CPF contribution, benefit-in-kind and deferred compensation accrued for the relevant financial year and payable at a later date.

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(2) Remuneration bands:

“Band A” refers to remuneration of up to S\$250,000 per annum.

“Band B” refers to remuneration from S\$250,001 to S\$500,000 per annum.

“Band C” refers to remuneration from S\$500,001 to S\$750,000 per annum.

(3) For the purpose of estimation, no account is taken for any bonus (discretionary or under any profit-sharing plan or any other profit-linked arrangements) which has not yet been paid.

(4) A portion of the remuneration of our Executive Directors and Executive Officers is linked to the attainment of certain sales and/or profit targets that may be determined by our management from time to time.

Pension or Retirement

As of the Latest Practicable Date, except for the amounts set aside or accrued in respect of mandatory employee funds, we have not set aside or accrued any amounts to provide pension, retirement or similar benefits to our employees and Directors.

SERVICE AGREEMENTS

Our Company entered into Service Agreements with our Chairman, Executive Director and CEO, Mr. Lim See Wah and our Executive Director, Mr. Tan Chwee Choon on 8 May 2018.

The Service Agreements are for an initial period of three years (the “Initial Term”) commencing with effect from the date of the Service Agreements, and shall be automatically renewed on a yearly basis thereafter unless otherwise agreed in writing between the parties to the respective Service Agreement or terminated in accordance with the respective Service Agreement, provided always that such employment shall terminate automatically upon the Executive Director concerned ceasing to hold office as a Director. The parties may terminate the respective Service Agreement by either party giving not less than six months’ notice in writing to the other. The parties may, by mutual agreement, waive or vary the notice requirement. We may also terminate the Service Agreements by notice upon the occurrence of certain events such as serious misconduct, bankruptcy or if the Executive Director concerned becomes prohibited by law or other regulatory body from being an employee or a director of any company, firm or entity. Upon termination, the Executive Director concerned shall immediately resign from all positions and offices held in our Company or any Group Company, and shall deliver to our Company, in proper order and condition, all books, documents, papers, materials and any other property or assets relating to our business or affairs which may then be in such Executive Director’s possession or under his control.

The remuneration of our Executive Directors is subject to review from time to time and may be increased thereafter by such amount as may be determined by our Board in its absolute discretion, with the relevant Executive Director abstaining from voting on any such resolution. Our Executive Directors shall also be entitled to an annual wage supplement of one month’s salary in respect of each complete year of service or part thereof.

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In addition, Mr. Lim See Wah is entitled to an annual performance bonus in respect of each financial year, such bonus to be computed on the basis of our Group's audited consolidated profit before income tax (before non-recurring exceptional items and minority interests for the relevant financial year) ("PBT"), as follows:

Group PBT	Performance Bonus Payable
Less than or equal to S\$5.0 million	Nil
More than S\$5.0 million but does not exceed S\$9.0 million	1.0% of PBT
Exceeds S\$9.0 million	S\$90,000 plus 2.0% of the amount of PBT in excess of S\$9.0 million

Mr. Tan Chwee Choon will also be eligible to receive an annual performance bonus, subject to certain sales and profit targets in Vietnam and Cambodia being met.

Our Executive Directors shall also, subject to the rules of the Share-Based Incentive Plans, be eligible to participate in the Share-Based Incentive Plans on such terms as may be determined by our Remuneration Committee at its sole and absolute discretion.

The reimbursement of any medical expenses of our Executive Directors shall be determined in accordance with our Company's policies in place from time to time. All travelling, accommodation, entertainment expenses and other out-of-pocket expenses reasonably incurred by them in the course of their employment will also be reimbursed by our Company.

Under the terms of the Service Agreements, each of Mr. Lim See Wah and Mr. Tan Chwee Choon is subject to certain restrictive covenants as described below. Each of them is also prohibited, during the term of his Service Agreement and after the expiry or termination thereof for whatever reason, from using for his own or another's advantage, or revealing to any person, firm or company any of the trade secrets, business methods or information which he knew or ought reasonably to have known to be confidential concerning the business or affairs of our Company, so far as the information had come to his knowledge during the period of his employment with our Company. Each of Mr. Lim See Wah and Mr. Tan Chwee Choon shall not at any time during the period of his employment and for a period of two years after the expiry or termination of his employment for whatever reason, do or permit, the doing of the following without the prior written consent of the Board (such consent not to be unreasonably withheld):

- (a) directly or indirectly carry on or be engaged or interested in any capacity in any other business, trade or occupation whatsoever, except in a business, trade or occupation which does not compete with any business carried on or proposed to be carried on by our Group or except as disclosed or declared in writing to our Company and the relevant Group Company prior to the date of his Service Agreement, provided always that this shall not prohibit his holding or he being interested in shares or debentures of not more than 5.0% of the total issued share capital of any other company listed on any stock exchange; or
- (b) either solely or jointly with or on behalf of any person, firm or corporation directly or indirectly carry on or be engaged or interested in any business competing with any business carried on or proposed to be carried on by our Group, provided always that this shall not prohibit his holding or he being interested in shares or debentures of not more than 5.0% of the total issued share capital of any other company listed on any stock exchange; or

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- (c) be directly or indirectly engaged or concerned in the conduct of any business competing directly with our Group at any time during the period of their employment; or
- (d) carry on for his own account either alone or in partnership (or be concerned as a director in any company engaged in) any business competing directly with the business carried on or proposed to be carried on by our Group; or
- (e) assist any person, firm or company with technical advice in relation to any business competing directly with the business carried on or proposed to be carried on by our Group; or
- (f) otherwise be interested, directly or indirectly, in any business competing directly with the business carried on or proposed to be carried on by our Group, provided always that this shall not prohibit his holding or he being interested in shares or debentures of not more than 5.0% of the total issued share capital of any other company listed on any stock exchange; or
- (g) either on his own account or for any person, firm, company or organisation solicit or entice or endeavour to solicit or entice away from our Group, or directly or indirectly employ, any person who has at any time during the preceding two years of the employment been a director, manager, servant or consultant, whether or not such person would commit any breach of his contract of employment by reason of leaving the service of our Group; or
- (h) either on his own account or for any person, firm, company or organisation solicit business from any person, firm, company or organisation which at any time during the preceding two years of his employment, has been a customer, client, agent or correspondent of our Group or in the habit of dealing with our Group.

There are no existing or proposed service agreements entered into or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

We have also entered into letters of employment with our Executive Officers. Such letters typically provide for the remuneration payable to these Executive Officers, their working hours, annual leave entitlements and grounds for termination.

CORPORATE GOVERNANCE

Our Independent Directors

In assessing the suitability and independence of our Independent Directors, Mr. Heng Wee Koon, Mr. Ng Eng Leng and Dr. Poon Thong Yuen, our Board has considered the following:

- (a) none of our Independent Directors is, or has been in any of the past three financial years, employed by our Group;
- (b) none of the immediate family members of our Independent Directors is, or has been in any of the past three financial years, employed by our Group and whose remuneration is determined by our Remuneration Committee;
- (c) none of our Independent Directors or any of their immediate family members has accepted any significant compensation from our Group for the provision of services, for the current or immediate past financial year, other than compensation for board service;

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- (d) none of our Independent Directors or any of their immediate family members, in the current or immediate past financial year, is or was a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which our Group made, or from which our Group received, significant payments or material services, in the current or immediate past financial year;
- (e) none of our Independent Directors or any of their immediate family members is a 10% Shareholder of our Company; and
- (f) none of our Independent Directors is or has been accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of a 10% Shareholder in relation to our corporate affairs, in the current or immediate past financial year.

In view of the above, our Board is of the view that our Independent Directors do not have any relationship with our Group, our 10% Shareholders or our Executive Officers which could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of our Company.

Provision of Legal Services by Dentons Rodyk & Davidson LLP

Our Independent Director, Mr. Ng Eng Leng, is a practising Advocate and Solicitor in Singapore and a partner of Dentons Rodyk & Davidson LLP (formerly, Rodyk & Davidson LLP), a law firm which had, in the past, provided legal services to our Group.

Dentons Rodyk & Davidson LLP was engaged to act for our Group in its acquisition of Ocean Health Singapore, Ocean Health Malaysia and DAC Pharmed. Mr. Ng Eng Leng was the partner-in-charge of the matter. The matter was concluded in 2016 and there was no follow up action required of Dentons Rodyk & Davidson LLP in connection therewith. Our Group paid an amount of approximately S\$110,000 in professional fees to Dentons Rodyk & Davidson LLP in connection with the matter. The fee for the provision of the legal services by Dentons Rodyk & Davidson LLP was negotiated on an arm's length basis and on normal commercial terms.

We may, in the future, engage the legal services of Dentons Rodyk & Davidson LLP as and when the need arises. For so long as Mr. Ng Eng Leng is a partner of and/or employed by Dentons Rodyk & Davidson LLP, he will abstain from participating in our Board's decision-making processes and voting on any decision on whether to appoint Dentons Rodyk & Davidson LLP for the provision of any services. In particular, in the event Dentons Rodyk & Davidson LLP is appointed to provide legal services to our Group and we have any concerns relating to such services, Mr. Ng Eng Leng will abstain from participating in our Board's decision-making processes and voting on any decision in connection therewith.

Any future matters involving our Group are expected to be handled by other partners and associates of Dentons Rodyk & Davidson LLP. In addition, Mr. Ng Eng Leng does not own more than 10% of the equity interest in Dentons Rodyk & Davidson LLP. As such, our Directors (other than Mr. Ng Eng Leng) are of the view that the provision of such services by Dentons Rodyk & Davidson LLP will not interfere or be reasonably perceived to interfere with the independent business judgement of Mr. Ng Eng Leng in his role as Independent Director of our Company. In the event that Dentons Rodyk & Davidson LLP handles any matter for our Group, Mr. Ng Eng Leng will adhere to the guidelines and procedures as described in this section and abstain from reviewing and voting on that particular transaction.

MANAGEMENT AND CORPORATE GOVERNANCE

Audit Committee

Our Audit Committee comprises our Independent Directors, Mr. Heng Wee Koon, Mr. Ng Eng Leng and Dr. Poon Thong Yuen. The chairman of our Audit Committee is Mr. Heng Wee Koon. Our Audit Committee will assist our Board in discharging its responsibility to safeguard our assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group.

Our Audit Committee will meet periodically and will, among others, carry out the following functions:

- (a) assist our Board in the discharge of its responsibilities on financial and reporting matters;
- (b) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and our management's response, and results of our audits compiled by our internal and external auditors, and will review at regular intervals with the management on the implementation by our Group of the internal control recommendations made by the internal and external auditors;
- (c) review the periodic financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Rules of Catalist and any other statutory/regulatory requirements, concerns and issues arising from their audits, including any matters which the auditors may wish to discuss in the absence of the management, where necessary, before submission to our Board for approval;
- (d) review and report to the Board, at least annually, the effectiveness and adequacy of our internal control and procedures, addressing financial, operational, information technology and compliance risks and discuss issues and concerns, if any, arising from the internal audits;
- (e) review the independence and objectivity of the internal and external auditors as well as consider the appointment or re-appointment of internal and external auditors, including approving the remuneration and terms of engagement of the internal and external auditors;
- (f) review and discuss with the internal and external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;
- (g) review our financial risk areas, with a view to providing an independent oversight of our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, if the findings are material, to be immediately announced via SGXNET;
- (h) review the cooperation given by our management to our internal and external auditors;
- (i) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Rules of Catalist (if any);

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- (j) review any potential conflicts of interest and set out a framework to resolve or mitigate any potential conflict of interest;
- (k) review and approve all hedging policies and instruments (if any) to be implemented by our Group;
- (l) review and establish procedures for receipt, retention and treatment of complaints received by our Group involving, among others, criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group and ensure that there are arrangements in place for independent investigation and follow-up action(s);
- (n) generally to undertake such other functions and duties as may be required by statute or the Rules of Catalist, and by such amendments made thereto from time to time; and
- (o) undertake such other reviews and projects as may be requested by our Board, and report to our Board its findings from time to time on matters arising therefrom and which require the attention of our Audit Committee.

In addition to the duties listed above, our Audit Committee shall also commission an annual internal controls audit until such time that it is satisfied that the internal controls of our Group are sufficiently robust and effective in mitigating any key internal control weaknesses our Group may have. Prior to decommissioning such annual internal controls audit, our Board shall report to the Sponsor and SGX-ST the basis for deciding to decommission the annual internal controls audit, as well as the measures taken to rectify our key weaknesses in and/or strengthen the internal controls of our Group. Thereafter, our Audit Committee shall commission such audits as and when it deems fit for the purposes of satisfying itself that the internal controls of our Group have remained robust and effective. Upon the completion of an internal control audit, our Board shall make the appropriate disclosures via SGXNET of any weaknesses in our Group's internal controls which may be material or of a price-sensitive nature, as well as any follow-up actions to be taken by our Board.

Our Audit Committee shall also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on our results of our Group's operating results and/or financial position. Each member of our Audit Committee shall abstain from voting on any resolutions in respect of matters in which he is interested.

Based on the internal controls and risk management framework established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by our management and various Board committees, our Board, with the concurrence of our Audit Committee, is of the opinion that our risk management and internal controls, including operational, financial and compliance controls, are adequate to address the financial, operational and compliance risks which are relevant and material to our operations.

Our Audit Committee, after having (a) interviewed our CFO, Ms. Fang Lee Wei; (b) considered her qualifications and past working experience (as described in "Management and Corporate Governance – Executive Officers" above); (c) observed her abilities, familiarity and diligence in relation to the financial matters and information of our Group; (d) noted the absence of any

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negative feedback from RSM Chio Lim LLP, our Independent Auditor and Reporting Accountant; and (e) made all reasonable enquiries, is of the view that Ms. Fang Lee Wei is suitable for the position of CFO.

After making all reasonable enquiries, and to the best of the knowledge and belief of our Audit Committee, nothing has come to the attention of the members of our Audit Committee to cause them to believe that our CFO, Ms. Fang Lee Wei, does not have the competence, character and integrity expected of a chief financial officer of a listed issuer.

Nominating Committee

Our Nominating Committee comprises our Independent Directors, Dr. Poon Thong Yuen and Mr. Heng Wee Koon, and our Non-Executive Director, Dr. Tan Kia King. The chairman of our Nominating Committee is Dr. Poon Thong Yuen. Our Nominating Committee will be responsible for the following functions:

- (a) recommend to the Board on the appointment of new directors and executive officers, including re-nominations of existing Directors for re-election in accordance with our Constitution, taking into account the Director's contribution and performance;
- (b) review and approve any new employment of persons related to our Directors and Substantial Shareholders and proposed terms of their employment;
- (c) determine on an annual basis whether or not a Director is independent;
- (d) review and decide whether or not a Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- (e) review the training and professional development programs for the Board;
- (f) reviewing succession plans for Directors;
- (g) reviewing our Directors' mix of skills, experience, core competencies and knowledge of our Group that our Board requires to function competently and efficiently;
- (h) determine and recommend to the Board the maximum number of listed company board representations which any Director may hold and disclosing this in our Company's annual report; and
- (i) develop a process for evaluation of the performance of our Board as a whole and its committees, and assess the contribution of each Director to the effectiveness of the Board.

Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director. In the event that any member of our Nominating Committee has an interest in a matter being deliberated upon by our Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

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Our Nominating Committee, after having considered the following:

- (a) the principal occupation and commitments of our Independent Directors, including the number of listed company board representations that each of them has;
- (b) the attendance to-date at board meetings of listed companies that each of our Independent Directors serves as independent directors;
- (c) the confirmations by our Independent Directors that they are able to devote sufficient time and attention to the matters of our Group;
- (d) the professional experience and expertise of our Independent Directors; and
- (e) the composition of our Board,

is of the opinion that Mr. Heng Wee Koon, Mr. Ng Eng Leng and Dr. Poon Thong Yuen are able to commit sufficient time and resources to discharge their respective duties, and are suitable and possess the relevant experience to be appointed as our Independent Directors.

Remuneration Committee

Our Remuneration Committee comprises our Independent Directors, Mr. Ng Eng Leng, Mr. Heng Wee Koon and Dr. Poon Thong Yuen. The chairman of our Remuneration Committee is Mr. Ng Eng Leng. Our Remuneration Committee shall recommend to our Board a framework of remuneration for our Directors, CEO and Executive Officers, as well as specific remuneration packages for each Executive Director. The quantum of the bonus of our Executive Directors will be subject to the approval of our Remuneration Committee. The bonus for our other Executive Officers will be determined solely by our Executive Directors.

The recommendations of our Remuneration Committee shall be submitted for endorsement by our entire Board. The scope of responsibilities of our Remuneration Committee encompasses all aspects of remuneration, including, but not limited to, our Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. Our Remuneration Committee shall also review the remuneration of senior management and employees related to our Directors, CEO or Substantial Shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibility. Our Remuneration Committee will also review and approve any bonuses, pay increments and/or promotions for these related employees. Each member of our Remuneration Committee shall abstain from voting on any resolutions in respect of his or her remuneration package.

If necessary, our Remuneration Committee shall seek expert advice inside and/or outside our Company on remuneration matters.

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Board Practices

The period for which each of our Directors has served in office in our Company is set out below.

Director	Date of Appointment
Mr. Lim See Wah	12 December 2017
Mr. Tan Chwee Choon	12 December 2017
Dr. Tan Kia King	12 December 2017
Mr. Heng Wee Koon	23 April 2018
Mr. Ng Eng Leng	23 April 2018
Dr. Poon Thong Yuen	23 April 2018

Our Directors have no fixed terms of office. Our Directors are to be appointed by our Shareholders at a general meeting and an election of Directors is held annually. One third (or the number nearest to one third) of our Directors are required to retire from office at least once every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in the “Summary of our Constitution” as set out in Appendix B to this Offer Document.

SHARE-BASED INCENTIVE PLANS

On 20 April 2018, our Shareholders approved the Hyphens Share Plan and the Hyphens Share Option Scheme (collectively, the “Share-Based Incentive Plans”).

The primary objective of the Share-Based Incentive Plans is to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding Employees who have contributed to the growth of the Group. Eligible participants (the “Participants”) under the Share-Based Incentive Plans will have the opportunity to participate in the equity of our Company, thereby inculcating a stronger sense of identification with our long-term prosperity and promoting organisational commitment, dedication and loyalty of Participants towards our Group, as well as motivating Participants to strive towards performance excellence and to maintain a high level of contribution to our Group. The Share-Based Incentive Plans also afford our Group greater flexibility in structuring compensation packages so that we are able to make employee remuneration sufficiently competitive to recruit new Participants and/or to retain existing Participants whose contributions are important to the long-term growth and profitability of the Group.

Under the Hyphens Share Plan, a Participant may be granted Awards of Shares. The eligibility of Participants, the number of Shares which are the subject of each Award to be granted to a Participant and the vesting period shall be determined at the absolute discretion of the Administration Committee, taking into account factors including our financial performance and a Participant’s rank, job performance, potential for future development and contribution to the success and development of our Group. The Administration Committee may grant Awards in relation to which a performance condition is specified (“Performance-related Awards”). In relation to each Performance-related Award, the Administration Committee must determine that the relevant performance condition has been satisfied during the relevant performance period before the Shares comprised in the Award may be allotted or transferred to the relevant Participant. If the Administration Committee determines, in its sole discretion, that the relevant performance condition has not been satisfied during the relevant performance period, or if the relevant Participant (being an employee of our Group) has not continued to be an employee from the date of grant up to the end of the relevant performance period, the Performance-related Award will lapse and be of no value.

Under the Hyphens Share Option Scheme, a Participant may be granted Options. Each Option represents a right of the Participant to receive fully-paid Shares upon payment of the option exercise price within the option exercise period. The option exercise price and option exercise period shall be determined by the Administration Committee in its absolute discretion. Participants will only be rewarded in the event that the market value of a Share is greater than the Option Exercise Price, thereby motivating Participants toward improving the market value of our Shares.

The aggregate number of Shares which may be issued and/or transferred pursuant to the Share-Based Incentive Plans on any date, when added to the number of Shares issued and issuable and/or transferred and transferable in respect of all options and awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury Shares) on the day preceding that date.

The Share-Based Incentive Plans shall continue in force at the discretion of the Administration Committee for a maximum period of 10 years commencing on the date on which the Share-Based Incentive Plans were adopted by our Company in general meeting, provided always that the Share-Based Incentive Plans may continue beyond the above stipulated period with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

SHARE-BASED INCENTIVE PLANS

As of the date of this Offer Document, no Awards or Options have been granted under the Share-Based Incentive Plans.

The rules of the Share-Based Incentive Plans are set out in Appendix D and E to this Offer Document. The rules of the Share-Based Incentive Plans may also be inspected by Shareholders at our registered office for a period of six months from the date of registration of this Offer Document by SGX-ST, acting as agent on behalf of the Authority.

Administration of the Share-Based Incentive Plans

The Share-Based Incentive Plans will be administered by the Administration Committee in its absolute discretion, provided that no member of the Administration Committee shall participate in any deliberation or decision in respect of Awards and/or Options to be granted to him or held by him.

Disclosures in Annual Report

We will make the following disclosures (as applicable) in our annual report for so long as the Share-Based Incentive Plans continue in operation:

- (a) the names of the members of the Administration Committee;
- (b) in respect of each of the following Participants:
 - (i) Directors;
 - (ii) Controlling Shareholders and their associates; and
 - (iii) Participants (other than those in paragraphs (i) and (ii) above) who receive Awards comprising Shares representing 5.0% or more of the total number of Shares available under the Hyphens Share Plan or who receive Shares representing 5.0% or more of the total number of Shares comprised in Options available under the Hyphens Share Option Scheme (as the case may be),

the following particulars:

- (A) the name of the Participant;
- (B) in relation to Participants of the Hyphens Share Plan:
 - (1) the number of new Shares allotted and existing Shares purchased for delivery pursuant to release of Awards during the financial year under review and terms of such Awards;
 - (2) the number of new Shares allotted and existing Shares purchased for delivery pursuant to release of Awards since commencement of the Hyphens Share Plan to the end of the financial year under review;
 - (3) the aggregate number of Shares comprised in Awards which have not been released as of the end of the financial year under review;

SHARE-BASED INCENTIVE PLANS

- (C) in relation to Participants of the Hyphens Share Option Scheme:
- (1) the number of Shares comprised in Options granted during the financial year under review and terms of such Options;
 - (2) the number of Shares comprised in Options granted since commencement of the Hyphens Share Option Scheme to the end of the financial year under review;
 - (3) the number of Shares comprised in Options exercised since commencement of the Hyphens Share Option Scheme to the end of the financial year under review; and
 - (4) the number of Shares comprised in Options outstanding as of the end of financial year under review;
- (c) in relation to the Hyphens Share Plan, the following particulars:
- (i) the aggregate number of Shares comprised in Awards granted since the commencement of the Hyphens Share Plan to the end of the financial year under review;
 - (ii) the aggregate number of Shares comprised in Awards which have vested during the financial year under review and in respect of such Awards, the proportion of Shares issued and, where applicable, existing Shares purchased, including the range of prices at which such Shares have been purchased, upon the vesting of released Awards; and
 - (iii) the aggregate number of Shares comprised in Awards which have not been released as of the end of the financial year under review;
- (d) in relation to the Hyphens Share Option Scheme, the number and proportion of Shares comprised in the Options granted with the exercise price set at a discount to the market price during the financial year under review:
- (i) at a discount of 10.0% or less of the market price in respect of the relevant Option; and
 - (ii) at a discount of more than 10.0% of the market price in respect of the relevant Option; and
- (e) such other information as may be required by the Rules of Catalist,

provided that if any of the above disclosures are not applicable, an appropriate negative statement will be included.

Participation by Controlling Shareholders and the Associates of our Controlling Shareholders in the Share-Based Incentive Plans

Our Company acknowledges that the services and contributions of employees who are also Controlling Shareholders or associates of our Controlling Shareholders are important to the development and success of our Group. The extension of the Share-Based Incentive Plans to confirmed full-time employees (and/or Non-Executive Directors, as the case may be) who are also Controlling Shareholders or associates of our Controlling Shareholders allows our Group to have a fair and equitable system to reward employees (and/or Non-Executive Directors, as the case may be) who have actively contributed to the progress and success of our Group. The

SHARE-BASED INCENTIVE PLANS

participation of employees (and/or Non-Executive Directors, as the case may be) who are also Controlling Shareholders or associates of our Controlling Shareholders in the Share-Based Incentive Plans will serve both as a reward to them for their dedicated services to our Group and a motivation for them to take a long-term view of our Group.

Although Participants who are Controlling Shareholders or associates of our Controlling Shareholders may already have shareholding interests in our Company, the extension of the Share-Based Incentive Plans to include them ensures that they are equally entitled, with the other employees (and/or Non-Executive Directors, as the case may be) of our Group who are not Controlling Shareholders or associates of our Controlling Shareholders, to take part and benefit from this system of remuneration. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the Share-Based Incentive Plans solely by reason that he/she is a Controlling Shareholder or an associate of our Controlling Shareholder(s).

The specific approval of our independent Shareholders is required for the participation of such persons in the Share-Based Incentive Plans as well as the actual number and terms of such Awards and/or Options granted under the Share-Based Incentive Plans to such persons. A separate resolution must be passed for each such Participant. In seeking such approval from our independent Shareholders, a rationale and justification for the proposed participation of our Controlling Shareholders and associates of our Controlling Shareholders and the number and terms of the Awards to be granted to each such person shall be provided. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the Share-Based Incentive Plans resulting from the participation of employees (and/or Non-Executive Directors, as the case may be) who are Controlling Shareholders or associates of our Controlling Shareholders in the Share-Based Incentive Plans.

Participation by Non-Executive Directors (including Independent Directors) in the Share-Based Incentive Plans

While the Share-Based Incentive Plans cater principally to employees of our Group, it is recognised that there are other persons who make significant contributions to our Group through their close working relationships with our Group, even though they are not employed within our Group. Such persons include our Directors who are non-executive directors, including our Independent Directors.

Directors who are non-executive directors are persons from different professions and working backgrounds, bringing to our Group their wealth of knowledge, business expertise and contacts in the business community. They play an important role in helping our Group shape its business strategy by allowing our Group to draw on their diverse backgrounds and working experience. It is crucial for our Group to attract, retain and incentivise Directors who are non-executive directors. By aligning their interests with the interests of the Shareholders, our Company aims to inculcate a sense of commitment on the part of the Directors who are non-executive directors towards serving the short-and long-term objectives of our Group.

The Directors are of the view that including Directors who are non-executive directors in the Share-Based Incentive Plans, to the extent permissible under all applicable laws, including the Companies Act, will show our Company's appreciation for, and further motivate them in, their contribution towards the success of our Group. While it is desired that participation in the Share-Based Incentive Plans be made open to Directors who are non-executive directors, their services and contributions cannot be measured in the same way as the full-time employees of our Group, and as such, any Awards that may be granted to any such Director would be intended only as a token of our Company's appreciation.

SHARE-BASED INCENTIVE PLANS

Financial Effects of the Share-Based Incentive Plans

The SFRS(I) requires the fair value of employee services received in exchange for the grant of our Shares to be recognised as an expense. For equity-settled share-based payment transactions, the total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each Share granted at the grant date and the number of Shares vested by the vesting date, with a corresponding increase in equity.

Before the end of the vesting period, at each balance sheet date, the entity revises its estimates of the number of Shares that are expected to vest by the vesting date and recognises the impact of this revision in the income statement with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statement would be made.

When new Shares are issued to participants, the share capital will increase. If existing Shares are purchased, as opposed to new Shares issued, for delivery to participants, the Share-Based Incentive Plans will have no impact on our Company's share capital.

The consolidated NTA will be decreased by the amount of expenses charged to the income statement if existing Shares are purchased. If new Shares are issued, there would be no effect on the consolidated NTA due to the offsetting effect of expenses recognised and increased share capital.

During the vesting period, the consolidated EPS would be reduced by both the expense recognised and the potential Shares to be issued under the Share-Based Incentive Plans. NTA per Share would be diluted as a result of the reduced NTA if existing Shares are purchased or the increased share capital if new Shares are issued.

DESCRIPTION OF OUR SHARES

The following are summaries of our capital structure and the more important rights and privileges of our Shareholders as conferred by the laws of Singapore and our Constitution. These statements summarise material provisions of our Constitution but are qualified in entirety by reference to our Constitution and the laws of the Singapore. Please refer to the “Summary of our Constitution” as set out in Appendix B to this Offer Document.

A copy of our Constitution will be available for inspection at our office during normal business hours for a period of six months from the date of the registration of this Offer Document by SGX-ST, acting as agent on behalf of the Authority.

SHARES

Our Constitution provides that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges, conditions or restrictions, as our Directors may think fit and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations. Our Shares do not have a par value.

As of the Latest Practicable Date, our issued share capital is S\$5,000 comprising 5,000 Shares. As of the Latest Practicable Date, there is only one class of shares in the capital of our Company.

As of the date of this Offer Document, all of our Shares have been issued and fully paid for. All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the Rules of Catalist, purchase our own Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

SHAREHOLDERS

Only persons who are registered on our register of members and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for our Shares, are recognised as our Shareholders. We will not, except as required by law, authorise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. We may close our register of members for any time or times if we provide SGX-ST at least five clear Market Days’ notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. We would typically close the register of members to determine our Shareholders’ entitlement to receive dividends and other distributions.

TRANSFER OF SHARES

There is no restriction on the transfer of fully-paid Shares except where required by law, or by the Rules of Catalist or the bye-laws of SGX-ST. Our Directors may, in their discretion, decline to register any transfer of Shares which are not fully paid for or Shares on which we have a lien. Our Directors may also decline to register any instrument of transfer unless, among others, it has been duly stamped and is presented for registration together with the Share certificate and such other evidence of title as they may require. Shares may be transferred by a duly signed instrument of transfer in a form approved by the Directors and SGX-ST. A Shareholder may transfer any Shares held through SGX-ST’s book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

DESCRIPTION OF OUR SHARES

We will replace lost or destroyed certificates for Shares if we are properly notified and the applicant pays a fee which will not exceed S\$2.00 and furnishes any evidence and indemnity that our Board may require.

GENERAL MEETINGS OF SHAREHOLDERS

We are required to hold an annual general meeting every year and not more than 15 months after the holding of the last preceding annual general meeting and, for so long as our Shares are listed on SGX-ST, the interval between the close of our Company's financial year and the date of our Company's annual general meeting shall not exceed four months or such period as may be prescribed or permitted by SGX-ST. With the amendments to Section 175 of the Companies Act as set out in Section 9 of the Companies (Amendment) Act 2017, a public company that is listed is required to hold an annual general meeting within four months after the end of each financial year, or such longer period as may be permitted by the Registrar of Companies. Section 9 of the Companies (Amendment) Act 2017 has not been brought into force as of the date of this Offer Document.

Our Board may convene an extraordinary general meeting whenever it thinks fit and must do so if Shareholders representing not less than 10.0% of the total voting rights of all our Shareholders request in writing that such a meeting be held. In addition, two or more of our Shareholders holding not less than 10.0% of our issued share capital may call a meeting.

Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, such as voluntary winding up of our Company, amendments to our Constitution, a change of our corporate name and a reduction in our share capital.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to every Shareholder holding Shares conferring the right to attend and vote at the meeting and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business. For as long as we are listed on SGX-ST, at least 14 days' notice of all general meetings must be given by advertisement in the daily press and in writing to SGX-ST. All general meetings must be held in Singapore.

VOTING RIGHTS

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy does not need to be a Shareholder. A person who holds Shares through SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register as at 72 hours before the general meeting. For the purpose of determining the number of votes which a Shareholder, being a Depositor, or his proxy may cast at any general meeting on a poll, the reference to Shares held or represented shall, in relation to Shares of that Depositor, be the number of Shares entered against his name in the Depository Register as at 72 hours before the time of the relevant general meeting, as certified by the Depository to us.

DESCRIPTION OF OUR SHARES

Except as otherwise provided in our Constitution, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution:

- on a show of hands, every Shareholder present in person and by proxy or attorney shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, by the chairman of the meeting (or by a person authorised by the chairman of the meeting) in his sole discretion), shall be entitled to vote on a show of hands; and
- on a poll, every Shareholder present in person or by proxy or attorney shall have one vote for each Share which he holds or represents.

In addition, the following types of members (“relevant intermediaries” and each, a “relevant intermediary”) are allowed to appoint more than two proxies:

- a licensed bank or its wholly-owned subsidiary which provides nominee services and holds Shares in that capacity;
- a capital market services licence holder which provides custodial services for securities and holds Shares in that capacity; and
- the CPF Board, in respect of Shares purchased on behalf of CPF members.

The Rules of Catalist require all resolutions at general meetings to be voted by poll. In the case of a tie vote, the chairman of the meeting shall be entitled to a casting vote.

DIVIDENDS

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. We must pay all dividends out of our profits. We may satisfy dividends by the issuance of Shares to our Shareholders. Please refer to the section titled “Description of Our Shares – Bonus and Rights Issue” below. All dividends are paid pro rata among our Shareholders in proportion to the amount paid up on each Shareholder’s Shares, unless the rights attaching to an issuance of any Share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

BONUS AND RIGHTS ISSUE

Our Board may, with the approval of our Shareholders at a general meeting, capitalise any reserves or profits (including profits or monies carried and standing to any reserve) and distribute the same as bonus shares credited as paid-up to our Shareholders in proportion to their shareholdings.

Our Board may also issue bonus Shares to participants of any share incentive or option scheme or plan implemented by our Company and approved by our Shareholders in such manner and on such terms as our Board shall think fit.

DESCRIPTION OF OUR SHARES

Our Board may also issue rights to take up additional Shares to other Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which our Shares are listed.

TAKE-OVERS

Under the Take-over Code issued by the Authority pursuant to Section 321 of the SFA, any person acquiring an interest, either on his own or together with persons acting or presumed to be acting in concert with him, in 30.0% or more of our voting Shares must extend a take-over offer for the remaining voting Shares in accordance with the provisions of the Take-over Code. In addition, a mandatory take-over offer is also required to be made if a person holding, either on his own or together with persons acting or presumed to be acting in concert with him, between 30.0% and 50.0% (both inclusive) of our voting Shares acquires additional voting Shares representing more than 1.0% of our voting Shares in any six-month period.

LIQUIDATION OR OTHER RETURN OF CAPITAL

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

INDEMNITY

As permitted by Singapore law, our Constitution provides that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified by us against all claims, proceedings, demands, causes of action, liabilities, damages, losses, costs, charges, and expenses and brought against or suffered or incurred or to be incurred by him in the execution and discharge of his duties or in relation to. Subject to certain exceptions, we may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

Such exceptions are: (a) the purchase and maintenance for our Directors and officers of insurance against any such liability; and (b) circumstances where the provision for indemnity is against liability incurred by our Directors and officers to a person other than our Company, except when the indemnity is against (i) any liability of our Director or officer to pay a fine in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); or (ii) any liability incurred by our Director or officer (A) in defending criminal proceedings in which he is convicted; (B) in defending civil proceedings brought by our Company or a related company in which judgment is given against him; or (C) in connection with an application for relief under Section 76A(13) or Section 391 of the Companies Act in which the court refuses to grant him relief.

LIMITATIONS ON RIGHTS TO HOLD OR VOTE SHARES

Except as described in “Description of Our Shares – Voting Rights” and “Description of Our Shares – Take-overs” above, there are no limitations imposed by Singapore law or by our Constitution on the rights of non-resident Shareholders to hold or vote ordinary Shares.

DESCRIPTION OF OUR SHARES

MINORITY RIGHTS

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations where:

- (a) our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders, including the applicant; or
- (b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have a wide discretion as to the relief they may grant and such relief is in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, the Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of our affairs in the future;
- (c) authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority Shareholder's Shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital;
- (e) in the case of a purchase of Shares by our Company, provide for a reduction accordingly of our Company's capital; or
- (f) provide that we be wound up.

TREASURY SHARES

Our Constitution expressly permits our Company to purchase or acquire Shares or stocks of our Company and to hold such Shares or stocks (or any of them) as treasury Shares in accordance with requirements of the Companies Act. Our Company may make a purchase or acquisition of our own Shares (a) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or (b) otherwise than on a securities exchange if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our Company in general meeting. The aggregate number of Shares held as treasury Shares shall not at any time exceed 10.0% of the total number of Shares of our Company at that time. Any excess Shares shall be disposed or cancelled before the end of a period of six months beginning with the day on which that contravention of limit occurs, or such further period as the Share Registrar may allow. Where Shares or stocks are held as treasury Shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the Shareholder holding those Shares or stocks.

DESCRIPTION OF OUR SHARES

Our Company shall not exercise any right in respect of the treasury Shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our Company shall be treated as having no right to vote and the treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to Shareholders on a winding up) may be made to our Company in respect of the treasury Shares. However, this would not prevent an allotment of Shares as fully-paid bonus Shares in respect of the treasury Shares or the subdivision or consolidation of any treasury Share into treasury Shares of a greater or smaller number, if the total value of the treasury Shares after the subdivision or consolidation is the same as the total value of the treasury Share before the subdivision or consolidation, as the case may be.

Where Shares are held as treasury Shares, our Company may at any time (a) sell the Shares (or any of them) for cash; (b) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme; (c) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; (d) cancel the Shares (or any of them); or (e) sell, transfer or otherwise use the treasury Shares for such other purposes as the Minister of Finance may by order prescribe.

TAXATION

The following is a summary of certain Singapore income tax, stamp duty and GST consequences of purchasing, holding or disposal of our Shares. This summary is based on current tax laws in Singapore and regulations and decisions now in effect, all of which are subject to change (possibly with retroactive effect). This summary is not intended to be or to be regarded as advice on the tax position of any investor or of any person purchasing, holding or otherwise dealing with our Shares. The statements made herein do not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, hold or dispose of our Shares and do not purport to deal with the tax consequences applicable to all categories of investors.

Prospective investors should consult their own professional tax advisors regarding the Singapore and foreign income tax, stamp duty, estate duty and other tax consequences of purchasing, holding or disposing of our Shares. It is emphasised that neither we, our Directors, nor any other persons involved in this Invitation accept responsibility for any tax effects or liabilities resulting from the purchase, holding or disposal of our Shares.

Income Tax

Corporate Income Tax

A company is regarded as a tax resident in Singapore if the control and management of the company's business is exercised in Singapore.

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

- (a) income accruing in or derived from Singapore; and
- (b) foreign-sourced income received or deemed received in Singapore, unless otherwise exempted.

Tax exemption will be granted to a Singapore tax resident corporate taxpayer on its foreign-sourced dividends, foreign branch profits and foreign-sourced service income ("specified foreign income") received or deemed to be received in Singapore on or after 1 June 2003 provided that the following qualifying conditions are met:

- (a) the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;
- (b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15.0%; and
- (c) the Comptroller of Income Tax (the "Comptroller") is satisfied that the tax exemption would be beneficial to the corporate taxpayer.

A non-Singapore tax resident corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign sourced income received or deemed received in Singapore.

TAXATION

The first S\$300,000 of a company's normal chargeable income on or before year of assessment ("YA") 2019 is partially exempt from tax as follows:

- (a) 75.0% of up to the first S\$10,000 of chargeable income; and
- (b) 50.0% of up to the next S\$290,000 of chargeable income.

The remaining chargeable income (after deducting the applicable tax exemption of the first S\$300,000 of chargeable income) will be taxed at the prevailing corporate tax rate, currently 17.0%.

In the Singapore government's 2018 budget statement, the Minister for Finance had announced that companies will enjoy a 40.0% corporate income tax rebate, capped at S\$15,000 for YA2018. This tax rebate will be extended for another year to YA2019 but at a reduced rate of 20.0% of tax payable and capped at S\$10,000. This tax rebate will not apply to income of a non-resident company that is subject to final withholding tax.

Individual Income Tax

An individual is regarded as a tax resident in Singapore in a year of assessment if, in the preceding calendar year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accruing in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed received in Singapore by an individual taxpayer, regardless of whether he/she is resident or non-resident of Singapore, is generally exempt from income tax in Singapore except for such income received through a partnership in Singapore by resident individuals.

Currently, a Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0% to 22.0%. Income derived by a non-Singapore tax resident individual is, subject to certain exceptions and conditions, normally taxed at the rate of 22.0%. Singapore employment income derived by a non-Singapore tax resident individual is taxed at a flat rate of 15.0% or at resident rates, whichever yields a higher tax.

Dividend Distributions

Singapore currently adopts the one-tier system of corporate taxation. Under the one-tier system, the tax paid by a Singapore resident company is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax exempt (One-Tier) dividends. Such dividends are tax exempt in the hands of the shareholders regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident. Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

Shareholders/investors are advised to consult their own tax advisors in respect of the tax laws of their respective countries of residence which are applicable on such dividends received by them and the applicability of any double taxation agreement that their country of residence may have with other jurisdictions.

TAXATION

Gains on Disposal of Shares

Singapore currently does not impose tax on capital gains. However, gains may be construed to be of an income nature and subject to Singapore income tax if they arise from activities which are regarded as the carrying on of a trade or business in Singapore.

Any gains or profits derived from the disposal of our Shares, if regarded as capital gains, are not taxable in Singapore. However, if the seller is regarded as having derived such gains as trading gains in Singapore, such gains or profits will ordinarily be taxed as income.

To provide upfront certainty, during the period from 1 June 2012 to 31 May 2022, gains derived by a divesting company from its disposal of ordinary shares in an investee company are not taxable if immediately prior to the date of share disposal, the divesting company had held at least 20.0% of the ordinary shares in the investee company for a continuous period of at least 24 months.

As the precise tax status of one Shareholder will vary from another, Shareholders are advised to consult their own professional advisers on the Singapore tax consequences that may apply to their individual circumstances.

In addition, Shareholders who adopt the tax treatment to be aligned with the SFRS(I) 9 may be taxed on gains (not being gains in the nature of capital) even though no sale or disposal of our Shares is made. Shareholders who may be subject to such tax treatment should consult their own accounting and tax advisors regarding the Singapore income tax consequences of their acquisition, holding and disposal of our Shares.

Stamp Duty

There is no stamp duty payable on the subscription for, allotment or holding of our Shares.

Where our Shares evidenced in certificated form are acquired in Singapore and where our Company maintains a share registry in Singapore, stamp duty is payable on the instrument of transfer of our Shares at the rate of 0.2% of the consideration paid or market value of our Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary.

No stamp duty is payable upon transfer of our Shares if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or the instrument of transfer is executed outside Singapore and not brought into Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the scripless trading system operated by CDP.

TAXATION

GST

The sale of our Shares by a GST-registered investor belonging in Singapore through an SGX-ST member to another person belonging in Singapore is an exempt supply and so would not be subject to GST. Any input GST (such as GST on brokerage) incurred by the GST-registered investor in making such an exempt supply is generally not recoverable from the Singapore Comptroller of GST unless the investor satisfies certain conditions prescribed under the GST legislation or certain GST concessions.

Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore and that person is outside Singapore at the time the sale is executed, the sale is generally a taxable supply not subject to GST. Any GST incurred by a GST-registered investor in the making of this taxable supply in the course of or furtherance of a business carried on by him, subject to the provisions of the Goods and Services Tax Act, Chapter 117A of Singapore, may be recovered from the Comptroller of GST.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and disposition of our Shares.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the standard rate, currently at 7.0%. Similar services rendered to an investor belonging outside Singapore are not subject to GST, provided that the investor is outside Singapore when the services are performed and the services provided do not directly benefit any Singapore persons.

Estate Duty

Singapore estate duty had been abolished for all deaths occurring on or after 15 February 2008.

CLEARANCE AND SETTLEMENT

For the purposes of trading on SGX-ST, a board lot of our Shares will comprise 100 Shares. Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of our Shares through Catalist will be effected in accordance with the terms and conditions for the operation of securities accounts maintained by a Depositor with CDP ("Securities Accounts"), as amended, modified or supplemented from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts. Persons named as direct Securities Account holders and Depository Agents in the Depository Register, rather than CDP itself, will be treated, under our Constitution and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts may withdraw the number of Shares they own from the book-entry settlement system in the form of physical Share certificates. Such Share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be prima facie evidence of title and may be transferred in accordance with our Constitution. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical Share certificates. In addition, a fee of S\$2.00, or such other amount as our Directors may decide, is payable to the Share Registrar for each Share certificate issued and a stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100.00 or part thereof of the last transacted price where it is withdrawn in the name of a third party. Persons holding physical Share certificates who wish to trade on Catalist must deposit with CDP their Share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time. Pursuant to announced rules effective from 1 June 2014, transfers and settlements pursuant to on-exchange trades will be charged a fee of S\$30.00 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S\$75.00.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for our Shares that are settled on a book-entry basis. A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value, subject to a minimum of S\$600.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealing in our Shares will be carried out in S\$ and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a Depository Agent. The Depository Agent may be a member company of SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS, EXECUTIVE OFFICERS AND CONTROLLING SHAREHOLDER

1. Except as disclosed below and in the section titled “Risk Factors” of this Offer Document, none of our Directors, Executive Officers and Controlling Shareholder:
 - (a) has, at any time during the last ten years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;
 - (b) has, at any time during the last ten years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) has any unsatisfied judgement against him;
 - (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
 - (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
 - (f) has, at any time during the last ten years, had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, nor has he been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
 - (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
 - (i) has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

GENERAL AND STATUTORY INFORMATION

- (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or
- (k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

2. Disclosure in respect of Dr. Poon Thong Yuen

Our Independent Director, Dr. Poon Thong Yuen, was employed by EDBI Pte. Ltd. (“EDBI”) from April 2004 to August 2016. During this period, he served as a representative of EDBI Pte. Ltd. on the boards of directors of various early-stage portfolio companies in which EDBI Pte. Ltd. and its affiliates have invested. It is not uncommon for some early-stage companies to be wound-up due to, among other reasons, insolvency.

In particular, he served as a representative of EDBI on the board of directors of Sotera Wireless, Inc. (“Sotera”) from August 2015 to May 2016, shortly before he left his employment with EDBI and stepped down from the boards of the various companies. Sotera is a U.S.-based health technology company. Dr. Poon Thong Yuen was not involved in the day-to-day management of Sotera during the period he served on the board. Following his departure, he was made aware, from online press reports, that Sotera made a voluntary petition for a Chapter 11 bankruptcy protection with the California Southern Bankruptcy Court in September 2016, but had emerged from bankruptcy protection in 2017.

SHARE CAPITAL

- 3. As of the Latest Practicable Date, there is only one class of shares in the capital of our Company. The rights and privileges attached to our Shares are stated in our Constitution. There is no restriction on the transfer of fully-paid Shares in scripless form, except where required by law, or by the Rules of Catalist or the bye-laws of SGX-ST.
- 4. Except as disclosed in the sections titled “Restructuring Exercise” and “Share Capital” of this Offer Document, there has not been any change in the share capital of our Company or our subsidiaries within the three years preceding the Latest Practicable Date.

GENERAL AND STATUTORY INFORMATION

MATERIAL CONTRACTS

5. The following contracts, not being contracts entered into in the ordinary course of business, were entered into by our Company or our subsidiaries within the two years preceding the date of lodgement of this Offer Document with SGX-ST, acting as agent on behalf of the Authority, and are or may be material:
 - (a) the sale and purchase agreement dated 19 April 2018 entered into between our Company and Hyphens Singapore and the sale and purchase agreement dated 19 April 2018 entered into among our Company, Inomed Holding and Mr. Tan Chwee Choon, referred to in the section titled “Restructuring Exercise” of this Offer Document; and
 - (b) the Cornerstone Subscription Agreements in relation to the subscription for the Cornerstone Shares by the Cornerstone Investors, referred to in the section titled “Shareholders – Cornerstone Investors” of this Offer Document.

LITIGATION

6. Our Group has not been engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of this Offer Document with SGX-ST, acting as agent on behalf of the Authority, a material effect on the financial position or profitability of our Group.

MISCELLANEOUS

7. There has not been any public take-over offer by a third party in respect of our Shares or by us in respect of the shares of another corporation or the units of a business trust, which has occurred between the date of incorporation of our Company and the Latest Practicable Date.
8. No expert is employed on a contingent basis by our Company or our subsidiaries, has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Invitation.
9. Except as disclosed in this Offer Document, we are not aware of any event which has occurred since 1 January 2018 to the Latest Practicable Date which may have a material effect on the financial position and results of our Group.
10. We currently have no intention of changing our auditors after the listing of our Company on Catalist.

GENERAL AND STATUTORY INFORMATION

CONSENTS

11. The Sponsor, Issue Manager, Underwriter and Placement Agent, DBS Bank, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they are included in this Offer Document, and to act in such capacity in relation to this Offer Document.
12. The Independent Auditor and Reporting Accountant, RSM Chio Lim LLP, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto and the “Audited Combined Financial Statements of Hyphens Pharma International Limited for the Reporting Years Ended 31 December 2015, 2016 and 2017”, as set out in Appendix A to this Offer Document, in the form and context in which they are included in this Offer Document, and to act in such capacity in relation to this Offer Document.

LEGAL MATTERS

13. Certain matters in connection with the Invitation will be passed upon for us by WongPartnership LLP with respect to matters of Singapore law, by LNT & Partners with respect to matters of Vietnam law and by Foong & Partners with respect to matters of Malaysian law. Certain legal matters in connection with the Invitation will be passed upon for DBS Bank by Allen & Gledhill LLP with respect to matters of Singapore law.
14. None of WongPartnership LLP, Allen & Gledhill LLP, LNT & Partners and Foong & Partners makes, or purports to make, any statement in this Offer Document and none of them is aware of any statement in this Offer Document which purports to be based on a statement made by it, and none of them makes any representation, express or implied, regarding, or takes any responsibility for, any statement in or omission from this Offer Document.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

15. Our Directors collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Invitation and our Group, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context.

GENERAL AND STATUTORY INFORMATION

DOCUMENTS AVAILABLE FOR INSPECTION

16. The following documents or copies thereof may be inspected at our registered office during normal business hours for a period of six months from the date of registration of this Offer Document by SGX-ST, acting as agent on behalf of the Authority:
- (a) our Constitution;
 - (b) the “Audited Combined Financial Statements of Hyphens Pharma International Limited for the Reporting Years Ended 31 December 2015, 2016 and 2017”, as set out in Appendix A to this Offer Document;
 - (c) the respective audited financial statements of our Company and our subsidiaries for the years ended 31 December 2015, 2016 and 2017;
 - (d) the Service Agreements referred to in the section titled “Management and Corporate Governance – Service Agreements” of this Offer Document;
 - (e) the letters of consent referred to in “General and Statutory Information – Consents” above; and
 - (f) the material contracts referred to in “General and Statutory Information – Material Contracts” above.

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**APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS OF
HYPHENS PHARMA INTERNATIONAL LIMITED FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017**

**HYPHENS PHARMA INTERNATIONAL LIMITED
and its Subsidiaries**

Statement by Directors and Combined Financial Statements

Reporting Years Ended 31 December 2015, 2016, and 2017

**APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS OF
HYPHENS PHARMA INTERNATIONAL LIMITED FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017**

Statement by Directors and Combined Financial Statements

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**APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS OF
HYPHENS PHARMA INTERNATIONAL LIMITED FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017**

Statement by Directors

The directors of Hyphens Pharma International Limited (the “Company”) are pleased to present the combined financial statements of the Company and its subsidiaries (the “Group”) for the reporting years ended 31 December 2015, 2016 and 2017.

In the opinion of the directors,

- (a) the accompanying combined financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Group for the reporting years ended 31 December 2015, 2016, and 2017; and
- (b) at the date of the statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Lim See Wah
Director

Tan Kia King
Director

11 May 2018

**APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS OF
HYPHENS PHARMA INTERNATIONAL LIMITED FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017**

**INDEPENDENT AUDITOR’S REPORT AND THE AUDITED COMBINED FINANCIAL
STATEMENTS FOR THE REPORTING YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017
OF HYPHENS PHARMA INTERNATIONAL LIMITED**

The Board of Directors
Hyphens Pharma International Limited
138 Joo Seng Road
#03-00
Singapore 368361

Report on the audit of the combined financial statements

Opinion

We have audited the accompanying combined financial statements of Hyphens Pharma International Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages A-8 to A-64, which comprise the combined statements of financial position as at 31 December 2015, 2016 and 2017, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for each of the reporting years ended 31 December 2015, 2016 and 2017, and notes to the combined financial statements, including significant accounting policies.

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the combined financial position of the Group as at 31 December 2015, 2016 and 2017 and of the combined financial performance, combined changes in equity and combined cash flows of the Group for each of the reporting years ended 31 December 2015, 2016 and 2017.

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 combined Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) 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 combined financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS OF HYPHENS PHARMA INTERNATIONAL LIMITED FOR THE REPORTING YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

INDEPENDENT AUDITOR’S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE REPORTING YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017 OF HYPHENS PHARMA INTERNATIONAL LIMITED

Other information

Management is responsible for the other information. The other information comprises the statement by directors but does not include the combined financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the combined financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the combined financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Responsibilities of management and directors for the combined financial statements

Management is responsible for the preparation of the combined financial statements that give a true and fair view in accordance with SFRS(I)s, 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 combined financial statements and to maintain accountability of assets.

In preparing the combined 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 combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined financial statements.

**APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS OF
HYPHENS PHARMA INTERNATIONAL LIMITED FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017**

**INDEPENDENT AUDITOR’S REPORT AND THE AUDITED COMBINED FINANCIAL
STATEMENTS FOR THE REPORTING YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017
OF HYPHENS PHARMA INTERNATIONAL LIMITED**

Auditor’s responsibilities for the audit of the combined financial statements (cont’d)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the combined 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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 combined 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.
- (e) Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined 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.

**APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS OF
HYPHENS PHARMA INTERNATIONAL LIMITED FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017**

**INDEPENDENT AUDITOR’S REPORT AND THE AUDITED COMBINED FINANCIAL
STATEMENTS FOR THE REPORTING YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017
OF HYPHENS PHARMA INTERNATIONAL LIMITED**

Restriction on distribution and use

This report is made solely to you as a body for the inclusion in the offer document of the Company to be issued in relation to the proposed offering of the shares of the Company in connection with the Company’s listing on the Catalist Board of Singapore Exchange Securities Trading Limited.

The engagement partner on the audit resulting in this independent auditor’s report is Tay Hui Jun, Sabrina.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

11 May 2018

**APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS OF
HYPHENS PHARMA INTERNATIONAL LIMITED FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017**

HYPHENS PHARMA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

**Combined Statements of Profit or Loss and Other Comprehensive Income
Year Ended 31 December 2015, 2016 and 2017**

	Notes	2015 \$'000	2016 \$'000	2017 \$'000
Revenue	5	78,278	100,970	113,157
Cost of sales		(53,111)	(65,866)	(75,684)
Gross profit		25,167	35,104	37,473
Interest income		1	3	9
Other gains	6	431	671	259
Marketing and distribution costs	7	(13,830)	(20,413)	(20,907)
Administrative expenses	9	(4,901)	(8,343)	(8,472)
Finance costs	10	(23)	(310)	(206)
Other losses	6	(823)	(1,229)	(996)
Profit before tax		6,022	5,483	7,160
Income tax expense	11	(964)	(243)	(1,072)
Profit, net of tax		5,058	5,240	6,088
Other comprehensive (loss) income:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations, net of tax		(13)	34	129
Other comprehensive (loss) income for the year, net of tax:		(13)	34	129
Total comprehensive income		5,045	5,274	6,217
		Cents	Cents	Cents
Basic and diluted earnings per share	12	2.1	2.2	2.5

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

**APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS OF
HYPHENS PHARMA INTERNATIONAL LIMITED FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017**

HYPHENS PHARMA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

Combined Statements of Financial Position

As at 31 December 2015, 2016 and 2017

	Notes	2015 \$'000	2016 \$'000	2017 \$'000
ASSETS				
<u>Non-current assets</u>				
Plant and equipment	14	619	849	630
Intangible assets	15	773	9,470	9,105
Deferred tax assets	11	–	420	315
Total non-current assets		1,392	10,739	10,050
<u>Current assets</u>				
Inventories	16	6,190	9,035	13,178
Trade and other receivables	17	15,261	20,169	23,775
Prepayments		92	247	245
Cash and cash equivalents	18	13,548	12,623	12,293
Total current assets		35,091	42,074	49,491
Total assets		36,483	52,813	59,541
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital	19	1,521	1,521	1,521
Retained earnings		13,863	18,103	17,191
Foreign currency translation reserve		(45)	(11)	118
Total equity		15,339	19,613	18,830
<u>Non-current liabilities</u>				
Deferred tax liabilities	11	35	624	560
Other financial liabilities, non-current	21	344	3,138	1,588
Total non-current liabilities		379	3,762	2,148
<u>Current liabilities</u>				
Income tax payable		998	744	1,092
Trade and other payables	20	19,047	24,604	35,101
Other financial liabilities, current	21	720	4,090	2,370
Total current liabilities		20,765	29,438	38,563
Total liabilities		21,144	33,200	40,711
Total equity and liabilities		36,483	52,813	59,541

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

**APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS OF
HYPHENS PHARMA INTERNATIONAL LIMITED FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017**

HYPHENS PHARMA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

**Combined Statements of Changes in Equity
Year Ended 31 December 2015, 2016 and 2017**

	Total equity \$'000	Share capital \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000
2015:				
Opening balance at 1 January 2015	12,294	1,521	10,805	(32)
Movements in equity:				
Total comprehensive income for the year	5,045	–	5,058	(13)
Dividends paid (Note 13)	(2,000)	–	(2,000)	–
Closing balance at 31 December 2015	15,339	1,521	13,863	(45)
2016:				
Opening balance at 1 January 2016	15,339	1,521	13,863	(45)
Movements in equity:				
Total comprehensive income for the year	5,274	–	5,240	34
Dividends paid (Note 13)	(1,000)	–	(1,000)	–
Closing balance at 31 December 2016	19,613	1,521	18,103	(11)
2017:				
Opening balance at 1 January 2017	19,613	1,521	18,103	(11)
Movements in equity:				
Total comprehensive income for the year	6,217	–	6,088	129
Dividends paid (Note 13)	(7,000)	–	(7,000)	–
Closing balance at 31 December 2017	18,830	1,521	17,191	118

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

**APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS OF
HYPHENS PHARMA INTERNATIONAL LIMITED FOR THE REPORTING
YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017**

HYPHENS PHARMA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

**Combined Statements of Cash Flows
Year Ended 31 December 2015, 2016 and 2017**

	2015	2016	2017
	\$'000	\$'000	\$'000
Cash flows from operating activities			
Profit before tax	6,022	5,483	7,160
Adjustments for:			
Amortisation of intangible assets	20	382	406
Depreciation of plant and equipment	249	370	341
Interest income	(1)	(3)	(9)
Interest expense	23	310	206
Loss on disposal of plant and equipment	–	1	2
Intangible assets written off	25	262	–
Net effect of exchange rate changes in consolidating foreign operations	(14)	35	135
Operating cash flows before changes in working capital	6,324	6,840	8,241
Trade and other receivables	555	(3,962)	(3,606)
Prepayments	(12)	(86)	2
Inventories	(828)	(749)	(4,143)
Trade and other payables	1,245	5,487	4,497
Net cash flows from operations	7,284	7,530	4,991
Income taxes paid	(974)	(1,048)	(683)
Net cash flows from operating activities	6,310	6,482	4,308
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired) (Note 1)	–	(10,745)	–
Proceeds from disposal of plant and equipment	–	1	–
Purchase of plant and equipment	(345)	(454)	(130)
Purchase of intangible assets	(243)	(66)	(41)
Interest received	1	3	9
Net cash flows used in investing activities	(587)	(11,261)	(162)
Cash flows from financing activities			
Dividends paid to equity owners	(2,320)	(2,000)	(1,000)
Interest paid	(23)	(310)	(206)
Decrease in financial liabilities	(16)	(1,536)	(3,270)
New borrowings	300	7,700	–
Net cash flows (used in) from financing activities	(2,059)	3,854	(4,476)
Net increase (decrease) in cash and cash equivalents	3,664	(925)	(330)
Cash and cash equivalents, statement of cash flows, beginning balance	9,884	13,548	12,623
Cash and cash equivalents, statement of cash flows, ending balance (Note 18)	13,548	12,623	12,293

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

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HYPHENS PHARMA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

**Notes to the Combined Financial Statements
Years Ended 31 December 2015, 2016 and 2017**

1. General information and business restructuring

1.1 Corporate information

Hyphens Pharma International Pte. Ltd. (the “Company”) was incorporated on 12 December 2017 under the Companies Act, Chapter 50 as a private limited company domiciled in Singapore. On 20 April 2018, the Company was converted to a public company limited by shares and changed its name to Hyphens Pharma International Limited.

The combined financial statements are expressed in Singapore dollars (“SGD”) and all values are rounded to the nearest thousand (\$’000), except when otherwise indicated.

These combined financial statements are prepared solely for inclusion in the offer document of the Company in connection with the proposed listing of the Company’s shares on the Catalist Board of Singapore Exchange Securities Trading Limited (the “Catalist”).

The registered office of the Company is located at 138 Joo Seng Road #03-00 Singapore 368361. The Company is situated in Singapore.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed below.

**Name of subsidiaries, country of incorporation,
place of operations and principal activities
(and independent auditors)**

**Effective percentage of
equity held by Group**

2015	2016	2017
%	%	%

Hyphens Pharma Philippines, Inc. ^{(a)(d)} Philippines Sales, marketing and distribution of pharmaceutical and healthcare products and related services (Reyes Tacandong & Co) (2015 and 2016: Farcon Magpantay and Associates)	100	100	100
Hyphens Pharma Pte. Ltd. ^(b) Singapore Sales, marketing, distribution and development of pharmaceutical and healthcare products and related services	100	100	100
Hyphens Pharma Sdn. Bhd. ^(a) Malaysia Sales, marketing and distribution of pharmaceutical and healthcare products and related services (RSM Malaysia) (2015 and 2016: Crowe Horwath, Malaysia)	100	100	100
Pan-Malayan Pharmaceuticals Pte Ltd ^(b) Singapore Wholesale of pharmaceuticals and medical supplies and digital business and services	100	100	100

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1. General information and business restructuring (cont'd)

1.1 Corporate information (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Effective percentage of equity held by Group		
	2015 %	2016 %	2017 %
Ocean Health Pte. Ltd. ^(b) Singapore Brand owner of health supplement products	–	100	100
DAC Pharmed Pte Ltd ^(b) Singapore Primary packaging of cosmetic products and health supplement products	–	100	100
Ocean Healthcare (M) Sdn. Bhd. ^(c) Malaysia Dormant (Gomez & Co)	–	100	100

(a) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. For 2015 and 2016, the subsidiaries were audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP is a member. Their names are indicated above.

(b) Audited by RSM Chio Lim LLP.

(c) Other independent auditor. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP is a member. Their names are indicated above.

(d) 5 common shares are held by 5 individuals as nominees for Hyphens Pharma Pte. Ltd.

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1. General information and business restructuring (cont'd)

1.1 Corporate information (cont'd)

On 6 January 2016, the Group acquired 100% of the share capital in Ocean Health Pte. Ltd. ("Ocean Health Singapore"), DAC Pharmalab Pte Ltd ("DAC Pharmalab") and Ocean Healthcare (M) Sdn. Bhd. ("Ocean Health Malaysia") and from that date the Group gained control. The transaction was accounted for by the acquisition method of accounting.

The fair value of identifiable assets acquired, liabilities and goodwill arising from the subsidiaries are as follows:

	\$'000
Cash and cash equivalents	1,544
Inventories	2,096
Trade receivables	946
Other assets	69
Intangible assets	3,511
Plant and equipment	149
Deferred tax liabilities	(650)
Trade and other payables	(1,070)
Income tax payable	(70)
Net identifiable assets	6,525
Goodwill arising on acquisition	5,764
Cash consideration	12,289
Less: cash and cash equivalent acquired	(1,544)
Net cash outflow from acquisition of subsidiaries	10,745

The goodwill arising on acquisition is attributable to the anticipated profitability of the acquired subsidiaries and the anticipated future operating synergies from the combination.

The goodwill is not deductible for tax purposes.

The contributions from the acquired subsidiaries for the period between the date of acquisition and the statement of financial position date and had the transaction been affected at the beginning of the year were as follows:

	From date of acquisition in 2016 \$'000	For the reporting year 2016 \$'000
Revenue	7,934	7,934
Profit before tax	394	394

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HYPHENS PHARMA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

1. General information and business restructuring (cont'd)

1.2 Restructuring Exercise

The Group undertook the following transactions as part of a corporate restructuring implemented in preparation for its listing on the Catalist (the “Restructuring Exercise”):

- (i) The Company was incorporated on 12 December 2017 in Singapore under the Companies Act, as a private company limited by shares with an issued and paid-up share capital of S\$5,000 comprising 5,000 shares, with 4,088 shares and 912 shares being held by Inomed Holding Pte Ltd and the Executive Director, Mr. Tan Chwee Choon, respectively;
- (ii) The Company acquired from Hyphens Pharma Pte. Ltd. the entire issued and paid-up share capital in Pan-Malayan Pharmaceuticals Pte Ltd (“Pan-Malayan”) for a consideration of S\$1,013,780, which was based on the cost of investment of Pan-Malayan as of 31 December 2017. The consideration was satisfied by the issuance of 46,593 shares and 10,397 shares to Inomed Holding Pte Ltd and Mr. Tan Chwee Choon, respectively; and
- (iii) The Company acquired from Inomed Holding Pte Ltd and Mr. Tan Chwee Choon the entire issued and paid-up share capital of Hyphens Pharma Pte. Ltd. for a consideration of S\$16,686,145, which was based on the unaudited proforma net asset value of Hyphens Pharma Pte. Ltd. as of 31 December 2017 less the net asset value of Pan-Malayan. The consideration was satisfied by the issuance of 766,880 shares and 171,130 shares to Inomed Holding Pte Ltd and Mr. Tan Chwee Choon, respectively.

Following the completion of the Restructuring Exercise, the Company became the parent company of the Group.

- (iv) On 20 April 2018, 1,000,000 shares in the capital of the Company were sub-divided into 240,000,000 shares (the “Share Split”).

Prior to the Restructuring and during the reporting years ended 31 December 2015, 2016 and 2017, Hyphens Pharma Pte. Ltd. and its subsidiaries were controlled by the shareholders.

The Restructuring is, therefore, considered to be a business combination involving entities or businesses under common control and is accounted for by applying the pooling of interests method. Accordingly, the assets and liabilities of these entities transferred have been included in the combined financial statements at their carrying amounts. Although the Restructuring occurred on 19 April 2018, the combined financial statements present the financial position and financial performance as if the businesses had always been combined since the beginning of the earliest period presented.

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HYPHENS PHARMA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

1. General information and business restructuring (cont'd)

1.3 Accounting convention

The combined financial statements of the Company have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) as issued by the Singapore Accounting Standards Council. The combined financial statements are prepared on a going concern basis under the historical cost convention except where a SFRS(I)s requires an alternative treatment (such as fair values) as disclosed where appropriate in these combined financial statements. The accounting policies in SFRS(I)s may not be applied when the effect of applying them is not material. The disclosures required by SFRS(I)s need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit or loss, as required or permitted by SFRS(I)s.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Basis of consolidation and business combinations

Basis of consolidation

The combined financial statements comprise the financial statements of the Company and its subsidiaries (the “Group”) as at the end of the reporting years. The financial statements of the subsidiaries used in the preparation of the combined financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions that are recognised in assets are eliminated in full.

The combined financial statements of the Group for the reporting years ended 31 December 2015, 2016 and 2017 have been prepared using the pooling of interest method as the Restructuring described in Note 1.2 is a legal restructuring of businesses or entities under common control. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after the end of the reporting years. The Company has been treated as the parent company of its subsidiaries for the reporting years presented rather than from the date of completion of the Restructuring.

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2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Basis of consolidation and business combinations (cont'd)

Business combinations involving businesses or entities under common control

Business combinations involving businesses or entities under common control are accounted for by applying the pooling of interest method which involves the following:

- Assets, liabilities, reserves, revenue and expenses of combined business or entities are reflected at their existing amounts;
- The retained earnings recognised in the combined financial statements are the retained earnings of the combining entities or businesses immediately before the combination;
- No additional goodwill is recognised as a result of the combination; and
- The statement of comprehensive income reflects the results of the combining entities or businesses for the full year, irrespective of when the combination took place. Comparatives are presented as if the entities or businesses had always been combined since the date the entities or businesses had come under common control.

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services is recognised as the services are completed. Interest is recognised using the effective interest method.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant.

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2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the combined financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

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2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Segment reporting

The reporting entity discloses financial and descriptive information about its combined reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the combined financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

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2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Plant and equipment	–	20% to 33.3%
Hardware and software	–	20% to 33.3%
Fixtures and equipment	–	10% to 20%
Motor vehicles	–	20%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the combined financial statements.

The gain or loss arising from the derecognition of an item of plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. This also applies to an internally generated intangible asset. Research expenditure is expensed when incurred. Development cost incurred relating to the design and testing of new or improved products are recognised as intangible assets when it is probable that the project will be viable considering its commercial and technical feasibility and its costs can be measured reliably and there are sufficient resources to complete development. Where no internally generated intangible asset can be recognised, development cost is expensed when incurred. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Distribution rights and trademarks	–	7 years to 10 years
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2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Intangible assets (cont'd)

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

Business combination

Business combinations not involving common control are accounted for by applying the acquisition method.

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with SFRS(I) 1-32 and SFRS(I) 1-39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under SFRS(I) 3. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Where the fair values are measured on a provisional basis they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

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2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with SFRS(I) 3 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this SFRS(I) 3.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the “substance over form” based on the derecognition test prescribed by SFRS(I) 1-39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under SFRS(I) 1-39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.
4. Available-for-sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

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2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under SFRS(I) 1-39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the “fair value option” and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

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2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the combined financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the combined financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

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2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the combined financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when combined financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Net realisable value of inventories:

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the Note on inventories.

Allowance for doubtful trade accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note on trade and other receivables.

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2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Assessment of impairment of goodwill:

An assessment is made annually whether goodwill has suffered any impairment loss. The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash generating units ("CGU") and the use of estimates as disclosed in the Note on intangible assets. Actual outcomes could vary from these estimates.

Functional currency:

The Group measures foreign currency transactions in the respective functional currencies of the entities in the Group. In determining the functional currency of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operates and the entities' process of determining sales prices.

3. Related party relationships and transactions

SFRS(I) 1-24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling parties are Mr. Lim See Wah and Dr. Tan Kia King.

3A. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these combined financial statements. The related party balances and financial guarantees if any are unsecured without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these combined financial statements are not disclosed as related party transactions and balances below.

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3. Related party relationships and transactions (cont'd)

3B. Key management compensation:

	2015	2016	2017
	\$'000	\$'000	\$'000
Salaries and other short-term employee benefits	666	854	999

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	2015	2016	2017
	\$'000	\$'000	\$'000
Remuneration of directors of the Company	616	804	949
Fees to a director of the Company	50	50	50

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts for key management compensation are for certain directors.

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes the reporting entity is organised into the following major strategic operating segments that offer different products and services:

- (1) specialty pharma principals ("specialty");
- (2) proprietary brands ("proprietary"); and
- (3) medical hypermart and digital ("hypermart").

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4. Financial information by operating segments (cont'd)

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

The specialty segment is in the business of marketing and selling a range of specialty pharmaceutical products in the relevant ASEAN countries.

The proprietary segment is in the business of developing, marketing and selling their own proprietary range of dermatological products and health supplement products.

The hypermart segment is a wholesaler of pharmaceuticals and medical supplies in Singapore, which the Group positions itself as a medical hypermart for healthcare professionals, healthcare institutions and retail pharmacies.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary financial performance measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation and amortisation, interests and income taxes (called "Recurring EBITDA").

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4. Financial information by operating segments (cont'd)

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

4B. Profit or loss and reconciliations

	Specialty \$'000	Proprietary \$'000	Hypermart \$'000	Unallocated \$'000	Group \$'000
2015					
Revenue by segment					
Total revenue by segment	40,605	2,707	34,966	–	78,278
Total revenue	40,605	2,707	34,966	–	78,278
Recurring EBITDA	2,950	860	2,504	–	6,314
Finance costs	–	–	–	(23)	(23)
Depreciation and amortisation	(20)	–	–	(249)	(269)
Profit before tax	2,930	860	2,504	(272)	6,022
Income tax expense					(964)
Profit, net of tax					5,058
	Specialty \$'000	Proprietary \$'000	Hypermart \$'000	Unallocated \$'000	Group \$'000
2016					
Revenue by segment					
Total revenue by segment	51,866	11,353	37,751	–	100,970
Total revenue	51,866	11,353	37,751	–	100,970
Recurring EBITDA	4,206	304	2,035	–	6,545
Finance costs	–	–	–	(310)	(310)
Depreciation and amortisation	(30)	(352)	–	(370)	(752)
Profit before tax	4,176	(48)	2,035	(680)	5,483
Income tax expense					(243)
Profit, net of tax					5,240
	Specialty \$'000	Proprietary \$'000	Hypermart \$'000	Unallocated \$'000	Group \$'000
2017					
Revenue by segment					
Total revenue by segment	60,707	12,886	39,564	–	113,157
Total revenue	60,707	12,886	39,564	–	113,157
Recurring EBITDA	5,157	1,392	1,874	(310)	8,113
Finance costs	–	–	–	(206)	(206)
Depreciation and amortisation	(40)	(366)	–	(341)	(747)
Profit before tax	5,117	1,026	1,874	(857)	7,160
Income tax expense					(1,072)
Profit, net of tax					6,088

The unallocated expenses included the listing expenses, finance costs, and depreciation.

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4. Financial information by operating segments (cont'd)

4C. Assets and reconciliations

	Specialty \$'000	Proprietary \$'000	Hypermart \$'000	Unallocated \$'000	Group \$'000
<u>2015</u>					
Total assets for reportable segments	10,194	1,014	10,276	–	21,484
Unallocated:					
Plant and equipment	–	–	–	619	619
Prepayments	–	–	–	92	92
Cash and cash equivalents	–	–	–	13,548	13,548
Other receivables	–	–	–	740	740
Total Group assets	10,194	1,014	10,276	14,999	36,483
<u>2016</u>					
Total assets for reportable segments	14,576	13,485	10,301	–	38,362
Unallocated:					
Plant and equipment	–	–	–	849	849
Prepayments	–	–	–	247	247
Cash and cash equivalents	–	–	–	12,623	12,623
Other receivables	–	–	–	732	732
Total Group assets	14,576	13,485	10,301	14,451	52,813
<u>2017</u>					
Total assets for reportable segments	22,013	13,756	9,896	–	45,665
Unallocated:					
Plant and equipment	–	–	–	630	630
Prepayments	–	–	–	245	245
Cash and cash equivalents	–	–	–	12,293	12,293
Other receivables	–	–	–	708	708
Total Group assets	22,013	13,756	9,896	13,876	59,541

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4. Financial information by operating segments (cont'd)

4D. Liabilities and reconciliations

	Specialty \$'000	Proprietary \$'000	Hypermart \$'000	Unallocated \$'000	Group \$'000
<u>2015</u>					
Total liabilities for reportable segments	8,566	688	7,079	–	16,333
Unallocated:					
Income tax payable	–	–	–	998	998
Financial liabilities	–	–	–	1,064	1,064
Trade and other payables	–	–	–	2,749	2,749
Total Group liabilities	8,566	688	7,079	4,811	21,144
<u>2016</u>					
Total liabilities for reportable segments	14,054	1,780	7,653	–	23,487
Unallocated:					
Income tax payable	–	–	–	744	744
Financial liabilities	–	–	–	7,228	7,228
Trade and other payables	–	–	–	1,741	1,741
Total Group liabilities	14,054	1,780	7,653	9,713	33,200
<u>2017</u>					
Total liabilities for reportable segments	17,767	1,771	8,161	–	27,699
Unallocated:					
Income tax payable	–	–	–	1,092	1,092
Financial liabilities	–	–	–	3,958	3,958
Trade and other payables	–	–	–	7,962	7,962
Total Group liabilities	17,767	1,771	8,161	13,012	40,711

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4. Financial information by operating segments (cont'd)

4E. Other material items and reconciliations

	Specialty \$'000	Proprietary \$'000	Hypermart \$'000	Unallocated \$'000	Group \$'000
Intangible assets written off					
2015	25	–	–	–	25
2016	5	138	119	–	262
2017	–	–	–	–	–
Impairment of trade receivables and inventories					
2015	573	25	85	–	683
2016	521	164	182	–	867
2017	(44)	296	150	–	402
Expenditures for non-current asset					
2015	63	138	42	345	588
2016	30	9,440	20	454	9,944
2017	16	25	–	130	171

4F. Geographical information

	Revenue			Non-current assets		
	2015 \$'000	2016 \$'000	2017 \$'000	2015 \$'000	2016 \$'000	2017 \$'000
Singapore	42,284	52,240	55,275	1,224	10,120	9,604
Vietnam	29,252	38,483	46,859	32	29	23
Malaysia	3,302	4,810	5,290	40	51	38
Others	3,440	5,437	5,733	96	119	70
Total	<u>78,278</u>	<u>100,970</u>	<u>113,157</u>	<u>1,392</u>	<u>10,319</u>	<u>9,735</u>

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

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4. Financial information by operating segments (cont'd)

4G. Information about major customers

	2015	2016	2017
	\$'000	\$'000	\$'000
Top 1 customer in specialty and proprietary segments	14,074	13,856	18,270
Top 2 customers in specialty and proprietary segments	24,881	27,698	34,238
Top 3 customers in specialty, proprietary and hypermart segments (2016 and 2017: specialty and proprietary segments)	32,986	37,480	45,478

5. Revenue

	2015	2016	2017
	\$'000	\$'000	\$'000
Sale of goods	77,243	99,903	112,121
Commission income	521	604	467
Marketing services fees and advertisements	318	458	329
Other income	196	5	240
	78,278	100,970	113,157

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6. Other gains and (other losses)

	2015	2016	2017
	\$'000	\$'000	\$'000
Allowance for impairment on trade receivables – (loss) reversal (Note 17)	(347)	25	44
Bad trade debt write-off	(1)	(7)	–
Foreign exchange translation losses	(115)	(74)	(548)
Government grants	431	646	215
Inventories written off (Note 16)	(316)	(522)	(179)
Intangible assets written off	(25)	(262)	–
Allowance for stock obsolescence (Note 16)	(19)	(363)	(267)
Losses on disposal of plant and equipment	–	(1)	(2)
Net	<u>(392)</u>	<u>(557)</u>	<u>(737)</u>
Presented in profit or loss as:			
Other gains	431	671	259
Other losses	<u>(823)</u>	<u>(1,229)</u>	<u>(996)</u>
Net	<u>(392)</u>	<u>(558)</u>	<u>(737)</u>

7. Marketing and distribution costs

The major components and other selected components include the following:

	2015	2016	2017
	\$'000	\$'000	\$'000
Employee benefits expense (Note 8)	9,149	11,829	12,218
Advertising and promotional expenses	<u>1,932</u>	<u>5,392</u>	<u>5,589</u>

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8. Employee benefits expense

	2015	2016	2017
	\$'000	\$'000	\$'000
Short-term employee benefits expense	10,205	13,991	14,875
Contributions to defined contribution plans	999	1,496	1,566
Other benefits	458	762	565
Total employee benefits expense	<u>11,662</u>	<u>16,249</u>	<u>17,006</u>
Employee benefits expense is charged to profit or loss and included in:			
– Marketing and distribution costs (Note 7)	9,149	11,829	12,218
– Administrative expenses (Note 9)	2,513	4,170	4,504
– Cost of sales	–	250	284
	<u>11,662</u>	<u>16,249</u>	<u>17,006</u>

9. Administrative expenses

The major components and other selected components include the following:

	2015	2016	2017
	\$'000	\$'000	\$'000
Employee benefits expense (Note 8)	2,513	4,170	4,504
Office rental	666	1,047	1,077
Listing expense	–	–	310
Research and development expense	<u>14</u>	<u>581</u>	<u>174</u>

10. Finance costs

	2015	2016	2017
	\$'000	\$'000	\$'000
Interest expense	<u>23</u>	<u>310</u>	<u>206</u>

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11. Income tax

11A. Components of tax expense recognised in profit or loss include:

	2015	2016	2017
	\$'000	\$'000	\$'000
<u>Current tax expense:</u>			
Current tax expense	1,044	756	1,068
Over adjustment in respect of prior periods	(68)	(31)	(37)
Sub-total	976	725	1,031
<u>Deferred tax expense:</u>			
Deferred tax expense	–	(482)	41
Over adjustment in respect of prior periods	(12)	–	–
Sub-total	(12)	(482)	41
Total income tax expense	964	243	1,072

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate where the parent is situated.

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% to profit or loss before income tax as a result of the following differences:

	2015	2016	2017
	\$'000	\$'000	\$'000
Profit before tax	6,022	5,483	7,160
Income tax expense at the above rate	1,024	932	1,217
Expenses not deductible for tax purposes	64	18	87
Mergers and acquisitions allowance for future utilisation	–	(420)	–
Productivity and innovation credit	(133)	(136)	(91)
Stepped income exemption	(102)	(133)	(107)
Utilisation of deferred tax assets not recognised	210	–	–
Over adjustment of tax in respect of prior periods	(80)	(31)	(37)
Other minor items less than 3% each	(19)	13	3
Total income tax expense	964	243	1,072

There are no income tax consequences of dividends to owners of the Company.

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11. Income tax (cont'd)

11B. Deferred tax income recognised in profit or loss includes:

	2015	2016	2017
	\$'000	\$'000	\$'000
Mergers and acquisitions allowances carryforwards	–	(420)	105
Difference in amortisation of intangible assets	–	(78)	(59)
Excess of book value of plant and equipment over tax values	(12)	16	(5)
Total deferred tax (income) expense	<u>(12)</u>	<u>(482)</u>	<u>41</u>

11C. Deferred tax balance in combined statements of financial position:

	2015	2016	2017
	\$'000	\$'000	\$'000
From deferred tax assets (liabilities) recognised in profit or loss:			
Mergers and acquisitions allowances carryforwards	–	420	315
Fair value of intangible assets*	–	(573)	(514)
Excess of book value of plant and equipment over tax values	(35)	(51)	(46)
Net balance	<u>(35)</u>	<u>(204)</u>	<u>(245)</u>

* The balance arose from acquisition of subsidiaries.

Presented in the combined statement of financial position as follows:

	2015	2016	2017
	\$'000	\$'000	\$'000
Deferred tax liabilities	(35)	(624)	(560)
Deferred tax assets	–	420	315
Net balance	<u>(35)</u>	<u>(204)</u>	<u>(245)</u>

It is impracticable to estimate the amount expected to be settled or used within one year.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

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12. Earnings per share

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to the owners of the Company by the pre-invitation share capital of the Company. The Company's pre-invitation number of ordinary shares of 240,000,000 has been used in the calculation of basic and diluted earnings per share for all years presented in accordance with SFRS(I) 33, as pre-invitation number of ordinary shares reflects the number of ordinary shares held by the Shareholders after adjusting for changes in number of shares arising from the Restructuring as disclosed in Note 1.2.

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	2015 \$'000	2016 \$'000	2017 \$'000
<u>Numerators:</u>			
Profit, net of tax	5,058	5,240	6,088
	2015 '000	2016 '000	2017 '000
<u>Denominators:</u>			
Number of ordinary shares held by the Shareholders as adjusted for the Share Split	240,000	240,000	240,000

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective reporting years.

13. Dividends on equity shares

	2015 \$'000	2016 \$'000	2017 \$'000
Interim exempt (1-tier) dividends paid of \$5.46 per share (2016: \$0.78 and 2015: \$1.56)	2,000	1,000	7,000
	2,000	1,000	7,000

The dividends were paid in respect of ordinary shares of Hyphens Pharma Pte. Ltd. to the shareholders of this company prior to the completion of the Restructuring Exercise.

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14. Plant and equipment

	Plant and equipment \$'000	Hardware and software \$'000	Fixtures and equipment \$'000	Motor vehicles \$'000	Total \$'000
<u>Cost:</u>					
At 1 January 2015	–	656	1,037	101	1,794
Additions	–	54	276	15	345
Foreign exchange adjustments	–	–	–	1	1
Disposals	–	(27)	(52)	–	(79)
At 31 December 2015	–	683	1,261	117	2,061
Arising from acquisition of subsidiaries (Note 1)	53	36	60	–	149
Additions	–	281	128	45	454
Disposals	–	(32)	(16)	–	(48)
Foreign exchange adjustments	–	–	–	(5)	(5)
At 31 December 2016	53	968	1,433	157	2,611
Additions	1	70	59	–	130
Disposals	(15)	(161)	(236)	–	(412)
Foreign exchange adjustments	–	–	–	(11)	(11)
At 31 December 2017	39	877	1,256	146	2,318
<u>Accumulated depreciation and impairment:</u>					
At 1 January 2015	–	482	765	25	1,272
Depreciation for the year	–	75	152	22	249
Disposals	–	(27)	(52)	–	(79)
At 31 December 2015	–	530	865	47	1,442
Depreciation for the year	11	125	207	27	370
Disposals	–	(31)	(16)	–	(47)
Foreign exchange adjustments	–	–	–	(3)	(3)
At 31 December 2016	11	624	1,056	71	1,762
Depreciation for the year	11	127	173	30	341
Disposals	(15)	(160)	(235)	–	(410)
Foreign exchange adjustments	–	–	–	(5)	(5)
At 31 December 2017	7	591	994	96	1,688
<u>Carrying value:</u>					
At 31 December 2015	–	153	396	70	619
At 31 December 2016	42	344	377	86	849
At 31 December 2017	32	286	262	50	630

The depreciation expense is charged to profit or loss under administrative expenses.

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15. Intangible assets

	2015	2016	2017
	\$'000	\$'000	\$'000
Goodwill (Note 15A)	80	5,844	5,844
Distribution rights and trademarks (Note 15B)	555	3,626	3,261
Development costs (Note 15C)	138	–	–
	<u>773</u>	<u>9,470</u>	<u>9,105</u>

15A. Goodwill

	2015	2016	2017
	\$'000	\$'000	\$'000
Cost:			
Balance at beginning of the year	80	80	5,844
Arising from acquisition of subsidiaries (Note 1)	–	5,764	–
Balance at end of the year	<u>80</u>	<u>5,844</u>	<u>5,844</u>

- (a) The goodwill of \$80,000 relates to the purchase of the pharmaceuticals business of Pan-Malayan Pharmaceuticals Pte Ltd in 1998. The amount of \$80,000 is not considered material and no impairment test is considered necessary by management as the annual results of Pan-Malayan Pharmaceuticals Pte Ltd has consistently exceeded the carrying value of goodwill.
- (b) Goodwill of \$5,764,000, arose from acquisition of the following subsidiaries, Ocean Health Pte. Ltd. (“Ocean Health Singapore”), DAC Pharmalab Pte Ltd (“DAC Pharmalab”) and Ocean Healthcare (M) Sdn. Bhd. (“Ocean Health Malaysia”). Ocean Health Singapore is primarily engaged in distributing healthcare supplements under its registered trademark, “Ocean Health”. Ocean Health Singapore also distributes various series of skin care products mainly under a non-registered brand, “Therapeutic Dermatologic Formula”, and a registered trademark “TDF”. DAC Pharmalab core business is provision of bottling and labelling services to Ocean Health Singapore. Ocean Health Malaysia is currently inactive. As a result, the CGU for goodwill impairment testing was performed on the group of entities as a whole.

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit (“CGU”) is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of cash-generating units have been measured based on the value in use method.

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15. Intangible assets (cont'd)

15A. Goodwill (cont'd)

The value in use was measured by management. The key assumptions for the value in use calculations are as follows. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit is analysed as follows:

CGU-Proprietary	Range (weighted average)		
	2015	2016	2017
<u>Valuation technique and unobservable inputs</u>			
<u>Discounted cash flow method:</u>			
Estimated discount rates using post-tax rates that reflect current market assessments at the risks specific to the CGU.	–	12%	11.7%
Revenue growth rates	–	11% – 14%	8% – 9%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	–	5 years	5 years

Management forecasts the terminal growth rate at 2% (2016: 3%).

Actual outcomes could vary from these estimates. If the revised estimated revenue growth at the end of the reporting year had been 1% (2016: 2%) less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by \$160,000 (2016: \$959,000). If the revised estimated post-tax discount rate applied to the discounted cash flows had been 0.5% (2016: 1%) percent point less favourable than management's estimates, there would be a need to reduce the carrying value of goodwill by \$388,000 (2016: \$500,000). Management would not be able to reverse any impairment losses that arose on goodwill because SFRS(I) 1-36 does not permit reversing an impairment loss for goodwill.

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15. Intangible assets (cont'd)

15B. Distribution rights and trademarks

	2015	2016	2017
	\$'000	\$'000	\$'000
Balance at beginning of the year	495	555	3,626
Arising from acquisition of subsidiaries (Note 1) ^a	–	3,511	–
Additions	105	66	41
Written off	(25)	(124)	–
Amortisation for the year	(20)	(382)	(406)
Balance at end of the year	<u>555</u>	<u>3,626</u>	<u>3,261</u>

The amortisation expense is charged to profit or loss under administrative expenses.

^a The amount of \$3.5 million relates to acquisition of Ocean Health Singapore and TDF trademarks of \$2.56 million and valuation of Ocean Health Singapore's distribution network of \$950,000.

15C. Development costs

The capitalisation of development costs pertain to the development of cream products. The development costs were written off in 2016.

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16. Inventories

	2015	2016	2017
	\$'000	\$'000	\$'000
Raw materials and packaging materials	–	705	913
Finished goods	6,190	8,330	12,265
	<u>6,190</u>	<u>9,035</u>	<u>13,178</u>
Inventories are stated after allowance. Movement in allowance:			
Balance at beginning of the year	59	76	306
Arising from acquisition of subsidiaries	–	32	–
Charge to profit or loss included in other losses (Note 6)	19	363	267
Used	(4)	(163)	(103)
Foreign exchange adjustments	2	(2)	1
Balance at end of the year	<u>76</u>	<u>306</u>	<u>471</u>
The amount of inventories included in cost of sales	<u>50,196</u>	<u>61,397</u>	<u>69,229</u>
The inventories written off charged to profit or loss included in other losses (Note 6)	<u>316</u>	<u>522</u>	<u>179</u>

Certain inventories were purchased under trust receipts (Note 21D).

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17. Trade and other receivables

	2015	2016	2017
	\$'000	\$'000	\$'000
<u>Trade receivables:</u>			
Outside parties	14,874	19,765	23,347
Less allowance for impairment	(353)	(328)	(280)
Net trade receivables – subtotal	<u>14,521</u>	<u>19,437</u>	<u>23,067</u>
<u>Other receivables:</u>			
Staff advances	10	15	9
Deposits to secure services	495	433	382
Other receivables	235	284	317
Other receivables – subtotal	<u>740</u>	<u>732</u>	<u>708</u>
Total trade and other receivables	<u><u>15,261</u></u>	<u><u>20,169</u></u>	<u><u>23,775</u></u>
Movements in above allowance:			
Balance at beginning of the year	91	353	328
Charged (reversed) for trade receivables to profit or loss included in other losses (gains) (Note 6)	347	(25)	(44)
Used	(85)	–	–
Foreign exchange adjustments	–	–	(4)
Balance at end of the year	<u><u>353</u></u>	<u><u>328</u></u>	<u><u>280</u></u>

18. Cash and cash equivalents

	2015	2016	2017
	\$'000	\$'000	\$'000
Not restricted in use	<u><u>13,548</u></u>	<u><u>12,623</u></u>	<u><u>12,293</u></u>

The interest earning balances are not significant.

18A. Cash and cash equivalents in the statement of cash flows:

	2015	2016	2017
	\$'000	\$'000	\$'000
Cash and cash equivalents for statement of cash flows purposes at end of the year	<u><u>13,548</u></u>	<u><u>12,623</u></u>	<u><u>12,293</u></u>

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18. Cash and cash equivalents (cont'd)

18B. Reconciliation of liabilities arising from financing activities

	2015 \$'000	Cash flows \$'000	Non-cash changes \$'000	2016 \$'000
Long-term borrowings	300	2,817	–	3,117
Short-term borrowings	700	3,368	–	4,068
Finance lease liabilities	64	(21)	–	43
Total liabilities from financing activities	<u>1,064</u>	<u>6,164</u>	<u>–</u>	<u>7,228</u>
	2016 \$'000	Cash flows \$'000	Non-cash changes \$'000	2017 \$'000
Long-term borrowings	3,117	(1,529)	–	1,588
Short-term borrowings	4,068	(1,718)	–	2,350
Finance lease liabilities	43	(23)	–	20
Total liabilities from financing activities	<u>7,228</u>	<u>(3,270)</u>	<u>–</u>	<u>3,958</u>

19. Share capital

	2015		2016		2017	
	Number of shares '000	\$'000	Number of shares '000	\$'000	Number of shares '000	\$'000
<u>Issued and fully paid</u>						
Ordinary shares of no par value	<u>1,283</u>	<u>1,521</u>	<u>1,283</u>	<u>1,521</u>	<u>1,283</u>	<u>1,521</u>

The Company was incorporated on 12 December 2017 with an initial share capital of \$5,000 comprising 5,000 shares held by Inomed Holding Pte Ltd and the Executive Director, Mr. Tan Chwee Choon, respectively.

The share capital in the combined statements of financial position as at 31 December 2015, 2016 and 2017 comprises the summation of the share capital of its subsidiary, Hyphens Pharma Pte. Ltd..

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19. Share capital (cont'd)

On 19 April 2018, the Company issued 995,000 shares to Inomed Holding Pte Ltd and Mr. Tan Chwee Choon for a consideration of \$17,699,925 pursuant to the Restructuring Exercise as described in Note 1.2.

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

On 20 April 2018, pursuant to the Share Split, 1,000,000 shares in the capital of the Company were sub-divided into 240,000,000 shares.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

The Group is in a net cash and cash equivalents position (borrowings less cash and cash equivalent). The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk from borrowings.

20. Trade and other payables

	2015	2016	2017
	\$'000	\$'000	\$'000
<u>Trade payables:</u>			
Outside parties and accrued liabilities	16,655	23,247	27,559
<u>Other payables</u>			
Dividend payable	2,000	1,000	7,000
Other payables	392	357	542
Other payables – subtotal	2,392	1,357	7,542
Total trade and other payables	<u>19,047</u>	<u>24,604</u>	<u>35,101</u>

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21. Other financial liabilities

	2015	2016	2017
	\$'000	\$'000	\$'000
<u>Non-current:</u>			
Finance lease (secured) (Note 21A)	44	21	–
Term loan (secured) (Note 21C)	300	3,117	1,588
Total non-current portion	<u>344</u>	<u>3,138</u>	<u>1,588</u>
<u>Current:</u>			
Finance lease (secured) (Note 21A)	20	22	20
Short-term revolving loans (unsecured) (Note 21B)	700	2,600	–
Term loan (secured) (Note 21C)	–	1,468	1,529
Trust receipts and bills payable (Note 21D)	–	–	821
Total current portion	<u>720</u>	<u>4,090</u>	<u>2,370</u>
Total non-current and current	<u><u>1,064</u></u>	<u><u>7,228</u></u>	<u><u>3,958</u></u>

The ranges of floating interest rates paid were as follows:

	2015	2016	2017
Short-term revolving loans (unsecured)	3.1% to 3.9%	3.4% to 3.6%	3.5% to 3.6%
Trust receipts and bills payable	<u>–</u>	<u>–</u>	<u>1.6% to 2.7%</u>

The range of fixed rate interest rates paid were as follows:

Finance lease (secured)	16%	16%	16%
Term loan (secured)	<u>4%</u>	<u>4%</u>	<u>4%</u>

21A. Finance lease

	Minimum payments	Finance charges	Present value
	\$'000	\$'000	\$'000
<u>2015</u>			
Minimum lease payments payable:			
Due within one year	29	(9)	20
Due within 2 to 5 years	54	(10)	44
Total	<u>83</u>	<u>(19)</u>	<u>64</u>
Net book value of plant and equipment under finance leases			<u><u>57</u></u>

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21. Other financial liabilities (cont'd)

21A. Finance lease (cont'd)

	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>2016</u>			
Minimum lease payments payable:			
Due within one year	28	(6)	22
Due within 2 to 5 years	24	(3)	21
Total	<u>52</u>	<u>(9)</u>	<u>43</u>
Net book value of plant and equipment under finance leases			<u>36</u>
	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>2017</u>			
Minimum lease payments payable:			
Due within one year	23	(3)	20
Due within 2 to 5 years	–	–	–
Total	<u>23</u>	<u>(3)</u>	<u>20</u>
Net book value of plant and equipment under finance leases			<u>14</u>

There are leased assets under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets. The fixed interest rate approximates the market interest rate. The carrying amount of the lease liabilities was not significantly different from fair value (Level 2). The carrying amount of the lease liabilities are primarily denominated in Philippine Peso.

21B. Short-term revolving loans

The short-term revolving loans are covered by a corporate guarantee from Pan-Malayan Pharmaceuticals Pte Ltd and the joint and several personal guarantees by certain directors of the Company. No charge is made for the guarantee. The carrying amount is a reasonable approximation of the fair value (level 2) due to their short term nature or that they are floating rate instruments that are frequently re-priced to market interest rates.

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21. Other financial liabilities (cont'd)

21C. Term loan

In 2015, a subsidiary entered into term loan facility of \$6,000,000, first tranche of \$300,000 was disbursed on 29 December 2015 and second tranche of \$5,700,000 was disbursed in 2016. The loan is secured by a charge over the shares of Ocean Health Pte. Ltd. and covered by a corporate guarantee from Pan-Malayan Pharmaceuticals Pte Ltd and the joint and several personal guarantees by certain directors of the Company. No charge is made for the guarantee. The loan payable agreement provides that the loan is with fixed interest rate of 4% per annum in the first 2 years, prevailing 3-month SIBOR + 2.5% in the following years. It is expected to be settled within 4 years.

21D. Trust receipts and bill payable

The bank agreements for certain of the bank loans, overdrafts and other credit facilities provide among other matters for the following:–

1. Repayable on demand.
2. Joint and several personal guarantees by certain directors of the Company.
3. Corporate guarantee from Pan-Malayan Pharmaceuticals Pte Ltd.

22. Forward currency exchange contracts

In 2015, a subsidiary entered into some forward currency exchange contracts to mitigate the fluctuations of expected sales and purchases (forecast transactions) denominated in non-functional currencies. The fair value of forward currency exchange contracts is not significant, accordingly, no disclosure is made in the notes to the combined financial statements.

23. Capital commitments

As at the end of the reporting years, there is no capital commitment for future capital expenditure.

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24. Operating lease payment commitments – as lessee

At the end of the reporting year the total of future minimum lease payments commitments under non-cancellable operating leases are as follows:

	2015	2016	2017
	\$'000	\$'000	\$'000
Not later than one year	641	1,036	899
Later than one year and not later than five years	1,060	1,026	518
	<u>705</u>	<u>1,073</u>	<u>1,093</u>
Rental expense for the year	<u>705</u>	<u>1,073</u>	<u>1,093</u>

Operating lease payments represent rentals payable by the Group for office spaces and certain equipment. The lease rental terms are negotiated for an average term of three years.

25. Financial instruments: information on financial risks

25A. Categories of financial assets and liabilities

The following table categories the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	2015	2016	2017
	\$'000	\$'000	\$'000
<u>Financial assets:</u>			
Cash and cash equivalents	13,548	12,623	12,293
Loan and receivables	15,261	20,169	23,775
At end of the year	<u>28,809</u>	<u>32,792</u>	<u>36,068</u>
<u>Financial liabilities:</u>			
Trade and other payables measured at amortised cost	19,047	24,604	35,101
Other financial liabilities measured at amortised cost	1,064	7,228	3,958
At end of the year	<u>20,111</u>	<u>31,832</u>	<u>39,059</u>

Further quantitative disclosures are included throughout these combined financial statements.

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25. Financial instruments: information on financial risks (cont'd)

25B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior staff.
4. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

25C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the combined financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the combined statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

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HYPHENS PHARMA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

25. Financial instruments: information on financial risks (cont'd)

25D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss.

The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and debtors unless otherwise disclosed in the notes to the combined financial statements below.

Note 18 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2015 and 2016: 30 to 90 days). But some customers take a longer period to settle the amounts.

- (a) Ageing analysis of the age of trade receivable amounts that are past due at the end of reporting year but not impaired:

	2015	2016	2017
	\$'000	\$'000	\$'000
<u>Trade receivables</u>			
Less than 30 days	2,892	2,923	3,517
31 to 60 days	1,208	1,659	1,836
61 to 90 days	101	903	1,478
Over 90 days	748	1,169	2,142
Total	<u>4,949</u>	<u>6,654</u>	<u>8,973</u>

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25. Financial instruments: information on financial risks (cont'd)

25D. Credit risk on financial assets (cont'd)

- (b) Ageing analysis as at the end of the reporting year of trade receivable amounts that are impaired:

	2015	2016	2017
	\$'000	\$'000	\$'000
Trade receivables:			
Over 90 days	353	328	280
Total	<u>353</u>	<u>328</u>	<u>280</u>

The allowance which is disclosed in Note 17 on trade receivables is based on individual accounts totaling \$280,000 (2016: \$328,000 and 2015: \$353,000) that are determined to be impaired at the end of reporting year. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivables customers as at the end of the reporting year:

	2015	2016	2017
	\$'000	\$'000	\$'000
Top 1 customer	3,957	5,142	5,865
Top 2 customers	5,781	8,642	9,724
Top 3 customers	<u>7,193</u>	<u>10,027</u>	<u>11,839</u>

25E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 90 days (2016 and 2015: 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the combined statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

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25. Financial instruments: information on financial risks (cont'd)

25E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than 1 year \$'000	2-5 years \$'000	Total \$'000
Non-derivative financial liabilities:			
<u>2015:</u>			
Trade and other payables	19,047	–	19,047
Gross finance lease obligations	29	54	83
Gross borrowings commitments	700	396	1,096
At end of the year	<u>19,776</u>	<u>450</u>	<u>20,226</u>
<u>2016:</u>			
Trade and other payables	24,604	–	24,604
Gross finance lease obligations	28	24	52
Gross borrowings commitments	4,218	3,242	7,460
At end of the year	<u>28,850</u>	<u>3,266</u>	<u>32,116</u>
<u>2017:</u>			
Trade and other payables	35,101	–	35,101
Gross finance lease obligations	23	–	23
Gross borrowings commitments	2,447	1,622	4,069
At end of the year	<u>37,571</u>	<u>1,622</u>	<u>39,193</u>

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. At the end of the reporting year no claims on the financial guarantees are expected to be payable.

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25. Financial instruments: information on financial risks (cont'd)

25E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Bank facilities:

	2015	2016	2017
	\$'000	\$'000	\$'000
Undrawn borrowing facilities	5,180	12,580	14,358

Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with SFRS (I) 1-37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with SFRS(I) 15.

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

25F. Interest rate risk

The interest rate risk exposure is from changes in fixed interest rates and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	2015	2016	2017
	\$'000	\$'000	\$'000
Financial liabilities with interest:			
Fixed rates	364	4,628	3,137
Floating rates	700	2,600	821
Total at end of year	1,064	7,228	3,958

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis: The effect on pre-tax profit is not significant.

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25. Financial instruments: information on financial risks (cont'd)

25G. Foreign currency risks

Analysis of amounts denominated in non-functional currency:

	US dollar \$'000	Euro \$'000	Vietnam dong \$'000	Others \$'000	Total \$'000
<u>2015:</u>					
<u>Financial assets:</u>					
Cash and cash equivalents	2,795	1,536	39	45	4,415
Loan and receivables	4,158	2,431	–	415	7,004
Total financial assets	6,953	3,967	39	460	11,419
<u>Financial liabilities:</u>					
Trade and other payables	(5,310)	(1,683)	(439)	(71)	(7,503)
Total financial liabilities	(5,310)	(1,683)	(439)	(71)	(7,503)
Net financial assets (liabilities) at end of the year	1,643	2,284	(400)	389	3,916
	US dollar \$'000	Euro \$'000	Vietnam dong \$'000	Others \$'000	Total \$'000
<u>2016:</u>					
<u>Financial assets:</u>					
Cash and cash equivalents	1,930	3,870	51	135	5,986
Loan and receivables	4,914	4,323	–	862	10,099
Total financial assets	6,844	8,193	51	997	16,085
<u>Financial liabilities:</u>					
Trade and other payables	(6,355)	(5,512)	(998)	(138)	(13,003)
Total financial liabilities	(6,355)	(5,512)	(998)	(138)	(13,003)
Net financial assets (liabilities) at end of the year	489	2,681	(947)	859	3,082

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25. Financial instruments: information on financial risks (cont'd)

25G. Foreign currency risks (cont'd)

	US dollar \$'000	Euro \$'000	Vietnam dong \$'000	Others \$'000	Total \$'000
<u>2017:</u>					
<u>Financial assets:</u>					
Cash and cash equivalents	3,953	556	35	34	4,578
Loan and receivables	4,936	6,686	–	614	12,236
Total financial assets	8,889	7,242	35	648	16,814
<u>Financial liabilities:</u>					
Trade and other payables	(12,060)	(3,245)	(998)	–	(16,303)
Total financial liabilities	(12,060)	(3,245)	(998)	–	(16,303)
Net financial assets (liabilities) at end of the year	(3,171)	3,997	(963)	648	511

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

	2015 \$'000	2016 \$'000	2017 \$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the US dollars with all other variables held constant would have (an adverse)/a favourable effect on pre-tax profit of	(164)	(49)	317
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the Euro with all other variables held constant would have an adverse effect on pre-tax profit of	(228)	(268)	(400)
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the Vietnam Dong with all other variables held constant would have a favourable effect on pre-tax profit of	40	95	96

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25. Financial instruments: information on financial risks (cont'd)

25G. Foreign currency risks (cont'd)

	2015	2016	2017
	\$'000	\$'000	\$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against others with all other variables held constant would have an adverse effect on pre-tax profit of	(39)	(86)	(65)

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

26. Transition from FRSs to SFRS(I)s

The Group has early adopted Singapore Financial Reporting Standards (International) ("SFRS(I)s") on 1 January 2017. These combined financial statements for the year ended 31 December 2017 are the first set of combined financial statements of the Group prepared in accordance with SFRS(I)s. The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2016 were prepared in accordance with Singapore Financial Reporting Standards ("FRSs").

In adopting SFRS(I)s on 1 January 2017, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of SFRS(I) 1 ("SFRS(I) 1"). Under SFRS(I) 1, these combined financial statements are required to be prepared using accounting policies that comply with SFRS(I)s effective as at 31 December 2017. The same accounting policies are applied throughout all periods presented in these combined financial statements, subject to the mandatory exception and optional exemption under SFRS(I) 1.

The Group's opening balance sheet has been prepared as at 1 January 2015, which is the Group's date of transition to SFRS(I)s ("date of transition").

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26. Transition from FRSs to SFRS(I)s (cont'd)

26.1 Effects of transitioning to SFRS(I)s

The Group's combined statements of financial position, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows are reported in accordance to SFRS(I)s.

There is no material adjustments to the four primary combined financial statements arising from the transition from FRSs to SFRS(I)s. Accordingly, no reconciliation table is being presented.

27. New or amended standards in issue but not yet effective

For the future reporting years new or revised Singapore Financial Reporting Standards (International) and the related Interpretations to SFRS(I)s ("SFRS(I) INT") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

FRS No.	Title	Effective date for periods beginning on or after
SFRS(I) 2	Amendments to Classification and Measurement of Share-based Payment Transactions	1 January 2018
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers. Amendments to Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 January 2018
SFRS(I) 16	Leases and Leases – Illustrative Examples & Amendments to Guidance on Other Standards	1 January 2019
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019

SFRS (I) 9 Financial Instruments

On the basis of the facts and circumstances that exist as at 31 December 2017 (see accounting policy in Note 2 and disclosures in Note 25) the entity does not anticipate that the application of the new standard will have a material impact on the financial position and/or financial performance of the entity, apart from providing more extensive disclosures on the entity's financial instruments.

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27. New or amended standards in issue but not yet effective (cont'd)

SFRS (I) 15 Revenue from Contracts with Customers

On the basis of the current accounting treatment of the major sources of revenue (see accounting policy in Note 2 and disclosures in Note 5 on revenue) the management does not anticipate that the application of SFRS(I) 15 will have a material impact on the financial position and/or financial performance of the entity, apart from providing more extensive disclosures on the revenue transactions. However, as the entity is still in the process of assessing the full impact of the application of SFRS(I) 15 on the combined financial statements, it is not practicable to provide a reasonable financial estimate of the effect until the detailed review is completed.

SFRS(I) 16 Leases

SFRS(I) 16 Leases effective for annual periods beginning on or after 1 January 2019 replaces FRS 17 and its interpretations. Almost all leases will be brought onto lessees' statements of financial position under a single model (except leases of less than 12 months and leases of low value assets). Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's operating leases (Note 24) are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under SFRS(I) 16, the Group will need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability, and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase, and the timing of expenses recognition will also be impacted as a result.

As discussed in Note 24, the Group's future minimum lease payments under non-cancellable operating leases for its office spaces and certain equipment amounted to approximately \$1,417,000 as at 31 December 2017. The leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once SFRS(I) 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition relief is available to the Group.

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28. Events after the end of the reporting year

Subsequent to the end of the financial year:

- (i) On 19 April 2018, the Company entered into a sale and purchase agreement to acquire from Hyphens Pharma Pte. Ltd. the entire issued and paid-up capital in Pan-Malayan Pharmaceuticals Pte Ltd for a consideration of S\$1,013,780. See Note 1.2 for details.
- (ii) On 19 April 2018, the Company also entered into a sale and purchase agreement with Inomed Holding Pte Ltd and Mr. Tan Chwee Choon to acquire the entire issued and paid-up share capital of Hyphens Pharma Pte. Ltd. for a total consideration of S\$16,686,145. See Note 1.2 for details.
- (iii) On 20 April 2018, 1,000,000 shares in the capital of the Company were sub-divided into 240,000,000 shares.

APPENDIX B – SUMMARY OF OUR CONSTITUTION

The discussion below provides information about certain provisions of our Constitution and certain aspects of Singapore company law. This description is only a summary and is qualified by reference to the Companies Act and our Constitution. The instruments that constitute and define us are our Constitution.

SUMMARY OF OUR CONSTITUTION

1. Directors

(a) Ability of Interested Directors to Vote

A Director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest, directly or indirectly, and he shall not be counted in the quorum present at the meeting in relation to any resolution he is debarred from voting on.

(b) Remuneration

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of our Company) as shall from time to time be determined by our Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services outside the scope of the ordinary duties of a Director, may be paid extra remuneration by way of salary, commission or otherwise, as the Directors may determine.

The remuneration of a Managing Director shall be fixed by the Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover. The Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

There are no specific provisions in our Constitution relating to a Director's power to vote on remuneration (including pension or other benefits) for himself or for any other Director, and whether the quorum at the meeting of our Board of Directors to vote on Directors' remuneration may include the Director whose remuneration is the subject of the vote.

(c) Borrowing

Our Directors may exercise all the powers of our Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

APPENDIX B – SUMMARY OF OUR CONSTITUTION

(d) Retirement Age Limit

There is no retirement age limit for Directors under our Constitution.

(e) Shareholding Qualification

There is no shareholding qualification for Directors in our Constitution.

2. Share Rights and Restrictions

We currently have one class of shares, namely, ordinary shares. Only persons who are registered on our register of members are recognised as our Shareholders. In cases where the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares are recognised as our Shareholders.

(a) Dividends and Distribution

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Directors. We must pay all dividends out of profits available for distribution. We may capitalise any sum standing to the credit of any of our Company's reserve accounts and apply it to pay dividends, if such dividends are satisfied by the issuance of Shares to our Shareholders. All dividends are paid pro rata amongst our Shareholders in proportion to the amount paid up on each Shareholder's ordinary shares, unless the rights attaching to an issuance of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute our Company a trustee in respect thereof. All dividends and other monies payable on or in respect of a Share that are unclaimed after being payable may be invested or otherwise made use of by the Directors for the benefit of our Company. Any dividend or any such monies unclaimed after a period of six years after being payable may be forfeited and shall revert to our Company but the Directors may thereafter at their absolute discretion annul any such forfeiture and pay the monies so forfeited to the person entitled thereto prior to the forfeiture.

The Directors may retain any dividends or other monies payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting Rights

A holder of our Shares is entitled to attend and vote at any general meeting, in person or by proxy. Proxies need not be a Shareholder. A person who holds ordinary shares through SGX-ST's book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP as at 72 hours before the general meeting. Except as otherwise provided in our Constitution, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, on a show of

APPENDIX B – SUMMARY OF OUR CONSTITUTION

hands, every Shareholder present in person or by proxy or attorney shall have one vote, and on a poll, every Shareholder present in person or by proxy or attorney shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting, by any Shareholder present in person or by proxy or attorney and representing not less than 5.0% of the total voting rights of all shareholders having the right to vote at the meeting or by not less than five Shareholders present in person or by proxy or attorney and entitled to vote at the meeting. In the case of a tie vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

3. Changes in Capital

We may, by ordinary resolution of our Shareholders, increase, consolidate and divide, cancel or sub-divide our share capital or convert our share capital from one currency into another currency. Certain changes to our capital structure, such as the conversion of one class of shares into another class of shares, or the reduction of our share capital, require shareholders to pass a special resolution. General meetings at which ordinary resolutions are proposed to be passed shall be called by at least 14 days' notice in writing, while any general meeting at which a special resolution is proposed to be passed shall be called by at least 21 days' notice in writing. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. A reduction of our share capital is further subject to the conditions prescribed by law.

4. Variation of Rights of Existing Shares or Classes of Shares

Subject to the Companies Act, whenever the share capital of our Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of holders of three-quarters of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of our Constitution relating to general meetings of our Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons holding or representing by proxy or attorney at least one-third of the issued shares of that class, and that any holder of shares of the class present in person or by proxy or attorney may demand a poll, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution passed at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

The relevant provision of our Constitution does not impose more significant conditions than the Companies Act in this regard.

5. Limitations on Foreign or Non-resident Shareholders

There are no limitations imposed by Singapore law or by our Constitution on the rights of our Shareholders who are regarded as non-residents of Singapore, to hold or vote their shares.

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APPENDIX C – DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

We are subject to the relevant laws and regulations of the countries in which we operate. The following is a summary of the main laws and regulations in Singapore, Vietnam and Malaysia that are relevant to our business (other than those generally applicable to companies or, as the case may be, representative offices operating in those jurisdictions) as of the Latest Practicable Date. As of the Latest Practicable Date, we are in compliance with all relevant laws and regulations that would materially affect our business operations.

SINGAPORE

Health Products Act, Chapter 122D of Singapore (the “Health Products Act”) and the Regulations thereunder

The Health Products Act and the regulations thereunder regulate, among others, the manufacture, import, supply, presentation and advertisement of health products (which include therapeutic products, medical devices and cosmetic products).

Under the Health Products Act, except in such cases as may be prescribed, a valid manufacturer’s licence is required to manufacture therapeutic products and medical devices, a valid importer’s licence is required to import therapeutic products and medical devices and a valid wholesaler’s licence is required to engage in the wholesale supply of therapeutic products and medical devices. In addition, no person shall supply any therapeutic product or medical device to any other person unless such therapeutic product or medical device has been registered in accordance with the provisions of the Health Products Act. Any person who contravenes these provisions is guilty of an offence.

An application for a manufacturer’s licence, an importer’s licence or a wholesaler’s licence for a therapeutic product must be made to the Health Sciences Authority in the prescribed form and manner. The Health Products (Therapeutic Products) Regulations stipulate certain requirements that must be satisfied before such licence may be issued to an applicant. For example, an applicant of a manufacturer’s licence for a therapeutic product must, among other things, be able to provide and maintain, or ensure the provision and maintenance of, such staff, premises, equipment and facilities as are necessary for carrying out the stages of the manufacture of the therapeutic product to be authorised by the licence and be able to conduct all manufacturing operations in such a way as to ensure that the therapeutic product is of the correct identity and conforms with the applicable standards of strength, quality and purity for that therapeutic product. An applicant of a manufacturer’s licence, an importer’s licence or a wholesaler’s licence must also be able to provide and maintain, or ensure the provision and maintenance of, such staff, premises, equipment and facilities for the handling and storage of the therapeutic product as are necessary to prevent the deterioration of the therapeutic product while it is in the applicant’s ownership, possession or control. In addition, an applicant of a manufacturer’s licence, an importer’s licence or a wholesaler’s licence must be able to comply with the relevant Good Manufacturing Practice or Good Distribution Practice standards.

No licence is required for the manufacture, importation or wholesale supply of cosmetic products in Singapore. However, the Health Products (Cosmetic Products – ASEAN Cosmetic Directive) Regulations 2007 provides that prior notification to the Health Sciences Authority in the prescribed form is required before a cosmetic product may be supplied in Singapore, unless the cosmetic product is supplied solely as a sample in connection with any advertising, sponsorship or promotional activity, is supplied solely for testing or trial use in connection with any research or development of that product or is manufactured by or in accordance with the specifications of a medical practitioner, and supplied solely by that medical practitioner for the use of patients under his care. Any person who contravenes this provision is guilty of an offence.

APPENDIX C – DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

The Health Products Act imposes various duties on manufacturers, importers, suppliers and registrants of health products. In particular, the Health Products Act stipulates that where a manufacturer, an importer, a supplier or a registrant of a health product becomes aware of any defect in the health product or any adverse effect that has arisen or can arise from the use of the health product, such person has a duty to inform the Health Sciences Authority of the defect or adverse effect within a prescribed time. Any person who fails to do so is guilty of an offence.

Medicines Act, Chapter 176 of Singapore (the “Medicines Act”) and the Regulations thereunder

The Medicines Act makes provisions with respect to medicinal products and medical advertisements and matters connected therewith. It applies generally to medicinal products, including Chinese proprietary medicines, but does not apply to therapeutic products, medical devices and cosmetic products, which are governed under the Health Products Act. Among other things, the Medicines Act stipulates that no person shall manufacture or assemble any medicinal product except in accordance with a manufacturer’s licence and that no person shall sell any medicinal product by way of wholesale dealing except in accordance with a wholesale dealer’s licence. Any person who contravenes these provisions is guilty of an offence.

In addition, the Medicines Act provides that a manufacturer’s licence does not authorise the manufacture or assembly of medicinal products of any description for sale or supply to any other person, or for exportation, unless the holder of the licence is also the holder of a product licence which is applicable to medicinal products of that description, or the products are manufactured or assembled to the order of a person who is the holder of such a product licence, and the products are manufactured or assembled in accordance with that product licence.

Pursuant to the provisions of the Medicines Act, in dealing with an application for a manufacturer’s licence, the Health Sciences Authority shall, in particular, take into consideration the operations proposed to be carried out in pursuance of the licence, the premises in which those operations are to be carried out, the equipment which is or will be available on those premises for carrying out those operations, the qualifications of the persons under whose supervision those operations will be carried out, and the arrangements made or to be made for securing the safekeeping of, and the maintenance of adequate records in respect of, medicinal products manufactured or assembled in pursuance of the licence. In the case of an application for a wholesale dealer’s licence, the relevant considerations include the premises in which medicinal products of the descriptions to which the application relates will be stored, the equipment which is or will be available for storing medicinal products in those premises, the equipment and facilities which are or will be available for distributing medicinal products from those premises, and the arrangements made or to be made for securing the safekeeping of, and the maintenance of adequate records in respect of, medicinal products stored in or distributed from those premises.

Workplace Safety and Health Act, Chapter 354A of Singapore (the “Workplace Safety and Health Act”) and the Regulations thereunder

The Workplace Safety and Health Act and the regulations thereunder govern the safety, health and welfare of persons at work in workplaces. Among other things, the Workplace Safety and Health Act imposes a duty on employers to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of their employees at work. These measures include the following:

- providing and maintaining for those persons a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work;

APPENDIX C – DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

- ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by those persons;
- ensuring that those persons are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace, or near their workplace and under the control of the employer;
- developing and implementing procedures for dealing with emergencies that may arise while those persons are at work; and
- ensuring that those persons at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

Additional duties apply to employers under the Workplace Safety and Health (General Provisions) Regulations. For example, where any person at work in any workplace carries out any process, operation or work involving exposure to any infectious agents or biohazardous material which may constitute a risk to his health, the employer of such person has a duty to take effective measures to protect that person from their harmful effects.

Personal Data Protection Act 2012 (No. 26 of 2012) (the “Personal Data Protection Act”) and the Regulations thereunder

The Personal Data Protection Act governs the collection, use and disclosure of personal data by organisations. For the purposes of the Personal Data Protection Act, “personal data” means data, whether true or not, about an individual who can be identified from that data, or from that data and other information to which the organisation has or is likely to have access.

Under the Personal Data Protection Act, the obligations of an organisation in relation to the collection, use and disclosure of personal data include the following:

- not to collect, use or disclose personal data about an individual unless the individual gives, or is deemed to have given, his consent under the Personal Data Protection Act to the collection, use or disclosure, or such collection, use or disclosure without the consent of the individual is required or authorised under the Personal Data Protection Act or any other written law;
- to collect, use or disclose personal data about an individual only for purposes that a reasonable person would consider appropriate in the circumstances and that the individual has been informed of, if applicable;
- to inform an individual of the purposes for the collection, use or disclosure of his personal data, on or before collecting such personal data, except if the individual is deemed to have consented to the collection, use or disclosure in accordance with the provisions of the Personal Data Protection Act or the organisation collects, uses or discloses the personal data without the consent of the individual in accordance with the provisions of the Personal Data Protection Act;
- on request of an individual, to, as soon as reasonably possible, provide the individual with personal data about the individual that is in the possession or under the control of the organisation, and information about the ways in which such personal data has been or may have been used or disclosed by the organisation within a year before the date of the request, unless certain specified exceptions apply;

APPENDIX C – DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

- on request of an individual, to, as soon as practicable, correct an error or omission in the personal data about the individual that is in the possession or under the control of the organisation, unless certain specified exceptions apply;
- to make a reasonable effort to ensure that personal data collected by or on behalf of the organisation is accurate and complete, if the personal data is likely to be used by the organisation to make a decision that affects the individual to whom the personal data relates or is likely to be disclosed by the organisation to another organisation;
- to protect personal data in the possession or under the control of the organisation by making reasonable security arrangements to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks;
- to cease to retain documents containing personal data, or remove the means by which the personal data can be associated with particular individuals, as soon as it is reasonable to assume that the purpose for which that personal data was collected is no longer being served by retention of the personal data and retention is no longer necessary for legal or business purposes;
- not to transfer any personal data to a country or territory outside Singapore except in accordance with the requirements prescribed under the Personal Data Protection Act; and
- to develop and implement policies and practices that are necessary for the organisation to meet the obligations of the organisation under the Personal Data Protection Act, develop a process to receive and respond to complaints that may arise with respect to the application of the Personal Data Protection Act, communicate to its staff information about the organisation's policies and practices referred to in the foregoing, and make information available on request about the policies and practices and complaint process referred to in the foregoing.

An organisation that fails to comply with the provisions of the Personal Data Protection Act may be directed by the Personal Data Protection Commission to stop collecting, using or disclosing personal data in contravention of the Personal Data Protection Act, destroy personal data collected in contravention of the Personal Data Protection Act, provide access to or correct personal data and/or pay a financial penalty.

Ancillary Laws and Regulations

We are also subject to other ancillary laws and regulations generally relevant to pharmaceutical and consumer healthcare businesses in Singapore, including the following:

- the Poisons Act, Chapter 234 of Singapore, which regulates the importation, possession, manufacture, compounding, storage, transport and sale of certain substances deemed to be poisons within the meaning of the Poisons Act;
- the Sale of Drugs Act, Chapter 282 of Singapore (the "Sale of Drugs Act"), which makes provision for the sale of drugs in a pure state, for the purpose of ensuring that consumers are supplied with the quantity and quality of drugs demanded by them, explicitly or implicitly; and
- the Medicines (Advertisement and Sale) Act, Chapter 177 of Singapore (the "Medicines (Advertisement and Sale) Act"), which prohibits certain advertisements relating to medical matters and regulates the sale of substances recommended as a medicine.

APPENDIX C – DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

The Sale of Drugs Act and the Medicines (Advertisement and Sale) Act are to be repealed on the coming into operation of Section 76(1) of the Medicines Act.

VIETNAM

Pharmaceutical Products

Regulations relating to the Sale of Pharmaceutical Products in Vietnam by a Foreign Company

Previously, under Circular No. 17/2001/TT-BYT, a foreign company conducting business in drugs and drug substances in Vietnam was required to register its operations in the field of medicines and raw medicinal materials in Vietnam and obtain an operating licence to conduct business in medicine and raw medicinal materials. However, the Drug Administration of Vietnam (the “DAV”) abolished this procedure with effect from 1 January 2017 in its Official Letter No. 21996/QLD-KD dated 7 November 2016. Accordingly, a foreign company is no longer required to obtain or renew an operating licence to conduct business in medicine and raw medicinal materials in order to engage in drug trading activities (including the registration, importation and exportation of drugs) in Vietnam. However, a foreign company must contract with licensed importers to supply drugs into Vietnam. In addition, Decree No. 54/2017/ND-CP guiding implementation of the Law on Pharmacy 2016 (“Decree 54/2017/ND-CP”) provides that a foreign company must satisfy one of the following criteria in order to supply drugs in Vietnam:

- (a) the foreign company must be a manufacturer of drugs or active ingredients in drugs;
- (b) the foreign company must be the owner of the product or the holder of a Certificate of Pharmaceutical Product for the product;
- (c) the foreign company does not satisfy (a) or (b) above but holds a valid product registration for the product in Vietnam at the time of custom clearance; or
- (d) the foreign company holds a licence to conduct business in pharmaceutical products and raw pharmaceutical materials in Vietnam.

Foreign companies that fall within limbs (c) or (d) above must be authorised by the entity referred to in (a) or (b) above in order to supply pharmaceutical products in Vietnam.

Regulations relating to Representative Offices of Foreign Companies in Vietnam

Under Vietnam law, the operation of a representative office of a foreign company in the pharmaceutical industry in Vietnam is governed by the Commercial Law No. 36/2005/QH11 dated 14 June 2005 (the “Commercial Law 2005”) and the regulations promulgated thereunder, as well as certain provisions of the Law on Pharmacy No. 105/2016/QH13 dated 06 April 2016 (the “Law on Pharmacy 2016”).

A representative office’s scope of operations is limited to certain activities, such as acting as a liaison office, conducting market research and enhancing business investment opportunities for the foreign business entity it represents. Hence, a representative office is not considered a separate legal entity, but rather an extension of a foreign business entity in Vietnam. Therefore, a representative office is prohibited from carrying out profit-generating activities, including, but not

APPENDIX C – DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

limited to, promotional and marketing activities for the goods/services of the foreign business entity in Vietnam, or other activities related to profit-generating/promotional/marketing activities. However, a representative office is allowed to:

- (a) act as a liaison office between the foreign business entity and its partners in Vietnam;
- (b) conduct activities to maintain its operations in Vietnam, including: (i) renting offices; (ii) leasing or purchasing the equipment and facilities necessary for its operations; (iii) recruiting Vietnamese and foreign employees to work for it; (iv) opening accounts and using such accounts solely for its operations; and (v) having a seal bearing its name;
- (c) conduct commercial enhancement activities for the foreign business entity within the scope permitted by the Law on Commerce No. 36/2005/QH11 dated 14 June 2006, including:
 - (i) to the extent authorised by the foreign business entity, signing a contract with advertising service providers to advertise the goods/services of the foreign business entity;
 - (ii) displaying and introducing the goods/services of the foreign business entity at its location or, to the extent authorised by the foreign business entity, engaging services for such display and introduction; and
 - (iii) to the extent authorised by the foreign business entity, signing contracts with service providers of trade fair or exhibition services to organise or participate in trade fairs or exhibitions;
- (d) conduct market research;
- (e) enhance investment and business cooperation opportunities for the foreign business entity; and
- (f) enter into commercial contracts in the name and/or on behalf of the foreign business entity, or to amend or supplement such contracts already signed, provided that the foreign business entity has granted the chief representative of the representative office a valid power of attorney to do so.

Except as stated above, a representative office is not allowed to carry out, or engage other entities to carry out, any promotional or marketing activities in Vietnam.

Regulations relating to Product Registration and Price Controls

Before being sold in Vietnam, drugs and drug ingredients must be registered with the MOH with a declared price set by the registering company in order to obtain a product registration issued by the MOH. Decree 54/2017/ND-CP requires a drug importer to declare the wholesale price of a drug product before the relevant product can be put on the market in Vietnam. The DAV will assess whether such prices are reasonable before publishing such prices on its website. The published prices are the price ceilings for the relevant products and the importer will not be able to increase or decrease the prices of the relevant products without the prior approval of the DAV. Instead, the importer must re-declare the wholesale price when it wishes to adjust the declared price.

APPENDIX C – DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

A product registration is usually valid for three to five years, after which the relevant pharmaceutical product must be re-registered or the product registration must be extended, as the case may be.

According to the Law on Pharmacy 2016, a foreign business entity may apply for product registration for drugs provided that it has a representative office established in Vietnam. Under Decree 54/2017/ND-CP, a representative office is permitted to assist its foreign business entity in preparing and submitting application dossiers to register pharmaceutical products with the DAV in order to obtain product registration for the pharmaceutical products under the name of the foreign business entity. The chief representative of the representative office can be authorised by the foreign business entity to directly sign the application dossiers. Within twelve months from the date of receipt of a complete registration application, the MOH will issue the product registration for the product. In the case of a refusal to issue or where the eligibility conditions for the issuance have not been met, the MOH will issue a written response stating the reasons for the refusal.

Regulations relating to Providing Information on Pharmaceutical Products

The collection and provision of information regarding the quality, safety, and efficacy of a drug is a restricted activity in Vietnam. There are three modes via which information on pharmaceutical products, or drug information, may be disseminated to healthcare professionals, namely medical representatives, publications containing drug information, and drug symposia.

Licensed drug trading entities (meaning entities that have obtained CSCs), representative offices of foreign business entities in Vietnam and the holders of product registrations are responsible for providing the relevant drug information to the competent authorities, healthcare professionals and consumers.

A representative office acting within the scope of the authorisation given by its foreign business entity is allowed to apply to the DAV for certification of the content of materials containing drug information under its own name. However, under the current regulations, it is unclear as to how a representative office can conduct activities pertaining to drug information, or whether a representative office is allowed to employ medical representatives, or is allowed to organise drug symposiums by itself. This lack of clarity is due to confusion regarding the interpretation and application of certain regulations relating to the dissemination of drug information, in particular the following:

- ***Medical Representatives***

Under current applicable laws, there is no definition of medical representative. However, under a previous regulation (Circular 13/2009/TT-BYT), a medical representative is a person who has a medical background and who has been granted a medical representative card (“MRC”) by the Department of Health (the “DOH”). Before the Law on Pharmacy 2016 took effect on 1 January 2017, the DOH issued MRCs to the employees of representative offices so that they could provide drug information to healthcare professionals.

The current law only provides that licensed drug trading entities are allowed to employ medical representatives to provide drug information to healthcare professionals. It does not state whether a representative office is permitted to employ medical representatives. As a representative office does not fall within the definition of a licensed drug trading entity, a possible interpretation is that a representative office is not permitted to provide drug information to healthcare professionals via medical representatives.

APPENDIX C – DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

- *Publications Containing Drug Information*

Under the Law on Pharmacy 2016 and Decree 54/2017/ND-CP, representative offices are allowed to publish drug information materials and apply to the DAV for certification of the content of such materials. However, it is unclear how a representative office can distribute such materials to healthcare professionals. The MOH is preparing a draft Circular to provide further guidelines on drug information activities, including the distribution of drug information materials pursuant to the Law on Pharmacy 2016 and Decree 54/2017/ND-CP. At present, there is no information available about when this draft Circular is expected to come into force.

- *Drug Symposiums*

Under the Commercial Law 2005, a representative office is not allowed to directly display or introduce the products of the foreign business entity it represents outside of the representative office's premises. There is no explicit guidance under Decree 54/2017/ND-CP on whether a representative office is allowed to organise or host a drug symposium or specialised healthcare conference except for certain provisions stipulating that a representative office is entitled to, under its own name, apply to the DOH for certification of the content of the drug information materials to be used for drug symposiums.

Regulations relating to the Advertisement of Pharmaceutical Products

Under Circular 09/2015/TT-BYT, which regulates the advertisement of pharmaceutical products in Vietnam, only non-prescription drugs can be advertised to consumers. Under the Commercial Law 2005, representative offices are prohibited from directly conducting commercial advertising. However, if there is a specific authorisation from the foreign business entity it represents, a representative office may enter into a contract with an advertising company in Vietnam to carry out advertising for such foreign business entity. Before a non-prescription drug may be advertised to consumers, the holder of the product registration is required to obtain a confirmation from the MOH for the content of the advertisement. A representative office of the product registration holder may also apply to the MOH for such approval if it is authorised by the product registration holder to do so.

Health Supplements

Regulations relating to the Sale of Health Supplements

Before 2 February 2018, under Decree No. 38/2012/ND-CP, before a health supplement product could be sold in Vietnam, the seller was required to obtain a Confirmation of Announcement of Food Safety Regulations Conformity (a "Confirmation of Announcement") from the Department of Safety and Food Hygiene (the "DSFH") under the MOH. In order to obtain a Confirmation of Announcement for imported health supplements, the following documents were required to be submitted to the DFSH: (a) a certificate for free circulation, or health certificate, or the equivalent certificate from the country of origin; (b) product testing results issued within 12 months; a certificate on satisfaction of conditions on food safety issued to the importer; and (c) a certificate of conformity with HACCP or ISO 22000 standards (or equivalent). A Confirmation of Announcement could be issued within 30 working days following submission of a Confirmation of Announcement dossier to the local DSFH. Representative offices could also apply for a Confirmation of Announcement if they were authorised by the entities they represent to do so.

APPENDIX C – DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

As of 2 February 2018, Decree No. 38/2012/ND-CP was replaced by Decree No. 15/2018/ND-CP. Under Decree 15/2018/ND-CP, individuals and organisations trading in health supplement products are required to register a product declaration and obtain a Receipt of Product Declaration from MOH in respect of each imported health supplement product. The registration dossier for product declaration of imported products includes: a product declaration (in a standard form); certificate of free sale or certificate of exportation or health certificate issued by the competent authority in the country of origin; test report on food safety of the product within a 12-month period prior to the date of submission issued by a designated testing laboratory or an accredited testing laboratory in conformity with ISO 17025 standards; scientific evidence of declared utility of the product or of the components that make up the declared product; and certificate of compliance of food safety practices with good manufacturing practice (GMP) requirements or equivalent certification (applicable from 1 July 2019).

There is a transitional period allowing the use of products that have been granted a Confirmation of Announcement which was issued prior to the effective date of Decree 15/2018/ND-CP (i.e., 2 February 2018) until the expiry date stated on the relevant Confirmation of Announcement and the expiry date of the shelf life of the relevant products.

Regulations relating to the Advertisement of Health Supplements

Under Circular No. 09/2015/TT-BYT, before a health supplement product may be advertised for sale in Vietnam, the entity named on the Confirmation of Announcement must follow procedures to obtain the approval of the DSFH for the content of the advertisement.

Medical Devices

Regulations relating to the Sale of Medical Devices

Under Decree No. 36/2016/ND-CP dated 15 May 2016, imported medical devices must be issued a product registration by MOH before they may be marketed and sold in Vietnam.

The requirement for product registration applies to all medical devices, which may be categorised as Class A, B, C, or D medical devices. Class A medical devices are considered to be of the lowest level of risk and their product registrations, once granted, are valid for an indefinite term. Class B, C, and D medical devices are generally considered to be of higher levels of risk and their product registrations are valid for five years from their issuance dates.

Although Decree 36/2016/ND-CP came into effect as of 1 July 2016, there is a transitional period for its implementation. The MOH issued Official Letter No. 3600/BYT-TB-CT dated 23 June 2017 providing temporary guidance on Decree 36/2016/ND-CP and Official Letter No. 7165/BYT-TB-CT dated 14 December 2017 providing guidance for implementing Resolution No. 131/NQ-CP dated 6 December 2014 to extend the transitional period for the implementation of Decree 36/2016/ND-CP to the end of 31 December 2018 (instead of 31 December 2017) with details as follows:

- (a) in respect of Class A medical devices, the requirement to obtain a product registration under Decree 36/2016/ND-CP still applies;

APPENDIX C – DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

- (b) in respect of Class B, C and D medical devices which required import licences under the previous regulation (i.e., Circular 30/2015/TT-BYT), import licences are still required and will be granted in accordance with Circular 30/2015/TT-BYT until 31 December 2018. For import licences which expired on 31 December 2017, the expiry date of the import licence will not be automatically renewed but the importer is required to send a written request to the Department of Medical Device and Health Works (“DMD”) to review and renew the import licence pursuant to Circular 30/2015/TT-BYT.
- (c) in respect of Class B, C and D medical devices which did not require import licences under Circular 30/2015/TT-BYT, no product registration pursuant to Decree 36/2016/ND-CP is required until the end of the day on 31 December 2018, provided that the medical device has been duly classified by the authorised agencies and a classification result has been obtained;

Under Decree No. 36/2016/ND-CP, a representative office of a foreign business entity which is the product owner or an entity authorised by the product owner is allowed to apply for and hold the product registration for medical devices.

Regulations relating to the Advertisement of Medical Devices

Under Circular No. 09/2015/TT-BYT, advertisements for imported medical devices must contain the product registration number of the medical device and its place of manufacture. Before a medical device can be advertised, the entity named on the product registration is required to obtain a confirmation from the DMD for the content of the advertisement.

Cosmetic Products

Regulations relating to the Sale of Cosmetic Products

Under Circular No. 06/2011/TT-BYT, imported cosmetic products can only be marketed and sold in Vietnam after a Declaration of Cosmetic Product in respect of the relevant cosmetic product has been submitted to the MOH and the MOH has issued a confirmation of receipt. The confirmation of receipt for the Declaration of Cosmetic Product is valid for five years from the date of its issuance. Therefore, upon expiry of such confirmation of receipt, a new Declaration of Cosmetic Product must be submitted in order to continue trading in the relevant products in Vietnam.

Under the applicable laws, a product owner can, via a power of attorney, authorise other entities to submit the Declaration of Cosmetic Product for its cosmetic products and distribute these products in Vietnam.

Regulations relating to the Advertisement of Cosmetic Products

Under Circular No. 09/2015/TT-BYT, the content of advertisements for cosmetic products must be consistent with the Declaration of Cosmetic Product and any other documents proving the safety and efficacy of the relevant cosmetic products and must comply with the guidelines under the ASEAN Cosmetic Directive.

Before a cosmetic product may be advertised for sale, the entity named on the relevant Declaration of Cosmetic Product, or an entity which is authorised by the entity named on the relevant Declaration of Cosmetic Product, must obtain a confirmation from the DOH for the content of the advertisement.

APPENDIX C – DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

MALAYSIA

Sale of Drugs Act 1952; Control of Drugs and Cosmetics Regulations 1984

Registration of Products

Under the Control of Drugs and Cosmetics Regulations 1984 (“CDCR 1984”), all products (as defined in the CDCR 1984) are required to be registered with the Drug Control Authority of Malaysia before they may be imported into Malaysia. The CDCR 1984 defines “product” to mean either a drug in a dosage unit or otherwise, for use wholly or mainly by being administered to one or more human beings or animals for a medicinal purpose, or a drug to be used as an ingredient of a preparation for a medicinal purpose.

All applications for registration of products must be submitted online via the product registration and licensing system called ‘Quest 3+’ which is available on the National Pharmaceutical Regulatory Agency’s (“NPRA”) website. Every application for the registration shall be accompanied by the prescribed processing fees and such other documents, items, samples, particulars or information as the Drug Control Authority may require. Upon the registration of a product, the Drug Control Authority of Malaysia shall notify the product registration holder and assign a product registration number or a product listing number to each registered product.

Import Licence

Under the CDCR 1984, no person shall import any product unless the product has been registered with the Drug Control Authority of Malaysia and the person holds an import licence.

An application for an import licence can either be made to the NPRA in the prescribed form and manner, or via online submissions through the Quest 3+ system which is available on the NPRA's website. Each application shall be accompanied with a processing fee of RM 500.00 and the applicant shall furnish documents, particulars or information as the Director of Pharmaceutical Services may require.

Under Regulation 17 of the CDCR 1984, the Director of Pharmaceutical Services may, at any time and without assigning any reason, revoke any licence issued under the CDCR 1984 and may amend the conditions of the licence. In addition, Regulation 14 of the CDCR 1984 states that the Director of Pharmaceutical Services may, if he thinks fit and without assigning any reason, refuse any application for a licence.

Notification of Cosmetics

Regulation 18A of the CDCR 1984 states that no person shall import any cosmetic product unless the cosmetic product is a notified cosmetic, or unless he is the person responsible for placing the notified cosmetic in the market or a person authorised in accordance with the notification note issued by the Director of Pharmaceutical Services.

Any person responsible for placing the notified cosmetic in the market may apply for the issuance of a notification note in such manner as determined by the Director of Pharmaceutical Services and shall be accompanied with a processing fee. A “notified cosmetic” means a cosmetic as specified in the notification note issued by the Director of Pharmaceutical Services. The Director of Pharmaceutical Services may issue a notification note to the person responsible for placing the

APPENDIX C – DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

notified cosmetic in the market subject to such conditions as he may impose, and he may at any time and without assigning any reason, reject any application for the issuance of a notification note.

Other Requirements

Under the CDCR 1984, every licensed importer is also required to maintain proper records of each transaction involving the importation of all registered products or notified cosmetics.

Importers are also required to comply with the Guidelines on Good Distribution Practice issued by NPRA. All importers of registered products or notified cosmetics, as the case may be, and their related materials (such as raw materials, starting materials, intermediates, excipients and packaging materials) are required to adopt proper distribution and store management procedures appropriate for the distribution and storage of registered products or notified cosmetics, as the case may be, and their related materials destined for the consumer.

Any person who contravenes any of the above provisions commits an offence under the CDCR 1984 and shall be liable on conviction to a fine not exceeding RM25,000.00 or to imprisonment for a term not exceeding three years or to both, and for a second or subsequent offence, shall be liable to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding five years or to both. A body corporate who commits an offence under the CDCR 1984 shall be liable on conviction to a fine not exceeding RM50,000.00, and for a second or subsequent offence, shall be liable on conviction to a fine not exceeding RM100,000.00.

Poisons Act 1952

Pharmacist's Poison (Type A) Licence

The Poisons Act 1952 ("PA 1952") governs the importation, possession, manufacture, compounding, storage, transport, sale and use of poisons. Under the PA 1952, "poison" means any substance specified by name in the first column of the Poisons List (as set out in the First Schedule of the PA 1952) and includes any preparation, solution, compound, mixture or natural substance containing such substance, other than an exempted preparation or an article or preparation included for the time being in the Second Schedule of the PA 1952. No person other than a person who is issued with a licence under Section 26(2) of the PA 1952 may import any poison from any place outside of Malaysia. Section 26(3) of the PA 1952 states that every such licence shall be substantially in the form prescribed applicable to the type of such licence and shall state the name of the person to whom it is issued, and the premises on which any sale or use may be effected, and the period for which such licence is valid. In addition, section 26(4) of the PA 1952 states that every such licence shall be subject to such terms and conditions as the licensing officer may in his discretion impose subject however in all cases to appeal to the Minister.

Any person who contravenes this provision is guilty of an offence under the PA 1952 and shall be liable on conviction to a fine not exceeding RM3,000.00 or imprisonment for a term not exceeding one year or both, provided that if the act was likely to endanger human life, such person shall be liable on conviction to a fine not exceeding RM5,000.00 or to imprisonment for a term not exceeding two years or both. Where the person charged with an offence under the PA 1952 is a body corporate, every person who is a director or officer of such body corporate may be charged jointly in the same proceedings. Under Section 26(5) of the PA 1952, the licensing officer may, in his discretion, refuse to issue a licence under Section 26(2) of the PA 1952 or may cancel any such licence previously issued, provided that any person aggrieved by the refusal may appeal to the Minister whose decision shall be final.

APPENDIX C – DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

PA 1952 also requires the seller of any poisons (by way of wholesale) to maintain a book containing entries of each sale of any poison. Section 32(1) of the PA 1952 states that any person who wilfully fails to keep any book required to be kept under the PA 1952, or who wilfully fails to make in such book any entry required to be made by the PA 1952, or who knowingly or recklessly makes any false entry in such book which he knew to be false or which he did not believe to be true shall be guilty of an offence punishable by a fine not exceeding RM5,000.00 or by imprisonment for a term not exceeding two years or both.

Medical Devices Act 2012

Registration of Medical Devices

Under the Medical Device Act 2012 (“MD Act 2012”), all medical devices that are imported into or placed in the market in Malaysia must be registered with the Medical Device Authority of Malaysia (the “MDA”). Any person who contravenes this requirement commits an offence and is liable on conviction to a fine not exceeding RM200,000.00 or to imprisonment for a term not exceeding three years or to both. If a body corporate commits an offence under the MD Act 2012, a director, manager, secretary or other similar officer of the body corporate may be charged in the same proceedings with the body corporate. In addition, the MDA may, at any time, impose any additional conditions on the registration of a medical device or vary or revoke any of the conditions imposed on the registration of a medical device.

Under the Medical Device Regulations 2012, all medical devices which are imported into Malaysia are required to undergo a conformity assessment to demonstrate their conformity with the requirements of the Good Distribution Practice for Medical Devices issued by the MDA.

Establishment Licence

An importer of medical devices is required to apply for an establishment licence under the MD Act 2012 before it may import into or place any registered medical devices in the market in Malaysia. Any importer of medical devices which contravenes this requirement shall on conviction be liable to a fine not exceeding RM200,000.00 or to imprisonment for a term not exceeding three years or to both. If a body corporate commits an offence under the MD Act 2012, a director, manager, secretary or other similar officer of the body corporate may be charged in the same proceedings with the body corporate. In addition, the MDA may, at any time, impose any additional conditions on an establishment licence or vary or revoke any of the conditions imposed on an establishment licence.

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APPENDIX D – RULES OF THE HYPHENS SHARE PLAN

1. NAME OF THE PLAN

This Plan shall be called the “Hyphens Performance Share Plan”.

2. DEFINITIONS

2.1 In this Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Administration Committee”	The Remuneration Committee of our Company, or such other committee comprising Directors appointed by our Board to administer the Plan
“Adoption Date”	The date on which the Plan is adopted by our Company in general meeting
“associates”	Has the meaning ascribed to it in the Rules of Catalist
“Auditors”	The auditors for the time being of our Company
“Award”	A contingent award of Shares granted under Rule 5
“Award Letter”	A letter in such form as the Administration Committee shall approve, confirming an Award granted to a Participant by the Administration Committee
“Board”	The board of directors of our Company
“Catalist”	The sponsor-supervised listing platform of SGX-ST
“CDP”	The Central Depository (Pte) Limited
“Companies Act”	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Company”	Hyphens Pharma International Limited, a public company incorporated in Singapore with limited liability
“Constitution”	The constitution of our Company, as amended or modified from time to time
“control”	The capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of a company

APPENDIX D – RULES OF THE HYPHENS SHARE PLAN

“Controlling Shareholder”	A person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in a company, unless SGX-ST determines that such person is not a controlling shareholder; or (b) in fact exercises control over a company
“Date of Grant”	In relation to an Award, the date on which the Award is granted pursuant to Rule 5
“Director”	A person holding office as a director for the time being of our Company and/or our Subsidiaries, as the case may be
“Employee”	An employee or an Executive Director of our Group selected by the Administration Committee to participate in the Plan
“Executive Director”	A director for the time being of our Company and/or any of our Subsidiaries, holding office in an executive capacity in our Company and/or such Subsidiary
“Group”	Our Company and our Subsidiaries
“Market Day”	A day on which SGX-ST is open for trading in securities
“Market Value”	<p>In relation to a Share, on any day:</p> <p>(a) the average price of a Share on SGX-ST (or such other stock exchange on which our Shares may for the time being be listed or quoted) over the five immediately preceding Market Days on which our Shares are transacted on SGX-ST (or such other stock exchange on which our Shares may for the time being be listed or quoted); or</p> <p>(b) if the Administration Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Administration Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable</p>

APPENDIX D – RULES OF THE HYPHENS SHARE PLAN

“Non-Executive Director”	A director (other than an Executive Director) from time to time of our Company and/or any of our Subsidiaries
“Participant”	The holder of an Award
“Performance Condition”	In relation to a Performance-related Award, the condition specified on the Date of Grant in relation to that Award
“Performance-related Award”	An Award in relation to which a Performance Condition is specified
“Performance Period”	In relation to a Performance-related Award, a period, the duration of which is to be determined by the Administration Committee on the Date of the Grant, during which the Performance Condition is to be satisfied
“Plan”	The Hyphens Performance Share Plan, as the same may be modified or altered from time to time
“Record Date”	The date as of the close of business (or such other time as may have been prescribed by our Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Release”	In relation to an Award, the release at the end of the Vesting Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7, and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly
“Released Award”	An award in respect of which the Vesting Period relating to that Award has ended and which has been released in accordance with Rule 7
“Rules”	Rules of the Plan
“Rules of Catalist”	Section B of the Listing Manual of SGX-ST dealing with the rules of Catalist, as from time to time amended, modified or supplemented
“Securities and Futures Act”	The Securities and Futures Act, Chapter 289 of Singapore as amended, modified or supplemented from time to time

APPENDIX D – RULES OF THE HYPHENS SHARE PLAN

“Securities Account”	The securities account maintained by a Depositor with CDP
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholders”	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	Ordinary shares in the capital of our Company
“Subsidiary”	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of our Company within the meaning of Section 5 of the Companies Act
“Trading Day”	A day on which the Shares are traded on SGX-ST
“Vesting Period”	In relation to the Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly
“Vesting Date”	In relation to an Award, a period or periods, the duration of which is to be determined by the Administration Committee at the Date of Grant
“S\$”	Singapore dollar
“%”	Per centum or percentage
2.2	The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act.
2.3	Words importing the singular number shall, where applicable, include the plural number and <i>vice versa</i> . Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
2.4	Any reference to a time of a day in the Plan is a reference to Singapore time.
2.5	Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in the Plan shall have the meaning assigned to it under the Companies Act.

APPENDIX D – RULES OF THE HYPHENS SHARE PLAN

3. OBJECTIVES OF THE PLAN

- 3.1 The Plan is a performance incentive scheme, which is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding Employees who have contributed to the growth of the Group.
- 3.2 The objectives of the Plan are as follows:
- (a) provide an opportunity for Participants to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of Participants towards the Group;
 - (b) motivate Participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
 - (c) give recognition to contributions made or to be made by Participants by introducing a variable component into their remuneration package; and
 - (d) make employee remuneration sufficiently competitive to recruit new Participants and/or to retain existing Participants whose contributions are important to the long-term growth and profitability of the Group.

4. ELIGIBILITY OF PARTICIPANTS

- 4.1 Any person shall be eligible to participate in the Plan at the absolute discretion of the Administration Committee, provided that at the Date of Grant such person must:
- (a) be confirmed in his/her employment with the Group;
 - (b) have attained the age of 21 years; and
 - (c) not be an undischarged bankrupt and must not have entered into a composition with his/her creditors.
- 4.2 Non-Executive Directors (including independent Directors) who satisfy the eligibility requirements in Rule 4.1(b) and (c) shall also be eligible to participate in the Plan.
- 4.3 Controlling Shareholders and their associates who meet the eligibility criteria in Rule 4.1 shall be eligible to participate in the Plan, provided that the participation of and the terms of each grant and the actual number of Awards granted under the Plan to a person who is a Controlling Shareholder or an associate of a Controlling Shareholder shall be approved by independent Shareholders in a separate resolution for each such person, with such separate resolution including approval for the actual number and terms of Awards to be granted to that person. Our Company will at such time provide the rationale and justification for any proposal to grant such Controlling Shareholders or associates of the Controlling Shareholders any Awards (including the rationale for any discount to the market price, if so proposed).

Such Controlling Shareholders and their associates shall abstain from voting on the resolution in relation to their participation in the Plan and grant of Awards to them.

APPENDIX D – RULES OF THE HYPHENS SHARE PLAN

4.4 The eligibility of Participants to participate in the Plan, the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan and the Vesting Period shall be determined at the absolute discretion of the Administration Committee, which shall take into account:

- (a) the financial performance of the Group;
- (b) in respect of a Participant being an Employee, criteria such as his rank, job performance, potential for future development and his contribution to the success and development of the Group; and
- (c) in respect of a Participant being a Non-Executive Director, criteria such as his contribution to the success and development of the Group.

In addition, for Performance-related Awards, the extent of effort required to achieve the Performance Condition within the Performance Period shall also be considered.

4.5 Subject to the Companies Act and any requirement of SGX-ST, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Administration Committee, which would be exercised judiciously.

5. GRANT OF AWARDS

5.1 Subject as provided in Rule 8, the Administration Committee may grant Awards to Employees as the Administration Committee may select in its absolute discretion, at any time during the period when the Plan is in force.

5.2 The Administration Committee shall decide, in its absolute discretion, in relation to each Award:

- (a) the Participant;
- (b) the Date of Grant;
- (c) the number of Shares which are the subject of the Award;
- (d) the prescribed Vesting Period(s);
- (e) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
- (f) in the case of a Performance-related Award, the Performance Period and the Performance Condition.

APPENDIX D – RULES OF THE HYPHENS SHARE PLAN

- 5.3 The Administration Committee may amend or waive the Vesting Period(s) and, in the case of a Performance related Award, the Performance Period and/or the Performance Condition in respect of any Award:
- (a) in the event of a general offer (whether conditional or unconditional) being made for all or any part of the Shares, or a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act, or a proposal to liquidate or sell all or substantially all of the assets of the Company; or
 - (b) in the case of a Performance-related Award, if anything happens which causes the Administration Committee to conclude that:
 - (i) a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the Performance Condition should be waived as the Participant has achieved a level of performance that the Administration Committee considers satisfactory notwithstanding that the Performance Condition may not have been fulfilled, and shall notify the Participants of such change or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate any such change or waiver).
- 5.4 As soon as reasonably practicable after making an Award, the Administration Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:
- (a) the Date of Grant;
 - (b) the number of Shares which are the subject of the Award;
 - (c) the prescribed Vesting Period(s);
 - (d) the extent to which Shares which are the subject of that Award shall be released at the end of each prescribed Vesting Period; and
 - (e) in the case of a Performance-related Award, the Performance Period and the Performance Condition.
- 5.5 Participants are not required to pay for the grant of Awards.
- 5.6 An Award or Released Award shall be personal to the Participant to whom it is granted and no Award or Released Award or any rights thereunder shall be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award, that Award or Released Award shall immediately lapse.

APPENDIX D – RULES OF THE HYPHENS SHARE PLAN

6. EVENTS PRIOR TO THE VESTING DATE

- 6.1 An Award, to the extent not yet Released, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against the Company, its Directors or employees):
- (a) a Participant, being an Employee, ceasing for any reason whatsoever, to be in the employment of the Company and/or the relevant Subsidiary or in the event the company by which the Employee is employed ceases to be a company in the Group;
 - (b) a Participant, being a Non-Executive Director, ceasing to be a director of the Company and/or the relevant Subsidiary, as the case may be, for any reason whatsoever;
 - (c) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award;
 - (d) ill health, injury, disability or death of a Participant;
 - (e) a Participant commits any breach of any of the terms of his Award;
 - (f) misconduct on the part of a Participant as determined by the Company in its discretion;
 - (g) a take-over, winding-up or reconstruction of the Company; and/or
 - (h) any other event approved by the Administration Committee.

For the purpose of Rule 6.1(a) above, an Employee shall be deemed to have ceased to be in the employment of the Company or the Subsidiary (as the case may be) on the date on which he gives notice of termination of employment, unless prior to the date on which termination takes effect, the Employee has (with the consent of the Company or the Subsidiary (as the case may be)) withdrawn such notice.

For the purpose of Rule 6.1(b), a Participant shall be deemed to have ceased to be an Non-Executive Director as at the date the notice of resignation of or termination of directorship, as the case may be, is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

- 6.2 The Administration Committee may in its absolute discretion and on such terms and conditions as it deems fit, preserve all or any part of any Award notwithstanding the provisions of any other Rules including Rules 6.1 and 7.1. Further to such exercise of discretion, the Awards shall be deemed not to have become void nor cease to have effect in accordance with the relevant provisions in Rule 6.1.
- 6.3 Without prejudice to the provisions of Rules 5.3 and 7.1, to the extent of an Award yet to be Released, if any of the following occurs:
- (a) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;
 - (b) a scheme of an arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act;

APPENDIX D – RULES OF THE HYPHENS SHARE PLAN

- (c) an order for the compulsory winding-up of the Company is made; or
- (d) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made,

the Administration Committee may consider, at its discretion, whether or not to Release such Award. If the Administration Committee decides to Release such Award, then in determining the number of Shares to be Vested in respect of such Award, the Administration Committee will have regard to the proportion of the Vesting Period(s) which has elapsed and the extent to which the Performance Condition (if any) has been satisfied. Where such Award is Released, the Administration Committee will, as soon as practicable after such Release, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7. If the Administration Committee so determines, the Release may be satisfied in cash as provided in Rule 7.

7. RELEASE OF AWARDS

- 7.1 (a) In relation to each Performance-related Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Administration Committee shall review the Performance Condition specified in respect of that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied. If the Administration Committee determines, in its sole discretion, that the Performance Condition has not been satisfied or if the relevant Participant (being an Employee) has not continued to be an Employee from the Date of Grant up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rule 7 (save for this Rule 7.1(a)) shall be of no effect.

The Administration Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and, in making any such determination, the Administration Committee shall have the right to make computational adjustments to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Administration Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

Subject to:

- (i) (in relation to a Performance-related Award) the Administration Committee having determined that the Performance Condition has been satisfied;
- (ii) the relevant Participant (being an Employee) having continued to be an Employee from the Date of Grant up to the end of the relevant Vesting Period;
- (iii) the Administration Committee being of the opinion that the job performance of the relevant Participant has been satisfactory;
- (iv) such consents (including any approvals required by SGX-ST) as may be necessary;
- (v) compliance with the terms of the Award, the Plan and the Constitution of the Company;

APPENDIX D – RULES OF THE HYPHENS SHARE PLAN

- (vi) where Shares are to be allotted or transferred on the release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and
- (vii) where Shares are to be allotted on the release of an Award, the Company being satisfied that the Shares which are the subject of the Released Award will be listed for quotation on SGX-ST,

upon the expiry of each Vesting Period in relation to an Award, the Company shall Release to the relevant Participant the Shares to which his Award relates on the Vesting Date.

- (b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Market Day falling as soon as practicable after the Release of such Award in accordance with Rule 7.1(a) and, on the Vesting Date, the Administration Committee will procure the allotment or transfer to each Participant of the number.
- (c) Where Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to SGX-ST for the listing and quotation of such Shares.

7.2 Shares which are allotted or transferred on the Release of an Award to a Participant shall be registered in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.

7.3 Shares allotted and issued, and existing Shares procured by the Company on behalf of the Participants for transfer, upon the Release of an Award shall:

- (a) be subject to all the provisions of the Constitution of the Company; and
- (b) rank for any dividend, right, allotment or other distribution on the Record Date of which is on or after the relevant Vesting Date and (subject as aforesaid) will rank *pari passu* in all respects with the Shares then existing.

The Administration Committee may determine to make a Release, wholly or partly, in the form of cash rather than Shares which would otherwise have been allotted and issued to the Participant upon the Release of an Award on the relevant Vesting Date, in which event the Company shall pay to the Participant as soon as practicable after such Vesting Date, in lieu of all or part of such Shares, the aggregate Market Value of such Shares on such Vesting Date.

8. LIMITATION ON THE SIZE OF THE PLAN

8.1 The aggregate number of Shares which may be issued and/or transferred pursuant to Awards granted under the Plan on any date, when added to the number of Shares issued and issuable and/or transferred and transferrable in respect of all Awards granted under the Plan, and all options and awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury shares, as defined in the Companies Act) on the day preceding that date.

APPENDIX D – RULES OF THE HYPHENS SHARE PLAN

8.2 The aggregate number of Shares available to Controlling Shareholders and their associates under the Plan shall not exceed 25.0% of the Shares available under the Plan.

8.3 The number of Shares available to each Controlling Shareholder or his/her associate under the Plan shall not exceed 10.0% of the Shares available under the Plan.

9. ADJUSTMENT EVENTS

9.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested and the rights attached thereto; and/or
- (b) the class and/or number of Shares in respect of which Awards may be granted under the Plan,

may, at the option of the Administration Committee, be adjusted in such manner as the Administration Committee may determine to be appropriate, provided that any such adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

9.2 Unless the Administration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

9.4 Upon any adjustment being made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.

9.5 Notwithstanding the provisions of Rule 9.1 or that no adjustment is required under the provisions of the Plan, the Administration Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made to any of the matters referred to in Rule 9.1 notwithstanding that no adjustment is required under the said provisions (as the case may be), request the Auditors to consider whether for any reasons whatsoever the adjustment or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified

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or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion appropriate.

10. ADMINISTRATION OF THE PLAN

- 10.1 The Plan shall be administered by the Administration Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Administration Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him or held by him.
- 10.2 The Administration Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the Plan and any dispute and uncertainty as to the interpretation of the Plan, any rule, regulation or procedure thereunder or any rights under the Plan shall be determined by the Administration Committee.
- 10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on the Company or the Administration Committee any liability whatsoever in connection with:
- (a) the lapsing of any Awards pursuant to any provision of the Plan;
 - (b) the failure or refusal by the Administration Committee to exercise, or the exercise by the Administration Committee of, any discretion under the Plan; and/or
 - (c) any decision or determination of the Administration Committee made pursuant to any provision of the Plan.
- 10.4 Any decision or determination of the Administration Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive. The Administration Committee shall not be required to furnish any reasons for any decision or determination made by it.

11. NOTICES

- 11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other address (including an electronic mail address) or facsimile number, and marked for the attention of the Administration Committee, as may be notified by the Company to the Participant in writing.
- 11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and a Participant shall be given or made by the Administration Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to a Participant by hand or sent to a Participant at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number provided by the Participant to the Company.

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- 11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by the Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

12. MODIFICATIONS TO THE PLAN

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Administration Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the prior consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would thereby become entitled to not less than 75.0% of the number of all the Shares which would fall to be vested upon the Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards;
 - (b) any modification or alteration which would be to the advantage of Participants under the Plan shall be subject to the prior approval of the Shareholders in general meeting; and
 - (c) no modification or alteration shall be made without the prior approval of SGX-ST and such other regulatory authorities as may be necessary.
- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Administration Committee may at any time by resolution (and without other formality, save for the prior approval of SGX-ST) amend or alter the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including SGX-ST).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

13. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

14. DURATION OF THE PLAN

- 14.1 The Plan shall continue to be in force at the discretion of the Administration Committee for a maximum period of 10 years commencing on the Adoption Date, provided always that the Plan may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

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14.2 The Plan may be terminated at any time by the Administration Committee, at the discretion of the Administration Committee, or by ordinary resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Company hereunder.

14.3 The termination of the Plan shall not affect Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

15. TAXES

All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the Plan shall be borne by that Participant.

16. COSTS AND EXPENSES OF THE PLAN

16.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) or, as the case may be, share transfer form(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent.

16.2 Except for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment and issuance, or transfer, of Shares pursuant to the Release of any Award shall be borne by the Company.

17. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Administration Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of the Shares on SGX-ST in accordance with Rule 7.1(c).

18. ANNUAL REPORT DISCLOSURE

18.1 The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Scheme continues in operation:

(a) the names of the members of the Administration Committee;

(b) in respect of the following Participants, the information in the table set out below:

(i) Participants who are Directors;

(ii) Participants who are Controlling Shareholders and their associates; and

(iii) Participants, other than those in (i) and (ii) above, who receive Awards comprising Shares representing 5.0% or more of the total number of Shares available under the Plan.

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Name of Participant	Number of new Shares allotted and existing Shares purchased for delivery pursuant to Release of Awards under the Plan during the financial year under review and terms of such Awards	Number of new Shares allotted and existing Shares purchased for delivery pursuant to Release of Awards under the Plan since commencement of the Plan to the end of the financial year under review	Aggregate number of Shares comprised in Awards which have not been Released as of the end of the financial year under review
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(c) in relation to the Plan, the following particulars:

- (i) the aggregate number of Shares comprised in Awards granted since the commencement of the Plan to the end of the financial year under review;
- (ii) the aggregate number of Shares comprised in Awards which have Vested during the financial year under review and in respect of such Awards, the proportion of:
 - (1) Shares issued; and
 - (2) where applicable, existing Shares purchased, including the range of prices at which such Shares have been purchased, upon the Vesting of Released Awards; and
- (iii) the aggregate number of Shares comprised in Awards which have not been Released as at the end of the financial year under review; and

(d) such other information as may be required by the Rules of Catalyst.

18.2 If any of the disclosures in Rule 18.1 is not applicable, an appropriate negative statement will be included in the annual report.

19. ABSTENTION FROM VOTING

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Plan, including relating to participation in the Plan and grant of Awards to the Participants. Participants may act as proxies of Shareholders of the Company in respect of the votes of such Shareholders in relation to any such resolution provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

APPENDIX D – RULES OF THE HYPHENS SHARE PLAN

20. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Company, its Directors or employees or the Administration Committee shall not under any circumstances be held liable for any costs, losses, expenses liabilities or damages whatsoever and howsoever arising in respect of any matter under or in connection with the Plan, including but not limited to any delay or failure to issue, or procure the transfer of, the Shares or to apply for or procure the listing of new Shares on SGX-ST in accordance with Rule 7.1(c) (and any other stock exchange on which the Shares are quoted or listed).

21. DISPUTES

Any disputes or differences of any nature arising hereunder (other than matters to be confirmed by the Auditors in accordance with the Plan) shall be referred to the Administration Committee and its decision shall be final and binding in all respects (including any decisions pertaining to disputes as to interpretation of the Plan or any Rule, regulation, procedure thereunder or as to any rights under the Plan).

22. GOVERNING LAW

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by being granted Awards in accordance with the Plan, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

1. NAME OF THE SCHEME

This Scheme shall be called the “Hyphens Employee Share Option Scheme”.

2. DEFINITIONS

2.1 In the Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Administration Committee”	The Remuneration Committee of our Company, or such other committee comprising Directors appointed by our Board to administer the Scheme
“Adoption Date”	The date on which the Scheme is adopted by our Company in general meeting
“Aggregate Subscription Cost”	The total amount payable for Shares which may be acquired on the exercise of an Option
“associates”	Has the meaning ascribed to it in the Rules of Catalist
“Auditors”	The auditors of our Company for the time being
“Board”	The board of directors of our Company
“Catalist”	The sponsor-supervised listing platform of SGX-ST
“CDP”	The Central Depository (Pte) Limited
“Companies Act”	The Companies Act, Chapter 50 of Singapore as amended, modified or supplemented from time to time
“Company”	Hyphens Pharma International Limited, a public company incorporated in Singapore with limited liability
“Constitution”	The constitution of our Company, as amended or modified from time to time
“control”	The capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Shareholder”	A person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in a company, unless SGX-ST determines that such person is not a controlling shareholder; or (b) in fact exercises control over a company

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

“Date of Grant”	In relation to an Option, the date on which the Option is granted pursuant to Rule 6
“Director”	A person holding office as a director for the time being of our Company and/or our Subsidiaries, as the case may be
“Employee”	An employee or an Executive Director of our Group selected by the Administration Committee to participate in the Scheme
“Executive Director”	A director for the time being of our Company and/or any of our Subsidiaries, holding office in an executive capacity in our Company and/or such Subsidiary
“Exercise Period”	<p>The period for the exercise of an Option, being, in respect of a Participant other than a Non-Executive Director, a period commencing:</p> <ul style="list-style-type: none">(a) after the first anniversary of the Date of Grant and expiring on the tenth anniversary of such Date of Grant in the case of a Market Price Option; and(b) after the second anniversary of the Date of Grant and expiring on the tenth anniversary of such Date of Grant in the case of an Incentive Option, <p>and being, in respect of a Participant who is a Non-Executive Director, a period commencing:</p> <ul style="list-style-type: none">(c) after the first anniversary of the Date of Grant and expiring on the fifth anniversary of such Date of Grant in the case of a Market Price Option; and(d) after the second anniversary of the Date of Grant and expiring on the fifth anniversary of such Date of Grant in the case of an Incentive Option
“Exercise Price”	The price at which a Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 7, as adjusted in accordance with Rule 12
“Grantee”	The person to whom an offer of an Option is made
“Group”	Our Company and our Subsidiaries
“Incentive Option”	An Option granted with the Exercise Price set at a discount to the Market Price

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

“Market Day”	A day on which SGX-ST is open for trading in securities
“Market Price”	A price equal to the average of the last dealt prices for the Shares on SGX-ST over the five consecutive Trading Days immediately preceding the Date of Grant of that Option, as determined by the Administration Committee by reference to the daily official list or any other publication published by SGX-ST, rounded to the nearest whole cent in the event of fractional prices
“Market Price Option”	An Option granted with the Exercise Price set at the Market Price
“Non-Executive Director”	A director (other than an Executive Director) from time to time of our Company and/or any of our Subsidiaries
“Option”	The right to subscribe for Shares granted or to be granted to an Employee pursuant to the Scheme and for the time being subsisting
“Participant”	The holder of an Option
“Record Date”	The date as of the close of business (or such other time as may have been prescribed by our Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Rules”	Rules of the Scheme
“Rules of Catalyst”	Section B of the Listing Manual of SGX-ST dealing with the rules of Catalyst, as from time to time amended, modified or supplemented
“Scheme”	The Hyphens Employee Share Option Scheme, as the same may be modified or altered from time to time
“Securities and Futures Act”	The Securities and Futures Act, Chapter 289 of Singapore as amended, modified or supplemented from time to time
“Securities Account”	The securities account maintained by a Depositor with CDP
“SGX-ST”	Singapore Exchange Securities Trading Limited

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

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|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Shareholders” | Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares |
| “Shares” | Ordinary shares in the capital of our Company |
| “Subsidiary” | A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of our Company within the meaning of Section 5 of the Companies Act |
| “Trading Day” | A day on which the Shares are traded on SGX-ST |
| “S\$” | Singapore dollar |
| “%” | Per centum or percentage |
- 2.2 The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act.
- 2.3 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
- 2.4 Any reference to a time of a day in the Scheme is a reference to Singapore time.
- 2.5 Any reference in the Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in the Scheme shall have the meaning assigned to it under the Companies Act.
- 3. OBJECTIVES OF THE SCHEME**
- 3.1 The Scheme is a share incentive plan, which is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding Employees who have contributed to the growth of the Group.
- 3.2 The objectives of the Scheme are as follows:
- (a) provide an opportunity for Participants to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of Participants towards the Group;
 - (b) motivate Participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
 - (c) give recognition to contributions made or to be made by Participants by introducing a variable component into their remuneration package; and

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

- (d) make employee remuneration sufficiently competitive to recruit new Participants and/or to retain existing Participants whose contributions are important to the long-term growth and profitability of the Group.

4. ELIGIBILITY OF PARTICIPANTS

- 4.1 Any person shall be eligible to participate in the Plan at the absolute discretion of the Administration Committee, provided that at the Date of Grant such person must:

- (a) be confirmed in his/her employment with the Group;
- (b) have attained the age of 21 years; and
- (c) not be an undischarged bankrupt and must not have entered into a composition with his/her creditors.

- 4.2 Non-Executive Directors (including Independent Directors) who satisfy the eligibility requirements in Rule 4.1(b) and (c) shall also be eligible to participate in the Scheme.

- 4.3 Controlling Shareholders and their associates who meet the eligibility criteria in Rule 4.1 shall be eligible to participate in the Scheme, provided that the participation of and the terms of each grant and the actual number of Options granted under the Scheme to a person who is a Controlling Shareholder or an associate of a Controlling Shareholder shall be approved by independent Shareholders in a separate resolution for each such person, with such separate resolution including approval for the actual number and terms of Options to be granted to that person. The Company will at such time provide the rationale and justification for any proposal to grant such Controlling Shareholders or associates of the Controlling Shareholders any Options (including the rationale for any discount to the market price, if so proposed).

Such Controlling Shareholders and their associates shall abstain from voting on the resolution in relation to their participation in the Scheme and grant of Options to them.

- 4.4 Subject to the Companies Act and any requirement of SGX-ST, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Administration Committee, which would be exercised judiciously.

5. OPTION ENTITLEMENT

- 5.1 Subject to Rule 4, Rule 11 and Rule 12, the aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the Scheme shall be determined at the absolute discretion of the Administration Committee, which shall take into account:

- (a) the financial performance of the Group;
- (b) in respect of a Participant being an Employee, criteria such as his rank, job performance, potential for future development and his contribution to the success and development of the Group; and
- (c) in respect of a Participant being a Non-Executive Director, criteria such as his contribution to the success and development of the Group.

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

6. GRANT AND ACCEPTANCE OF OPTIONS

- 6.1 Subject as provided in Rule 11, the Administration Committee may grant Options at any time during the period when the Scheme is in force, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, Options may only be granted on or after the second Market Day from the date on which such announcement is released.
- 6.2 The Letter of Offer to grant an Option shall be in, or substantially in, the form set out in Schedule A, subject to such modification as the Administration Committee may from time to time determine.
- 6.3 An Option shall be personal to the person to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Administration Committee.
- 6.4 The grant of an Option under this Rule 6 shall be accepted by the Grantee within 30 days from the Date of Grant of that Option and, in any event, not later than 5.00 p.m. on the thirtieth day from such Date of Grant by completing, signing and returning the Acceptance Form in or substantially in the form set out in Schedule B, subject to such modification as the Administration Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration.
- 6.5 If a grant of an Option is not accepted in the manner as provided in Rule 6.4, such offer shall, upon the expiry of the 30-day period, automatically lapse and become null, void and of no effect.

7. EXERCISE PRICE

Subject to any adjustment pursuant to Rule 12, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Administration Committee, in its absolute discretion, on the Date of Grant, at:

- (a) a price equal to the Market Price; or
- (b) a price which is set at a discount to the Market Price, provided that:
 - (i) the maximum discount shall not exceed 20.0% of the Market Price (or such other percentage or amount as may be determined by the Administration Committee and permitted by SGX-ST); and
 - (ii) the Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid.

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

8. RIGHTS TO EXERCISE OPTIONS

- 8.1 Subject as provided in Rule 8 and Rule 9, a Market Price Option or an Incentive Option, as the case may be, shall be exercisable, in whole or in part, during the Exercise Period applicable to that Option.
- 8.2 An Option shall, to the extent unexercised, immediately lapse without any claim whatsoever against the Company:
- (a) in the event of misconduct on the part of the Participant as determined by the Administration Committee in its discretion;
 - (b) subject to Rule 8.3(b), where the Participant ceases at any time to be in the employment of any of the Group, for any reason whatsoever;
 - (c) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Option; or
 - (d) the company by which he is employed ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group.

For the purpose of Rule 8.2(b), the Participant shall be deemed to have ceased to be so employed as of the last day of his employment. For avoidance of doubt, no Option shall lapse pursuant to Rule 8.2(b) in the event of any transfer of employment of a Participant between companies in the Group.

- 8.3 In any of the following events, namely:
- (a) where the Participant ceases at any time to be in the employment of the Group by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Administration Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age; or
 - (iv) retirement before the legal retirement age with the consent of the Administration Committee; or
 - (b) where the Participant ceases at any time to be in the employment of any of the companies in the Group by reason of any other event approved in writing by the Administration Committee,

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

the Participant may exercise any Option:

- (i) in the case where the cessation of employment or cessation to be a Director, as the case may be, occurs after the first day of the Exercise Period in respect of such Option, within the period of 18 months after the date of such cessation of employment or such cessation to be a director, as the case may be, or before the expiry of the Exercise Period in respect of that Option, whichever is earlier, and upon expiry of such period the Option shall lapse; and
- (ii) in the case where the cessation of employment or cessation to be a Director, as the case may be, occurs before the first day of the Exercise Period in respect of such Option, within the period of 18 months after the first day of the Exercise Period in respect of that Option, and upon expiry of such period the Option shall lapse.

8.4 If a Participant dies, whether or not while still in the employment of any of the companies in the Group and at the date of his death holds any unexercised Option, such Option shall continue to be exercisable by the duly appointed personal representatives of the Participant:

- (a) in the case where death occurs after the first day of the Exercise Period in respect of such Option, within the period of 18 months after the date of such cessation of employment or before the expiry of the Exercise Period in respect of that Option, whichever is earlier, and upon expiry of such period the Option shall lapse; and
- (b) in the case where the death occurs before the first day of the Exercise Period in respect of such Option, within the period of 18 months after the first day of the Exercise Period in respect of that Option, and upon expiry of such period, the Option shall lapse.

9. TAKE-OVER AND WINDING-UP OF THE COMPANY

9.1 Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to exercise any Option held by him and as yet unexercised, in respect of such number of Shares comprised in that Option as may be determined by the Administration Committee in its absolute discretion, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (a) the expiry of six months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the officer and with the approvals of the Administration Committee and SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Exercise Period relating thereto); or
- (b) the date of expiry of the Exercise Period relating thereto,

whereupon the Option then remaining unexercised shall lapse.

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Exercise Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 8, remain exercisable until the expiry of the Exercise Period relating thereto.

- 9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant shall be entitled, notwithstanding Rule 8 but subject to Rule 9.5, to exercise any Option then held by him, in respect of such number of Shares comprised in that Option as may be determined by the Administration Committee in its absolute discretion, during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Exercise Period relating thereto), whereupon the Option shall lapse and become null and void.
- 9.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- 9.4 In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it dispatches such notice to each member of the Company give notice thereof to all Participants (together with a notice of the existence of the provision of this Rule 9.4) and thereupon, each Participant (or his personal representative) shall be entitled to exercise all or any of his Options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the Aggregate Subscription Cost whereupon the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Participant credited as fully-paid.
- 9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Administration Committee, be permitted to exercise that Option as provided for in this Rule 9.
- 9.6 To the extent that an Option is not exercised within the periods referred to in this Rule 9, it shall lapse and become null and void.

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

10. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES

- 10.1 Subject to Rule 8.1, an Option may be exercised, in whole or in part, by a Participant giving notice in writing to the Company in or substantially in the form set out in Schedule C, subject to such modification as the Administration Committee may from time to time determine. Such notice must be accompanied by payment in cash for the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised and any other documentation the Administration Committee may require. An Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, and the Aggregate Subscription Cost. All payments made shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.
- 10.2 Subject to all such consents or other required action of any competent authority under any regulations or enactment for the time being in force as may be necessary and subject to the compliance with the terms of the Scheme and the Constitution of the Company, the Company shall, within ten Market Days after the exercise of an Option, allot the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Administration Committee may deem fit. The Company shall, as soon as practicable after such allotment, apply to SGX-ST for permission to deal in and for quotation of such Shares, if necessary.
- 10.3 Shares which are allotted on the exercise of an Option by a Participant shall be issued in the name of CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.
- 10.4 Shares allotted and issued on exercise of an Option shall:
- (a) be subject to all the provisions of the Constitution of the Company; and
 - (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects rank *pari passu* with other existing Shares then in issue.
- 10.5 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

11. LIMITATION ON THE SIZE OF THE SCHEME

- 11.1 The aggregate number of new Shares over which the Administration Committee may grant Options on any date, when added to the number of new Shares issued and issuable and/or transferred or transferrable in respect of all Options granted under the Scheme, and all options and awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury Shares, as defined in the Companies Act) on the day preceding that date.
- 11.2 The aggregate number of Shares issued and issuable in respect of all Options granted under the Scheme available to Controlling Shareholders and their associates shall not exceed 25.0% of the total number of Shares available under the Scheme.

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

- 11.3 The number of Shares issued and issuable in respect of all Options granted under the Scheme available to each Controlling Shareholder or his/her associate shall not exceed 10.0% of the total number of Shares available under the Scheme.

12. ADJUSTMENT EVENTS

- 12.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the Exercise Price of the Shares, class and/or number of Shares comprised in an Option to the extent unexercised; and/or
- (b) the class and/or number of Shares over which Options may be granted under the Scheme,

shall be adjusted in such manner as the Administration Committee may determine to be appropriate, provided that any such adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

- 12.2 Unless the Administration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.
- 12.3 Notwithstanding the provisions of Rule 12.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- 12.4 Upon any adjustment being made pursuant to this Rule 12, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Exercise Price thereafter in effect and class and/or number of Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

13. ADMINISTRATION OF THE SCHEME

- 13.1 The Scheme shall be administered by the Administration Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Administration Committee shall participate in any deliberation or decision in respect of Options to be granted to him/her or held by him/her.
- 13.2 The Administration Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the Scheme and any dispute and uncertainty as to the interpretation of the Scheme, any rule, regulation or procedure thereunder or any rights under the Scheme shall be determined by the Administration Committee.

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

- 13.3 Neither the Scheme nor the grant of Options under the Scheme shall impose on the Company or the Administration Committee any liability whatsoever in connection with:
- (a) the lapsing or early expiry of any Options pursuant to any provision of the Scheme;
 - (b) the failure or refusal by the Administration Committee to exercise, or the exercise by the Administration Committee of, any discretion under the Scheme; and/or
 - (c) any decision or determination of the Administration Committee made pursuant to any provision of the Scheme.
- 13.4 Any decision or determination of the Administration Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final, binding and conclusive. The Administration Committee shall not be required to furnish any reasons for any decision or determination made by it.

14. NOTICES

- 14.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other address (including an electronic mail address) or facsimile number, and marked for the attention of the Administration Committee, as may be notified by the Company to the Participant in writing.
- 14.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and a Participant shall be given or made by the Administration Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to a Participant by hand or sent to a Participant at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number provided by the Participant to the Company.
- 14.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by the Participant, when left at the address specified in Rule 14.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

15. MODIFICATIONS TO THE SCHEME

- 15.1 Any or all the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Administration Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attached to any Option granted prior to such modification or alteration except with the prior consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than 75.0% of the number of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;
 - (b) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of the Shareholders in general meeting; and
 - (c) no modification or alteration shall be made without the prior approval of SGX-ST and such other regulatory authorities as may be necessary.

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

15.2 Notwithstanding anything to the contrary contained in Rule 15.1, the Administration Committee may at any time by resolution (and without other formality, save for the prior approval of SGX-ST) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including SGX-ST).

15.3 Written notice of any modification or alteration made in accordance with this Rule 15 shall be given to all Participants.

16. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the Scheme, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

17. DURATION OF THE SCHEME

17.1 The Scheme shall continue to be in force at the discretion of the Administration Committee for a maximum period of 10 years commencing on the Adoption Date, provided always that the Scheme may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

17.2 The Scheme may be terminated at any time by the Administration Committee, at the discretion of the Administration Committee, or by ordinary resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.

17.3 The termination of the Scheme shall not affect Options which have been granted and accepted as provided in Rule 6.4, whether such Options have been exercised (whether fully or partially) or not.

18. TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the Scheme shall be borne by that Participant.

19. COSTS AND EXPENSES OF THE SCHEME

19.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent.

19.2 Except for the taxes referred to in Rule 18 and such other costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issuance of Shares pursuant to the exercise of any Option shall be borne by the Company.

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

20. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Administration Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the Shares on SGX-ST in accordance with Rule 10.2.

21. DISCLOSURES IN ANNUAL REPORT

21.1 The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Scheme continues in operation:

- (a) the names of the members of the Administration Committee;
- (b) in respect of the following Participants, the information in the table set out below:
 - (i) Participants who are Directors;
 - (ii) Participants who are Controlling Shareholders and their associates; and
 - (iii) Participants, other than those in (i) and (ii) above, who receive Shares representing 5.0% or more of the total number of Shares comprised in Options available under the Scheme.

Name of Participant	Number of Shares comprised in Options granted during the financial year under review and terms of such Options	Number of Shares comprised in Options granted since commencement of the Scheme to the end of the financial year under review	Number of Shares comprised in Options exercised since commencement of the Scheme to the end of the financial year under review	Number of Shares comprised in Options outstanding as of end of financial year under review
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- (c) the number and proportion of Incentive Options during the financial year under review in the following bands:

Discount to the Market Price	Aggregate number of Incentive Options granted during the financial year under review	Proportion of Incentive Options to Market Price Options granted during the financial year under review
10% or less	[●]	[●]
20% or less but more than 10%	[●]	[●]

- (d) such other information as may be required by the Rules of Catalist.

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

- 21.2 If any of the disclosures in Rule 21.1 is not applicable, an appropriate negative statement will be included in the annual report.

22. ABSTENTION FROM VOTING

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Scheme, including relating to participation in the Scheme and grant of Options to the Participants. Participants may act as proxies of Shareholders of the Company in respect of the votes of such Shareholders in relation to any such resolution provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

23. DISPUTES

Any disputes or differences of any nature arising hereunder (other than matters to be confirmed by the Auditors in accordance with the Scheme) shall be referred to the Administration Committee and its decision shall be final and binding in all respects (including any decisions pertaining to disputes as to interpretation of the Scheme or any Rule, regulation, procedure thereunder or as to any rights under the Scheme).

24. GOVERNING LAW

The Scheme shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Options in accordance with the Scheme, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

Schedule A

HYPHENS EMPLOYEE SHARE OPTION SCHEME

LETTER OF OFFER

Serial No: _____

Date: _____

To: **[Name]**
[Designation]
[Address]

Private and Confidential

Dear Sir/Madam,

1. We have the pleasure of informing you that, pursuant to the Hyphens Employee Share Option Scheme (the “Hyphens Share Option Scheme”), you have been nominated to participate in the Hyphens Share Option Scheme by the Administration Committee (the “Administration Committee”) appointed by the Board of Directors of Hyphens Pharma International Limited (the “Company”) to administer the Hyphens Share Option Scheme. Terms as defined in the Hyphens Share Option Scheme shall have the same meaning when used in this letter.
2. Accordingly, in consideration of the payment of a sum of S\$1.00, an offer is hereby made to grant you an option (the “Option”), to subscribe for and be allotted _____ Shares at the price of S\$ _____ for each Share.
3. The Option is personal to you and shall not be transferred, charged, pledged, assigned or otherwise disposed of by you, in whole or in part, except with the prior approval of the Administration Committee.
4. The Option shall be subject to the terms of the Hyphens Share Option Scheme, a copy of which is available for inspection at the business address of the Company.
5. If you wish to accept the offer of the Option on the terms of this letter, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than 5:00 p.m. on _____, failing which this offer will lapse.

Yours faithfully,

For and on behalf of
Hyphens Pharma International Limited

Name:

Designation:

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

Schedule B

HYPHENS EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No: _____

Date: _____

To: The Administration Committee
Hyphens Employee Share Option Scheme
Hyphens Pharma International Limited

Closing Date for Acceptance of Offer:	_____
Number of Shares Offered:	_____
Exercise Price for each Share:	S\$ _____
Total Amount Payable:	S\$ _____

I have read your Letter of Offer dated _____ and agree to be bound by the terms of the Letter of Offer and the Hyphens Share Option Scheme referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for _____ Shares at S\$ _____ for each Share. I enclose cash for S\$1.00 in payment for the purchase of the Option/I authorise my employer to deduct the sum of S\$1.00 from my salary in payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to subscribe for such shares.

I agree to keep all information pertaining to the grant of the Option to me confidential.

I further acknowledge that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

APPENDIX E – RULES OF THE HYPHENS SHARE OPTION SCHEME

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

Note:

* Delete accordingly

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Applications are invited for the subscription of the Invitation Shares at the Invitation Price, on the terms and conditions set out below and in the printed application forms to be used for the purpose of the Invitation and which forms part of the Offer Document (the “**Application Forms**”) or, as the case may be, the Electronic Applications (as defined herein).

Investors applying for the Invitation Shares by way of Application Forms or Electronic Applications are required to pay, in Singapore dollars, the Invitation Price, subject to a refund of the full amount or, as the case may be, the balance of the applications monies (in each case without interest or any share of revenue or other benefit arising therefrom, at the applicant’s own risk and without any right or claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent) where (i) an application is rejected or accepted in part only, or (ii) if the Invitation does not proceed for any reason.

1. **THE MINIMUM INITIAL APPLICATION IS FOR 1,000 INVITATION SHARES. YOU MAY SUBSCRIBE FOR A LARGER NUMBER OF INVITATION SHARES IN INTEGRAL MULTIPLES OF 100. YOUR APPLICATION FOR ANY OTHER NUMBER OF SHARES WILL BE REJECTED.**
2. You may apply for the Invitation Shares only during the period commencing at 9.00 p.m. on 11 May 2018 and expiring at 12 noon on 16 May 2018. The Invitation period may be extended or shortened to such date and/or time as our Company may agree with the Sponsor, Issue Manager, Underwriter and Placement Agent, subject to all laws and regulations and the Rules of Catalist.
3. Your application for:
 - (a) Public Offer Shares may be made by way of the printed **WHITE** Application Forms for Public Offer Shares or by way of an ATM belonging to the Participating Banks (“**ATM Electronic Applications**”), the internet banking (“**IB**”) websites of the relevant Participating Banks (“**Internet Electronic Application**”) or through the mobile banking interface of DBS Bank (“**mBanking Applications**”, which together with the ATM Electronic Applications and Internet Electronic Applications, shall be referred to as “**Electronic Applications**”);
 - (b) Placement Shares, other than Reserved Shares, may only be made by way of the printed **BLUE** Application Forms for Placement Shares, or such other form of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may, in its absolute discretion, deem appropriate; and
 - (c) Reserved Shares may only be made by way of the printed **PINK** Application Forms for Reserved Shares.
4. **UNLESS PERMISSIBLE IN SUCH OTHER JURISDICTION, YOU MUST BE IN SINGAPORE AT THE TIME OF THE MAKING OF THE APPLICATION FOR THE INVITATION SHARES. YOU MAY NOT USE YOUR CENTRAL PROVIDENT FUND (“CPF”) OR CPF INVESTIBLE SAVINGS TO APPLY FOR THE INVITATION SHARES.**

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

5. **Only one application may be made for the benefit of one person for the Public Offer Shares in his own name. Multiple applications for the Public Offer Shares will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.**

You may not submit multiple applications for the Public Offer Shares whether by way of an Application Form for Public Offer Shares, or an Electronic Application. A person who is submitting an application for the Public Offer Shares by way of an Application Form for Public Offer Shares may not submit another application for the Public Offer Shares by way of an Electronic Application and vice versa.

A person, other than an approved nominee company, who is submitting an application for the Public Offer Shares in his own name should not submit any other applications for the Public Offer Shares, whether on a printed Application Form or by way of an Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.

Joint or multiple applications for the Public Offer Shares shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer Shares may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore, and the SFA, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at our discretion.

6. **Multiple applications may be made in the case of applications by any person for (i) the Placement Shares only (by way of Application Forms for Placement Shares or such other form of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may in its absolute discretion deem appropriate) or (ii) the Placement Shares together with a single application for the Public Offer Shares whether by way of an Application Form for Public Offer Shares or an Electronic Application.**

Multiple applications may also be made by any person entitled to apply for the Reserved Shares by making of a single application for the Reserved Shares and (i) a single application for the Public Offer Shares, or (ii) a single or multiple application(s) for the Placement Shares (other than the Reserved Shares) (whether via the Application Form for Placement Shares or such other form of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may in its absolute discretion deem appropriate), or (iii) both (i) and (ii).

7. **Applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, non-corporate bodies, or joint Securities Account holders of CDP will be rejected.**
8. **Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of the application.**

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

9. The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 10 below.
10. **Nominee applications may only be made by approved nominee companies.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.
11. **If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application.** If you do not have an existing Securities Account with CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your CDP Securities Account number or provide an incorrect CDP Securities Account number in your Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected.
12. Subject to paragraphs 14 to 16 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card (“**NRIC**”) number or passport number or company registration number, nationality or permanent residence status and CDP Securities Account number, provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.
13. **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address that was last registered with CDP.**
14. Our Company reserves the right to reject any application which does not conform strictly to the instructions or with the terms and conditions set out in this Offer Document (including the instructions set out in the accompanying Application Forms, the ATMs and IB websites of the relevant Participating Banks and the mobile banking interface (“**mBanking Interface**”) of DBS Bank) or, in the case of an application by way of an Application Form, the contents of which are illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance or a remittance which is not honoured upon its first presentation.
15. Our Company further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions and terms and conditions set out in this Offer Document (including the instructions set out in the accompanying Application Forms and in the ATMs and IB websites of the relevant Participating Banks and the mBanking Interface of DBS Bank), and also to present for

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof. Without prejudice to the rights of our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent, as an agent for our Company, has been authorised to accept, for and on behalf of our Company, such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may deem appropriate.

16. Our Company reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and none of our Company and/or the Sponsor, Issue Manager, Underwriter and Placement Agent will entertain any enquiry and/or correspondence on the decision of our Company. This right applies to applications made by way of Application Forms and Electronic Applications and by such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may, in consultation with our Company, deem appropriate. In deciding the basis of allocation, our Company, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, will give due consideration to the desirability of allotting and/or allocating the Invitation Shares to a reasonable number of applicants with a view to establishing an adequate market for the Invitation Shares.
17. Subject to your provision of a valid and correct CDP Securities Account number, share certificates in respect of the Invitation Shares will be registered in the name of CDP or its nominee and will be forwarded only to CDP. If your application is successful, it is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, and subject to the submission of valid applications and payment for the Invitation Shares, a statement of account stating that your Securities Account has been credited with the number of Invitation Shares allotted and/or allocated to you. This will be the only acknowledgment of application monies received and is not an acknowledgment by our Company. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or of the Invitation Shares allotted and/or allocated to you. This authorisation applies to applications made by way of printed Application Forms, or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may deem appropriate and by way of Electronic Applications.
18. In the event that our Company lodges a supplementary or replacement offer document ("**Relevant Document**") pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Invitation, and the Invitation Shares have not been issued and to you, our Company will (as required by law), at our Company's sole and absolute discretion, either:
 - (a) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application; and (B) take all reasonable steps to make the Relevant Document available to you within a reasonable period of time if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
 - (b) within seven days from the date of lodgement of the Relevant Document, provide you with a copy of the Relevant Document and provide you with an option to withdraw your application; or

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (c) (A) treat your application as withdrawn and cancelled in which case the applications shall be deemed to have been withdrawn or cancelled; and (B) shall, within seven days from the lodgement of the Relevant Document return all monies paid in respect of your application (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent).

Any applicant who wishes to exercise his option under paragraphs 18(a) and 18(b) above to withdraw his application shall, within 14 days from the date of lodgement of the Relevant Document, notify our Company of this whereupon our Company shall, within seven days from the receipt of such notification, return to the applicant all monies paid by such applicant in respect of such application (without interest or any share of revenue or benefit arising therefrom, at your own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent) to the applicant.

- 19. In the event that the Invitation Shares have already been issued at the time of the lodgement of the Relevant Document but trading has not commenced, our Company will (as required by law) either:

- (a) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to our Company the Invitation Shares which you do not wish to retain title in; and (B) take all reasonable steps to make the Relevant Document available to you within a reasonable period of time if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
- (b) within seven days from the date of lodgement of the Relevant Document, provide you with a copy of the Relevant Document and provide you with an option to return to our Company those Invitation Shares which you do not wish to retain title in; or
- (c) (A) treat the issue of the Invitation Shares as void; and (B) shall, within seven days from the lodgement of the Relevant Document return all monies paid in respect of your application (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent).

Any applicant who wishes to exercise his option under paragraphs 19(a) and 19(b) above to return the Invitation Shares issued to him shall, within 14 days from the date of lodgement of the Relevant Document, notify our Company of this and return all documents, if any, purporting to be evidence of title of those Invitation Shares to our Company, whereupon our Company shall, within seven days from the receipt of such notification and documents, if any, return to the applicant all monies paid by such applicant for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent), and the Invitation Shares issued to him shall be treated as void.

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

20. The Invitation Shares may be re-allocated between the Placement and the Public Offer for any reason, including in the event of excess applications in one and a deficit of applications in the other, at the discretion of the Sponsor, Issue Manager, Underwriter and Placement Agent (in consultation with our Company), subject to any applicable laws, regulations and rules, including the minimum distribution and shareholding spread requirements of SGX-ST.
21. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Invitation Shares allocated to you pursuant to your application, to our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent and any other parties so authorised by CDP, our Company and/or the Sponsor, Issue Manager, Underwriter and Placement Agent.
22. Any reference to “you” or the “Applicant” in this Appendix shall include an individual, a corporation, an approved nominee company and trustee applying for the Invitation Shares by way of an Application Form or an Electronic Application or by such other manner as the Sponsor, Issue Manager, Underwriter and Placement Agent may, in its absolute discretion, deem appropriate.
23. By completing and delivering an Application Form and, in the case of (i) an ATM Electronic Application, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key on the ATM, and (ii) Internet Electronic Application or mBanking Application, by clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other relevant button on the IB website screen of the relevant Participating Bank or the mBanking Interface of DBS Bank in accordance with the provisions therein, you:
 - (a) irrevocably agree and undertake to subscribe for the number of Invitation Shares specified in your application (or such smaller number for which the application is accepted) at the Invitation Price and agree that you will accept such number of Invitation Shares as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, this Offer Document and its accompanying documents (including the Application Forms), as well as the Constitution of our Company;
 - (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Offer Document and its accompanying documents (including the Application Forms) and those set out in the IB websites or ATMs of the relevant Participating Banks or the mBanking Interface of DBS Bank, the terms and conditions set out in this Offer Document and its accompanying documents (including the Application Forms) shall prevail;
 - (c) in the case of an application by way of an Application Form for Public Offer Shares or an Electronic Application, agree that the Invitation Price for the Public Offer Shares applied for is due and payable to our Company upon application;

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (d) in the case of an application by way of an Application Form for Placement Shares or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may, in its absolute discretion, deem appropriate, agree that the aggregate Invitation Price for the Placement Shares applied for is due and payable to our Company upon application;
- (e) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent in determining whether to accept your application and/or whether to allot and/or allocate any Invitation Shares to you;
- (f)
 - (i) consent to the collection, use, processing and disclosure of your name, NRIC or passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, share application details (including share application amount), the outcome of your application (including the number of Invitation Shares allocated to you pursuant to your application) and other personal data (“**Personal Data**”) by the Share Registrar, CDP, Securities Clearing Computer Services (Pte) Ltd (“**SCCS**”), SGX-ST, the Participating Banks, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or other authorised operators (the “**Relevant Parties**”) for the purpose of facilitating your application for the Invitation Shares, and in order for the Relevant Parties to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”) and warrant that such Personal Data is true, accurate and correct;
 - (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Parties, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Parties of the Personal Data of such beneficial owner(s) for the Purposes;
 - (iii) agree that the Relevant Parties may do anything or disclose any Personal Data or matters without notice to you if the Sponsor, Issue Manager, Underwriter and Placement Agent considers them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body; and
 - (iv) agree that you will indemnify the Relevant Parties in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the “**Personal Data Privacy Terms**”); and
- (g) agree and warrant that if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company nor the Sponsor, Issue Manager, Underwriter and Placement Agent will infringe any such laws as a result of the acceptance of your application.

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

24. Acceptance of applications will be conditional upon, among others, our Company being satisfied that:
- (a) permission has been granted by SGX-ST to deal in, and for quotation of, all our Shares that are already issued, the Invitation Shares, the Cornerstone Shares, the Award Shares and the Option Shares on Catalist;
 - (b) the Continuing Sponsorship Agreement, and Management and Underwriting Agreement referred to in the section titled “Plan of Distribution” of this Offer Document have become unconditional and have not been terminated; and
 - (c) the Authority has not served a stop order pursuant to Section 242 of the SFA directing that no or no further Invitation Shares to which this Offer Document relates be allotted, issued or sold (“**Stop Order**”). The SFA provides that the Authority shall not serve a Stop Order if all the Invitation Shares have been issued or sold, and listed for quotation on SGX-ST and trading in them has commenced.
25. In the event that a Stop Order in respect of the Invitation Shares is issued by the Authority or other competent authority, and subject to the laws of Singapore:
- (a) where the Invitation Shares have not been issued, our Company (as required by law) deems all applications to be withdrawn and cancelled and our Company shall, within 14 days of the date of the Stop Order, return to the applicants all monies paid by the applicants on account of their applications for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent); or
 - (b) where the Invitation Shares have already been issued but trading has not commenced, the issue will be deemed to be void and our Company shall, within seven days of the date of the Stop Order, return to the applicants all monies paid by the applicants on account of their applications for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent).
- The above shall not apply where only an interim Stop Order has been served.
26. No application will be held in reserve.
27. This Offer Document is dated 11 May 2018. No Invitation Shares shall be allotted and/or allocated on the basis of this Offer Document later than six months after the date of registration of this Offer Document by SGX-ST, acting as agent on behalf of the Authority.
28. Additional terms and conditions for applications by way of Application Forms are set out in the section titled “Additional Terms and Conditions for Applications Using Printed Application Forms” on pages F-9 to F-15 of this Appendix.

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

29. Additional terms and conditions for applications by way of Electronic Applications are set out in the section titled “Additional Terms and Conditions for Electronic Applications” on pages F-15 to F-21 of this Appendix.
30. All payments in respect of any application for the Public Offer Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Invitation does not proceed for any reason, shall be made in Singapore dollars.
31. All payments in respect of any application for the Placement Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Invitation does not proceed for any reason, shall be made in Singapore dollars.
32. All payments in respect of any application for the Reserved Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Invitation does not proceed for any reason, shall be made in Singapore dollars.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING PRINTED APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document, including but not limited to, the terms and conditions set out below and elsewhere in this Appendix, as well as the Constitution of our Company.

1. Applications for the Public Offer Shares must be made using the printed **WHITE** Application Forms for Public Offer Shares and printed **WHITE** official envelopes “**A**” and “**B**”, both of which accompany and form part of this Offer Document.

Applications for the Placement Shares (other than the Reserved Shares) must be made using the printed **BLUE** Application Forms for Placement Shares (or in such manner as the Sponsor, Issue Manager, Underwriter and Placement Agent may, in its absolute discretion, deem appropriate), accompanying and forming part of this Offer Document.

Applications for the Reserved Shares must be made using the printed **PINK** Application Forms for Reserved Shares, accompanying and forming part of this Offer Document.

Without prejudice to the rights of our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent, as agent of our Company, has been authorised to accept, for and on behalf of our Company, such other forms of applications as the Sponsor, Issue Manager, Underwriter and Placement Agent may (in consultation with our Company) deem appropriate.

Your attention is drawn to the detailed instructions contained in the respective Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **Our Company reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by an improperly drawn up or improper form of remittance or a remittance which is not honoured upon its first presentation.**

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2. You must complete your Application Forms in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. You must complete all spaces in your Application Forms except those under the heading **“FOR OFFICIAL USE ONLY”** and you must write the words **“NOT APPLICABLE”** or **“N.A.”** in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your common seal (if any) in accordance with your constitution or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your constitution or equivalent constitutive documents must be lodged with our Share Registrar. Our Company reserves the right to require you to produce documentary proof of identification for verification purposes.
5.
 - (a) You must complete Sections A and B and sign page 1 of the Application Form.
 - (b) You are required to delete either paragraph 8(a) or 8(b) on page 1 of the Application Form. Where paragraph 8(a) is deleted, you must also complete Section C of the Application Form with the particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 8(a) or 8(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated, established or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Invitation Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated, established or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.
7. You may apply and make payment for your application for the Invitation Shares in Singapore currency using only cash. Each application must be accompanied by a cash remittance in Singapore currency for the full amount payable in Singapore dollars of the Invitation Price, in respect of the number of Invitation Shares applied for. The remittance must be in the form of a **BANKER’S DRAFT** or **CASHIER’S ORDER** drawn on a bank in Singapore, made out in favour of **“HYPHENS SHARE ISSUE ACCOUNT”** crossed **“A/C PAYEE ONLY”** with your name, CDP Securities Account number and address written clearly on the reverse side.

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Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted.

Remittances bearing "NOT TRANSFERABLE" or "NON-TRANSFERABLE" crossings will be rejected.

No acknowledgement of receipt will be issued for applications and application monies received.

The manner and method for applications and acceptances of payment under the Placement will be determined by the Sponsor, Issue Manager, Underwriter and Placement Agent in its sole discretion.

8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent) to you by ordinary post, in the event of over-subscription for the Public Offer Shares, within 24 hours of the balloting (or such shorter period as SGX-ST may require, **PROVIDED THAT** the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account).

Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent) to you by ordinary post within 14 Market Days after the close of the Application List, **PROVIDED THAT** the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

If the Invitation does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent) will be returned to you within three Market Days after the Invitation is discontinued, **PROVIDED THAT** the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.

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10. By completing and delivering the Application Form, you agree that:

- (a) in consideration of our Company having distributed the Application Form to you and by completing and delivering this Application Form before the close of the Application List:
 - (i) your application is irrevocable; and
 - (ii) your remittance will be honoured upon its first presentation and that any monies returnable may be held pending clearance of your payment (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent);
- (b) all applications, acceptances or contracts resulting therefrom under this Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (c) in respect of the Invitation Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
- (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (e) reliance is placed solely on information contained in this Offer Document and that none of our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent or any other person involved in this Invitation shall have any liability for any information not contained therein;
- (f) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document;
- (g) for the purpose of facilitating your application, you consent to the collection, use, processing and disclosure, by or on behalf of our Company, of your Personal Data to the Relevant Persons in accordance with the Personal Data Privacy Terms;
- (h) you irrevocably agree and undertake to subscribe for the number of Invitation Shares applied for as stated in the Application Form or any smaller number of such Invitation Shares that may be allocated to you in respect of your application. In the event that our Company decides to allocate any smaller number of Invitation Shares or not to allocate any Invitation Shares to you, you agree to accept such decision as final; and
- (i) you irrevocably authorise CDP to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue of the Invitation Shares that may be allocated to you.

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Procedures Relating to Applications for Public Offer Shares by Way of Printed Application Forms

1. Your application for Public Offer Shares **MUST** be made using the printed **WHITE** Application Form and the printed **WHITE** official envelopes “**A**” and “**B**”.
2. You must:
 - (a) enclose the **WHITE** Application Form for Public Offer Shares, duly completed and signed, together with the correct remittance for the full amount payable based on the Invitation Price and the number of Public Offer Shares applied for in Singapore currency in accordance with the terms and conditions of this Offer Document, in the **WHITE** official envelope “**A**” provided;
 - (b) in appropriate spaces on the **WHITE** official envelope “**A**”:
 - (i) write your name and address;
 - (ii) state the number of Public Offer Shares applied for; and
 - (iii) tick the relevant box to indicate the form of payment;
 - (c) **SEAL THE WHITE OFFICIAL ENVELOPE “A”**;
 - (d) write, in the special box provided on the larger **WHITE** official envelope “**B**” addressed to Hyphens Pharma International Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, the number of Public Offer Shares you have applied for; and
 - (e) insert the **WHITE** official envelope “**A**” into the **WHITE** official envelope “**B**” and seal the **WHITE** official envelope “**B**”, affix adequate Singapore postage on **WHITE** official envelope “**B**” (if despatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents, at your own risk, to Hyphens Pharma International Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, so as to arrive by **12 noon on 16 May 2018** or such other date(s) and time(s) as our Company may agree with the Sponsor, Issue Manager, Underwriter and Placement Agent. **Courier services or Registered Post must NOT be used.**
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by an improperly drawn up or improper form of remittance or a remittance which is not honoured upon its first presentation are liable to be rejected. Except for applications for Placement Shares where remittance is permitted to be submitted separately, applications for Public Offer Shares not accompanied by any form of payment will not be accepted.
4. **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

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Procedures Relating to Applications for Placement Shares (other than Reserved Shares) by Way of Printed Application Forms

1. Your application for the Placement Shares (other than the Reserved Shares) by way of printed Application Forms must be made using the **BLUE** Application Form for Placement Shares or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may, in its absolute discretion, deem appropriate.
2. You must enclose the **BLUE** Application Form for Placement Shares, duly completed and signed, and together with the correct remittance for the full amount payable based on the Invitation Price and the number of Placement Shares applied for, in Singapore currency in accordance with the terms and conditions of this Offer Document and its accompanying documents with your name, CDP Securities Account number and address written clearly on the reverse side of the Application Form, in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to Hyphens Pharma International Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 so as to arrive by **12 noon on 16 May 2018** or such other date(s) or time(s) as our Company may agree with the Sponsor, Issue Manager, Underwriter and Placement Agent. **Courier services or Registered Post must NOT be used.**
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by an improperly drawn up or improper form of remittance or which is not honoured upon its first presentation are liable to be rejected.
4. **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Procedures Relating to Applications for Reserved Shares by Way of Printed Application Forms

1. Your application for the Reserved Shares by way of printed Application Forms must be made using the **PINK** Application Forms for Reserved Shares.
2. You must enclose the **PINK** Application Form for Reserved Shares, duly completed and signed, and together with the correct remittance for the full amount payable based on the Invitation Price and the number of Reserved Shares applied for, in Singapore currency in accordance with the terms and conditions of this Offer Document and its accompanying documents, with your name, CDP Securities Account number and address written clearly on the reverse side, in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to Hyphens Pharma International Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 so as to arrive by **10.00 a.m. on 15 May 2018** or such other date(s) or time(s) as our Company may agree with the Sponsor, Issue Manager, Underwriter and Placement Agent. **Courier services or Registered Post must NOT be used.**
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by an improperly drawn up or improper form of remittance or a remittance which is not honoured upon its first presentation are liable to be rejected.
4. **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

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ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

Electronic Applications shall be made on and subject to the terms and conditions of this Offer Document, including but not limited to the terms and conditions set out below and elsewhere in this Appendix, as well as the Constitution of our Company.

1. The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications), the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications) and the mBanking Interface of DBS Bank (in the case of mBanking Applications). Currently, DBS Bank, Oversea-Chinese Banking Corporation Limited, and United Overseas Bank Limited (each as defined below) are the Participating Banks through which Internet Electronic Applications may be made and DBS Bank is the only Participating Bank through which mBanking Applications may be made.
2. For illustration purposes, the procedures for Electronic Applications for Public Offer Shares through ATMs, the IB website and the mBanking Interface of DBS Bank (together the “Steps”) are set out in the sections titled “**Steps for ATM Electronic Applications for Public Offer Shares through ATMs of DBS Bank (including POSB ATMs)**”, “**Steps for Internet Electronic Applications for Public Offer Shares through the IB website of DBS Bank**” and “**Steps for mBanking Applications for Public Offer Shares through the mBanking interface of DBS Bank**” appearing on pages F-22 to F-28 of this Appendix.

The Steps set out the actions that you must take at the ATMs, the IB website or the mBanking Interface of DBS Bank to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks are set out on the ATM and IB website screens of the respective Participating Banks or the mBanking Interface of DBS Bank. Please read carefully the terms and conditions of this Offer Document and its accompanying documents (including the Application Forms), the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

3. Any reference to “you” or the “Applicant” in the “Additional Terms and Conditions for Electronic Applications”, and the Steps shall refer to you making an application for the Public Offer Shares through an ATM of one of the relevant Participating Banks or the IB website of a relevant Participating Bank or the mBanking Interface of DBS Bank.
4. If you are making an ATM Electronic Application:
 - (a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Public Offer Shares at an ATM belonging to other Participating Banks.
 - (b) **You must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own CDP Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. Using your own CDP Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.**

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- (c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.
5. If you are making an Internet Electronic Application or an mBanking Application:
- (a) You must have an existing bank account with, and a User Identification (“**User ID**”) as well as Personal Identification Number (“**PIN**”) given by the relevant Participating Bank.
 - (b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time when you make the application.
 - (c) Upon completion of your Internet Electronic Application through the IB website of the relevant Participating Bank or your mBanking Application through the mBanking Interface of DBS Bank, there will be an on-screen confirmation (“**Confirmation Screen**”) of the application which can be printed out or screen captured by you for your record. This printed record or screen capture of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.
6. In connection with your Electronic Application for the Public Offer Shares, you are required to confirm statements to the following effect in the course of activating the Electronic Application:
- (a) that you have received a copy of this Offer Document (in the case of ATM Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Public Offer Shares and this Offer Document prior to effecting the Electronic Application and agree to be bound by the same;
 - (b) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document;
 - (c) that, for the purposes of facilitating your application, you consent to the collection, use, processing and disclosure, by or on behalf of our Company, of your Personal Data from your records with the relevant Participating Bank to the Relevant Parties in accordance with the Personal Data Privacy Terms; and
 - (d) where you are applying for the Public Offer Shares, that this is your only application for the Public Offer Shares and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen or the mBanking Interface of DBS Bank. By doing so, you shall be treated as signifying your confirmation of each of the four statements above. In respect of statement 6(b) above, your confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen or the

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mBanking Interface of DBS Bank, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Personal Data relating to your account(s) with that Participating Bank to the Relevant Parties.

7. **By making an Electronic Application you confirm that you are not applying for the Public Offer Shares as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You shall make only one Electronic Application for the Public Offer Shares and shall not make any other application for the Public Offer Shares whether at the ATMs of any Participating Bank, the IB websites of any of the Participating Banks or the mBanking Interface of DBS Bank, as the case may be, or by way of an Application Form. Where you have made an application for the Public Offer Shares by way of an Application Form, you shall not make an Electronic Application for the Public Offer Shares and vice versa.**
8. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which such Electronic Application will not be completed. Any Electronic Application which does not conform strictly to the instructions set out in this Offer Document or on the screens of the ATMs or the IB website of the relevant Participating Bank or the mBanking Interface of DBS Bank, as the case may be, through which your Electronic Application is being made shall be rejected.

You may apply and make payment for your application for the Public Offer Shares in Singapore currency in cash only. You may apply and make payment for your application in Singapore currency through any ATM or IB website of your Participating Bank or the mBanking Interface of DBS Bank (as the case may be) by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.

9. You irrevocably agree and undertake to subscribe for and to accept the number of Public Offer Shares, applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Public Offer Shares that may be allocated to you in respect of your Electronic Application. In the event that our Company decides to allocate any lesser number of such Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen or the mBanking Interface of DBS Bank) of the number of Public Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Public Offer Shares that may be allocated to you and your agreement to be bound by the Constitution of our Company. You also irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue of the Invitation Shares that may be allocated to you.

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10. Our Company will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent) to you by being automatically credited to your account with your Participating Bank, within 24 hours of the balloting (or such shorter period as SGX-ST may require), **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

Where your Electronic Application is accepted or rejected in part only, the balance of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent) to you by being automatically credited to your account with your Participating Bank within 14 Market Days after the close of the Application List, **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

If the Invitation does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent) will be returned to you by being automatically credited to your account with your Participating Bank within three Market Days after the Invitation is discontinued, **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

Responsibility for timely refund of the application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Shares, if any, allocated to you before trading the Shares on SGX-ST. None of SGX-ST, CDP, SCCS, the Participating Banks, our Company and Sponsor, Issue Manager, Underwriter and Placement Agent assumes any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by SGX-ST.

If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.

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11. Applicants who make ATM Electronic Applications through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service expected from
DBS Bank Ltd. (including POSB)	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS Bank account holders)	Internet Banking http://www.dbs.com ⁽¹⁾	24 hours a day	Evening of the balloting day
Oversea-Chinese Banking Corporation Limited ("OCBC")	1800 363 3333	Phone Banking/ATM/ Internet Banking http://www.ocbc.com ⁽²⁾	24 hours a day	Evening of the balloting day
United Overseas Bank Limited ("UOB")	1800 222 2121	ATM (Other Transactions "IPO Results Enquiry")/ Phone Banking/ Internet Banking http://www.uobgroup.com ⁽³⁾	24 hours a day	Evening of the balloting day

Notes:

- (1) Applicants who have made Internet Electronic Applications through the Internet Banking websites of DBS Bank or mBanking Applications through the mBanking Interface of DBS Bank may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank.
 - (2) Applicants who have made Electronic Applications through the Internet Banking website of OCBC may also check the results of their applications through OCBC ATMs, OCBC Personal Internet Banking or OCBC Phone Banking services.
 - (3) Applicants who have made Electronic Applications through the Internet Banking website of UOB may also check the results of their applications through UOB Personal Internet Banking, UOB ATMs or UOB Phone Banking services.
12. ATM Electronic Applications shall close at 12 noon on 16 May 2018, or such other date(s) and time(s) as our Company may agree with the Sponsor, Issue Manager, Underwriter and Placement Agent. All Internet Electronic Applications and mBanking Applications must be received by 12 noon on 16 May 2018, or such other date(s) and time(s) as our Company may agree with the Sponsor, Issue Manager, Underwriter and Placement Agent. Internet Electronic Applications and mBanking Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.

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13. You are deemed to have irrevocably requested and authorised our Company to:
- (a) register the Public Offer Shares allocated to you in the name of CDP for deposit into your Securities Account;
 - (b) send the relevant Share certificate(s) to CDP;
 - (c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom, at your own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent) the full amount of the application monies, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of the balloting (or such shorter period as SGX-ST may require), **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated shares issue account;
 - (d) return or refund (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent) the balance of the application monies, should your Electronic Application be rejected or accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 Market Days after the close of the Application List **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated shares issue account; and
 - (e) return or refund (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent) the full amount of the application monies, should the Invitation not proceed for any reason, by automatically crediting your bank account with your Participating Bank with the relevant amount within three Market Days after the Invitation is discontinued, **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue account.
14. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent, and if, in any such event, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or the relevant Participating Bank do or does not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or the relevant Participating Bank for any Public Offer Shares applied for or for any compensation, loss or damage.

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15. The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. Our Company shall reject any application by any person acting as nominee (other than approved nominee companies).
16. All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and any the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank.
17. You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in your address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.
18. By making and completing an Electronic Application, you are deemed to have agreed that:
 - (a) in consideration of our Company making available the Electronic Application facility through the Participating Banks, acting as agents of our Company, at the ATMs and the IB websites of the relevant Participating Banks and the mBanking Interface of DBS Bank (as the case may be):
 - (i) your Electronic Application is irrevocable; and
 - (ii) your Electronic Application, the acceptance by our Company, and the contract resulting therefrom under this Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (b) none of our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent, the Participating Banks nor CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company, CDP or SGX-ST due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 14 above or to any cause beyond their respective controls;
 - (c) in respect of the Public Offer Shares, for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;
 - (d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application;
 - (e) reliance is placed solely on information contained in this Offer Document and that none of our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent nor any other person involved in this Invitation shall have any liability for any information not so contained; and

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- (f) you irrevocably agree and undertake to subscribe for the number of Public Offer Shares applied for as stated in your Electronic Application or any smaller number of such Public Offer Shares that may be allocated to you in respect of your Electronic Application. In the event our Company decides to allocate any smaller number of Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final.

Steps for ATM Electronic Applications for Public Offer Shares through ATMs of DBS Bank (including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Banks. For illustration purposes, the steps for making an ATM Electronic Application through a DBS Bank or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form (“A/c”, “amt”, “appln”, “&”, “I/C”, “SGX”, “No.” and “Max” refer to “Account”, “amount”, “application”, “and”, “NRIC”, “SGX-ST”, “Number” and “Maximum”, respectively). Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS Bank (including POSB)), may differ slightly from those represented below.

Steps

1. Insert your personal DBS Bank or POSB ATM Card.
2. Enter your Personal Identification Number.
3. Select “MORE SERVICES”.
4. Select “LANGUAGE” (FOR CUSTOMERS USING MULTI-LANGUAGE CARD).
5. Select “ESA-IPO/Rights Appln/Bonds/SSB/SGS/INVESTMENTS”.
6. Select “ELECTRONIC SECURITIES APPLN (IPOS/BONDS/SECURITIES)”.
7. Read and understand the following statements which will appear on the screen:
 - (IN THE CASE OF A SECURITIES OFFERING THAT (I) IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR, AS THE CASE MAY BE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED OR (II) REQUIRES A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE AT THE TIME THE OFFER IS MADE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET WHICH CAN BE OBTAINED FROM THE ISSUE MANAGER(S) OR, AS THE CASE MAY BE, THE MANAGER(S)

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FOR THE OFFER, OR IF APPLICABLE, DBS/POSB BRANCHES IN SINGAPORE AND THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.

- (IN THE CASE OF A SECURITIES OFFERING THAT (I) IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED OR (II) REQUIRES A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE AT THE TIME THE OFFER IS MADE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT HAS BEEN LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR, AS THE CASE MAY BE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED, WHICH TAKES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS. WHERE APPLICABLE, A COPY OF THE SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET WHICH ARE AVAILABLE ON OUR WEBSITE HAS BEEN ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE, WHICH TAKES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.
- (IN THE CASE OF A SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT TO BE LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED AND DOES NOT REQUIRE A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE RELEVANT SECURITIES EXCHANGE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE NOTICE/CIRCULAR/DOCUMENT BEFORE SUBMITTING HIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/CIRCULAR/DOCUMENT.

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8. Select “HYP” to display details.
9. Press the “ENTER” key to acknowledge:
 - YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND (WHERE APPLICABLE) THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCTS HIGHLIGHT SHEET AND/OR NOTICE CIRCULAR.
 - FOR THE PURPOSES OF FACILITATING YOUR APPLICATION, YOU CONSENT TO THE BANK COLLECTING YOUR NAME, NRIC/PASSPORT NUMBER, ADDRESS, NATIONALITY, CDP SECURITIES ACCOUNT NUMBER, CPF INVESTMENT ACCOUNT NUMBER, APPLICATION DETAILS AND OTHER PERSONAL DATA AND DISCLOSING THE SAME FROM OUR RECORDS TO SHARE REGISTRARS OF SECURITIES OF THE ISSUER, SGX, CDP, CPF, ISSUER/VENDOR(S) AND ISSUE MANAGER(S).
 - THIS APPLICATION IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
 - FOR FIXED AND MAXIMUM PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
 - THE MAXIMUM PRICE FOR EACH SECURITY IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.
 - FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
 - YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT AND/OR NOTICE/CIRCULAR.
 - THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR SUBJECT TO AVAILABILITY, YOU MAY BE ALLOTTED/ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR.
10. Select your nationality.
11. Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.

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12. Enter the number of securities you wish to apply for using cash.
13. Enter or confirm (if your CDP Securities Account number has already been stored in DBS Bank's records) your own 12-digit CDP Securities Account number (Note: This step will be omitted automatically if your CDP Securities Account number has already been stored in DBS Bank's records).
14. Check the details of your securities application, your CDP Securities Account number, number of securities and application amount on the screen and press the "ENTER" key to confirm your application.
15. Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Application for Public Offer Shares through the IB website of DBS Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the IB website at DBS Bank is shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "amt", "&", "I/C" and "No." refer to "Account", "amount", "and", "NRIC" and "Number" respectively).

Steps

1. Click on DBS Bank website at <http://www.dbs.com>.
2. Login to Internet banking.
3. Enter your User ID and PIN.
4. Enter your DBS Bank iB Secure PIN.
5. Select "Electronic Shares Application (ESA)".
6. Click "Yes" to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS IB is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**")).
7. Select your country of residence and click "Next".
8. Click on "HYP" and click "Next".
9. Click on "Next" to confirm, among others:
 - (a) All investment in securities carries risks and by agreeing to subscribe for these securities, you understand and acknowledge that you are responsible for your own investment decision and are willing to assume all risks associated with investing in such securities, including the risk that you may lose all or part of your investment.

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- (b) You have read, understood and agreed to all terms of application set out in the Prospectus/Simplified Disclosure Document/Profile Statement and/or Product Highlights Sheet and if applicable, the Supplementary or Replacement Prospectus/Simplified Disclosure Document/Profile Statement and/or Product Highlights Sheet.
- (c) For the purposes of facilitating your application, you consent to the Bank collecting and using your name, I/C or Passport number, address, nationality, CDP Securities Account number, CPF Investment Account number, application details and other personal data and disclosing the same from DBS Bank's records to registrars of securities of the issuer, SGX, CDP, CPF, issuer/vendors and issue manager(s).
- (d) You are not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act).
- (e) You understand that the securities mentioned herein have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any "U.S. person" (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.
- (f) This application is made in your own name.
- (g) For FIXED/MAXIMUM price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
- (h) For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S\$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S\$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss. Alternatively, application monies may be debited and refunds credited in S\$ at the same exchange rate.

For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

- 9. Fill in details for securities application and click "Next".
- 10. Check the details of your securities application, your CDP Securities Account number and click "Confirm" to confirm your application.
- 11. Print the Confirmation Screen (optional) for your reference and retention only.

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Steps for mBanking Applications for Public Offer Shares through the mBanking Interface of DBS Bank

For illustrative purposes, the steps for making an mBanking Application are shown below.

Certain words appearing on the screen are in abbreviated form (“A/c”, “amt”, “&”, “I/C”, “SGX” and “No.” refer to “Account”, “amount”, “and”, “NRIC”, “SGX-ST” and “Number” respectively).

Steps

1. Click on DBS Bank mBanking application and login using your User ID and PIN.
2. Select “Investment Services”.
3. Select “Electronic Shares Application”.
4. Select “Yes” to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”).
5. Select your country of residence.
6. Select “HYP”.
7. Select “Yes” to confirm, among others:
 - (a) All investment in securities carries risks and by agreeing to subscribe for these Securities, you understand and acknowledge that you are responsible for your own investment decision and are willing to assume all risks associated with investing in such securities, including the risk that you may lose all or part of your investment.
 - (b) You have read, understood and agreed to all terms of application set out in the Prospectus/Simplified Disclosure Document/Profile Statement and/or Product Highlights Sheet and if applicable, the Supplementary or Replacement Prospectus/Simplified Disclosure Document/Profile Statement and/or Product Highlights Sheet.
 - (c) For the purposes of facilitating your application, you consent to the Bank collecting and using your name, NRIC/passport number, address, nationality, CDP Securities Account number, CPF Investment Account number, application details and other personal data and disclosing the same from DBS Bank’s records to registrars of securities of the issuer, SGX, CDP, CPF, the issuer/vendor(s) and issue manager(s).
 - (d) You are not a U.S. Person (as such term is defined in Regulation S under the U.S. Securities Act).
 - (e) You understand that the securities mentioned herein have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United

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States and may not be offered or sold in the United States or to, or for the account or benefit of any “U.S. person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

- (f) This application is made in your own name.
 - (g) For FIXED/MAXIMUM price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
 - (h) FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S\$, based on the Bank’s prevailing board rates at the time of application. Any refund monies will be credited in S\$ based on the Bank’s prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss. Alternatively, application monies may be debited and refund credited in S\$ at the same exchange rate.
 - (i) FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.
- 8. Fill in details for securities application and click “Submit”.
 - 9. Check the details of your securities application, your CDP Securities Account number and click “Confirm” to confirm your application.
 - 10. Where applicable, capture Confirmation Screen (optional) for your reference and retention only.

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