

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::SECOND QUARTER AND/ OR HALF YEARLY RESULTS

Issuer & Securities

Issuer/ Manager

HYPHENS PHARMA INTERNATIONAL LIMITED

Securities

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Submitted By (Co./ Ind. Name)

Lim See Wah

Designation

Executive Chairman and Chief Executive Officer

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to the attached results and press release.

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor, DBS Bank Ltd. ("Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact persons for the Sponsor are Ms Heng Mui Mui, Managing Director, and Mr Kelvin Wong, Senior Vice President. The contact particulars are 12 Marina Boulevard, Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982, Telephone: +65 6878 8888.

Additional Details

For Financial Period Ended

30/06/2020

Attachments

[Hyphens_results_2Q2020.pdf](#)

[Hyphens%20Pharma%20-%20Q2FY20%20Press%20Release.pdf](#)

Total size = 1516K MB

HYPHENS PHARMA INTERNATIONAL LIMITED

(Company Registration No. 201735688C)

(Incorporated in the Republic of Singapore)

**Unaudited Financial Statements
For the Second Quarter and Half Year Ended 30 June 2020**
PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) A statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	2Q2020	2Q2019	Change	1H2020	1H2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	30,199	29,002	4.1%	61,640	56,006	10.1%
Cost of sales	(19,996)	(18,853)	6.1%	(40,535)	(36,382)	11.4%
Gross profit	10,203	10,149	0.5%	21,105	19,624	7.5%
Other income and gains	1,159	200	479.5%	1,457	327	345.6%
Distribution costs	(6,135)	(5,905)	3.9%	(12,373)	(11,067)	11.8%
Administrative expenses	(2,489)	(2,323)	7.1%	(4,716)	(4,850)	-2.8%
Finance costs	(28)	(32)	-12.5%	(51)	(74)	-31.1%
Other losses	(150)	(49)	206.1%	(273)	(245)	11.4%
Profit before tax	2,560	2,040	25.5%	5,149	3,715	38.6%
Income tax expense	(402)	(405)	-0.7%	(867)	(651)	33.2%
Profit, net of tax	2,158	1,635	32.0%	4,282	3,064	39.8%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	(23)	(54)	-57.4%	(86)	(27)	218.5%
Other comprehensive income for the period, net of tax:	(23)	(54)	-57.4%	(86)	(27)	218.5%
Total comprehensive income	2,135	1,581	35.0%	4,196	3,037	38.2%

Note: N.M. – Not meaningful

1(a)(ii) Breakdown and explanatory notes to the consolidated statement of comprehensive income

Profit before tax is arrived at after charging / (crediting) the following:

	2Q2020	2Q2019	Change	1H2020	1H2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	(33)	(44)	-25.0%	(73)	(67)	9.0%
Government grants	(958)	(23)	4,065.2%	(1,087)	(123)	783.7%
Depreciation and amortisation	508	498	2.0%	1,008	990	1.8%
Reversal of allowance for impairment of trade receivables	(7)	(87)	-92.0%	(7)	(87)	-92.0%
Bad debts written off	-	2	N.M.	-	2	N.M.
Allowance/(Reversal of allowance) for inventories obsolescence	72	4	1,700.0%	126	(50)	N.M.
Inventories written off	76	42	81.0%	147	82	79.3%
Foreign exchange translation (gains)/losses	(161)	(46)	250.0%	(287)	159	N.M.
Under/(Over)provision of tax in respect of prior years	-	-	-	4	(52)	N.M.
Loss/(Gain) on disposal of plant and equipment	2	1	100.0%	(3)	2	N.M.
R&D expenses	43	37	16.2%	65	91	-28.6%

Note: N.M. – Not meaningful

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

	Group		Company	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
<u>Non-current assets</u>				
Plant and equipment	5,421	5,948	145	167
Intangible assets	7,887	7,462	-	-
Deferred tax assets	99	105	-	-
Investment in subsidiaries	-	-	19,220	19,220
Total non-current assets	13,407	13,515	19,365	19,387
<u>Current assets</u>				
Inventories	16,453	11,431	-	-
Trade and other receivables	29,619	28,654	4,353	6,325
Prepayments	914	366	26	60
Cash and cash equivalents	26,088	26,165	11,251	12,468
Total current assets	73,074	66,616	15,630	18,853
Total assets	86,481	80,131	34,995	38,240
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital	32,641	32,641	32,641	32,641
Retained earnings	27,745	26,467	1,735	4,912
Other reserves ⁽ⁱ⁾	(15,118)	(15,032)	-	-
Total equity	45,268	44,076	34,376	37,553
<u>Non-current liabilities</u>				
Deferred tax liabilities	439	469	-	-
Other financial liabilities, non-current	2,039	2,442	-	-
Total non-current liabilities	2,478	2,911	-	-
<u>Current liabilities</u>				
Income tax payable	2,126	1,459	-	-
Trade and other payables	35,007	30,628	619	687
Other financial liabilities, current	1,602	1,057	-	-
Total current liabilities	38,735	33,144	619	687
Total liabilities	41,213	36,055	619	687
Total equity and liabilities	86,481	80,131	34,995	38,240

Note:

- (i) Other reserves include negative merger reserve of S\$15.165 million relating to the difference between the consideration paid by the Company and the equity of Hyphens Pharma Pte. Ltd. acquired in relation to the restructuring exercise undertaken in relation to the listing of the Company on the Catalist Board of the SGX-ST ("Restructuring Exercise"). The acquisition of Hyphens Pharma Pte. Ltd. by the Company was completed on 19 April 2018.

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

	30 Jun 2020		31 Dec 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	-	818	-	300
Amount repayable after one year	-	-	-	-
	-	818	-	300

Details of any collaterals:

All banking facilities are covered by corporate guarantee provided by the Company and Hyphens Pharma Pte. Ltd. or Pan-Malayan Pharmaceuticals Pte Ltd.

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

	2Q2020	2Q2019	1H2020	1H2019
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Cash flows from operating activities</u>				
Profit before tax	2,560	2,040	5,149	3,715
Adjustments for:				
Amortisation of intangible assets	101	99	200	197
Depreciation of plant and equipment	407	399	808	793
Interest income	(33)	(44)	(73)	(67)
Interest expense	28	32	51	74
Loss/(Gain) on disposal of plant and equipment	2	1	(3)	2
Net effect of exchange rate changes in consolidating foreign operations	(48)	(54)	(112)	(27)
Operating cash flows before changes in working capital	3,017	2,473	6,020	4,687
Trade and other receivables	657	1,501	(965)	3,888
Prepayments	(412)	(47)	(548)	277
Inventories	(4,681)	(437)	(5,022)	474
Trade and other payables	3,054	972	4,379	(2,467)
Net cash flows from operations	1,635	4,462	3,864	6,859
Income taxes paid	(20)	(584)	(223)	(879)
Net cash flows from operating activities	1,615	3,878	3,641	5,980
<u>Cash flows from investing activities</u>				
Purchase of plant and equipment	(245)	-	(283)	(116)
Proceeds from sale of plant and equipment	-	-	6	-
Purchase of intangible assets	(16)	(19)	(624)	(22)
Interest received	33	44	73	67
Net cash flows (used in)/from investing activities	(228)	25	(828)	(71)
<u>Cash flows from financing activities</u>				
Dividend paid to equity owners	(3,004)	(1,650)	(3,004)	(1,650)
Payment of lease liabilities	(187)	(146)	(376)	(350)
Interest paid	(28)	(62)	(51)	(74)
Net increase/(decrease) in other financial liabilities	121	(542)	541	(2,542)
Net cash flows used in financing activities	(3,098)	(2,400)	(2,890)	(4,616)
Net (decrease)/increase in cash and cash equivalents	(1,711)	1,503	(77)	1,293
Cash and cash equivalents at beginning of period	27,799	22,143	26,165	22,353
Cash and cash equivalents at ending of period	26,088	23,646	26,088	23,646

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

Group	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000	Other reserves S\$'000
Balance as at 1 January 2020	44,076	32,641	26,467	(15,032)
Dividends paid	(3,004)	-	(3,004)	-
Total comprehensive income for the period	4,196	-	4,282	(86)
Balance as at 30 June 2020	45,268	32,641	27,745	(15,118)

Group	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000	Other reserves S\$'000
Balance as at 1 January 2019	39,162	32,555	21,587	(14,980)
Issuance of new shares pursuant to share awards under Hyphens Share Plan	86	86	-	-
Dividends paid	(1,650)	-	(1,650)	-
Total comprehensive income for the period	3,037	-	3,064	(27)
Balance as at 30 June 2019	40,635	32,641	23,001	(15,007)

Company	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000
Balance as at 1 January 2020	37,553	32,641	4,912
Dividends paid	(3,004)	-	(3,004)
Total comprehensive loss for the period	(173)	-	(173)
Balance as at 30 June 2020	34,376	32,641	1,735

Company	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000
Balance as at 1 January 2019	36,323	32,555	3,768
Issuance of new shares pursuant to share awards under Hyphens Share Plan	86	86	-
Dividends paid	(1,650)	-	(1,650)
Total comprehensive loss for the period	(135)	-	(135)
Balance as at 30 June 2019	34,624	32,641	1,983

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

There has been no change in the Company's share capital since 31 March 2020.

The Company has no treasury shares or convertible instruments as at 30 June 2020 and 30 June 2019.

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

The Company has no treasury shares as at 30 June 2020 and 31 December 2019.

The total number of issued shares, excluding treasury shares, as at 30 June 2020 was 300,430,400 (31 December 2019: 300,430,400).

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

Not applicable

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

Not applicable

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

The figures have not been audited or reviewed by the auditors of the Company.

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

Not applicable

- 3(a) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion**

Not applicable

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

Save as disclosed in Section 5 below, the accounting policies and methods of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited consolidated financial statements for the financial year ended 31 December 2019.

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

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I)s ("SFRS(I)INT") that are effective for the financial periods beginning on or after 1 January 2020. The adoption of these SFRS(I)s and SFRS(I)INT did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

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

	2Q2020	2Q2019	1H2020	1H2019
Earnings per share ("EPS")				
Profit attributable to owners of the Company (S\$'000)	2,158	1,635	4,282	3,064
Based on weighted average number of ordinary shares in issue ('000)	300,430	300,109	300,430	300,109
On a basic and diluted basis (Singapore cents per share)	0.72	0.54	1.43	1.02

Note: The basic and fully diluted earnings per share were the same as there were no dilutive ordinary shares in issue as at 30 June 2020 and 30 June 2019.

- 7 **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

	Group		Company	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Net asset value ("NAV") (S\$'000)	45,268	44,076	34,376	37,553
Based on number of ordinary shares in issue ('000)	300,430	300,430	300,430	300,430
NAV per ordinary share (Singapore cents per share)	15.07	14.67	11.44	12.50

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

Consolidated Statement of Comprehensive Income

2Q2020 compared to 2Q2019

	2Q2020	2Q2019	Change	1H2020	1H2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue by business segments						
Specialty pharma principals	16,025	15,634	2.5%	31,408	29,470	6.6%
Proprietary brands	4,512	3,638	24.0%	9,167	7,064	29.8%
Medical hypermart and digital	9,662	9,730	-0.7%	21,065	19,472	8.2%
	30,199	29,002	4.1%	61,640	56,006	10.1%

	2Q2020	2Q2019	Change	1H2020	1H2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue by geographical locations						
Singapore	14,584	14,230	2.5%	30,829	28,165	9.5%
Vietnam	11,487	12,203	-5.9%	21,724	21,271	2.1%
Malaysia	1,863	1,299	43.4%	4,056	3,368	20.4%
Others	2,265	1,270	78.3%	5,031	3,202	57.1%
	30,199	29,002	4.1%	61,640	56,006	10.1%

Consolidated Statement of Comprehensive Income (cont'd)**2Q2020 compared to 2Q2019 (cont'd)****Revenue**

The Group's revenue increased by 4.1% or S\$1.2 million from S\$29.0 million in 2Q2019 to S\$30.2 million in 2Q2020.

The increase in revenue was led by higher sales in the proprietary brands segment which grew by 24.0% due to higher demand for dermatological products under Ceradan® brand and nutritional supplements under Ocean Health® brand. Sales of the specialty pharma principals segment had also increased by 2.5% in 2Q2020.

Gross profit

Gross profit increased by 0.5% or S\$0.1 million from S\$10.1 million in 2Q2019 to S\$10.2 million in 2Q2020.

Gross profit margin for 2Q2020 dropped slightly to 33.8% with lower margin from the medical hypermart and digital segment (2Q2019: 35.0%).

Other income and gains

Other income and gains increased by 479.5% or S\$1.0 million from S\$0.2 million in 2Q2019 to S\$1.2 million in 2Q2020 due to higher government grants (mainly Jobs Support Scheme) and foreign exchange adjustment gains following the strengthening of EUR and USD against SGD.

Distribution costs

Distribution costs increased by 3.9% or S\$0.2 million from S\$5.9 million in 2Q2019 to S\$6.1 million in 2Q2020. The increase is in line with the increase in revenue.

Administrative expenses

Administrative expenses increased by 7.1% or S\$0.2 million from S\$2.3 million in 2Q2019 to S\$2.5 million in 2Q2020 due to higher staff costs due to the strengthening of our human capital to support our long-term growth strategy.

Other losses

Other losses in 2Q2020 increased by 206.1% or S\$0.1 million from S\$0.05 million in 2Q2019 to S\$0.15 million in 2Q2020 mainly due to higher allowance for inventories obsolescence and inventories written off.

Profit before tax

Profit before tax increased by 25.5% or S\$0.6 million from S\$2.0 million in 2Q2019 to S\$2.6 million in 2Q2020, mainly due to higher revenue and other income, partially offset by higher distribution costs and higher administrative expenses as explained above.

Income tax expense

Income tax expense for 2Q2020 was comparable with 2Q2019 despite increased profits due to non-taxability of Jobs Support Scheme grant.

Consolidated Statement of Comprehensive Income (cont'd)**2Q2020 compared to 2Q2019 (cont'd)****Profit after tax**

As a result of the foregoing, the Group's net profit after tax increased by 32.0% or S\$0.6 million, from S\$1.6 million in 2Q2019 to S\$2.2 million in 2Q2020.

1H2020 compared to 1H2019**Revenue**

The Group's revenue increased by 10.1% or S\$5.6 million from S\$56.0 million in 1H2019 to S\$61.6 million in 1H2020.

All three business segments contributed to the revenue increase. In particular, the proprietary brands segment led the growth with 29.8% increase in revenue due to higher demand for dermatological products under Ceradan® brand and nutritional supplements under Ocean Health® brand. Sales of the specialty pharma principals and the medical hypermart and digital segments increased by 6.6% and 8.2% respectively in 1H2020.

Gross profit

Gross profit increased by 7.5% or S\$1.5 million from S\$19.6 million in 1H2019 to S\$21.1 million in 1H2020.

Gross profit margin for 1H2020 remained relatively stable at 34.2% (1H2019: 35.0%).

Other income and gains

Other income and gains increased by 345.6% or S\$1.2 million from S\$0.3 million in 1H2019 to S\$1.5 million in 1H2020 due to higher government grants (mainly Jobs Support Scheme) and foreign exchange adjustment gains following the strengthening of EUR and USD against SGD.

Distribution costs

Distribution costs increased by 11.8% or S\$1.3 million from S\$11.1 million in 1H2019 to S\$12.4 million in 1H2020 due to increased advertising and promotional expenses and higher staff costs due to the strengthening of our human capital to support our long-term growth strategy.

Administrative expenses

Administrative expenses reduced by 2.8% or S\$0.1 million, from S\$4.8 million in 1H2019 to S\$4.7 million in 1H2020 due to an absence of non-recurring expenses such as the official opening of our new facility and the overlapping rental and retrofitting costs of our old premises in 1Q2019.

Profit before tax

Profit before tax increased by 38.6% or S\$1.4 million from S\$3.7 million in 1H2019 to S\$5.1 million in 1H2020, mainly due to higher revenue and other income as well as reduced administrative expenses, which were partially offset by higher distribution costs as explained above.

Income tax expense

Income tax expense for 1H2020 was S\$0.2 million higher than 1H2019, as a result of higher profits for the period.

Consolidated Statement of Comprehensive Income (cont'd)**1H2020 compared to 1H2019 (cont'd)****Profit after tax**

As a result of the foregoing, the Group's net profit after tax increased by 39.8% or S\$1.2 million, from S\$3.1 million in 1H2019 to S\$4.3 million in 1H2020.

Consolidated Statements of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 June 2020 and 31 December 2019.

Non-current assets

The Group's non-current assets decreased by S\$0.1 million from S\$13.5 million as at 31 December 2019 to S\$13.4 million as at 30 June 2020 primarily due to depreciation of plant and equipment and amortisation of intangible asset, partially offset by acquisition of plant and equipment as well as trademark and in-licensing rights totalling S\$0.9 million.

Current assets

The Group's current assets increased by S\$6.5 million from S\$66.6 million as at 31 December 2019 to S\$73.1 million as at 30 June 2020 mainly due to increases in inventories, trade and other receivables and prepayments by S\$5.0 million, S\$1.0 million and \$0.5 million respectively.

The increase in trade and other receivables was mainly due to increase in trade receivables from Vietnam distributors, due to a slow-down in collections in May and June 2020.

The increase in prepayments was mainly due to advance payment to suppliers for purchase of COVID-19 related items, such as personal protective equipment.

The increase in inventories was due to higher stock-up ahead of product licence renewals in Vietnam, which typically take at least 12 months to be approved.

Non-current liabilities

The Group's non-current liabilities decreased by S\$0.4 million from S\$2.9 million as at 31 December 2019 to S\$2.5 million as at 30 June 2020 due to recognition of the current portion of lease liabilities under current liabilities.

Current liabilities

The Group's current liabilities increased by S\$5.6 million from S\$33.1 million as at 31 December 2019 to S\$38.7 million as at 30 June 2020. This was mainly attributable to increase of S\$4.4 million in trade and other payables in line with increased purchases due to stock-up in Vietnam and net increase in bank borrowings of S\$0.5 million.

Consolidated Statements of Cash Flows

2Q2020

The Group generated net cash of S\$1.6 million from operating activities in 2Q2020, mainly due to operating cash flows before changes in the working capital of S\$3.0 million and net working capital outflows of S\$1.4 million.

The net working capital outflows were due to (i) increase in inventories of S\$4.7 million and (ii) increase in prepayments of S\$0.4 million, partially offset by (iii) increase in trade and other payables of S\$3.1 million and (iv) decrease in trade and other receivables of S\$0.7 million.

Net cash flows used in investing activities during 2Q2020 amounted to S\$0.2 million, mainly due to plant and equipment additions.

Net cash flows used in financing activities amounted to S\$3.1 million during 2Q2020, mainly due to dividend payment of S\$3.0 million and lease payment amounting to S\$0.2 million, partially offset by net bank borrowings of S\$0.1 million.

1H2020

The Group generated net cash of S\$3.6 million from operating activities in 1H2020, mainly due to operating cash flows before changes in the working capital of S\$6.0 million, net working capital outflows of S\$2.2 million and income taxes paid of S\$0.2 million.

The net working capital outflows were due to (i) increase in inventories of S\$5.0 million, (ii) increase in trade and other receivables of S\$1.0 million and (iii) increase in prepayments of \$0.5 million, partially offset by (iv) increase in trade and other payables of S\$4.4 million.

Net cash flows used in investing activities during 1H2020 amounted to S\$0.8 million, mainly attributable to plant and equipment additions and acquisition of trademark and in-licensing rights.

Net cash flows used in financing activities amounted to S\$2.9 million during 1H2020, mainly due to dividend payment of S\$3.0 million and lease payment amounting to S\$0.4 million, partially offset by net bank borrowings of S\$0.5 million.

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

Not applicable

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

Skin health portfolio expansion

The Group has received a patent in the United Kingdom for its Ceradan® Advanced, a next-generation emollient therapy which is scientifically formulated for eczema-prone skin conditions. This marks an affirmation of the Group's research-based approach to product development and will be strategic towards expansion of Ceradan® branding. We will continue to undertake further clinical developments to reinforce Ceradan's positioning. Further, we have expanded our skin health portfolio to include hair growth products through the acquisition of CG 210®, a globally renowned & patented topical botanical hair growth-promoting agent, which is expected to further strengthen Hyphens' leadership in skin health.

Enhanced product offering

The Group continues to broaden its proprietary products. Hyphens has launched two new products – Ceradan® Gentle Cleanser and Ceradan® Hand Lotion Sanitiser, to help users care for their skin while addressing the increased need for better sanitation and hygiene. Ocean Health has also launched three new products this year – High Strength Omega-3 enriched with Vitamin D3, High Strength Omega-3 Liquid and Fast Absorb Iron Energy Formula. These new products are expected to contribute positively to the revenue and profitability of the Group though there will not be a material effect on its financial results in the coming quarters.

Besides its proprietary brands, the Group will also continue to grow its existing sizable portfolio of specialty pharma principals' products, leveraging on its deep understanding of market needs and dynamics.

Internationalisation

The Group continues to actively pursue prospective partners in its internationalisation effort to other parts of Asia for its proprietary brands.

Going Digital

With rising acceptance of Telemedicine, we intend to enhance our service offering to capture this growing opportunity. We will speed up our investment in e-commerce for our consumer healthcare brands and step up digital engagement with medical professionals.

Impact from COVID-19

The Group has experienced a slowdown in demand from the medical channel across the regions during 2Q2020 due to varying degrees of control measures in each country while there was a significant increase in demand from the retail and online channels, especially in Singapore. The recovery of market demand in the regions had been inconsistent and unpredictable, and any further lockdown measures implemented will have a negative impact on the Group's business.

With continued uncertainties surrounding the eventual economic and financial impact of COVID-19 and the path to recovery, the Group recognises the importance for shareholders and investors to have up-to-date information about its business performance and operations during these uncertain times. As such, the Group has voluntarily decided to continue quarterly reporting in FY2020 so as to provide relevant and timely disclosure to the investing community.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? **No**

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? **No**

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the period under review. On the grounds of prudence, the Board will review the dividend pay-out after close of the financial year.

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

The Group does not have a general mandate from shareholders for interested person transactions.

14 Negative confirmation of Interim Financial Results pursuant to Rule 705(5)

The Board of Directors of the Company confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for 2Q2020 and 1H2020 to be false or misleading in any material aspect.

Lim See Wah
Chairman and Chief Executive Officer

Tan Chwee Choon
Executive Director

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7(H) under Rule 720(1) of the Catalist Listing Manual)

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

16 Utilisation of Proceeds from the Initial Public Offering ("IPO")

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

	Allocated S\$'000	Utilised S\$'000	Balance S\$'000
Business expansion, including potential acquisitions, joint ventures, product development and research and development collaborations	7,000	1,030	5,970
General corporate and working capital purposes	3,552	1,541	2,011
Setting up of our integrated facility	3,000	3,000	-
Payment of underwriting and placement commissions as well as offering expenses	2,048	2,048	-
Gross proceeds from the Invitation	15,600	7,619	7,981

The above utilisation is in accordance with the intended use of proceeds from the IPO as stated in the Offer Document.

BY ORDER OF THE BOARD

Lim See Wah

Chairman and Chief Executive Officer

13 August 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor, DBS Bank Ltd. ("Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact persons for the Sponsor are Ms Heng Mui Mui, Managing Director, and Mr Kelvin Wong, Senior Vice President. The contact particulars are 12 Marina Boulevard, Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982, Telephone: +65 6878 8888.

Media Release

Hyphens Pharma's 1H2020 net profit grew 39.8% to S\$4.3 million

- Proprietary Brands segment enjoyed robust growth of 29.8%, led by *Ceradan*[®] and *Ocean Health*[®]
- Acquisition of CG 210[®] hair growth products for Singapore and Malaysia further strengthens Proprietary Brands segment

Singapore, 13 August 2020 – Hyphens Pharma International Limited (“凯帆药剂国际有限公司”, “Hyphens Pharma”, or the “Company”, and together with its subsidiaries, the “Group”), Singapore’s leading specialty pharmaceutical and consumer healthcare group, is pleased to announce its second quarter (“2Q2020”) and half-year (“1H2020”) results ended 30 June 2020.

Financial Highlights

The Group’s 2Q2020 revenue increased year-on-year by 4.1% to S\$30.2 million from S\$29.0 million in the second quarter ended 30 June 2019 (“2Q2019”). For 1H2020, revenue increased by 10.1% to S\$61.6 million from S\$56.0 million in the half year ended 30 June 2019 (“1H2019”).

S\$'mil	2Q2020	2Q2019	Y-o-Y % Change	1H2020	1H2019	Y-o-Y % Change
Revenue	30.2	29.0	4.1	61.6	56.0	10.1
Gross Profit	10.2	10.1	0.5	21.1	19.6	7.5
Profit before tax	2.6	2.0	25.5	5.1	3.7	38.6
Profit after tax	2.2	1.6	32.0	4.3	3.1	39.8

The 1H2020 revenue increase was due to increased contribution from all three of the Group’s business segments. Proprietary brands segment led with the highest growth rate of 29.8%, with major contribution from *Ceradan*[®] and *Ocean Health*[®] brands. Additionally, the specialty pharma

principals segment and the medical hypermart & digital segment recorded higher revenue growth contributions of 6.6% and 8.2% respectively.

Similarly, the growth attributors for 1H2020 were also reflected in 2Q2020 revenue as the proprietary brands and the specialty pharma principals segments grew by 24.0% and 2.5% respectively.

S\$'mil	2Q2020	2Q2019	Y-o-Y % Change	1H2020	1H2019	Y-o-Y % Change
Specialty pharma principals	16.0	15.6	2.5	31.4	29.5	6.6
Proprietary brands	4.5	3.7	24.0	9.2	7.1	29.8
Medical hypermart and digital	9.7	9.7	(0.7)*	21.0	19.4	8.2
Total	30.2	29.0	4.1	61.6	56.0	10.1

**subject to rounding*

Gross profit correspondingly rose by 7.5% in 1H2020 to S\$21.1 million as compared to S\$19.6 million in 1H2019. In 1H2020, the gross profit margin remained relatively stable at 34.2% (1H2019: 35.0%).

As a result, the Group's net profit after tax in 1H2020 rose by 39.8% to S\$4.3 million (1H2019: S\$3.1 million) with net profit after tax for 2Q2020 increasing by 32.0% to S\$2.2 million (2Q2019: S\$1.6 million). The Group's Net Asset Value per share increased to 15.07 Singapore cents as at 30 June 2020, compared to 14.67 Singapore cents as at 31 December 2019.

Mr Lim See Wah, (“林世华”), Executive Chairman and CEO of Hyphens Pharma commented: “The acquisition of **CG 210®** hair growth products reflected our effort to grow our business through acquisitions. In addition, our team continued to launch new products such as **Ceradan®** Gentle Cleanser, **Ceradan®** Hand Lotion Sanitiser and 3 new products under the **Ocean Health®** brand. Despite the good result achieved in 1H2020, we are cognisant of the very challenging and unpredictable business environment due to COVID-19. Thus, we will remain diligent and agile as we navigate our path forward.”

Business Outlook

The Group has experienced a slowdown in demand from the medical channel across the regions during 2Q2020 due to the varying degrees of control measures in each country. However, there was a significant increase in demand from the retail and online channels, especially in Singapore. The recovery of market demand in the regions had been inconsistent and unpredictable, and any further lockdown measures implemented will have a negative impact on the Group's business.

Skin health portfolio expansion

While coping with the challenges brought about by COVID-19, the Group continued to grow its skin health portfolio. The Group has received a patent in the United Kingdom for **Ceradan® Advanced**, a next-generation emollient therapy which is scientifically formulated for eczema-prone skin conditions. This is an affirmation of the Group's research-based approach to product development and will be strategic towards the expansion of the **Ceradan®** brand. We will continue to undertake further clinical developments to reinforce **Ceradan®** positioning. Further, we have expanded our skin health portfolio to include hair growth products through the acquisition of **CG 210®**, a globally renowned & patented topical botanical hair growth-promoting agent, which is expected to further strengthen Hyphens' leadership in skin health.

Product offering enhancement

At the same time, the Group continues to broaden its proprietary products through new product launches. Under the **Ceradan®** brand, two new products – **Ceradan®** Gentle Cleanser and **Ceradan®** Hand Lotion Sanitiser, have been introduced to the market. The Group has also launched three new **Ocean Health®** products this year – High Strength Omega-3 enriched with Vitamin D3, High Strength Omega-3 Liquid, and Fast Absorb Iron Energy Formula. These new products are expected to contribute positively to the revenue and profitability of the Group, although there will not be a material effect on financial results in the coming quarters.

Internationalisation

The Group continues to actively pursue prospective partners in its internationalisation effort to other parts of Asia for its proprietary brands.

Going Digital

With rising acceptance of Telemedicine, we intend to enhance our service offering to capture this growing opportunity. We will speed up our investment in e-commerce for our consumer healthcare brands and step up digital engagement with medical professionals.

End.

Note: Please read this media release in conjunction with the SGXNET announcement released on the same date.

About Hyphens Pharma International Limited

(<https://www.hyphensgroup.com/>)

Hyphens Pharma International Limited and its subsidiaries (the "**Group**") is Singapore's leading specialty pharmaceutical and consumer healthcare group leveraging on its diverse footprint in ASEAN countries. The Group has a direct presence in Singapore, Vietnam, Malaysia, Indonesia and the Philippines, and is supplemented by a marketing and distribution network covering six additional jurisdictions, namely, Hong Kong, Myanmar, Brunei, Cambodia, Oman and Bangladesh.

Singapore is the Group's regional headquarters, where its strategic planning, finance, regulatory affairs, research and development, legal, business development and logistics operations are based. The Group's core business comprises the following segments: Specialty Pharma Principals, Proprietary Brands, and Medical Hypermart and Digital. Besides marketing and selling a range of specialty pharmaceutical products in selected ASEAN countries through exclusive distributorship or licensing and supply agreements with brand principals mainly from Europe and the United States, the Group also develops, markets and sells its own proprietary range of dermatological products and health supplement products. In addition, the Group operates a medical hypermart for healthcare professionals, healthcare institutions and retail pharmacies, to supply pharmaceutical products and medical supplies.

Issued on behalf of the Company by Cogent Communications Pte Ltd.
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This press release has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the Rules of Catalist. The Sponsor has not independently verified the contents of this press release.

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