Hyphens

HYPHENS PHARMA INTERNATIONAL LIMITED

STRENGTHENING OUR FOCUS

ANNUAL REPORT 2021

OUR VISION

We provide a better quality of life

OUR MISSION

To be a dominant ASEAN Pharmaceutical & Consumer Healthcare Group built on trusted brands and relationships

OUR VALUES

CARE
We care for our customers and employees, fulfilling their needs and aspirations

PASSION
We strive to be different by adopting innovation

INTEGRITY
We are a reliable and ethical team

AMBITION
We are admired and continue to aim high

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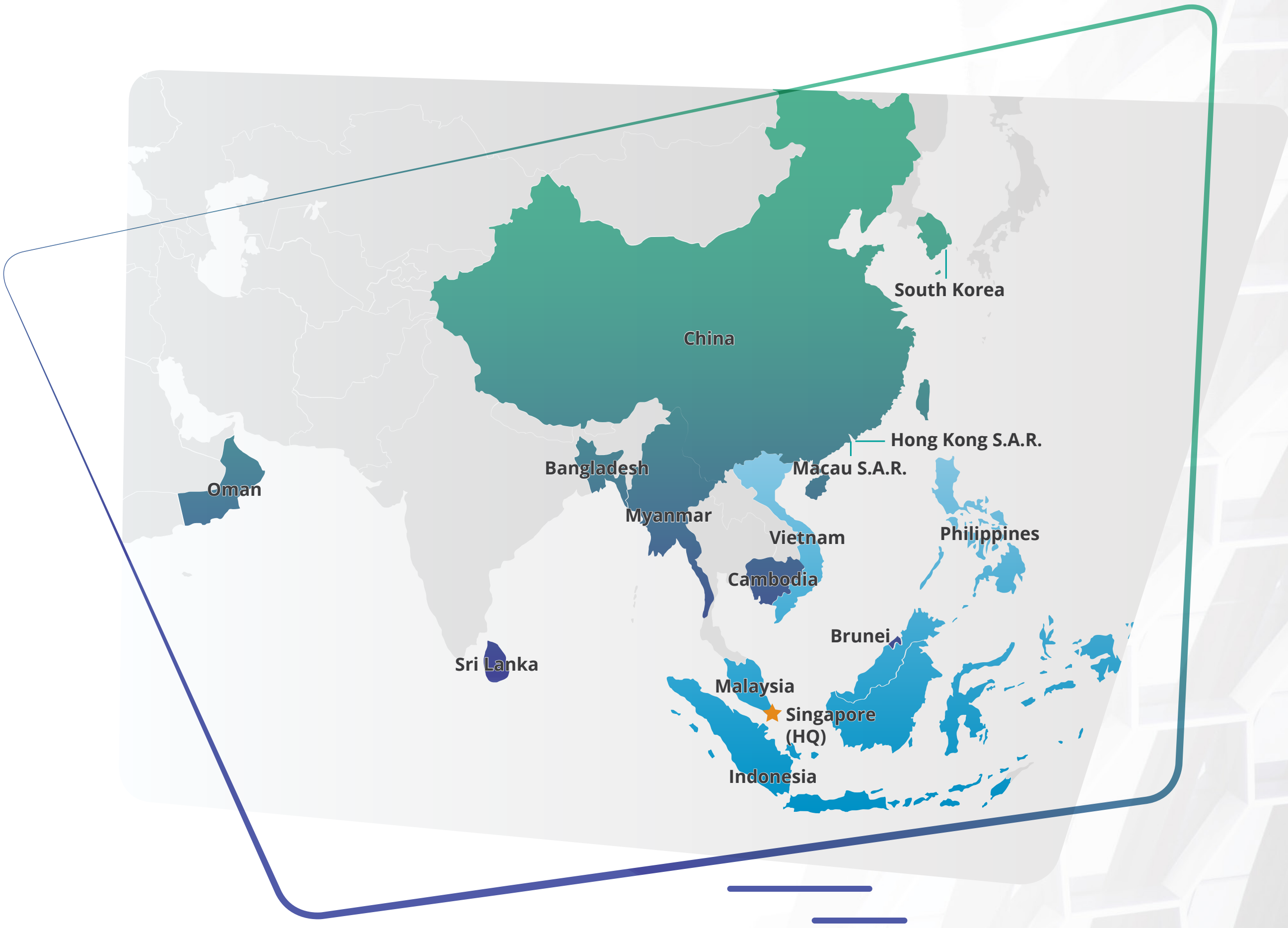
This Annual Report has been reviewed by the Company's sponsor, SAC Capital Private Limited. It has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the sponsor is Ms. Lee Khai Yinn (Telephone: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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

With our Group's history dating back to 1998, we have a direct presence in five ASEAN countries – **Singapore (HQ), Indonesia, Malaysia, the Philippines and Vietnam,** and are supplemented by a marketing and distribution network covering ten other markets – **Bangladesh, Brunei, Cambodia, China, Hong Kong S.A.R., Macau S.A.R., Myanmar, Oman, Sri Lanka and South Korea**.

Comprising four main business entities Hyphens Pharma, Pan Malayan Pharmaceuticals, Ocean Health and Novem, our core business is in three segments: Specialty Pharma Principals, Proprietary Brands, and Medical Hypermart and Digital.



Hyphens Offices

Marketing & Distribution Network

OUR
BUSINESS SEGMENTS

Specialty Pharma Principals

We market and sell 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.

We have, over time, developed significant experience in certain therapeutic areas or medical specialties. We target our specialty pharmaceutical products around therapeutic areas such as 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 2021, our specialty pharmaceutical product portfolio comprises more than 30 products. The major products in our product portfolio include contrast media products, Stérimar® nasal sprays, Bausch+Lomb eye drops, Vivomixx™, Fenosup® Lidose® and Piascledine®.

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, health supplement products marketed under our Ocean Health® brand, and scalp care products marketed under CG 210® brand.

Dermatological products refer to skincare products formulated using active ingredients selected from a dermatological point of view to support the management of various skin conditions.

We market Ceradan®, TDF® and CG 210® products primarily through medical professionals. Ocean Health® products are marketed directly to consumers in Singapore via retail channels, including major retail pharmacies.

Our Dermatological 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 skincare and pharmaceutical products, with a focus on atopic dermatitis, acne, ageing skin and hyperpigmentation.

We launched our first proprietary product, Ceradan®, a ceramide-dominant emollient, 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.

Our TDF® range is 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. Please refer to www.tdf-derma.com for more details.

The best-selling products in our TDF® range are our acne, skin pigmentation, sun protection and age defence series.

Our Scalp Care Products

Skin health is our focus area, where we want to establish our leadership position. In 2020, we included scalp care as part of our dermatology portfolio and acquired CG 210® product series for the sale and distribution in Singapore and Malaysia.

CG 210® is a patented topical botanical hair growth-promoting agent based on *Allium cepa* (onion), *Citrus medica limonum* (lemon), *Theobroma cacao* (cocoa) and *Paullinia cupana* (guarana) that works via unique mechanisms of action.

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.

We have a strong retail distribution channel for our Ocean Health® products and we believe that we carry one of the most widely distributed health supplement products in Singapore. Our Ocean Health® products are sold in all major retail pharmacies, hospital pharmacies, departmental stores, supermarkets and selected Chinese medical halls in Singapore. They are also sold online, on our e-shop (www.oceanhealth.com) as well as on third party online marketplaces such as Qoo10, Lazada, Redmart and Shopee.

We also have the Clinical Series, a professional range of health supplement products that we have 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.

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.

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. Besides the conventional business model via tele-sales and sales representatives, we have also established an online platform (www.pom.com.sg) to support the needs of our customers.

This online B2B platform, which we refer to as our online Medical 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 as well as educational materials to the medical professionals.

We also run WellAway, Singapore's first and only HSA-registered e-pharmacy that acts as a digital platform where registered doctors can give e-prescriptions and have the prescribed medicine delivered to patients' homes.

OUR
BUSINESS SEGMENTS

Novem

In 2021, we completed the acquisition of Singapore-based Novem to help expanding our product portfolio, while providing us access to new principals, market segments, and customers.

Novem is a leading healthcare-focused distributor of pharmaceutical products, nutraceutical products and medical devices. With more than 20 years under its belt, Novem offers over 150 products across more than 40 brand principals, serving over 1,000 active customers, including hospitals, polyclinics, specialists, and general practitioners in Singapore. Its portfolio caters for a variety of diseases and therapeutic areas, such as musculoskeletal, cardiology, ophthalmology, and general surgery.

Pharmaceutical Products

Novem distributes a portfolio of proprietary brand of generics, as well as distributed generics and vaccines.

Nutraceutical Products

Novem develops, markets and sells its in-house evidence-based nutraceutical products, namely:

- ActivQ™-50 & ActivQ™-100 (Ubiquinol 50mg and 100mg)
- Helio-D3™ (Vitamin D3 1000 IU)
- MarineMag™ (Elemental Magnesium 200mg)
- RemeCur™ (Bioactive Curcumin 500mg)
- SuperKrill2 Forte (Antarctic Krill Oil 500mg)
- Orthotect (Glucosamine HCI 750mg)

Novem also markets and sells these distributed brands:

- Lipesco®-E (Alpha-Lipoic Acid 600mg, Vitamin B1 50mg, Vitamin B6 50mg, Vitamin B12 100mcg and Vitamin E 8mg)
- NC2 (Native Collagen II 10mg)
- Oxithion (Sublingual L-Glutathione 100mg and 250mg oral granules)

Medical Devices

Novem markets and sells medical devices with a wide range of applications in:

- Ear, Nose & Throat conditions
- Infectious control
- Musculoskeletal conditions
- Surgical procedures
- Vascular conditions

Please refer to www.novemhealthcare.com for more details on the products.

Delivering innovative evidence-based quality nutraceuticals, for the improvement of your health
RemeCur™
Bio-active Curcumin 500mg
Patented curcumin extract
Helio-D3™
Vitamin D3 as cholecalciferol 1000 IU (25 ug)
Dissolved in cold pressed extra virgin olive oil
MarineMag™
Elemental Magnesium 200mg
Natural marine magnesium
SuperKrill®2 Forte
Antarctic Krill Oil 500mg with phospholipids, choline & astaxanthin
A superior source of Omega-3 fatty acids
ActivQ™
Ubiquinol (CoQ10) 50/100mg
Most bioactive form of coenzyme Q10
A member of
Hyphens
NOVEM®
Innovating healthcare with excellence

CHAIRMAN'S
STATEMENT

"We have been steadfast in executing our stated strategy, especially our investment in our Proprietary Brands, the strengthening of our Specialty Pharma portfolio, and digitalisation."

Dear Shareholders,

It is my pleasure to present to you Hyphens Pharma International Limited's ("**Hyphens**" and together with its subsidiaries, the "**Group**") annual report for the financial year ended 31 December 2021 ("**FY2021**"). FY2021 was a challenging year for all businesses due to the uncertainty and volatility brought on by the continuing COVID-19 pandemic. While we dealt with daily operational challenges, we have also been able to pursue long term goals and capture opportunities.

I am happy to report the Group has achieved a revenue of S$125.9 million and net profit of S$6.8 million for FY2021. We have been steadfast in executing our stated strategy, especially our investment in our Proprietary Brands, the strengthening of our Specialty Pharma portfolio, and digitalisation. Most notably, we have also achieved inorganic growth with the acquisition of the Novem group of companies ("**Novem**").

Product Portfolio Enhancement

We have been making steady progress in our skin health business. Ceradan® is our flagship brand and it is clearly differentiated from other brands with its distinctive ceramide-dominant formulation. This optimal ceramide science formulation enables Ceradan® to help with skin barrier restoration. In 2021, Ceradan® has won awards from the major retail pharmacies in Singapore and Malaysia as the "Best Selling Skin Barrier Cream" and the "The Most Wanted Skin Barrier Cream" respectively. This accolade reaffirms the strong brand recognition of Ceradan® and augurs well for its future development.

We have also made steady progress in the patenting of Ceradan® Advanced. Besides UK, the patent is now granted in the US and Singapore. Patent in other major countries and jurisdiction is in progress. This validation of the invention behind Ceradan® Advanced gives us confidence in the scientific value that underlies Ceradan® Advanced as the next generation emollient in the management of eczema prone skin.

Besides Ceradan®, we have made good progress in the other brands. We have acquired CG 210® in 2020, and full year commercialisation in 2021 was satisfying. As a clinically validated hair growth solution, the brand has made in-roads to more medical clinics in Singapore and Malaysia. We anticipate a new look of CG 210® as well as new SKU of CG 210® Forte to be launched in the near future. TDF® range has also been strengthened with the launch of a new sunblock, Blu Voile. As the name suggests, Blu Voile has the additional benefit of shielding blue light which is important to protect the skin from photodamage and hyperpigmentation. Ceramoz® mosquito repellent range has also been expanded with the launch of Ceramoz® patch.

For our Ocean Health® brand, we have introduced a number of new products this year, such as Joint-RX® UC-II® Formula and High Strength Eye Moist Omega Formula. Recently, we launched a Refill Pack for our Ocean Health® Omega-3 Fish Oil 1000mg product as part of our ongoing commitment to sustainability. This Refill Pack is the first-ever refill pouch in Singapore's health supplement category and uses 90% less plastic in comparison to the large Ocean Health® Omega-3 Fish Oil bottle. As Singapore's No. 1 Omega-3 leader, we hope to lead and contribute to a more sustainable environment.

In the consumer healthcare space, we have made significant inroads through e-commerce and digital marketing. We have established official stores across the region with online platforms such as Shopee, Lazada and Tokopedia. We are pleased to see our brands being well received on such platforms, and will continue to make investment to further our capabilities and returns from e-commerce and digital marketing.

Our Specialty Pharma segment also saw product expansion in the past year, with the launch of Erdomed® 300mg Hard Capsules in Singapore and Malaysia. Our product pipeline has been strengthened with the signing of exclusive licensing deal to commercialise Ustekinumab biosimilar in Singapore, Malaysia, and the Philippines. Hyphens continues to actively and carefully seek licencing opportunities for new products, while ensuring that the product will bolster its Specialty Pharma portfolio and align with the Group's long-term goals.

Growing Through Acquisition

We have been prudent and disciplined in our approach to M&A. During FY2021, we have successfully completed the acquisition of Novem. We see a good fit between our organisations, in terms of business culture, portfolio of products and customer base. This acquisition is a strategic opportunity for the Group. It will further strengthen our leadership position in Singapore. We expect the acquisition to accelerate our growth in a stable and sustainable manner and ultimately contribute materially to the Group's top and bottom line.

Digitalisation Gaining Momentum

As part of its overall growth strategy, Hyphens will continue to enhance its digital presence to capture the growing opportunities in healthcare digitalisation.

In January 2021, WellAway Pharmacy received the approval from Health Sciences Authority ("**HSA**") for e-pharmacy operation. This is the first e-pharmacy licence awarded by HSA. On the platform, doctors will be able to issue e-prescription for patients directly to WellAway. Following stringent HSA guidelines, WellAway will provide safe, reliable and convenient end-to-end home medication delivery. We have received enthusiastic response from healthcare services providers, as well as pharmaceutical companies. We see great potential for WellAway to provide better pharmaceutical care for patients and contribute to overall healthcare efficiency.

Our virtual medical hypermart, the online ordering platform for clinics and other healthcare establishments, has seen a spike in usage since the onset of the COVID-19 pandemic. We have embarked on upgrading the platform to enhance user experience. At the same time, there is also potential for the regionalisation of a successful platform from Singapore to the regional countries where Hyphens operates.

In order to accelerate the development of our digital assets, drive regionalisation as well as to capture other opportunities as healthcare continues to digitalise, we have incorporated DocMed Technology Pte. Ltd. ("**DocMed**") in October 2021. DocMed will serve as our vehicle to further develop our Medical Hypermart and Digital segment of our business.

In line with Hyphens' long-term growth prospects, we have also enhanced our internal digital initiatives to help bring about greater productivity and efficiency to our operations. The Group's Human Resources (HR) system is now cloud-based, which creates mobility and efficiency. As the system is multi-lingual, our overseas offices are also able to use the system with ease. At the same time, the Group adopted a new Enterprise Resource Planning (ERP) system to automate certain operations and financial processes, and in order to keep up with the latest digital trends, we started a "Hyphens Digital Day" in which industry speakers would share their knowledge to increase our staff's digital literacy and awareness.

Our Sincere Appreciation

Despite the ongoing challenges and tough operating environment, the Board has decided to continue to pay dividends of at least 30% of the Group's net profit attributable to shareholders, and thus will be recommending a final dividend of 0.67 cents per share which is subject to shareholders' approval at the upcoming Annual General Meeting.

On my part, I would like to thank the Board for the guidance and the Hyphens team for working hard together during these challenging times to help the Group achieve its business objectives. We would also like to thank all our other stakeholders including our business associates, research partners, customers, and government agencies for their continued support and confidence in us, as we continue to grow and become ASEAN's leading pharmaceutical and consumer healthcare group.

Lim See Wah
Chairman, Executive Director & CEO

2021
KEY EVENTS

JAN

- Received e-pharmacy licence for WellAway Pharmacy
- Appointed exclusive distributor in South Korea for TDF® Fairence® T-Complex

MAR

- Launched Ocean Health® Joint-Rx® UC-II® Formula

APR

- Launched TDF® Blu Voile

JUN

- Launched Ocean Health® High Strength Eye Moist Omega Formula

Launched Ceramoz® Mosquito Repellent Patch

Inked exclusive licensing deal of Ustekinumab biosimilar

DEC

SEP

Boosted Singapore market leadership with acquisition of Novem group of companies

OPERATIONS
REVIEW

In FY2021, the Group achieved notable growth as it continues to pursue its long-term goals and prospects while maintaining its position as ASEAN's leading specialty pharmaceutical and consumer healthcare group.

Advancing Proprietary Brands

The Proprietary Brands segment remains a key focus of the Group. The segment's revenue grew by 5.3% in FY2021 to S$19.1 million and the increase was mainly due to higher demand for the Group's Ceradan® and CG 210® products in Malaysia and other export markets.

In line with the Group's long-term goal of becoming Asia's No. 1 Skin Health Company, its flagship brand, Ceradan® won both "Best Selling Skin Barrier Cream" and "The Most Wanted Skin Barrier Cream" awards from major retail pharmacies in Singapore and Malaysia respectively.

At the same time, the Ceradan® Advanced's patent was granted in US and Singapore in addition to UK. The patent approvals reaffirm the scientific value that underlies Ceradan® Advanced as the next-generation emollient therapy for eczema-prone skin conditions. The Group continues to progress the patenting of Ceradan® Advanced, and looks forward to receiving approvals in other major countries and jurisdictions.

Under the Ceradan® brand, the Group launched Ceramoz® Mosquito Repellent Patch, which is a 100% natural patch that protects up to 12 hours. All these achievements highlight the Group's ongoing efforts to build and expand the Ceradan® brand.

To further bolster the skin health product portfolio, the Group has also launched Blu Voile under the TDF® range. Blu Voile is the only true complete sun protection that was formulated to shield the skin from 90% blue light on top of UVA and UVB protection.

The Group's Ocean Health® brand also enjoyed robust sales for the year in review. In FY2021, the Ocean Health® brand introduced two new products, Joint-RX® UC-II® Formula and High Strength Eye Moist Omega Formula to the market. The Group also launched the Omega-3 Fish Oil 1000mg Refill Pack ("**Refill Pack**") as part of its ongoing commitment to sustainability. With 90% less plastic used compared to the bestselling Omega-3 Fish Oil 1000mg bottle, the Group is urging customers to do their part to help with plastic reduction and reuse the bottle. As Singapore's No. 1 Omega-3 leader, this is Singapore's first-ever refill pouch in the health supplement category and the Group hopes to lead and contribute to a more sustainable environment. Depending on the reception of this refill pack, the Group will consider its use for other supplements.

Another significant progress in the Group's Proprietary Brands segment includes the full year contribution from CG 210® in FY2021 after acquiring the brand in mid-2020. CG 210® is a clinically validated hair growth solution and has made in-roads to more medical clinics in Singapore and Malaysia in FY2021. The Group will continue to nurture CG 210® as it plans for a new look and new product launches for the brand in the near future.

Increasing Specialty Pharma Principals

The Group remains focused on further cementing its specialty pharmaceutical position in the ASEAN region as it actively seeks licensing opportunities for new products. The Group's Specialty Pharma Principals segment achieved a 5.9% increase in revenue due to stronger demand in Singapore, Malaysia and Indonesia. Earlier in FY2021, the Group launched the Erdomed® 300mg Hard Capsules ("**Erdomed**") in Singapore and Malaysia. Erdomed is the latest generation mucolytic for use in all acute and chronic respiratory disorders with excessive mucus and phlegm. This prescription-only medicine will be promoted to healthcare professionals in the Respiratory and Ear, Nose, Throat ("**ENT**") specialties as well as general practitioners.

With the recent signing of the exclusive licensing deal to commercialise Ustekinumab biosimilar in Singapore, Malaysia and the Philippines, the Group's specialty pharmaceuticals pipeline has been strengthened. The Ustekinumab biosimilar is a human monoclonal antibody for the treatment of immune mediated disorders like plaque psoriasis and Crohn's disease. The Group's interest in this biosimilar emphasises its commitment towards providing innovative and high-quality medical dermatological products to meet the needs of patients suffering from various skin disorders.

Contribution from Inorganic Growth

Furthermore, with the successful completion of the acquisition of the Novem group in December 2021, the Group has gained access to new brand principals and customers. Novem has a good range of pharmaceutical products, nutraceutical products and medical devices, which will contribute to all three business segments of the Group. The acquisition will boost the Group's presence and leadership position in Singapore, as it delivers a wider variety of high-quality healthcare products and services to an enlarged customer base. As such, Novem is expected to contribute steadily and substantially to the Group's growth from FY2022 onwards.

Fast-Tracking Digital Expansion

As a result of the COVID-19 pandemic, the Group saw a remarkable rise in usage for its virtual Medical Hypermart, an online B2B e-commerce platform. As such, the Group has recently revamped the e-commerce platform with added features to improve users' experience.

In January 2021, WellAway Pharmacy ("**WellAway**") was awarded Singapore's first e-pharmacy licence by the Health Sciences Authority ("**HSA**"). WellAway is a digital platform where patients can receive e-prescriptions from qualified doctors and have the prescribed medicine delivered to their homes in a secure and reliable manner. WellAway follows very stringent HSA guidelines including the protection of patient data and specialised handling for temperature-sensitive medication, to ensure the quality and integrity of the medication delivered. In this manner, WellAway can complement the rising usage of telemedicine.

A new subsidiary, DocMed Technology Pte. Ltd. ("**DocMed**"), was incorporated in October 2021 to unlock new opportunities for the Group as healthcare continues to digitalise. DocMed has been actively pursuing strategic collaboration opportunities to develop an integrated digital healthtech platform with various healthtech solutions, to cater to various healthcare stakeholders in Singapore and the region. DocMed is expected to accelerate the Group's development and expansion of its Medical Hypermart and Digital segment.

Additionally, the Group and its brands have established their digital presence and received positive responses across the region on e-commerce platforms such as Shopee, Lazada and Tokopedia. With increasing traction online, the Group will continue to enhance its e-commerce and digital marketing capabilities.

To support the Group's long-term growth prospects, the Group has beefed up its internal digital capabilities to improve the productivity and efficiency of its operations. A new Enterprise Resource Planning ("**ERP**") system has been implemented groupwide to automate certain operations and financial processes. The Group's Human Resources system has also been digitalised and is now cloud-based with multilingual feature, thereby creating mobility and versatility for all staff in Singapore and in the overseas offices where Hyphens operates. The Group has also held its inaugural "Hyphens Digital Day" during which industry speakers shared latest trends and best practices to improve digital literacy and awareness of all staff.

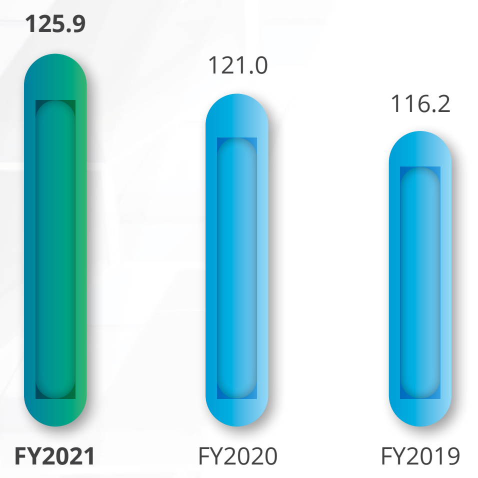
Navigating An Uncertain World

The COVID-19 pandemic unfortunately is still not over, despite the positive effects with vaccination rollouts globally. New virus mutations and flareups will continue to impact economies, businesses and societies, and it will take a while before the world could look to a 'post-COVID normal'. Geo-political tensions in eastern Europe would also have adverse impact on the global economy, resulting in higher inflationary pressures and supply chain disruptions. The Group will continue to remain agile and vigilant to respond to challenges as and when they arise. It will also continue its efforts to harness digital technologies as a business enabler while managing its operations in a challenging macroenvironment. The Group expects e-commerce and other digital technologies to be a growing and important facet of its operations, as customers rely more on the digital world.

The Group remains committed to the steadfast pursuit of long-term growth and continuously seeks to strengthen its proprietary brands and specialty pharma product portfolios. It will also continue to invest in a clinical and science-based approach to develop its proprietary brands. At the same time, the Group intends to build a stronger foothold and brand awareness in the region by actively expanding its marketing and distribution network into new markets through the appointment of distributors and enhancing its presence in the e-business space. Supporting all the above is the Group's continual efforts to build up its talent pool to drive constant innovation and continuous improvement of its operations.

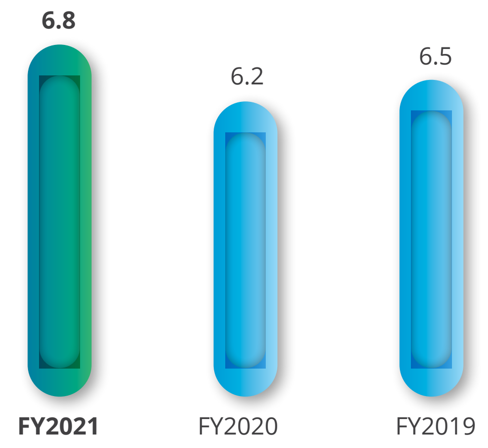
FINANCIAL HIGHLIGHTS

REVENUE (S$'MIL)

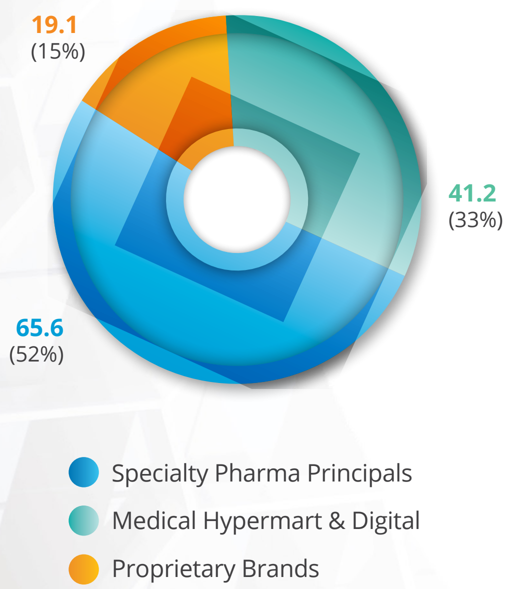


Note: Restated for prior years

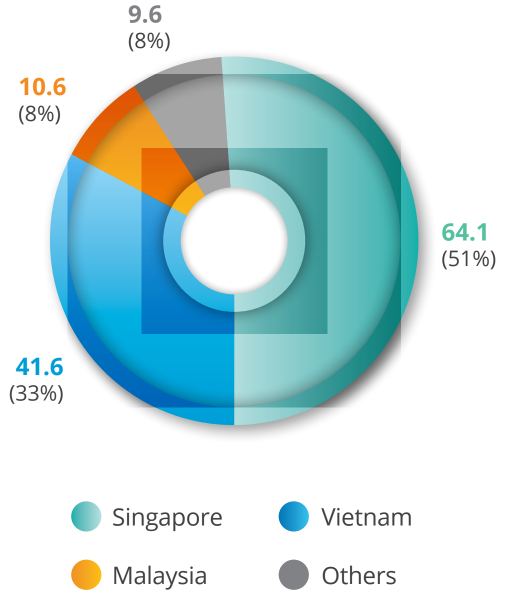
PROFIT, NET OF TAX (S$'MIL)



FY2021 REVENUE BY BUSINESS SEGMENT (S$'MIL)



FY2021 REVENUE BY GEOGRAPHY (S$'MIL)



Review of Financial Performance

Revenue and margin

The Group's revenue increased by 4.1% or S$4.9 million from S$121.0 million in FY2020 to S$125.9 million in FY2021. All three business segments contributed to the revenue increase. Revenue from specialty pharma principals segment increased by 5.9%, led by improved demand in Singapore, Malaysia and Indonesia. Proprietary brands segment contributed 5.3% revenue growth with higher demand for dermatological products under Ceradan® and hair growth products under CG 210®. Revenue from medical hypermart and digital segment remained stable with moderate increase of 0.7%.

Gross profit correspondingly rose by 10.2% or S$4.5 million from S$43.6 million in FY2020 to S$48.1 million in FY2021. Gross profit margin increased from 36.1% in FY2020 to 38.2% in FY2021 due to improved margin in specialty pharma principals segment.

Other income and gains

Other income and gains reduced by 58.0% or S$1.3 million from S$2.3 million in FY2020 to S$1.0 million in FY2021 due mainly to lower government grants (in particular the Jobs Support Scheme) received in FY2021, partially mitigated by higher foreign exchange gain in FY2021.

Operating expenses

Distribution and marketing expenses increased by 7.1% or S$1.9 million from S$26.5 million in FY2020 to S$28.4 million in FY2021 attributable to higher staff costs due to the strengthening of our human capital to support our long-term growth strategy and increased sales commission, in tandem with the higher sales achieved.

Administrative expenses increased by 14.8% or S$1.5 million from S$10.1 million in FY2020 to S$11.6 million in FY2021 due to higher R&D costs, transaction costs associated with Novem acquisition and increased staff costs.

Other losses reduced by 66.9% or S$1.4 million from S$2.1 million in FY2020 to S$0.7 million in FY2021 due to lower allowance for inventories obsolescence and inventories written off.

Profit for the year

As a result of the foregoing, the Group's net profit after tax increased by 11.1% or S$0.6 million, from S$6.2 million in FY2020 to S$6.8 million in FY2021.

Review of Financial Position

Assets

The Group's non-current assets increased by S$12.0 million from S$12.7 million as at 31 December 2020 to S$24.7 million as at 31 December 2021 primarily due to goodwill of S$12.6 million arising from the acquisition of Novem.

The Group's current assets increased by S$5.0 million from S$68.7 million as at 31 December 2020 to S$73.7 million as at 31 December 2021 mainly due to increase in inventories and trade and other receivables by S$8.2 million and S$4.8 million respectively, partially offset by decrease in cash and cash equivalents by S$8.1 million.

Liabilities

The Group's non-current liabilities decreased by S$2.8 million from S$4.0 million as at 31 December 2020 to S$1.2 million as at 31 December 2021 due mainly to recognition of the current portion of loan and lease liabilities under current liabilities.

The Group's current liabilities increased by S$12.3 million from S$30.3 million as at 31 December 2020 to S$42.6 million as at 31 December 2021. This was mainly attributable to increase in trade and other payables, additional loan borrowings and recognition of the current portion of loan and lease liabilities.

Review of Statement of Cash Flows

The Group generated net cash of S$6.0 million from operating activities in FY2021, mainly due to operating cash flows before changes in working capital of S$10.9 million, net working capital outflows of S$3.5 million and income taxes paid of S$1.4 million.

The net working capital outflows were due to increase in inventories of S$4.6 million and increase in trade and other receivables of S$2.0 million, partially offset by increase in trade and other payables of S$3.1 million.

Net cash flows used in investing activities during FY2021 amounted to S$14.9 million, mainly attributable to purchase consideration paid for Novem acquisition, plant and equipment additions and acquisition of trademark and in-licensing rights.

Net cash flows from financing activities amounted to S$0.8 million during FY2021, mainly due to additional borrowings of S$4.2 million, partially offset by dividend payment of S$1.9 million, lease payment of S$0.9 million, repayment of borrowings of S$0.6 million.

SUSTAINABILITY REPORT &
CORPORATE SOCIAL RESPONSIBILITY

SUSTAINABILITY STATEMENT

Our Sustainability Report for the financial year ended 31 December 2021 ("FY2021") will be released in the second quarter of FY2022 and will encompass the key elements listed below. Based on a survey of our internal stakeholders, these topics remain top priority to our external stakeholders and have a great impact on our Group's business.

EMPLOYMENT

Competency development and well-being of our employees are our priorities, as we believe our people are the most valuable resource for the Group's sustainable growth and success. By realising the value of diversity in our workplace, we develop and integrate human capital strategies to hire talents from various backgrounds and cultures. We also promote equal opportunity employment by practicing an open appraisal system for all employees and rewarding them based on merit.

PRODUCT QUALITY AND SAFETY

Our Group's philosophy is to ensure the safety and well-being of all our customers. Being in the pharmaceutical industry, we maintain compliance with all relevant regulations and applicable industrial standards. To ensure the quality and safety of our products, we have integrated quality standards, procedures and monitoring mechanisms across our operations. Our products are assessed periodically for health and safety impacts across our value chain.

CUSTOMER PRIVACY

Maintaining impeccable privacy and security for our customers is key to protecting our customers' interests. As the Group continues its digital transformation with greater reliance placed on our digitalised system, we realise that a robust security structure is essential to protect our infrastructure, systems and data. We put in place IT access controls to prevent unauthorised access to the Group's systems and data.

ANTI-CORRUPTION

We have a zero-tolerance policy towards any form of corruption and take a firm stance against corruption. By putting in place policies and procedures surrounding workplace ethics and business conduct such as anti-corruption, whistleblowing and conflict of interests, we create a culture of integrity throughout the Group.

SOCIOECONOMIC COMPLIANCE

Guided by our core values and code of conduct, we are fully committed to ensure that compliance with social and economic regulations is an integral part of our corporate culture and business processes. Our tone for regulatory compliance is set clearly at the top and consistently reiterated through all levels of our Group.

CORPORATE SOCIAL RESPONSIBILITY

Community Outreach in Singapore

Food is a basic need, but hunger still exists in food-paradise Singapore and the situation has been exacerbated by the COVID-19 pandemic when jobs are lost or when illnesses strike. On the home front, Hyphens partnered with Food from the Heart, a charity organisation that feeds the needy through its food distribution programme. Our staff stepped up and supported our food donation and fundraise, as well as volunteered their time to sort and pack food.

SCAN TO SEE MORE PHOTOS

bit.ly/hypsgcsr

In appreciation of medical healthcare workers, the Group also contributed health supplements for Nurses' Day at ECON Healthcare and SingHealth Community Hospitals. During the year, we donated to the POSB Passion Kids Fund, as well as gifts-in-kind to RSVP Singapore The Organisation of Senior Volunteers and SPEAK (Eczema and Allergy Support Foundation Limited).

Overseas Community Outreach

The COVID-19 pandemic continues to impact lives and livelihoods beyond Singapore, and our overseas offices are equally committed to look out for their local communities.

Our office in Malaysia worked with grassroot leaders and donated 500 food packs to needy residents in the Subang Jaya, Damansara, Kampung Sungai Kayu Ara, and Kampung Tunku areas. Each food pack contains rice, noodles, milo, biscuits, canned food, cooking oil, sugar, and sauce.

SCAN TO SEE MORE PHOTOS

bit.ly/hypmycsr

We also donated 500 gift packs of Vitamin C and Vitamin D supplements to Indonesian medical healthcare workers, as well as 12,000 N95 masks to Centers for Disease Control and hospitals in Vietnam.

INVESTOR **RELATIONS**

Hyphens is committed to maintain timely, balanced and effective communications with its shareholders and stakeholders. In FY2021, Hyphens held three results briefings, which were well attended by financial analysts and institutional investors.

There are currently four research coverage on Hyphens:

1. CGS-CIMB (Rated)
2. KGI Securities (Rated)
3. PhillipCapital (Rated)
4. SAC Capital (Rated)

In consideration of the health and safety of our shareholders, Hyphens convened its third Annual General Meeting virtually on 28 April 2021. The Annual General Meeting offers an important platform for the Board and Management to present Hyphens' performance and address shareholders' queries.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MADE IN NEW ZEALAND · 190 SOFT GELS
Deep Sea Small Fish
Sourced from deep sea small fish
Each batch 3rd party tested
A brand used by medical institutions
Available at Watsons
A member of Hyphens
*Best-selling fish oil (Omega-3) supplement in major retail pharmacies from 2013 to 2020.
^In comparison with our large Omega-3 Fish Oil bottle pack.

BOARD OF **DIRECTORS**

1 Mr Lim See Wah
Chairman, Executive Director & CEO

Mr Lim See Wah was appointed to our Board as Executive Director on 12 December 2017.

He is the founder of our Group 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.

He graduated with a Bachelor of Science (Pharmacy) with Honours (Second Class Honours Upper Division) from the 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 had also taken part in the UC Berkeley-Nanyang Advanced Management Program and the Spring Singapore: Executive Leadership Development Programme at The Wharton School of the University of Pennsylvania in August 2017.

2 Mr Tan Chwee Choon
Executive Director

Mr Tan Chwee Choon was appointed to our Board as Executive Director on 12 December 2017.

He 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, Chwee Choon had held key positions including International Business Development Manager at Vita Health Asia Pacific (S) Pte. Ltd., Marketing Company President (Singapore, Vietnam, and Indochina) for AstraZeneca Singapore Pte. Ltd. and Country Manager (Singapore and Indochina) of Astra Pharmaceuticals (Singapore) Pte. Ltd. Between 1995 to 2000, Chwee Choon had served as President, Singapore Association of the Pharmaceutical Industry.

Chwee Choon graduated with a Bachelor of Business (with Distinction) from Curtin University of Technology in February 1988.

3 Dr Tan Kia King
Non-Executive Director

Dr Tan Kia King was appointed to our Board as Non-Executive Director on 12 December 2017.

He has had over 25 years of experience as a medical doctor, starting his career as a Medical Officer in the Ministry of Health. He was the Managing Director of Westpoint Family Hospital Pte. Ltd., responsible for overseeing the day-to-day operations of the hospital.

Kia King has been the Vice-Chairman of Sengkang West Citizens' Consultative Committee since July 2016. He was 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.

4 Mr Heng Wee Koon
Lead Independent Director

Mr Heng Wee Koon was appointed to our Board as Lead Independent Director on 23 April 2018.

He 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.

Wee Koon was with KPMG's Transaction Services department in January 2007 and made an Executive Director in October 2008. He was a Partner of KPMG Advisory LLP when he left the firm in December 2016.

He graduated from the National University of Singapore with Bachelor of Business Administration with Honours in 1994 and obtained a Master of Business Administration from Nanjing University in 1997. He is a member of CFA Society Singapore.

5 Mr Ng Eng Leng
Independent Director

Mr Ng Eng Leng was appointed to our Board as Independent Director on 23 April 2018.

He is a Partner of 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.

Eng Leng has had over 27 years of experience in legal practice. From November 2002 to September 2011, he was a Partner at WongPartnership LLP. He 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.

6 Ms Tan Seok Hoong @ Mrs Audrey Liow
Independent Director

Ms Tan Seok Hoong @ Mrs Audrey Liow was appointed to our Board as Independent Director on 29 July 2019.

Audrey has strong experience and background in consumer marketing, general management, R&D and operations in the food, nutrition, health and wellness industry. She retired in May 2018 as the Market Head, Chairman and CEO of Nestlé Indochina Region, after 30 years of dedicated service with the Nestlé Group. During her prolific tenure with Nestlé, she held various commercial and leadership roles in Singapore, China, Switzerland, and across the South East Asian Region.

Audrey previously served as a Director on the Board of Nestlé ROH (Thailand) Ltd and on the Tanjong Katong Girls' School Advisory Committee. She is currently an Independent Director of Venture Corporation Limited, Heliconia Capital Management Pte Ltd and C-Quest Capital SGT Asia Stoves Pte Ltd.

Audrey holds a Bachelor of Science degree from the National University of Singapore (NUS). In 2014, she was awarded the Outstanding Science Alumni Award by NUS in recognition of her accomplishments and contributions. She has also attended the Leadership Program at London Business School and the Berkeley-Nanyang Advanced Management Program at Nanyang Technological University.

7 Mr Chan Kiat
Independent Director

Mr Chan Kiat was appointed to our Board as Independent Director on 5 November 2020.

He is the Managing Director and Partner of Archipelago Capital Partners, a Singapore-based fund manager investing in Southeast Asia, since 2016. Prior to co-founding Achipelago Capital Partners, Kiat served as Executive Vice President of Investments at Singapore Post Limited ("SingPost"). He was a key member of the Corporate Finance Practice in Southeast Asia at McKinsey & Company from 2001 to 2011.

Kiat has over 20 years of experience in consulting, corporate finance, strategy and private equity. He graduated from the National University of Singapore with a Bachelor of Engineering in 1996 and obtained a Master of Business Administration from INSEAD in 2000.

EXECUTIVE TEAM

Ms Fang Lee Wei
Chief Financial Officer

Ms Fang Lee Wei is responsible for overseeing the overall financial management of our Group.

She joined Hyphens in 2010 and has more than 20 years of experience in audit, corporate finance and financial management. Prior to joining Hyphens, she has worked with Ernst & Young and a few Singapore Exchange Mainboard-listed companies.

Lee Wei holds a Master of Commerce in International Business from the University of New South Wales and a B.ACC (Hons) from Nanyang Technological University. She is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

Mr Jason Yeo
General Manager, Hyphens Pharma (Singapore)

Mr Jason Yeo is responsible for the overall management and growth of Hyphens Pharma and Ocean Health businesses in Singapore.

He joined Hyphens in 2002 and has risen through the ranks over the years. He has progressively held managerial roles in sales & marketing in Singapore and was Regional Manager before he assumed his current position.

Jason holds a Bachelor Degree of Science in Business & Management Studies (Hons) from the University of Bradford.

Mr David Lim
General Manager, Pan-Malayan Pharmaceuticals

Mr David Lim is responsible for the overall management of Pan-Malayan Pharmaceuticals.

Prior to joining Pan-Malayan Pharmaceuticals in 2000, he spent over 13 years in both MNC and SME environments, building an impressive track-record in both local and regional sales, marketing and business management. He handled established brands and services that include Singapore Airlines, SilkAir, Noel Gifts, Tiger and Heineken Beers.

David holds a Bachelor Degree (Honours) in Social Science from the National University of Singapore.

Mr Yann Alain Marche
Chief Operating Officer

Mr Yann Alain Marche is responsible for overseeing our Specialty Pharma Principals and Proprietary Brands business segments.

He joined Hyphens in 2019 and has more than 27 years of extensive experience in the global pharmaceutical industry, specialising in dermatology, rheumatology and aesthetic business. Yann has developed his career progressively for over 18 years with Galderma, where he held key management positions, including Vice-President for Latin America.

His last role was at Laboratoires Expanscience as Senior Chief Operating Officer, managing operations and revenue growth in more than 50 countries, 16 subsidiaries and 400 collaborators.

Yann graduated with a Doctor in Pharmacy from the Université de Paris V, France. He has also taken part in Wharton's Essentials of Management at The Wharton School of the University of Pennsylvania in 2007 and the L'Oréal Management Program at CEDEP-INSEAD in Fontainebleau in 1996.

Ms Stella Ang
Head, Regulatory Affairs

Ms Stella Ang oversees both regulatory affairs as well as pharmacovigilance activities of Hyphens.

Prior to joining Hyphens in 1997, she was a Pharmacist with Singapore General Hospital. She has more than 20 years of regulatory experience in ASEAN countries and her regulatory expertise spans across various categories including therapeutic products, medical devices, cosmetic products and complementary medicine.

Stella is a Registered Pharmacist and holds a B.Sc (Pharm) from the National University of Singapore.

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1 part free fatty acids
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For very dry, irritated and sensitive skin
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10 Years of Eczema Relief
*Based on an IQVIA brand audit on Understanding Dermatologists' emollient of choice. Aug 2021
Hyphens
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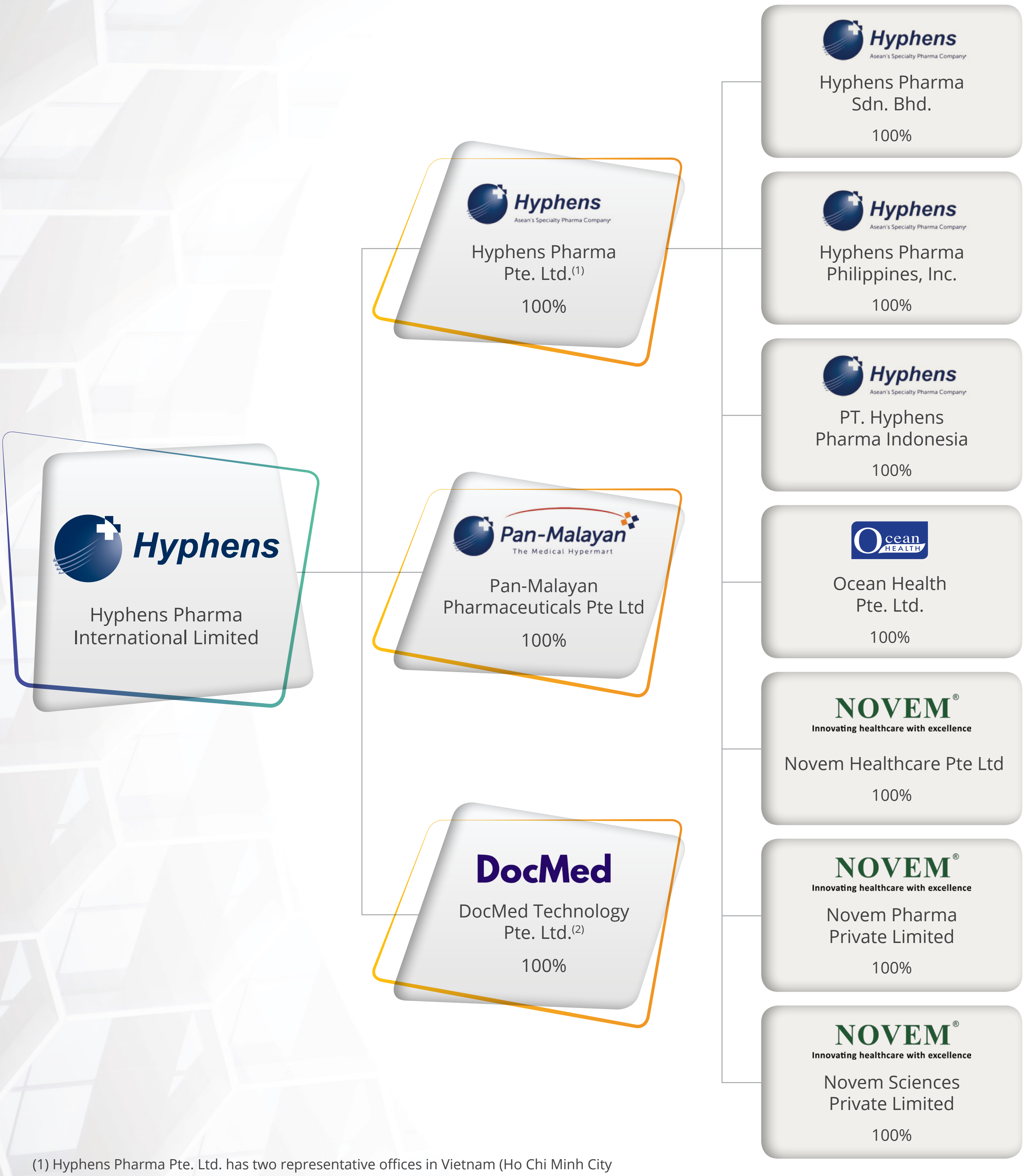
GROUP STRUCTURE



(1) Hyphens Pharma Pte. Ltd. has two representative offices in Vietnam (Ho Chi Minh City and Hanoi) and one representative office in Indonesia (Jakarta).

(2) DocMed Technology Pte. Ltd. was incorporated on 15 October 2021.

CORPORATE **INFORMATION**

Board of Directors

Mr Lim See Wah
Executive Chairman & CEO

Mr Tan Chwee Choon
Executive Director

Dr Tan Kia King
Non-Executive Director

Mr Heng Wee Koon
Lead Independent Director

Mr Ng Eng Leng
Independent Director

Ms Tan Seok Hoong @ Mrs Audrey Liow
Independent Director

Mr Chan Kiat
Independent Director

Audit Committee

Mr Heng Wee Koon, *Chairman*
Mr Ng Eng Leng, *Member*
Ms Tan Seok Hoong @ Mrs Audrey Liow, *Member*
Mr Chan Kiat, *Member*

Nominating Committee

Ms Tan Seok Hoong @ Mrs Audrey Liow, *Chairperson*
Mr Heng Wee Koon, *Member*
Dr Tan Kia King, *Member*

Remuneration Committee

Mr Ng Eng Leng, *Chairman*
Mr Heng Wee Koon, *Member*
Mr Chan Kiat, *Member*

Company Secretary

Ms Lim Sher Mei

Registered Office

16 Tai Seng Street
Level 4
Singapore 534138

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

Auditors

RSM Chio Lim LLP
8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095
Partner-in-charge: Mr Lee Mong Sheong
(effective from the year ended 31 December 2020)

Principal Bankers

DBS Bank Ltd.
Citibank, N.A. Singapore branch
Maybank Singapore Limited
The Hongkong and Shanghai Banking Corporation Limited

Catalist Sponsor

SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542

CORPORATE GOVERNANCE **REPORT**

Hyphens Pharma International Limited (the "**Company**" or "**Hyphens**") and its subsidiaries (the "**Group**") are committed to maintaining a high standard of corporate governance within the Group. The Company believes that good corporate governance is essential for preserving the interests of all stakeholders and strengthening investors' confidence in the Group thereby enhancing long-term shareholders' value.

This report outlines the Company's corporate governance practices that were in place for the financial year ended 31 December 2021 ("**FY2021**") with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**"), which forms part of the continuing obligations of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"). Pursuant to Rule 710 of the Catalist Rules, the Board confirms that the Company has complied with the principles as set out in the Code for FY2021. In respect of any deviation from provisions of the Code, appropriate disclosures and explanations are provided in this report in accordance to the requirements of the Catalist Rules.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The business and affairs of the Group are managed under the direction of the Board which works with Management to achieve long-term sustainable and successful performance. Directors are obliged to objectively discharge their duties and responsibilities at all times in the best interest of the Company. The Board sets the tone-from-the-top and has put in place a Code of Conduct and Ethics to guide all employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

Apart from its statutory duties and responsibilities, the key functions of the Board are as follows:

- To provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- To review management performance;
- To establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;
- To set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- To consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Matters requiring the Board's decision and approval include:

- The Group's strategic plans;
- Material investments, acquisitions and divestments of the Group;
- Major banking facilities and funding proposals;
- Annual budgets and financial plans of the Group, including capital expenditure;
- Annual and quarterly financial reports;
- Share issuance and recommendation of payment of dividends;
- Risk management strategies and execution;

- Interested party transactions;
- Appointment of directors and executive officers, including review of their performance and remuneration packages;
- Appointment and removal of the company secretary; and
- Any other matters required to be considered or approved by the Board as required by legislation or regulations.

To assist the Board in executing its responsibilities, the Board is supported by the Audit Committee, Nominating Committee and Remuneration Committee. These Committees function within clear written terms of reference, which are reviewed on a regular basis, to ensure effectiveness of each Committee. Any changes to the terms of reference for any Board Committee require the approval of the Board.

The Executive Directors are appointed by way of service agreements while the non-executive directors are appointed by way of letters of appointment. The duties and responsibilities of directors are clearly set out in these service agreements and letters of appointments, respectively. The Company arranges orientation program as well as meetings with senior management to familiarise new directors with the Group's business activities and strategic priorities of the Group as well as roles and responsibilities of board members and governance matters. This ensures that directors well understand the Company's business and their directorship duties. For newly-appointed directors who do not have prior experience as a director of a public listed company in Singapore, they will attend mandatory training courses organised by the Singapore Institute of Directors ("**SID**") within one year from their appointment dates pursuant to Rule 406(3)(a) of the Catalist Rules. As and where appropriate, the Company will also fund trainings for directors to develop and maintain their skills and knowledge. Relevant courses include seminars conducted by the SID or other training institutes. The Company will also work closely with its professional advisors to provide its directors with updates on changes to relevant laws, regulations and accounting standards.

In FY2021, new Independent Director attended the following SID courses:

- Listed Company Director Essentials
- Audit Committee Essentials

In addition, in FY2021, the directors have been provided with briefings and/or updates on (i) the developments in financial reporting standards by the external auditors; (ii) changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management during the Board and/or Board Committee meetings; and (iii) updates on the changes in Catalist Rules and the SGX-ST's guidance notes by the Company's sponsor.

Directors attend and actively participate in Board and Board Committee meetings. Formal Board meetings are held at least once every quarter and ad-hoc meetings are convened when required. The Company's Constitution allows a Board meeting to be conducted through electronic means such as telephone and video conferences. All Board and Board Committees' meetings for FY2021 have been scheduled well in advance in consultation with the directors to ensure maximum attendance. Ad-hoc meetings will be convened where circumstances require as such.

The number of meetings held by the Board and Board Committees and attendance thereat in FY2021 is disclosed below:

Name of Directors	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Number of meetings attended								
Mr Lim See Wah	6	6	5[(a)]	5[(a)]	2[(a)]	2[(a)]	1[(a)]	1[(a)]
Mr Tan Chwee Choon	6	6	4[(a)]	4[(a)]	NA	NA	NA	NA
Dr Tan Kia King	6	6	4[(a)]	4[(a)]	2	2	NA	NA
Mr Heng Wee Koon	6	6	5	5	2	2	1	1
Mr Ng Eng Leng	6	6	5	5	NA	NA	1	1
Mrs Audrey Liow	6	6	5	5	2	2	NA	NA
Mr Chan Kiat	6	6	5	5	NA	NA	1	1

Note:

(a) By invitation.

Management provides directors with complete, adequate and timely information of all material events and transactions as and when they occur or prior to meetings to enable them to make informed decisions and discharge their duties and responsibilities. Requests for information from the Board are dealt with promptly by the Management.

Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the Company's expense.

Principle 2: Board Composition and Guidance

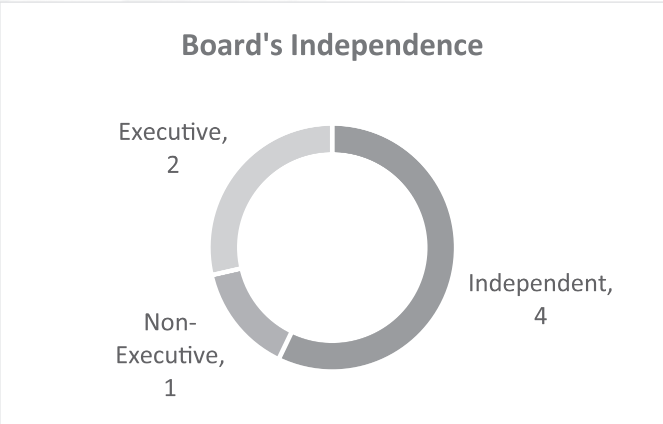
The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

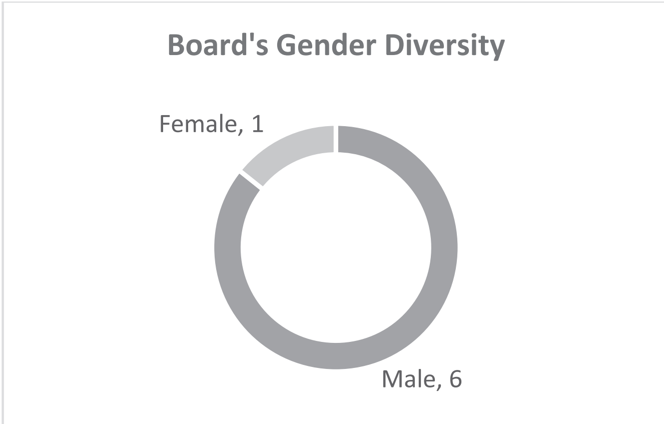
The Board currently comprises seven directors and the majority of whom are independent and non-executive directors.

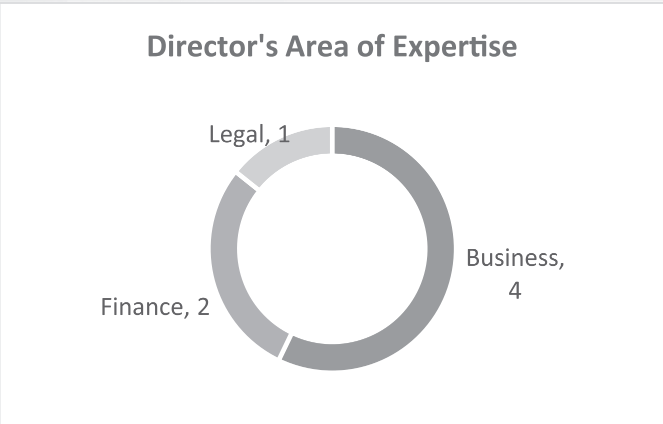
The criteria for independence are defined in the Code and the independence of each of the directors is reviewed by the Nominating Committee. In accordance with the Code, the Board considers an "independent" director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. The independence of each director is reviewed annually and as and when circumstances required by the Nominating Committee based on the guidelines set forth in the Code and the Catalist Rules.

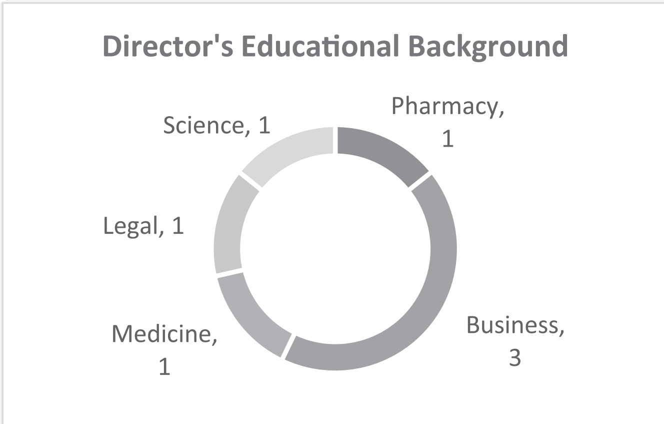
The Board has examined its size to determine the impact of the number upon effectiveness, and is of the view that the current Board size of seven directors is appropriate and facilitates effective decision-making, after taking into account the scope and nature of the operations of the Group.

In addition, the Nominating Committee reviews the Board composition annually to ensure that the Board comprises directors who as a group provide an appropriate balance and mix of skills, knowledge and experience and gender diversity so as to avoid groupthink and foster constructive debate so that the Group can benefit from their collective expertise. The Company intends to put in place a formal Board Diversity Policy in 2022. A snapshot of the Board's competency and diversity is as follows:









Independent directors, led by the Lead Independent Director, meet regularly without the presence of Management. The Lead Independent Director serves as chairman of such meetings and provides feedback to the Chairman accordingly.

Principle 3: Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Mr Lim See Wah is both the Chairman and Chief Executive Officer ("**CEO**") of the Company. The Board believes that there is no need for the role of Chairman and the CEO to be separated as there is a good balance of power with majority of the Board comprising independent directors and all Board Committees are chaired by independent directors.

As Chairman of the Board, Mr Lim See Wah's duties and responsibilities include:

- overseeing the smooth functioning of the Board and ensuring that directors receive complete, adequate and timely information;
- setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promoting a culture of openness and debate at the Board;

- ensuring effective communication by the Board and the Management with shareholders;
- encouraging constructive relations within the Board and between the Board and Management;
- facilitating the effective contribution of non-executive directors, in particular; and
- promoting high standards of corporate governance.

In addition, as CEO of the Group, he assumes responsibility for running the day-to-day business of the Group; ensures implementation of policies and strategy across the Group as set by the Board; manages the Management team; and leads the development of the Group's strategic direction including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses.

In accordance with the Code, the Company has appointed a Lead Independent Director, Mr Heng Wee Koon, who would be available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Board has established a Nominating Committee ("**NC**") to make recommendations to the Board on all Board appointments. The NC comprises three Directors, the majority of whom, including the NC Chairman, are independent Directors. The Lead Independent Director is also a member of the NC.

The NC comprises:

- Mrs Audrey Liow (Chairperson);
- Mr Heng Wee Koon; and
- Dr Tan Kia King.

The duties and responsibilities of the NC, under its terms of reference, are as follows:

(a) recommending to the Board on the appointment of new directors and executive officers, including re-nominations of existing directors for re-election in accordance with the constitution of the Company, taking into account the director's contribution and performance;

(b) reviewing and approving any new employment of persons related to the directors and substantial shareholders and proposed terms of their employment;

(c) determining on an annual basis whether or not a director is independent with reference to the Code of Corporate Governance and Rules of Catalist;

(d) reviewing and deciding 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) reviewing the training and professional development programs of the Board, its Board Committees and directors;

(f) reviewing succession plans for directors and Key Management Personnel;

(g) reviewing the structure, size and composition (including skills, qualification, experience, core competencies, diversity) and knowledge of the Group that the Board requires to function competently and efficiently;

(h) reviewing the directors' mix of skills, experience, core competencies and knowledge of the Group that the Board requires to function competently and efficiently;

(i) determining and recommending to the Board the maximum number of listed company board representations which any director may hold and disclosing this in the Company's annual report; and

(j) developing a process for evaluation of the performance of the Board as a whole and its Committees, and assessing the contribution of each director to the effectiveness of the Board.

The NC has in place a formal process for the selection, appointment and re-appointment of directors to the Board. In sourcing for new directors, the NC will tap on recommendations of the Company's sponsor and the directors' personal contacts for potential candidates, postings via Singapore Institute of Directors and engagement of executive recruitment consultants. In the selection process, the NC considers attributes such as balance and diversity of skills vis-à-vis existing Board members, industry knowledge, requirements of the Group and time commitment ability, etc. Background checks are also carried out on the shortlisted candidates. The NC meets with the shortlisted Board candidates to assess their suitability and availability before making recommendations to the Board for its consideration and approval. The NC ensures that new directors are aware of their duties and obligations.

The NC determines annually, and as and when circumstances require, if a director is independent in accordance with the guidelines stipulated in the Code and the Catalist Rules. The NC also decides whether directors, who have multiple board representations, have sufficient time and attention given to the affairs of the Company. Key information regarding directors, including their directorships in listed companies and principal commitments, is set out in the Annual Report under "Board of Directors".

According to the Company's Constitution, every director shall retire from office at least once every three years and for this purpose, at each Annual General Meeting ("**AGM**"), one-third of the directors shall retire from office by rotation. The retiring directors are eligible to offer themselves for re-election. The Company's Constitution further states that new directors appointed by the Board shall hold office until the next AGM and shall then be eligible for re-election. The NC had recommended to the Board that all the newly appointed directors, be nominated for re-election at the forthcoming AGM. The Board had accepted the NC's recommendation. Each member of the NC shall abstain from voting on any resolutions in respect of his re-nomination as a director.

The NC, having considered the attendance and participation of the following directors at Board and Board Committees meetings, in particular, their contributions to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of the following directors, Mr Lim See Wah and Mrs Audrey Liow, who will be retiring pursuant to Regulation 97 of the Constitution of the Company at the forthcoming AGM.

If re-elected as a director of the Company:

a) Mr Lim See Wah will remain as Executive Chairman and CEO; and

b) Mrs Audrey Liow will remain as Independent Director, Chairman of the NC and a member of the AC.

Mrs Audrey Liow will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

The maximum number of listed company board representations which any director may hold is not more than five directorships. Currently, none of the Directors holds more than the stipulated maximum number of directorships in listed companies.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

A formal assessment process is in place to assess the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman and each individual director to the effectiveness of the Board.

The NC has adopted the performance evaluation forms recommended by the Singapore Institute of Directors. The evaluations are conducted annually. As part of the process, the directors completed the evaluation forms which were collated by the Company Secretary, who then summarised the results of the evaluation and presented it to the NC. Recommendations for improvement were then submitted to the Board for discussion and for implementation in areas where the performance and effectiveness could be enhanced.

Board Performance Criteria

The Board is evaluated based on the following four categories:

- Structure – Board's size, composition, independence and diversity.
- Strategy and performance – engaging and providing insightful inputs to the Company's long-term strategy.
- Governance and organisation – reviewing the risk management and internal controls of the Group.
- Board function and team dynamics – timely availability of information, board members' interaction as a group and accountability of management.

Board Committee Performance Criteria

Each Board Committee is evaluated based on the following:

- Structure.
- Level of commitment (including frequency of meetings, attendance and preparation for meetings).
- Training and resources available to assist the Committee in discharging its duties.
- Ability to fulfil its roles and responsibilities as set out in the Committee's terms of reference.
- Relationship with the Board and communication with shareholders.

Director Performance Criteria

Performance evaluation of individual directors is conducted annually through peer appraisal, together with the Board's evaluation. The performance criteria for assessing individual directors is based on the following:

- Board contribution – understanding and contributing to the Company's corporate objectives, strategic plans, key issues and mandates.
- Leadership – contributes to corporate leadership with professional character and integrity.
- Strategy and risk management – upholding effective governance of the Company.
- Communication skills – ability to communicate concerns and ideas clearly and balance arguments.
- Director's duties – attendance, preparation for meetings and keeping abreast with corporate and other regulatory developments.
- Knowledge – up-to-date knowledge and experience to discharge his role and responsibility.
- Interpersonal relationships – effective interactions with other directors, senior management and professional advisers.

The evaluation of the Board is to be performed annually by having all members complete Board and individual directors' evaluation questionnaires individually based on the above assessment parameters.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The Remuneration Committee ("**RC**") is established to review and recommend to the Board a general framework of remuneration for the Board and key management personnel. The RC also reviews and recommends to the Board the specific remuneration packages for each director as well as for the key management personnel. The RC covers all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind. No director is involved in deciding his or her own remuneration.

The RC comprises three independent directors, namely:

- Mr Ng Eng Leng (Chairman);
- Mr Heng Wee Koon; and
- Mr Chan Kiat.

The duties and responsibilities of the RC, under its terms of reference, are as follows:

(a) review and approve the Company's policy for determining executive remuneration including the remuneration of the chief executive officer, executive directors, and key management executives (the "**Senior Management Executives**");

(b) review the on-going appropriateness and relevance of the executive remuneration policy and other benefit programmes;

(c) consider, review and approve and/or vary (if necessary) the entire specific remuneration package and service contract terms for each Senior Management Executive and any employee related to the directors, chief executive officer or substantial shareholders, if any (including salaries, allowances, bonuses, payments, options, benefits in kind, retirement rights, severance packages and service contracts);

(d) consider and approve termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to Senior Management Executives and employees related to the directors, chief executive officer or substantial shareholders, if any;

(e) obtain reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants. Such information can also be obtained by commissioning or purchasing any appropriate reports, surveys or information. These will be at the expense of the Company, subject to the budgetary constraints imposed by the Board;

(f) review and approve the design of all option plans, stock plans and/or other equity based plans;

(g) for each equity based plan, determine whether awards will be made under that plan;

(h) review and approve each award as well as the total proposed awards under each plan in accordance to the rules governing each plan, including awards to directors and Senior Management Executives;

(i) review, approve and keep under review performance hurdles and/or fulfillment of performance hurdles for each equity based plan; and

(j) approve the remuneration framework (including directors' fees) for non-executive directors of the Company.

The RC can seek expert advice, where necessary, inside and/or outside the Company on remuneration of all directors, at the Company's expense. For FY2021, the Company engaged a third-party independent external consultant, Mercer Singapore Pte. Ltd., to perform an executive compensation benchmark for the Group's key executives, with the objective to ensure that the current pay level is competitive, appropriate and relevant in terms of the current job market inclusive of other firms of similar business size and industry classification.

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The remuneration policy of the Group is designed to attract, retain and motivate executive directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for long-term growth. A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance so as to align with the interests of shareholders and promote the long-term success of the Group.

The Company has entered into service agreements (the "**Service Agreements**") dated 8 May 2018 with Mr Lim See Wah, Chairman and CEO, and Mr Tan Chwee Choon, Executive Director, respectively, taking effect from the date of admission of the Company to the Catalist Board of the SGX-ST on 18 May 2018. The parties may terminate the respective Service Agreement by giving the other party not less than six months' notice in writing and does not contain onerous termination clauses.

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.

Non-executive directors receive directors' fees, in accordance with their level of contribution, taking into account factors such as effort, time spent, and responsibilities of the directors. They are not overly remunerated to the extent that their independence may be compromised. Executive directors do not receive directors' fees. Directors' fees are recommended by the Board for approval by shareholders at the AGM.

The RC also oversees the administration of the Hyphens Share Plan and Hyphens Employee Share Option Scheme (as well as other similar share plans as may be implemented by the Company from time to time) upon the terms of reference as set out in the Company's Offer Document dated 11 May 2018.

Principle 8: Disclosure on Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The remuneration bands of the directors of the Company for FY2021 are as follows:

Name of Directors	Fixed Salary (%)	Variable Bonus (%)	Director's Fees (%)	Total (%)
S$250,001 – S$500,000				
Mr Lim See Wah	83%	17%	–	100%
Mr Tan Chwee Choon	86%	14%	–	100%
Below S$250,000				
Dr Tan Kia King	–	–	100%	100%
Mr Heng Wee Koon	–	–	100%	100%
Mr Ng Eng Leng	–	–	100%	100%
Mrs Audrey Liow	–	–	100%	100%
Mr Chan Kiat	–	–	100%	100%

The framework for non-executive directors' fees for FY2021 and is structured as follows:

Annual fees	Board	Audit Committee	Nominating Committee	Remuneration Committee
Chairman	–	S$10,000	S$5,000	S$5,000
Member	S$35,000	S$5,000	S$3,000	S$3,000

The Lead Independent Director is entitled to additional fee of S$5,000 per annum.

To maintain confidentiality on the remuneration policies of the Company for its executives, the Board is of the view that it is in the best interests of the Company to keep the disclosure of remuneration of each individual executive director in salary bands.

The Company only has four key management personnel in FY2021 and their remuneration bands are as follows:

Name of key management personnel	Fixed Salary (%)	Variable Bonus (%)	Benefits-in-kind (%)	Total (%)
S$250,001 – S$500,000				
Mr Yann Marche	77%	21%	2%	100%
Ms Fang Lee Wei	73%	27%	–	100%
Mr David Lim	88%	12%	–	100%
Mr Jason Yeo	79%	21%	–	100%

The total remuneration paid to the above key management personnel (who are not directors or the CEO) for FY2021 was S$1,440,954.

Total remuneration package of executive directors and key management personnel comprises fixed cash component of salary and allowances, variable performance incentives and contributions to the Central Provident Fund. Variable performance incentives are tied to the performance of the Group or business unit and the individual's performance.

The Company also has in place long-term incentive schemes such as Hyphens Share Plan and Hyphens Employee Share Option Scheme as set out in the Company's Offer Document dated 11 May 2018. Both schemes are administered by the Administration Committee, which is also the Remuneration Committee. On 19 March 2021, the Company granted 1,485,000 share awards under the Hyphens Share Plan. Subject to the satisfaction of the performance criteria, 985,000 of the share awards will vest on 31 December 2022 and 500,000 of the share awards will vest on 31 March 2024. None of the shares which are the subject of the share awards were granted to Directors and controlling shareholders (and their associates). No participant received 5% or more of the total outstanding share awards. No share awards has been granted to directors and employees of holding company and its subsidiaries. No share options have been granted since the commencement of the Hyphens Employee Share Option Scheme.

In view of the foregoing, the RC confirms that the level and structure of remuneration are aligned with the long-term interest and risk management policies of the Group.

Save for Mr Lim See Wah and Mr Tan Chwee Choon, no employee of the Group is a substantial shareholder of the Company or is an immediate family member of a director, the CEO or a substantial shareholder of the Company and whose remuneration exceeds S$100,000 during this financial year.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board currently does not have a separate Board Risk Committee. The Board is assisted by the Audit Committee to oversee the Group's risk management framework and policies. The Board recognises the importance to maintain a good system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. However, the Board is also mindful that internal controls can only provide reasonable and not absolute assurance to totally guard against human errors, poor judgement or fraud in a cost effective manner.

The Group has developed an enterprise risk management ("**ERM**") framework based on Principles and Guidelines of ISO: 31000:2009 and COSO ERM Integrated Framework. This included the development of a Risk Management Policy, risk organization structure including clear roles and responsibilities, and a Risk Management Process to facilitate the Group to continuously assess, manage report and monitor risks. The Group has appointed Nexia TS Risk Advisory Pte Ltd ("**Nexia TS**") to conduct annual review on the ERM framework.

For FY2021, the Group has appointed Nexia TS as internal auditors to evaluate and test the effectiveness of internal controls in selected areas that are in place in major operating companies of the Group. The internal audit review was conducted with a view to identify control gaps in the current business processes, ensure that operations were conducted within the policies and procedures laid down and identify areas for improvements, where controls can be strengthened. The internal auditors perform the internal audit functions in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors ("**IIA**").

In addition, the external auditors, RSM Chio Lim LLP, will also highlight internal control weaknesses which have come to their attention in the course of their statutory audit. All external and internal audit findings and recommendations were reported to the AC. There were no high risk weaknesses identified. Management will implement the recommendations from the auditors to further strengthen the Group's internal controls system.

The Board has received assurance from the CEO and the Chief Financial Officer ("**CFO**") that that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and the CEO and key management personnel have also provided assurance that the Group's risk management and internal control systems are adequate and effective.

Based on the foregoing, the Board, with the concurrence of the Audit Committee, is of the opinion that the internal controls, including financial, operational, compliance and information technology controls, and risk management systems of the Group were adequate and effective for FY2021.

Principle 10: Audit Committee

*The Board has an Audit Committee ("**AC**") which discharges its duties objectively.*

The AC comprises four independent directors, namely:

- Mr Heng Wee Koon (Chairman);
- Mr Ng Eng Leng
- Mrs Audrey Liow; and
- Mr Chan Kiat.

The duties and responsibilities of the AC, under its terms of reference, are as follows:

(a) assist the Board in the discharge of its responsibilities on financial and reporting matters;

(b) review, with the Company's internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of the audits compiled by the internal and external auditors, and review at regular intervals with the management on the implementation by the 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 the 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 Catalist Rules 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 the Board for approval;

(d) review the assurance provided by the CEO and CFO that the financial records have been properly maintained and that the financial statements give a true and fair view of the Company's operation and finances;

(e) review and report to the Board, at least annually, the effectiveness and adequacy of the Company's risk management and internal controls addressing financial, operational, information technology and compliance risks and discuss issues and concerns, if any, arising from the internal audits;

(f) review the adequacy, effectiveness, independence, scope and results of the Company's internal and external functions 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;

(g) review and establish procedures for receipt, retention and treatment of complaints received by the Group, involving amongst others, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group and ensure that there are arrangements in place for independent investigation and follow-up action(s);

(h) ensure the company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns; and

(i) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The AC has the authority to investigate any matters within its terms of reference, full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC can seek professional advice, where necessary, and at the Company's expense.

Two of the AC members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience. Mr Heng Wee Koon, Chairman of the AC, is a CFA holder and used to be a partner and executive director of KPMG. Mr Chan Kiat is Managing Director / Partner of Archipelago Capital Partners Pte. Ltd., a private equity investment firm. None of the AC members are a former partner or director of the Company's existing auditing firm.

The Company outsources the internal audit function to an external professional firm to perform the review and test of controls of the Group's processes. The Company has appointed Nexia TS as the internal auditors to review the internal control processes of the Group. Nexia TS is an associated company of Nexia TS Public Accounting Corporation, which is recognised as an established mid-tier accounting firm for more than 25 years. Nexia TS possesses vast experience in providing internal audits, risk management services and advisory services in the region. The current engagement team is led by Ms Pamela Chen who has more than 15 years of experience in performing audits for listed companies. The internal auditors report primarily to the AC, which also decides on its appointment, termination and remuneration. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including the AC. The AC is satisfied that the internal audit function is independent, effective and adequately resourced.

The AC has met the external auditors and internal auditors, in each case without the presence of management, in February 2021 and November 2021 respectively.

The Group has a whistleblowing policy that allows for anonymous reporting. The identity of the whistleblower will be kept confidential unless the whistleblower agrees otherwise and he/she will be protected from reprisals. There is independent oversight of the whistleblowing policy and reporting is made directly to the AC Chairman. Full details of the policy are published on the Company's corporate website at https://www.hyphensgroup.com/about-us/group-policies/whistle-blowing-policy/.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Shareholders are encouraged to actively participate and vote at the Company's general meetings and the Company informs shareholders of the rules governing general meetings of shareholders. Notices of meetings are given to all shareholders together with explanatory notes or a circular on items of special business, at least fourteen clear days (for ordinary resolutions) or at least twenty-one clear days (for special resolutions) before the meeting. Reports or circulars of the general meetings are despatched or disseminated to all shareholders. If any shareholder is unable to attend, the Company's Constitution allows for absentia voting and the shareholder can appoint up to two proxies to attend, speak and vote on his/her behalf at the general meeting. The Company's Constitution allows corporations which are considered "relevant intermediary" to appoint more than two proxies to attend, speak and vote at the general meeting.

The Company ensures that there are separate resolutions at general meetings on each substantially separate issue. For greater transparency, the Company puts all resolutions to vote by poll and detailed results of the number of votes cast for and against each resolution and the respective percentages are presented and announced on the same day. Independent scrutineers are appointed to conduct the voting process and verify votes after each resolution.

Directors, external auditors and senior management are present and available to address shareholders' queries at general meetings. All directors attended the last AGM held on 28 April 2021. Minutes of meetings for the forthcoming AGM will be published on www.hyphensgroup.com and the SGXNET within one month of the date of the AGM.

The Company's dividend policy aims to pay a sustainable and growing dividend of at least 30% of the Group's net profits attributable to shareholders, in line with its long-term growth prospect. In determining the form, frequency and amount of dividends to recommend or declare in each particular year or period, the Board will take into account various factors, including but not limited to, earnings, cash flow requirements, plans for expansion, availability of distributable reserves. As such, the Board has recommended a final one-tier tax exempt dividend of 0.67 Singapore cents per share, which represents a dividend payout ratio of 30.2% of the Group's FY2021 net profits for shareholders' approval at the forthcoming AGM.

Principle 12: Engagement with Shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Board is accountable to the shareholders and is mindful of its obligation to provide timely and fair disclosure of material information to shareholders, investors and public. The Board treats all shareholders fairly and equitably and seeks to protect and facilitate exercise of shareholder's rights.

The Company announces its Annual Report, quarterly financial results, major developments and other price and/or trade sensitive information on SGXNET in a timely manner to ensure investors are kept abreast of the Group's developments. These documents are also made available on the Company's corporate website at https://www.hyphensgroup.com.

The Company has in place an investor relations policy and a corporate website which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. Shareholders may contact the Company with questions on Hyphens corporate website and the Company's investor relations team will address them accordingly.

Hyphens is proactive in engaging the investment community through participation in various investor relations activities, such as presentations to institutional investors, retail investors and trading representatives of brokerage firms as well as one-on-one or small group meetings. Presentation decks are posted on SGXNET and the Company's corporate website to ensure fair and open communications with all our stakeholders. For more details on our investor relations activities, please refer to page 16 of this Annual Report.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company has identified stakeholders as those who have an interest in the Group and can either affect or be affected by the Group's business and operations. These stakeholders include employees, customers, suppliers, investors, government and regulators as well as the community.

The Company engages its stakeholders through various communication channels. The Group holds regular townhall meetings and events to engage with our employees in each country; our sales and marketing teams interact frequently with our customers and suppliers to better align mutual business interests; investor relations activities to engage investors have been discussed above; we strive to be a good corporate citizen with regular consultations with various government agencies; and we participate in several social and community events to connect with the general public.

Stakeholders can learn more about the Group from the websites of the Company and its subsidiaries.

OTHER CORPORATE GOVERNANCE MATTERS

Dealings in the Company's Securities

In compliance with Rule 1204(19) of the Catalist Rules, the Company has adopted an internal code of best practices on securities transactions by the Company and its officers. All directors and officers of the Group are prohibited from dealing in the Company's securities during the period commencing two weeks before the announcement of the Group's quarterly financial results and one month before the announcement of the Group's full-year results. Officers should also not deal in the Company's securities on short term considerations and the law of insider trading has to be observed and complied with at all times when officers are in possession of unpublished price and/or trade sensitive information. Directors and CEO of the Company are required to notify the Company of their dealings in the Company's securities within two business days. Reminders are sent via email to all directors and key employees.

Interested Person Transactions

There was no interested person transaction ("**IPT**") which was more than S$100,000 entered into during FY2021.

The AC reviews all IPT transactions, if any, at its quarterly meetings to ensure that all transactions are carried out on arm's length basis and on normal commercial terms that will not be prejudicial to the interests of the Company or to its minority shareholders.

The Group does not have a general mandate for recurrent IPT.

Material Contracts

Save for the Service Agreements between the Company and the executive directors, there were no material contracts of the Company or its subsidiaries involving the interest of the CEO, any director or controlling shareholder either still subsisting at the end of FY2021, or if not then subsisting, entered into since the end of the previous financial year.

Non-Sponsor Fees

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees incurred in FY2021 paid/payable to the Company's sponsor, SAC Capital Private Limited.

Auditors and Fees Paid to Auditors

The aggregate amount of fees paid to the Company's external auditors, RSM Chio Lim LLP and member firms of RSM Chio Lim, in FY2021, were S$165,000 and S$121,000 respectively, comprising audit fees of S$187,000 and non-audit fees of S$99,000 for tax, secretarial and IT services. The AC, having reviewed such non-audit services, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The AC considered and satisfied with the adequacy of their resources, training and quality control, experience of the engagement team and the firm as a whole and quality of work carried out by the external auditor. The Group confirms that it has complied with Rule 712 and Rule 715 of the Catalist Rules in relation to its appointment of the audit firm for the Group.

Having been satisfied as to the foregoing, the AC has recommended the re-appointment of RSM Chio Lim LLP as external auditors at the forthcoming AGM.

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The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 December 2021.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; 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.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the Company in office at the date of this statement are:

Lim See Wah
Tan Chwee Choon
Tan Kia King
Heng Wee Koon
Ng Eng Leng
Tan Seok Hoong @ Mrs Audrey Liow
Chan Kiat

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year had no interests in the shares in or debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act 1967 (the "Act") except as follows:

	Direct interest		**Deemed interest**	
Name of directors and companies in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**	**At beginning of the reporting year**	**At end of the reporting year**
	Number of shares of no par value			
The Company				
Lim See Wah	–	–	196,214,640	119,833,839
Tan Kia King	–	76,380,801	196,214,640	–
Tan Chwee Choon	38,045,560	38,045,560	–	–

By virtue of section 7 of the Act, Mr Lim See Wah is deemed to have an interest in the Company and all the related body corporates of the Company and Mr Tan Kia King is deemed to have an interest in all the related body corporates of the Company.

The directors' interests as at 21 January 2022 were the same as those at the end of the reporting year.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

5. Share-based incentive plan

At a shareholder meeting held on 20 April 2018, the shareholders of the Company approved the "Hyphens Performance Share Plan" and the "Hyphens Share Option Scheme" (collectively the "Share-based Incentive Plans").

The Share-based Incentive Plans provide eligible participants with an opportunity to participate in the equity of the Company thereby inculcating a stronger sense of identification with long-term prosperity and promoting organisational commitment, dedication and loyalty of participants towards the Group, as well as motivating participants to strive towards performance excellence and to maintain a high level of contribution to the Group. The Share-based Incentive Plans also afford the Group greater flexibility in structuring compensation packages so that it is 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 Performance Share Plan, a participant may be granted awards of shares. The eligibility of the 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 the Group's financial performance and a participant's rank, job performance, potential for future development and contribution to the success and development of the Group.

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 the shares.

Executive and non-executive directors (including independent directors) and full-time employees of the Group are eligible to participate in the Hyphens Share Option Scheme. In cases whereby eligible participants who are also controlling shareholders or associates of the controlling shareholders, the participation of and the terms of each grant and the actual number of options granted under the Hyphens Share Option Scheme 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 total number of shares which may be issued and/or transferred pursuant to the Share-based Incentive Plans shall not exceed 15% of the issued share capital of the Company (excluding treasury shares) on the day preceding the date of the relevant grant.

The Share-based Incentive Plans shall be administered by the Administration Committee in its absolute discretion with such powers and duties as are conferred on it by the board of directors, provided that no member of the Administration Committee shall participate in any deliberation or decision in respect of shares/ options to be granted to him/her or held by him/her. The Administration Committee consists of members of the Remuneration Committee of the Company, or such other committee comprising directors appointed by board of directors to administer the Share-based Incentive Plans.

5. Share-based incentive plan (cont'd)

On 19 March 2021, the Company has granted share awards to eligible employees of the Group by the allotment of an aggregate of 1,485,000 ordinary shares ("New Shares") in the capital of the Company pursuant to the Hyphens Performance Share Plan. Subject to the satisfaction of the performance criteria, the New Shares will vest as follows:

(i) 985,000 shares on 31 December 2022

(ii) 500,000 shares on 31 March 2024

The market price of the New Shares was $0.315 per share at the grant date.

The New Shares shall have a sale restriction moratorium period of one year from the date of issue.

During the reporting year 31 December 2021, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. Report of audit committee

The members of the Audit Committee ("AC") at the date of this report are as follows:

Heng Wee Koon	(Chairman)
Ng Eng Leng	
Tan Seok Hoong @ Mrs Audrey Liow	
Chan Kiat	

All members of the AC are independent directors.

The AC performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan.
- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Catalist Rules).

STATEMENT BY **DIRECTORS**

7. Report of audit committee (cont'd)

Other functions performed by the AC are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor's objectivity and independence is safeguarded where the independent auditor provides non-audit services.

The AC has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as the independent auditor at the next annual general meeting of the Company.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the Audit Committee and the board are of the opinion that the Company's internal controls, addressing financial, operational, compliance and information technology risks, and risk management system were adequate as at 31 December 2021 to address the risks that the Company considers relevant and material to its operations.

9. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 23 February 2022, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the directors

Lim See Wah Director	Tan Chwee Choon Director

31 March 2022

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Hyphens Pharma International Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company 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 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) *Expected credit loss allowance on trade receivables*

Refer to Note 2A "Financial Instruments" and Note 2C "Assessment of expected credit loss allowance on trade receivables" for the relevant accounting policies and discussion of significant accounting estimates, and Notes 19 and 27D for the breakdown of trade receivables and credit risk of the Group respectively.

Key audit matter

The carrying amount of trade receivables amounted to $27,823,000 which accounted for approximately 28% of the Group's total assets as at the reporting year end.

The estimate of impairment allowance is based on the historical trend of these receivables, which includes analysis of the age of these receivables, credit worthiness of the profile of the customers and have considered any forward-looking information specific to the debtors such as future collectability and overall economic environment. Besides that, management used available financial information and market or press information to assess the credit risk of the major customers.

The gross amount of trade receivables past due over 90 days amounted to $2,109,000. Allowance for impairment of trade receivables made was $206,000. Management is of the view that the remaining amounts are recoverable, based on their knowledge of the customers' payment history and credit worthiness.

Management has analysed the historical observed default rates and there was no significant bad debts noted in the previous years. As such, management is of the view that no allowance matrix is deemed necessary and it is more appropriate for specific provisioning to be utilised.

Key audit matters (cont'd)

(a) *Expected credit loss allowance on trade receivables (cont'd)*

How we addressed the matter in our audit

We have evaluated management's judgement on the recoverability of these amounts via our review of the customers' credit worthiness, payment history and management's assessment of expected credit losses. We have also reviewed management's process over the recoverability of outstanding trade receivables, which included the review of payments made by the customers subsequent to the reporting year end.

We reviewed management's assessment of the historical observed default rate of the last 36 months and there was no significant default on payment obligations by the customers.

We found management's approach to be balanced and the estimates to be reasonable.

We have also assessed the adequacy of the disclosures made in the financial statements.

(b) *Allowance on inventories*

Please refer to Note 2A "Inventories" and Note 2C "Assessment of allowance on inventories" for relevant accounting policies and discussion of significant accounting estimates, and Note 18 for the breakdown of inventories of the Group.

Key audit matter

The carrying value of inventories amounted to $25,076,000, which accounted for approximately 25% of the Group's total assets as at the reporting year end. Impairment allowance on inventories made as at the end of the year was $1,184,000.

Management applied judgement in determining the appropriate allowance for inventories by taking into consideration various factors, including prevailing market conditions, ageing analysis, future demand and anticipated selling prices.

How we addressed the matter in our audit

We have considered the appropriateness of management's judgements applied in determining the inventory impairment allowance, taking into consideration historical information and prevailing market conditions. We verified the mechanical accuracy of the allowance by reviewing the calculation criteria and recalculating them to verify that they are in line with the Group policy. We have also reviewed the Group's inventory aging and compared the carrying value of selected inventory items to the recent sales transactions.

We have also assessed the adequacy of the disclosures made in the financial statements.

(c) *Assessment of impairment of goodwill*

Please refer to Note 2A "Goodwill", "Carrying amounts of non-financial assets", and Note 2C "Assessment of impairment of goodwill" for relevant accounting policies and discussion of significant accounting estimates, and Note 15A "Goodwill" for the key assumptions used in impairment testing of goodwill.

Key audit matter

The carrying value of goodwill amounted to $17,404,000. The goodwill arose from the acquisition of subsidiaries. The amounts are allocated to certain cash generating units ("CGUs") as at 31 December 2021. These CGUs are assessed for impairment annually. Management applies the value in use method to determine the recoverable amount of goodwill, except for the goodwill determined provisionally that relates to subsidiaries acquired near year end. As the Group has not completed the purchase price allocation of the acquisition of these new subsidiaries, there was no impairment test performed on the goodwill determined provisionally amounted to $12,553,000. The value in use calculation requires the Group to estimate the future cash flows arising from the CGUs and a suitable discount rate in order to calculate present value of the recoverable amount of each CGU. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses.

Key audit matters (cont'd)

(c) *Assessment of impairment of goodwill (cont'd)*

Key audit matter (cont'd)

Management determined the recoverable amounts based on the forecasted revenue, growth rates, profit margins, tax rates and discount rates using presently available information. These estimates require judgement and the determination of the recoverable amounts is a key focus area for our audit.

How we addressed the matter in our audit

We discussed with management the process over the determination of the forecasted revenues, growth rates, profit margins, tax rates and discount rates. As the assessment process is judgmental and is based on assumptions that are affected by expected future market or economic conditions, our audit procedures included, among others, using our in-house valuation specialists to assist us in evaluating the assumptions and methodologies used by management.

We assessed management's estimates applied in the value-in-use models based on our knowledge of the CGUs' operations, and compared them against historical forecasts and performance and industry benchmarks. Our in-house valuation specialists also performed a review of the management's methodology, expectations and the discount rates used in the impairment assessment and tested the accuracy of the computations.

We also assessed the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill.

(d) *Revenue recognition and consignment arrangements*

Please refer to Note 2A "Revenue recognition" and Note 2C "Revenue recognition" for relevant accounting policies, and Note 4G "Information about major customers" and Note 5 "Revenue".

Key audit matter

The Group has distribution agreements with various distributors. Management has reviewed the Group's distribution agreements and arrangements with the distributors and concluded that revenue should be recognised upon delivery unless specified under consignment arrangements. Revenue is recognised at the point in time when control has been passed to the distributors. The distributors are considered as a principal and not an agent because the distributors are independent operating parties that bear both the credit risk of their customers and inventory risk of the purchased goods.

How we addressed the matter in our audit

We reviewed management's assessment on the five steps approach to revenue recognition and factors that management considered in determining that control has passed to the distributors and accordingly, the point which revenue should be recognised.

We also sent and received confirmations from the relevant distributors confirming the outstanding trade receivables balances and/or the list and quantity of the consigned inventories as at the reporting year end.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and the annual report, but does not include the 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.

Other information (cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's responsibilities for the audit of the financial statements (cont'd)

(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 consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Mong Sheong.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2022

Engagement partner – effective from the year ended 31 December 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

	Notes	Group 2021 $'000	Group 2020 $'000
Revenue	5	125,883	120,977
Cost of sales		(77,800)	(77,341)
Gross profit		48,083	43,636
Other income and gains	6	964	2,295
Distribution costs	7	(28,394)	(26,523)
Administrative expenses	9	(11,639)	(10,138)
Finance costs	10	(95)	(110)
Other losses	6	(680)	(2,052)
Share of profit of an equity-accounted associate	17	17	–
Profit before tax		8,256	7,108
Income tax expense	11	(1,410)	(945)
Profit for the year		6,846	6,163
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		33	(60)
Other comprehensive income (loss) for the year, net of tax		33	(60)
Total comprehensive income		6,879	6,103
Earnings per share	12		
Earnings per share currency unit		Cents	Cents
Basic		2.27	2.05
Diluted		2.27	2.05

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

STATEMENTS OF **FINANCIAL POSITION**

As at 31 December 2021

	Notes	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
ASSETS					
Non-current assets					
Plant and equipment	14	4,171	4,807	79	124
Intangible assets	15	20,150	7,890	–	–
Investment in subsidiaries	16	–	–	19,420	19,220
Investment in an associate	17	307	–	–	–
Deferred tax assets	11	65	47	–	–
Total non-current assets		24,693	12,744	19,499	19,344
Current assets					
Inventories	18	25,076	16,888	–	–
Trade and other receivables	19	28,543	23,736	20,688	5,569
Prepayments		639	564	80	64
Cash and cash equivalents	20	19,461	27,526	3,221	13,449
Total current assets		73,719	68,714	23,989	19,082
Total assets		98,412	81,458	43,488	38,426
EQUITY AND LIABILITIES					
Equity					
Share capital	21	35,083	32,641	35,083	32,641
Retained earnings		34,609	29,626	7,192	5,072
Other reserves	22	(15,059)	(15,092)	–	–
Total equity		54,633	47,175	42,275	37,713
Non-current liabilities					
Deferred tax liabilities	11	342	409	–	–
Other financial liabilities, non-current	25	880	3,558	–	–
Total non-current liabilities		1,222	3,967	–	–
Current liabilities					
Income tax payable		1,705	1,345	3	3
Trade and other payables	24	33,563	27,555	1,210	710
Other financial liabilities, current	25	7,289	1,416	–	–
Total current liabilities		42,557	30,316	1,213	713
Total liabilities		43,779	34,283	1,213	713
Total equity and liabilities		98,412	81,458	43,488	38,426

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

STATEMENTS OF **CHANGES IN EQUITY**

Year ended 31 December 2021

	Total equity $'000	Share capital $'000	Retained earnings $'000	Other reserves $'000
Group				
Current year:				
Opening balance at 1 January 2021	47,175	32,641	29,626	(15,092)
Changes in equity:				
Issuance of new shares pursuant to acquisition of subsidiaries (Notes 21 and 26)	2,442	2,442	–	–
Total comprehensive income for the year	6,879	–	6,846	33
Dividends paid (Note 13)	(1,863)	–	(1,863)	–
Closing balance at 31 December 2021	54,633	35,083	34,609	(15,059)
Previous year:				
Opening balance at 1 January 2020	44,076	32,641	26,467	(15,032)
Changes in equity:				
Total comprehensive income for the year	6,103	–	6,163	(60)
Dividends paid (Note 13)	(3,004)	–	(3,004)	–
Closing balance at 31 December 2020	47,175	32,641	29,626	(15,092)

	Total equity $'000	Share capital $'000	Retained earnings $'000
Company			
Current year:			
Opening balance at 1 January 2021	37,713	32,641	5,072
Changes in equity:			
Issuance of new shares pursuant to acquisition of subsidiaries (Notes 21 and 26)	2,442	2,442	–
Total comprehensive income for the year	3,983	–	3,983
Dividends paid (Note 13)	(1,863)	–	(1,863)
Closing balance at 31 December 2021	42,275	35,083	7,192
Previous year:			
Opening balance at 1 January 2020	37,553	32,641	4,912
Changes in equity:			
Total comprehensive income for the year	3,164	–	3,164
Dividends paid (Note 13)	(3,004)	–	(3,004)
Closing balance at 31 December 2020	37,713	32,641	5,072

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

Year ended 31 December 2021

	Group	
	2021	2020
	$'000	$'000
Cash flows from operating activities		
Profit before tax	8,256	7,108
Adjustments for:		
Amortisation of intangible assets	427	401
Depreciation of plant and equipment	1,777	1,680
Interest income	(74)	(180)
Interest expense	95	110
Loss (gain) on disposal of plant and equipment	2	(4)
Loss on disposal of subsidiary	2	–
Expenses in connection with acquisition of subsidiaries	415	–
Share of profit of an equity-accounted associate	(17)	–
Net effect of exchange rate changes in consolidating foreign operations	34	(114)
Operating cash flows before changes in working capital	10,917	9,001
Trade and other receivables	(1,988)	(767)
Prepayments	20	(198)
Inventories	(4,608)	(5,457)
Trade and other payables	3,112	2,612
Net cash flows from operations	7,453	5,191
Income taxes paid	(1,415)	(1,061)
Net cash flows from operating activities	6,038	4,130
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired (Note 26)	(14,156)	–
Down-payment for plant and equipment	(139)	–
Purchase of plant and equipment (Notes 14 and 20A)	(562)	(371)
Purchase of intangible assets	(134)	(829)
Proceed from sale of plant and equipment	–	7
Interest received	74	180
Net cash flows used in investing activities	(14,917)	(1,013)
Cash flows from financing activities		
Dividends paid to equity owners	(1,863)	(3,004)
Payment of principal portion of lease liabilities	(905)	(783)
Interest paid	(95)	(110)
Proceeds from borrowings	4,243	2,441
Repayment of borrowings	(566)	(300)
Net cash flows from (used in) financing activities	814	(1,756)
Net (decrease) increase in cash and cash equivalents	(8,065)	1,361
Cash and cash equivalents, statement of cash flows, beginning balance	27,526	26,165
Cash and cash equivalents, statement of cash flows, ending balance (Note 20)	19,461	27,526

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

1. General

Hyphens Pharma International Limited (the "Company") is a public limited company incorporated and domiciled in Singapore. The Company is listed on the Catalist Board (the "Catalist") of Singapore Exchange Securities Trading Limited.

The financial statements are presented in Singapore dollars and they cover the Company (referred to as "parent") and the subsidiaries. All financial information have been rounded to the nearest thousand ("000"), except when otherwise stated.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The Company's principal activities are those of an investment holding company and provision of management services.

The principal activities of the subsidiaries and the associate are described in Notes 16 and 17 respectively.

The registered office is: 16 Tai Seng Street, Level 4, Singapore 534138.

Uncertainties relating to the COVID-19 pandemic:

Management has not identified any material uncertainties resulting from the COVID-19 pandemic and the aftermath of the pandemic surrounding the reporting entity's business, and accordingly no further disclosures are made in these financial statements.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act 1967 and with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

1. General (cont'd)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee. They are de-consolidated from the date that control ceases.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, the Company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists and modifications), net of any related taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient, the effects of any significant financing component are not adjusted if the payment for the good or service will be within one year.

Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Services – Revenue from service orders is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs. Services that are not significant transactions revenue is recognised as the services are provided.

Other income

Interest income is recognised using the effective interest method. Dividend income from equity instruments is recognised in profit or loss only when the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is deducted in calculating the carrying amount of the asset and therefore the grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

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.

Share-based compensation

Benefits to employees are also provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is measured by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's shares (or an estimated market price, if the entity's shares are not publicly traded). This fair value amount is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vesting, with the corresponding adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred.

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 a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

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 consolidated 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.

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 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 and associate 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.

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, including right-of-use assets	–	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 financial statements.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Plant and equipment (cont'd)

The gain or loss arising from the derecognition of an item of plant and equipment 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.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as plant and equipment.

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised right-of-use asset is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. An interest expense is recognised on the lease liability (included in finance costs).

For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

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. 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.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Intangible assets (cont'd)

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

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. The investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations. However the entire carrying amount of the investment is tested under the financial reporting standard on impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in the financial reporting standard on financial instruments indicates that the investment may be impaired.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with the financial reporting standard on financial instruments from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Associates (cont'd)

In the Company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

Business combination

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 the financial reporting standard on financial instruments. 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 the financial reporting standard on business combinations. 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.

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 the financial reporting standard on business combinations (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 the financial reporting standard on business combinations.

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.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Carrying amounts 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 instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial assets (cont'd):

3. Financial asset that is an equity investment classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.

4. Financial asset classified as measured at fair value through profit or loss (FVTPL): There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. 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.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the financial period during which the change occurred.

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 financial statements. The recurring measurements are made at each reporting year end date.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated 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 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.

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.

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 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 financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Assessment of expected credit loss allowance on trade receivables:

The assessment of the expected credit losses (ECL) requires a degree of estimation and judgement. In measuring the expected credit losses, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions (including the impact of the COVID-19 pandemic). 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.

Assessment of allowance on inventories:

The assessment of the allowance for impairment loss on inventories requires a degree of estimation and judgement. The level of the loss allowance is assessed by taking into account the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. 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.

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 and the use of estimates as disclosed in Note 15A. Actual outcomes could vary from these estimates.

Revenue recognition:

Judgement is required in determining when the control of the inventories have passed to the distributors. Management has reviewed the Group's distribution agreements and arrangements with the distributors and concluded that the control of the inventories is passed to the distributors upon delivery unless for those inventories specified under consignment arrangements. The distributors are considered as a principal and not an agent because the distributors are independent operating parties that bear both the credit risk of their customers and inventory risk of the purchased goods. Accordingly, revenue is recognised based on point in time when delivery of goods has been made.

Determination of functional currency:

Judgement is required to determine the functional currency of the reporting entity. Management considers economic environment in which the reporting entity operates and factors such as the currency that mainly influences the prices for its revenue items; the currency of the country whose competitive forces and regulations mainly determine the prices for its revenue items; and the currency that mainly influences labour, material and other costs of providing goods or services. It also considers other relevant factors that may also provide evidence of an entity's functional currency.

Acquisition accounting for Novem Healthcare Pte Ltd, Novem Pharma Private Limited and Novem Sciences Private Limited (collectively "Novem"):

As described in Note 26, during the reporting year, the acquisition of subsidiaries was completed. As at the end of the reporting year, management completed the initial acquisition accounting on a preliminary basis. The acquisition accounting will be finalised within twelve months and the amounts recorded as in this reporting year could change. This requires judgement because the values had not previously been assigned to the subsidiaries as a standalone operation. In addition, determining the assumptions that underlie the initial acquisition accounting and the useful lives associated with the acquired intangible assets (if any) involves significant management judgment given the nature of the subsidiaries.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) related party relationships, transactions and outstanding balances, including commitments 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.

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 financial statements. The related party balances and transfer of resources, services or obligations 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 consolidated financial statements are not disclosed as related party transactions and balances below.

3. Related party relationships and transactions (cont'd)

3B. Key management compensation:

	Group 2021 $'000	Group 2020 $'000
Salaries and other short-term employee benefits	2,579	2,301

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group 2021 $'000	Group 2020 $'000
Remuneration of directors of the Company	911	824
Fees to directors of the Company	227	185

Further information about the remuneration of individual directors is provided in the report on corporate governance.

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.

3C. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Subsidiaries 2021 $'000	Subsidiaries 2020 $'000
Company		
Other receivables (other payables):		
At beginning of the year	4,992	5,990
Amounts paid out and settlement of liabilities on behalf of subsidiaries	14,443	2
Repayment of loan	(1,000)	(1,000)
Dividend income receivable	4,000	3,000
Dividend income received	(3,000)	(3,000)
At end of the year	19,435	4,992
Presented in the statement of financial position as follows:		
Other receivables (Note 19)	19,442	5,000
Other payables (Note 24)	(7)	(8)
At end of the year	19,435	4,992

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 the financial reporting standard on 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 segment (“Specialty pharma principals”) which is in the business of marketing and selling a range of specialty pharmaceutical products with exclusivity in the relevant ASEAN countries.

(2) Proprietary brands segment (“Proprietary brands”) which is in the business of developing, marketing and selling its own proprietary range of dermatological products and health supplement products.

(3) Medical hypermart and digital segment (“Medical hypermart and digital”) which 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.

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.

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 is earnings from operations before depreciation and amortisation, interests and income taxes (called “EBITDA”).

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

The information on each product and service or each group of similar products and services is below and in Note 5.

4. Financial information by operating segments (cont'd)

4B. Profit or loss from continuing operations and reconciliations

	Specialty pharma principals		Proprietary brands		Medical hypermart and digital		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue by segment										
Total revenue by segment	65,624	61,990	19,071	18,105	41,188	40,882	–	–	125,883	120,977
Total revenue	65,624	61,990	19,071	18,105	41,188	40,882	–	–	125,883	120,977
EBITDA	8,146	6,044	1,817	2,248	1,477	1,125	(885)	(118)	10,555	9,299
Finance costs	–	–	–	–	–	–	(95)	(110)	(95)	(110)
Depreciation and amortisation	(37)	(20)	(390)	(381)	–	–	(1,777)	(1,680)	(2,204)	(2,081)
Profit (loss) before tax	8,109	6,024	1,427	1,867	1,477	1,125	(2,757)	(1,908)	8,256	7,108
Income tax expense									(1,410)	(945)
Profit net of tax									6,846	6,163

The unallocated expenses mainly included the Group's corporate expenses such as transaction costs of Novem acquisition (Note 26), employee benefits expenses, statutory and regulatory expenses.

4C. Assets and reconciliations

	Specialty pharma principals		Proprietary brands		Medical hypermart and digital		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Total assets for reportable segments	30,615	22,414	17,567	14,389	12,379	10,849	12,553	–	73,114	47,652
Unallocated:										
Plant and equipment	–	–	–	–	–	–	4,171	4,807	4,171	4,807
Investment in an associate	–	–	–	–	–	–	307	–	307	–
Prepayments	–	–	–	–	–	–	639	564	639	564
Cash and cash equivalents	–	–	–	–	–	–	19,461	27,526	19,461	27,526
Other receivables	–	–	–	–	–	–	720	909	720	909
Total Group assets	30,615	22,414	17,567	14,389	12,379	10,849	37,851	33,806	98,412	81,458

4. Financial Information by operating segments (cont'd)

4D. Liabilities and reconciliations

	Specialty pharma principals		Proprietary brands		Medical hypermart and digital		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Total liabilities for reportable segments	17,817	14,369	2,802	2,225	9,675	9,817	–	–	30,294	26,411
Unallocated:										
Income tax payable	–	–	–	–	–	–	1,705	1,345	1,705	1,345
Financial liabilities	–	–	–	–	–	–	8,169	4,974	8,169	4,974
Trade and other payables	–	–	–	–	–	–	3,611	1,553	3,611	1,553
Total Group liabilities	17,817	14,369	2,802	2,225	9,675	9,817	13,485	7,872	43,779	34,283

4E. Other material items and reconciliations

	Specialty pharma principals		Proprietary brands		Medical hypermart and digital		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Allowance for impairment on trade receivables and inventories loss	280	331	380	247	16	1,458	–	–	676	2,036
Expenditures for non-current assets	85	41	49	788	–	–	13,174	542	13,308	1,371

4. Financial Information by operating segments (cont'd)

4F. Geographical information

	Revenue		Non-current assets	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	64,109	60,801	24,026	12,282
Vietnam	41,605	43,910	71	99
Malaysia	10,637	7,892	185	260
Others	9,532	8,374	39	56
Total	125,883	120,977	24,321	12,697

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 deferred tax assets and investment in an associate.

4G. Information about major customers

	Group	
	2021	**2020**
	$'000	**$'000**
Top 1 customer in specialty and proprietary segments	19,040	21,930
Top 2 customers in specialty and proprietary segments	33,998	37,120
Top 3 customers in specialty, proprietary and hypermart segments	40,905	44,783

5. Revenue

	Group	
	2021	**2020**
	$'000	**$'000**
Sale of goods	125,273	120,267
Commission income	286	254
Marketing services fees and advertisement	323	340
Other revenue	1	116
Total revenue	125,883	120,977

The revenue from sale of goods and rendering of services is recognised based on point in time and all the contracts with customers are less than 12 months. Main customers are retailers and distributors.

6. Other income and gains and (other losses)

	Group	
	2021	2020
	$'000	$'000
Foreign exchange adjustments gains	457	47
Impairment allowance on inventories obsolescence [(1)]	(477)	(1,624)
Inventories written off	(197)	(428)
Allowance for impairment on trade receivables – (loss) reversal	(2)	16
Government grant [(2)]	433	2,048
Interest income	74	180
(Loss) gain on disposal of plant and equipment	(2)	4
Loss on disposal of subsidiary	(2)	–
Net	284	243
Presented in profit or loss as:		
Other income and gains	964	2,295
Other losses	(680)	(2,052)
Net	284	243

(1) In reporting year 2020, it included provision of $1,094,000 relating to write-down of (a) personal protective equipment to net realisable value in view of a drop in market selling price due to higher supply; and (b) diagnostic test kits for COVID-19.

(2) Included in the above amount is the government grant from Jobs Support Scheme totalling $130,000 (2020: $1,765,000). The purpose of the Jobs Support Scheme is to provide wage support to employers to help them retain their local employees during this period of economic uncertainty amid COVID-19 for 17 months from April 2020 to August 2021.

7. Distribution costs

The major components and other selected components include the following:

	Group	
	2021	2020
	$'000	$'000
Employee benefits expense (Note 8)	13,239	11,324
Advertising and promotional expenses	8,580	8,912

8. Employee benefits expense

	Group	
	2021	2020
	$'000	$'000
Short-term employee benefits expense	16,763	14,473
Contributions to defined contribution plans	1,786	1,510
Share-based payments	177	–
Other benefits	467	454
Total employee benefits expense	19,193	16,437
Employee benefits expense is charged to profit or loss and included in:		
– Distribution costs (Note 7)	13,239	11,324
– Administrative expenses (Note 9)	5,653	4,817
– Cost of sales	301	296
Total employee benefits expense	19,193	16,437

9. Administrative expenses

The major components and other selected components include the following:

	Group	
	2021	2020
	$'000	$'000
Employee benefits expense (Note 8)	5,653	4,817
Rental expense (Note 25C)	225	264
Research and development expense	564	375

10. Finance costs

	Group	
	2021	2020
	$'000	$'000
Interest expense	30	18
Interest on lease liabilities	65	92
Total finance costs	95	110

11. Income tax

11A. Components of tax expense (income) recognised in profit or loss:

	Group 2021 $'000	Group 2020 $'000
Current tax expense:		
Current tax expense	1,640	1,031
Over adjustment in respect of prior periods	(145)	(84)
Sub-total	1,495	947
Deferred tax income:		
Deferred tax income	(85)	(2)
Sub-total	(85)	(2)
Total income tax expense	1,410	945

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% (2020: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group 2021 $'000	Group 2020 $'000
Profit before tax	8,256	7,108
Income tax expense at the above rate	1,404	1,208
Effect of different tax rates in different countries	24	56
Expenses not deductible for tax purposes	476	213
Income not subject to taxation [(a)]	(19)	(303)
Effect of partial tax exemption and tax relief	(189)	(195)
Over adjustment to tax in respect of prior periods	(145)	(84)
Other minor items less than 3% each	(141)	50
Total income tax expense	1,410	945

(a) The major not liable to tax items include grant support from Jobs Support Scheme totalling $130,000 (2020: $1,765,000).

There are no income tax consequences of dividends to owners of the Company.

11B. Deferred tax income recognised in profit or loss includes:

	Group 2021 $'000	Group 2020 $'000
Mergers and acquisitions allowance carryforwards	–	105
Difference in amortisation of intangible assets	(60)	(60)
Excess of book value of plant and equipment over tax values	(25)	(47)
Total deferred tax income	(85)	(2)

11. Income tax (cont'd)

11C. Deferred tax balance in statement of financial position:

	Group 2021 $'000	Group 2020 $'000
From deferred tax assets (liabilities) recognised in profit or loss:		
Fair value of intangible assets [a]	(275)	(335)
Excess of book value of plant and equipment over tax values	(2)	(27)
Net balance	(277)	(362)
Presented in the statement of financial position as follows:		
Deferred tax assets	65	47
Deferred tax liabilities	(342)	(409)
Net balance	(277)	(362)

(a) The balance arose from acquisition of subsidiaries.

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.

12. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group 2021 $'000	Group 2020 $'000
Numerators: profit attributable to equity:		
Continuing operations: attributable to equity holders	6,846	6,163

	2021 '000	2020 '000
Denominators: weighted average number of ordinary shares:		
Basic	301,070	300,430
Dilutive share awards effect	1,168	–
Diluted	302,238	300,430
Basic and diluted earnings per share	Cents	Cents
Continuing operations	**2.27**	**2.05**

12. Earnings per share (cont'd)

The weighted average number of ordinary shares refers to shares in issue outstanding during the reporting period.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year.

The dilutive effect derives from share awards granted under Hyphens Performance Share Plan (Note 23).

13. Dividends on equity shares

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Dividends declared and paid during the reporting year:		
Final exempt (1-tier) dividends paid of 0.62 cent (2020: 1.00 cent) per share	1,863	3,004
Proposed dividends on ordinary shares:		
Final exempt (1-tier) dividends proposed of 0.67 cent (2020: 0.62 cent) per share	2,069	1,863

Proposed dividends on ordinary shares are subject to approval by shareholders at the annual general meeting and are not recognised as a liability as at 31 December. There are no income tax consequences on the reporting entity. The proposed dividend is payable in respect of all ordinary shares in issue at the end of reporting year and including any new qualifying shares issued up to the date the dividend becomes payable.

14. Plant and equipment

Group	Plant and equipment $'000	Hardware and software $'000	Fixtures and equipment $'000	Motor vehicles $'000	Total $'000
Cost:					
At 1 January 2020	4,232	1,033	3,235	145	8,645
Additions	171	95	276	–	542
Disposals	(1)	(21)	(95)	(19)	(136)
Foreign exchange adjustments	–	1	1	5	7
At 31 December 2020	4,402	1,108	3,417	131	9,058
Arising from acquisition of subsidiaries (Note 26)	286	24	103	112	525
Additions	95	454	73	–	622
Disposals	(1)	(133)	(14)	–	(148)
Foreign exchange adjustments	(2)	(2)	(3)	(6)	(13)
At 31 December 2021	4,780	1,451	3,576	237	10,044
Accumulated depreciation:					
At 1 January 2020	859	751	957	130	2,697
Depreciation for the year	880	143	647	10	1,680
Disposals	(1)	(20)	(94)	(18)	(133)
Foreign exchange adjustments	–	–	2	5	7
At 31 December 2020	1,738	874	1,512	127	4,251
Depreciation for the year	953	144	672	8	1,777
Disposals	(1)	(133)	(12)	–	(146)
Foreign exchange adjustments	–	(2)	–	(7)	(9)
At 31 December 2021	2,690	883	2,172	128	5,873
Carrying value:					
At 1 January 2020	3,373	282	2,278	15	5,948
At 31 December 2020	2,664	234	1,905	4	4,807
At 31 December 2021	2,090	568	1,404	109	4,171

14. Plant and equipment (cont'd)

Company	Hardware and software $'000	Fixtures and equipment $'000	Total $'000
Cost:			
At 1 January 2020	2	221	223
Additions	2	–	2
At 31 December 2020 and 31 December 2021	4	221	225
Accumulated depreciation:			
At 1 January 2020	1	55	56
Depreciation for the year	1	44	45
At 31 December 2020	2	99	101
Depreciation for the year	1	44	45
At 31 December 2021	3	143	146
Carrying value:			
At 1 January 2020	1	166	167
At 31 December 2020	2	122	124
At 31 December 2021	1	78	79

The depreciation expense for the Group and Company is charged to profit or loss under administrative expenses.

The right-of-use assets have been included in plant and equipment. The details are as follows:

Group	Plant and equipment $'000
Cost:	
At 1 January 2020	3,858
Additions	171
At 31 December 2020	4,029
Arising from acquisition of subsidiaries (Note 26)	278
Additions	60
Foreign exchange adjustments	(3)
At 31 December 2021	4,364
Accumulated depreciation:	
At 1 January 2020	798
Depreciation for the year	830
At 31 December 2020	1,628
Depreciation for the year	902
At 31 December 2021	2,530
Carrying value:	
At 1 January 2020	3,060
At 31 December 2020	2,401
At 31 December 2021	1,834

The right-of-use assets are under lease agreements (see Note 25C).

15. Intangible assets

	Group 2021 $'000	Group 2020 $'000
Goodwill (Note 15A)	17,404	4,851
Distribution rights and trademarks (Note 15B)	2,746	3,039
Total	20,150	7,890

15A. Goodwill

	Group 2021 $'000	Group 2020 $'000
Cost:		
Balance at beginning of the year	5,844	5,844
Arising from acquisition of subsidiaries (Note 26)	12,553	–
Balance at end of the year	18,397	5,844
Accumulated impairment:		
Balance at beginning and end of the year	993	993
Carrying value at beginning of the year	4,851	–
Carrying value at end of the year	17,404	4,851

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating unit represents the Group's investment by each subsidiary as follows:

	Group 2021 $'000	Group 2020 $'000
Name of subsidiaries:		
Pan-Malayan Pharmaceuticals Pte Ltd [a]	80	80
Ocean Health Pte. Ltd. [b]	4,771	4,771
Novem [c]	12,553	–
Carrying value at end of the year	17,404	4,851

(a) The goodwill 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) The goodwill arose from acquisition of the following subsidiaries, Ocean Health Pte. Ltd. ("Ocean Health Singapore") and DAC Pharmalab Pte Ltd ("DAC Pharmalab"). 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's core business is provision of bottling and labelling services to Ocean Health Singapore. Following the transfer of its core business to Pan-Malayan Pharmaceuticals Pte Ltd in March 2019, Pan-Malayan Pharmaceuticals Pte Ltd charged Ocean Health Singapore a fee for this service, and DAC Pharmalab was struck off during the current reporting year. As a result, the CGU for goodwill impairment testing was performed on Ocean Health Singapore.

(c) The goodwill relates to the acquisition of the following subsidiaries, Novem Healthcare Pte Ltd, Novem Pharma Private Limited and Novem Sciences Private Limited (collectively "Novem") on 3 December 2021 (Note 26). Novem is a leading Singapore-based, healthcare-focused distributor of pharmaceutical products, nutraceutical products and medical devices, with a stable operating track record of over 20 years. As the Group has not completed the purchase price allocation of the acquisition of Novem, the goodwill is allocated on the provisional basis and there was no impairment test performed for reporting year 31 December 2021.

15. Intangible assets (cont'd)

15A. Goodwill (cont'd)

The goodwill was tested for impairment at the end of the reporting year except for the goodwill relates to the acquisition of Novem. 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.

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 CGU are consistent with those used for measurement last performed and is analysed as follows:

CGU-Proprietary	**Range (weighted average)**	
Valuation technique and unobservable inputs		
Discounted cash flow method:	**2021**	**2020**
Estimated discount rates using post-tax rates that reflect current market assessments at the risks specific to the CGU	11.7%	11.7%
Revenue growth rates	3% - 5%	3% - 5%
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 1.5% (2020: 1.4%) per annum.

Actual outcomes could vary from these estimates. If the estimated annual revenue growth rates had been 8.0% (2020: 1.5%) lower than management's estimates, there would be a need to reduce the carrying value of goodwill by $308,000 (2020: $277,000). If the revised estimated post-tax discount rate applied to the discounted cash flows had been 10.0% (2020: 2.0%) higher than management's estimates, there would be a need to reduce the carrying value of goodwill by $32,000 (2020: $59,000). The financial reporting standards on impairment of assets does not permit reversing an impairment loss for goodwill.

15. Intangible assets (cont'd)

15B. Distribution rights and trademarks

	Group $'000
Cost:	
At 1 January 2020	4,228
Additions	829
At 31 December 2020	5,057
Additions	134
At 31 December 2021	5,191
Accumulated amortisation:	
At 1 January 2020	1,617
Amortisation for the year	401
At 31 December 2020	2,018
Amortisation for the year	427
At 31 December 2021	2,445
Carrying value:	
At 1 January 2020	2,611
At 31 December 2020	3,039
At 31 December 2021	2,746

The amortisation expense is charged to profit or loss under administrative expenses.

16. Investment in subsidiaries

	Company	
	2021 $'000	2020 $'000
Movements during the year:		
At beginning of the year	19,220	19,220
Additions	200	–
At end of the year	19,420	19,220
Total cost comprising:		
Unquoted equity shares at cost	19,420	19,220
Net book value of subsidiaries	33,901	30,597

16. Investment in subsidiaries (cont'd)

The following subsidiaries are wholly owned by the Group.

Name of subsidiary	Principal place of business	Principal activities	Cost in the books of the Company 2021 $'000	Cost in the books of the Company 2020 $'000
Held by the Company:				
Hyphens Pharma Pte. Ltd. [a]	Singapore	Sales, marketing and distribution of pharmaceutical and healthcare related products and related services	16,686	16,686
Pan-Malayan Pharmaceuticals Pte Ltd [a]	Singapore	Wholesale of pharmaceutical and medical supplies and digital business services	2,534	2,534
DocMed Technology Pte. Ltd. [a] [f]	Singapore	Wholesale trade and Investment and incubation of early-stage business relating to digital healthcare	200	–
			19,420	19,220

Name of subsidiary	Principal place of business	Principal activities
Held through Hyphens Pharma Pte. Ltd.:		
Hyphens Pharma Philippines, Inc. [b] [c]	The Philippines	Sales, marketing and distribution of pharmaceutical and healthcare related products and related services
Hyphens Pharma Sdn. Bhd.[b]	Malaysia	Sales, marketing and distribution of pharmaceutical and healthcare related products and related services
Ocean Health Pte. Ltd. [a]	Singapore	Brand owner of health supplement products
DAC Pharmalab Pte Ltd [d]	Singapore	Dormant
PT. Hyphens Pharma Indonesia [b]	Indonesia	Sales, marketing and distribution of pharmaceutical and healthcare related products and related services
Novem Healthcare Pte Ltd [a] [e]	Singapore	Wholesale of medicinal and pharmaceutical products
Novem Pharma Private Limited [a] [e]	Singapore	Wholesale of medicinal and pharmaceutical products
Novem Sciences Private Limited [a] [e]	Singapore	Wholesale of medicinal and pharmaceutical products

16. Investment in subsidiaries (cont'd)

(a) Audited by RSM Chio Lim LLP.

(b) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(c) 5 common shares are held by 5 individuals as nominees for Hyphens Pharma Pte. Ltd.

(d) The subsidiary has been struck off on 9 December 2021.

(e) The subsidiaries were acquired on 3 December 2021 (Note 26).

(f) The subsidiary is newly incorporated on 15 October 2021.

17. Investment in an associate

	Group	
	2021	**2020**
	$'000	**$'000**
Movements in carrying value:		
Balance at beginning of the year	–	–
Arising from acquisition of subsidiaries (Note 26)	290	–
Share of profit for the year	17	–
Total at end of the year	307	–
Carrying value comprising:		
Unquoted equity shares, at cost	290	–
Share of post-acquisition profits	17	–
	307	–

Name of associate, country of incorporation, place of operations and principal activities (and independent auditor)	**Percentage of equity held by the Group**	
	2021	**2020**
	%	**%**
Ardence Pharma Sdn. Bhd. [(a)] Malaysia Wholesale of pharmaceutical and medical goods (CH KO & Associates)	45	–

(a) The associate was acquired as part of the acquisition of Novem on 3 December 2021 (Note 26).

18. Inventories

	Group 2021 $'000	Group 2020 $'000
Raw materials and supplies	1,025	766
Finished goods and goods for resale [a]	24,051	16,122
	25,076	16,888
Inventories are stated after allowance. Movement in allowance:		
At beginning of the year	1,812	466
Charge to profit or loss included in other losses	477	1,624
Used	(1,105)	(278)
At end of the year	1,184	1,812
The amount of inventories included in cost of sales	76,429	75,731
The inventories written off charged to profit or loss included in other losses	197	428

There are no inventories pledged as security for liabilities.

(a) Included in finished goods and goods for resale are inventories under consignment with distributors amounted to $5,540,000 (2020: $4,814,000).

19. Trade and other receivables

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade receivables:				
Outside parties	28,029	23,031	–	–
Less allowance for impairment	(206)	(204)	–	–
Subsidiaries (Note 3)	–	–	1,246	556
Net trade receivables – subtotal	27,823	22,827	1,246	556
Other receivables:				
Staff advances	7	5	–	–
Deposits to secure services	594	502	–	–
Subsidiaries (Note 3)	–	–	19,442	5,000
Goods and services tax receivables	76	212	–	–
Other receivables	43	43	–	–
Government grant receivable [a]	–	147	–	13
Other receivables – subtotal	720	909	19,442	5,013
Total trade and other receivables	28,543	23,736	20,688	5,569
Movements in above allowance:				
At beginning of the year	204	220	–	–
Charge (reversal) of allowance included in profit or loss included in other losses (other gains)	2	(16)	–	–
At end of the year	206	204	–	–

(a) Government grant receivable from Jobs Support Scheme.

19. Trade and other receivables (cont'd)

The expected credit losses (ECL) on the above trade receivables are based on the simplified approach to measuring expected credit losses (ECL) which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on the historical observed default rates (over a period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates including the impact of the COVID-19 pandemic. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The receivables have common risk characteristics as compared to previous years. There were no significant bad debts noted in the previous years. The Group assesses the credit risk of major customers and risk of default rates of the customers using audited financial statements, management accounts, and available market or press information about the customers and applying experienced credit judgement.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period. There are no collateral held as security and other credit enhancements for the trade receivables.

(i) Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

The Group's non-related party trade receivables not past due include receivables amounting to $18,319,000 (2020: $15,430,000).

(ii) Trade receivables that are past due and not impaired

The age analysis of non-related party gross trade receivables past due and not impaired is as follows:

	Group	
	2021 $'000	2020 $'000
Past due less than 30 days	4,287	2,538
Past due 30 to 60 days	2,058	992
Past due 60 to 90 days	1,258	2,626
Past due over 90 days	2,107	1,445
Total	9,710	7,601

The age analysis of non-related party trade receivables that are impaired is as follows:

	Group	
	2021 $'000	2020 $'000
Past due over 90 days	206	204

The allowance on trade receivables is based on individual accounts totalling $206,000 (2020: $204,000) that are determined to be impaired at the end of reporting year. These are not secured.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade customers is about 30 to 90 days (2020: 30 to 90 days). But some customers take a longer period to settle the amounts.

There were no related party and other receivables determined to be impaired.

19. Trade and other receivables (cont'd)

(iii) Concentration of credit risk

The number of debtors that individually represented 5-10% of non-related party trade receivables is 5 (2020: 6).

Concentration of trade receivables customers as at the end of the reporting year:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Top 1 customer	3,901	4,356	863	333
Top 2 customers	7,713	7,479	1,246	556
Top 3 customers	11,486	9,821	1,246	556

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. Other receivables are normally with no fixed terms and therefore there is no maturity. Related company receivables are regarded as of low credit risk if they are guaranteed with the ability to settle the amount. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

20. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Not restricted in use	19,461	27,526	3,221	13,449

The rates of interest for the cash on interest earning balances ranged between 0.22% and 1.1% (2020: 0.3% and 1.1%) per annum.

20A. Non-cash transactions

	Group	
	2021	2020
	$'000	$'000
Acquisitions of certain assets under plant and equipment under lease contracts	60	162
Acquisitions of certain assets under plant and equipment under unpaid trade and other payables	–	9
Lease liabilities arising from acquisition of subsidiaries (Note 26)	364	–

20. Cash and cash equivalents (cont'd)

20B. Reconciliation of liabilities arising from financing activities

	2020 $'000	Cash flows $'000	Non-cash changes $'000		2021 $'000
Group					
Loans and borrowings	2,396	3,677	2	(a)	6,075
Lease liabilities	2,578	(905)	421	(a) (b)	2,094
Total liabilities from financing activities	4,974	2,772	423		8,169

	2019 $'000	Cash flows $'000	Non-cash changes $'000		2020 $'000
Loans and borrowings	300	2,141	(45)	(a)	2,396
Lease liabilities	3,199	(783)	162	(b)	2,578
Total liabilities from financing activities	3,499	1,358	117		4,974

(a) Foreign exchange movements.

(b) Acquisitions per Note 20A.

21. Share capital

	Group and Company	
	Number of shares issued '000	Share capital $'000
Ordinary shares of no par value:		
At 1 January 2020 and 31 December 2020	300,430	32,641
Issuance of new shares pursuant to acquisition of subsidiaries [(a)]	8,346	2,442
At 31 December 2021	308,776	35,083

(a) On 3 December 2021, the Company allotted and issued 8,345,800 new ordinary shares to the vendors pursuant to acquisition of Novem. Also see Note 26.

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 except as mentioned below.

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.

21. Share capital (cont'd)

Capital management: (cont'd)

The Group and Company are 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. Adjusted capital comprises all components of equity (that is, share capital and reserves).

In order to maintain its listing on the Singapore Stock Exchange, it has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

22. Other reserves

	Group	
	2021	2020
	$'000	$'000
Merger reserve (Note 22A)	(15,165)	(15,165)
Foreign currency translation reserves (Note 22B)	106	73
Total	(15,059)	(15,092)

All reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

22A. Merger reserve

This represents the difference between the consideration paid and the share capital of the subsidiaries when entities under common control are accounted for by applying the pooling of interest method when the Group undertook a corporate restructuring in 2018 for its listing on the Catalist.

22B. Foreign currency translation reserves

	Group	
	2021	2020
	$'000	$'000
At beginning of the year	73	133
Exchange differences on translating foreign operations	33	(60)
At end of the year	106	73

The foreign currency translation reserve accumulates all foreign exchange differences.

23. Share-based payment

Under the Hyphens Performance Share Plan, a participant may be granted awards of shares. The eligibility of the 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 the Group's financial performance and a participant's rank, job performance, potential for future development and contribution to the success and development of the Group.

On 19 March 2021, the Company has granted share awards to eligible employees of the Group by the allotment of an aggregate of 1,485,000 ordinary shares ("New Shares") in the capital of the Company pursuant to the Hyphens Performance Share Plan. Subject to the satisfaction of the performance criteria, the New Shares will vest as follows:

(i) 985,000 shares on 31 December 2022; and

(ii) 500,000 shares on 31 March 2024

The market price of the New Shares was $0.315 per share at the grant date.

The New Shares shall have a sale restriction moratorium period of one year from the date of issue.

During the reporting year 31 December 2021, there were no shares issued by virtue of the exercise of an option to take up unissued shares. No option to take up unissued shares of the Company or other body corporate in the Group was granted.

There were no employee share options granted since the commencement of the share option scheme which is more fully disclosed in the Statement by Directors.

24. Trade and other payables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables:				
Outside parties and accrued liabilities	32,418	27,211	1,192	690
Trade payables – subtotal	32,418	27,211	1,192	690
Other payables:				
Subsidiary (Note 3)	–	–	7	8
Outside parties	1,145	344	11	12
Other payables – subtotal	1,145	344	18	20
Total trade and other payables	33,563	27,555	1,210	710

25. Other financial liabilities

	Group	
	2021	2020
	$'000	$'000
Non-current:		
Lease liabilities (Note 25C)	880	1,726
Term loan (Note 25A)	–	1,832
Total non-current portion	880	3,558
Current:		
Lease liabilities (Note 25C)	1,214	852
Short-term revolving loans (Note 25B)	4,243	396
Term loan (Note 25A)	1,832	168
Total current portion	7,289	1,416
Total current and non-current	8,169	4,974
The non-current portion is repayable as follows:		
Due within 1 to 3 years	880	3,558

25A. Term loan

In the reporting year 2020, a subsidiary had obtained a term loan of $2,000,000 with fixed interest rate of 1.5% per annum. The loan is covered by corporate guarantee from the Company and another subsidiary in the Group. The loan is repayable over 12-month period after the first year of drawdown.

25B. Short term revolving loans

The ranges of floating interest rates paid were as follows:

	Group	
	2021	2020
	%	%
Short-term revolving loans	1.4% to 2.6%	1.5% to 3.8%

The bank agreements for certain of the bank loans and other credit facilities provide among other matters for the following:

1) Corporate guarantee from the Company and certain subsidiaries in the Group.

2) The Company remain listed on the Catalist Board of Singapore Exchange Securities Trading Limited.

3) Need to comply with certain financial covenants.

4) Certain subsidiaries in the Group remain fully owned by the Group.

25. Other financial liabilities (cont'd)

25C. Lease liabilities

The Group leases office and warehouse facilities. The leases typically run for a period between two to five years, with an option to renew the lease after that date. Lease payments are renegotiated upon expiry to reflect market rentals. The Group has elected not to recognise right-of-use assets and lease liabilities for the shorter tenure office leases.

The Group leases IT equipment with contract terms of three to five years. These leases are short-term and low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Lease liabilities are presented in the statement of financial position as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Lease liabilities, current	1,214	852
Lease liabilities, non-current	880	1,726
	2,094	2,578

The lease liabilities above do not include short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments that do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of lease liabilities and right-of-use assets.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowings purposes. Lease liabilities under operating leases are secured by the right-of-use assets because these will revert to the lessor in the event of default.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The weighted average incremental borrowing rate applied to lease liabilities recognised is 3.9% (2020: 3.7%) per year.

A summary of the maturity analysis of lease liabilities is disclosed in Note 27E. Total cash outflows from leases are shown in the consolidated statement of cash flows. The right-of-use assets included in plant and equipment are disclosed in Note 14.

Apart from the disclosures made in other notes to the financial statements, amounts relating to leases include the following:

	Group	
	2021	**2020**
	$'000	**$'000**
Expenses relating to short-term leases included in administrative expenses	210	246
Expenses relating to leases of low-value assets included in administrative expenses	15	18
Total commitments on short-term leases at year end date	261	446

26. Acquisition of subsidiaries

The Group's wholly-owned subsidiary, Hyphens Pharma Pte. Ltd., has completed the acquisition of Novem Healthcare Pte Ltd, Novem Pharma Private Limited and Novem Sciences Private Limited (collectively "Novem") on 3 December 2021. Novem is a leading Singapore-based, healthcare-focused distributor of pharmaceutical products, nutraceutical products and medical devices, with a stable operating track record of over 20 years.

The purchase price allocation of the acquisition of Novem for the year ended 31 December 2021 is provisional and the Group expects to complete the purchase price allocation exercise within 12 months from the date of acquisition. The provisional fair value of the net assets of the subsidiaries acquired were as follows:

	Provisional fair value
	$'000
Plant and equipment, including right-of-use assets	525
Investment in an associate	290
Inventories	3,580
Trade and other receivables	2,748
Prepayments and deposits	27
Cash and cash equivalents	997
Income tax payable	(281)
Trade and other payables	(2,895)
Other financial liabilities	(364)
Net assets	4,627
Goodwill	12,553
Purchase consideration transferred	17,180

The consideration transferred is as follows:

	2021
	$'000
Consideration transferred:	
Consideration transferred in cash	14,738
Shares issued, at fair value (Note 21)	2,442
Total consideration transferred	17,180
Net cash outflow arising on acquisition:	
Cash consideration	14,738
Transaction costs of the acquisition [(a)]	415
Less: Cash and cash equivalent balances acquired	(997)
Net cash flow on acquisition	14,156

(a) Transaction costs of $415,000 were expensed and included in administrative expenses.

26. Acquisition of subsidiaries (cont'd)

The contributions from the acquired subsidiaries for the period between the date of acquisition and the end of the reporting year were as follows:

	From date of acquisition in 2021 $'000	For the reporting year 2021 $'000
Revenue	1,310	8,978
Profit after tax	70	1,866

27. Financial instruments: information on financial risks

27A. 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:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Financial assets:				
Financial assets at amortised cost	48,004	51,262	23,909	19,018
At end of the year	48,004	51,262	23,909	19,018
Financial liabilities:				
Financial liabilities at amortised cost	41,732	32,529	1,210	710
At end of the year	41,732	32,529	1,210	710

Further quantitative disclosures are included throughout these financial statements.

27B. 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. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks.

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.

27. Financial instruments: information on financial risks (cont'd)

27C. 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 financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the 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.

27D. 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. These arise principally from 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 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 expected credit losses (ECL) on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the impairment allowance. Under this general approach the financial assets move through the three stages as their credit quality changes. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, the simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) permitted by the financial reporting standards on financial instruments is applied for financial assets that do not have a significant financing component, such as trade receivables and contract assets. For credit risk on trade receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

27E. 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 (2020: 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

27. Financial instruments: information on financial risks (cont'd)

27E. 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):

Group	Less than 1 year $'000	1 - 3 years $'000	Total $'000
Non-derivative financial liabilities:			
2021:			
Trade and other payables	33,563	–	33,563
Gross borrowings commitments	7,103	–	7,103
Gross lease liabilities	1,162	1,024	2,186
At end of the year	41,828	1,024	42,852
2020:			
Trade and other payables	27,555	–	27,555
Gross borrowings commitments	566	1,848	2,414
Gross lease liabilities	914	1,757	2,671
At end of the year	29,035	3,605	32,640

The Company has no liabilities contracted to fall due after twelve months at the end of the reporting year.

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

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.

Financial guarantee contracts – For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year, no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

Company	Less than 1 year $'000	1 - 3 years $'000	Total $'000
2021:			
Financial guarantee contracts – in favour of subsidiaries	6,075	–	6,075
2020:			
Financial guarantee contracts – in favour of subsidiaries	564	1,832	2,396

27. Financial instruments: information on financial risks (cont'd)

27E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Bank facilities:

	Group	
	2021	**2020**
	$'000	**$'000**
Undrawn borrowing facilities	21,405	24,938

The Company provides financial guarantees to financial institutions for banking facilities granted to subsidiaries (see Note 25). These financial guarantees are provided without charge.

Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the higher of (a) the amount of the loss allowance determined in accordance the financial reporting standard on financial instruments and (b) the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of the financial reporting standard on revenue from contracts with customers.

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.

27F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position and on some financial instruments not recognised in the statement of financial position. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2021	**2020**
	$'000	**$'000**
Financial liabilities with interest:		
Fixed rates	3,926	4,578
Floating rates	4,243	396
Total at end of the year	8,169	4,974

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.

27. Financial instruments: information on financial risks (cont'd)

27G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of amounts denominated in non-functional currencies:

Group	US Dollar	Euro	Vietnam Dong	Indo Rupiah	Total
	$'000	$'000	$'000	$'000	$'000
As at 31 December 2021:					
Financial assets:					
Cash and cash equivalents	2,774	766	180	5	3,725
Loan and receivables	1,343	5,829	–	4,960	12,132
Total financial assets	4,117	6,595	180	4,965	15,857
Financial liabilities:					
Trade and other payables	(2,326)	(10,166)	(2,734)	(508)	(15,734)
Other financial liabilities	(4,243)	–	–	–	(4,243)
Total financial liabilities	(6,569)	(10,166)	(2,734)	(508)	(19,977)
Net financial (liabilities) / assets at end of the year	(2,452)	(3,571)	(2,554)	4,457	(4,120)
As at 31 December 2020:					
Financial assets:					
Cash and cash equivalents	878	1,086	201	96	2,261
Loan and receivables	404	8,058	–	2,446	10,908
Total financial assets	1,282	9,144	201	2,542	13,169
Financial liabilities:					
Trade and other payables	(1,305)	(8,979)	(2,562)	(7)	(12,853)
Other financial liabilities	(396)	–	–	–	(396)
Total financial liabilities	(1,701)	(8,979)	(2,562)	(7)	(13,249)
Net financial assets / (liabilities) at end of the year	(419)	165	(2,361)	2,535	(80)

There is no significant foreign currency risk at the Company's level.

There is exposure to foreign currency risk as part of its normal business.

27. Financial instruments: information on financial risks (cont'd)

27G. Foreign currency risk (cont'd)

Sensitivity analysis:

	Group	
	2021	2020
	$'000	$'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 a favourable effect on pre-tax profit of	245	42
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the Euro with all other variables held constant would have a favourable / (an adverse) effect on pre-tax profit of	357	(17)
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	255	236
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the Indo Rupiah with all other variables held constant would have an adverse effect on pre-tax profit of	(446)	(254)

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.

28. Items in profit or loss

In addition to the profit or loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group	
	2021	2020
	$'000	$'000
Audit fees to the independent auditor of the Company	165	119
Audit fees to the other independent auditors	22	22
Other fees to the independent auditor of the Company, including its affiliated firms	99	128

29. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the Group are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS (I) No.	Title
SFRS (I) 1-39; 7 and 9	Interest Rate Benchmark Reform – Amendments to
SFRS (I) 16	Covid-19 Related Rent Concessions - Amendment to (The 2021 amendment extends the limit from 30 June 2021 to 30 June 2022)

30. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the Group for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS (I) 1-1	Presentation of Financial Statements- amendment relating to Classification of Liabilities as Current or Non-current	1 January 2023
SFRS (I) 3	Definition of a Business - Reference to the Conceptual Framework – Amendments	1 January 2022
SFRS (I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments	1 January 2022
Various	Amendments to SFRS (I) 1 and SFRS (I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Various	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022

31. Reclassifications and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation. As the reclassification has no impact to the statement of financial position at the beginning of the preceding reporting year, a third statement of financial position at the beginning of the preceding reporting year is not presented.

31. Reclassifications and comparative figures (cont'd)

The items reclassified were as follows:

		Group After $'000	Group Before $'000	Group Difference $'000
<u>2020 Consolidated Statement of Financial Position:</u>				
Trade and other receivables	(a)	23,736	29,421	(5,685)
Trade and other payables	(a)	(27,555)	(33,240)	5,685
2020 Consolidated Statement of Profit or Loss and Other Comprehensive Income:				
Revenue	(b)	120,977	123,698	(2,721)
Cost of sales	(b)	(77,341)	(79,939)	2,598
Other income and gains	(b)	2,295	2,248	47
Other losses	(b)	(2,052)	(2,128)	76

(a) The Group has accrued variable consideration payable to certain customers, in relation to the Group's sales to Vietnam. Reclassification was made to net off the trade and other payables amounts against the respective customer's trade and other receivables balances.

(b) Reclassification was made from cost of sales to revenue and other income and gains and other losses to be comparable with the current reporting year. These amounts pertain to variable considerations in relation to the Group's sales to Vietnam. The reclassifications have no impact on the Group's net profit for the previous reporting year.

STATISTICS OF SHAREHOLDINGS

As at 14 March 2022

SHARE CAPITAL

Number of Issued Shares	:	308,776,200
Class of shares	:	Ordinary shares
Voting rights	:	1 vote for each ordinary share
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.06	60	0.00
100 - 1,000	103	6.49	70,200	0.02
1,001 - 10,000	805	50.69	4,601,840	1.49
10,001 - 1,000,000	667	42.00	38,259,700	12.39
1,000,001 and above	12	0.76	265,844,400	86.10
TOTAL	**1,588**	**100.00**	**308,776,200**	**100.00**

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 14 March 2022, approximately 23.84% of the issued ordinary shares of the Company is held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"). Accordingly, Rule 723 of the Catalist Rules is complied with.

STATISTICS OF **SHAREHOLDINGS**

As at 14 March 2022

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	125,260,639	40.57
2	TAN KIA KING	76,380,801	24.74
3	TAN CHWEE CHOON	38,045,560	12.32
4	LAU JUI FANG (LIU RUIFANG)	4,172,900	1.35
5	NG KIAN PENG ALBERT (HUANG JIANPING ALBERT)	4,172,900	1.35
6	BPSS NOMINEES SINGAPORE (PTE.) LTD.	4,000,400	1.30
7	PHILLIP SECURITIES PTE LTD	3,746,400	1.21
8	RAFFLES NOMINEES (PTE.) LIMITED	2,644,000	0.86
9	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,298,300	0.74
10	ONG ENG SAI	2,190,000	0.71
11	IFAST FINANCIAL PTE. LTD.	1,907,500	0.62
12	LEE YEOW HWEE OR TANG BOON LUI (CHEN WENLEI)	1,025,000	0.33
13	LEE ENG KHIAN	1,000,000	0.32
14	TAN WEI PING (CHEN WEIBIN)	836,000	0.27
15	ONG POH LIM @ ONG PAO LIM	684,600	0.22
16	MAYBANK SECURITIES PTE. LTD.	681,800	0.22
17	LIM CHER KHIANG	633,800	0.21
18	OCBC SECURITIES PRIVATE LIMITED	615,200	0.20
19	HSBC (SINGAPORE) NOMINEES PTE LTD	597,200	0.19
20	GAN KAH ANN ANDREW	500,000	0.16
	TOTAL	**271,393,000**	**87.89**

SUBSTANTIAL SHAREHOLDERS AS AT 14 MARCH 2022

No.	Name of Shareholder	Direct Interest No. of Shares	Deemed Interest No. of Shares	Total	% *
1.	Inomed Holding Pte Ltd	–	119,833,839	119,833,839	38.81
2.	Lim See Wah	–	119,833,839	119,833,839	38.81
3.	Tan Kia King	76,380,801	–	76,380,801	24.74
4.	Tan Chwee Choon	38,045,560	–	38,045,560	12.32

** Percentage is calculated based on the total number of issued ordinary shares as at 14 March 2022*

Notes:

1. Inomed Holding Pte Ltd's deemed interest arises from their shares held through DBS Nominees (Private) Limited.

2. Mr Lim See Wah ("**Mr Lim**") holds 100% of the shares in Inomed Holding Pte Ltd ("**Inomed**"). Accordingly, Mr Lim is deemed interested in the 119,833,839 ordinary shares in the Company held by Inomed through DBS Nominees (Private) Limited by virtue of Section 4 of the Securities and Futures Act 2001.

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting ("**AGM**") of the Company will be convened and held by way of electronic means on Wednesday, 27 April 2022 at 2.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors' Report thereon. **Resolution 1**

2. To declare a final tax exempt (one-tier) dividend of 0.67 Singapore cents per ordinary share for the financial year ended 31 December 2021. **Resolution 2**

3. To re-elect the following Directors who retire by rotation in accordance with the Constitution of the Company and who, being eligible, offer themselves for re-election:

   (a) Mr Lim See Wah [Regulation 97] **Resolution 3**

   (b) Ms Tan Seok Hoong @ Mrs Audrey Liow [Regulation 97] **Resolution 4**

4. To approve the Directors' fees of SGD 227,000 for the year ended 31 December 2021. **Resolution 5**

5. To re-appoint RSM Chio Lim LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without amendments:

6. **Authority to allot and issue shares** **Resolution 7**

   That pursuant to Section 161 of the Companies Act 1967 of Singapore ("**Companies Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to allot and issue shares and/or convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit provided that:

   (i) the aggregate number of shares and/or convertible securities to be issued pursuant to this resolution must not be more than one hundred per cent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares and/or convertible securities to be issued other than on a *pro-rata* basis to existing shareholders of the Company must not be more than fifty per cent (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below);

   (ii) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the total number of issued shares excluding treasury shares and subsidiary holdings shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time this resolution is passed 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 provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or sub-division of shares.

Adjustments in accordance with sub-paragraphs (a) and (b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving this resolution;

(iii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the Companies Act and the Company's Constitution; and

(iv) unless revoked or varied by the Company in a general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

7. **Grant awards and to allot and issue shares in accordance with Hyphens Performance Share Plan** **Resolution 8**

That pursuant to Section 161 of the Companies Act and the Catalist Rules, approval be and is hereby given to the Directors to:

(i) offer and grant awards in accordance with the provisions of the Hyphens Performance Share Plan (the "**Performance Share Plan**"); and

(ii) allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be allotted and issued pursuant to the vesting of awards under the Performance Share Plan, provided always that the aggregate number of Shares issued and/or issuable pursuant to the Performance Share Plan, the Share Option Scheme (as defined below) and any other share based incentive schemes of the Company shall not exceed 15% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any) from time to time.

8. **Grant Options and to allot and issue shares in accordance with Hyphens Employee Share Option Scheme** **Resolution 9**

That pursuant to Section 161 of the Companies Act and the Catalist Rules, approval be and is hereby given to the Directors of the Company to:

(i) offer and grant Options in accordance with the provisions of the Hyphens Share Option Scheme (the "**Share Option Scheme**"); and

(ii) allot and issue from time to time such number of fully paid-up shares as may be required to be allotted and issued pursuant to the exercise of the options under the Share Option Scheme, provided always that the aggregate number of Shares issued and/or issuable pursuant to the Share Option Scheme, the Performance Share Plan and any other share based incentive schemes of the Company shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) from time to time.

9. To transact any other business which may be properly transacted at an AGM of the Company.

BY ORDER OF THE BOARD

Lim Sher Mei (Lin Shimei)
Company Secretary

Date: 12 April 2022

EXPLANATORY NOTES

Resolution 3

Mr Lim See Wah will, upon re-election as a Director, remain as the Executive Chairman and Chief Executive Officer of the Company.

Resolution 4

Ms Tan Seok Hoong @ Mrs Audrey Liow shall, upon re-election as Director of the Company, remain as an Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and shall be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Resolution 7

Resolution 7 is to empower the Directors of the Company from the date of this AGM until the date of the next AGM, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed hundred per cent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) at the time of passing this Resolution. For allotment and issue of shares and convertible securities other than on a *pro-rata* basis to all shareholders of the Company, the aggregate number of shares and convertible securities to be allotted and issued shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any). This authority will, unless revoked or varied at a general meeting, expire at the next AGM, or by the date by which the next AGM is required by law to be held, whichever is earlier.

Resolution 8

Resolution 8 is to empower the Directors to grant awards and to allot and issue shares pursuant to the Performance Share Plan. The grant of awards under the Performance Share Plan will be made in accordance with the provisions of the Performance Share Plan. The aggregate number of shares which may be issued pursuant to the Performance Share Plan and the Share Option Scheme shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time.

Resolution 9

Resolution 9 is to empower the Directors to offer and grant options, and to allot and issue shares pursuant to the Share Option Scheme. The grant of options under the Scheme will be made in accordance with the provisions of the Share Option Scheme. The aggregate number of shares which may be issued pursuant to the Performance Share Plan and Share Option Scheme shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) from time to time.

NOTES

1) The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice will be published on the Company's website at the URL https://www.hyphensgroup.com/investor-relations/sgx-announcements/. This Notice will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2) The AGM will be held by way of electronic means and a member will be able to watch the proceedings of the AGM through a "live" webcast via your mobile phone, tablet or computer or listen to these proceedings through a "live" audio feed. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 2.00 p.m. on Sunday, 24 April 2022, at the URL http://bit.ly/HyphensAGM2022. Following authentication of your status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the AGM by 12.00 p.m. on Tuesday, 26 April 2022.

   Members may also submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM, in the following manner by 2.00 p.m. on Tuesday, 19 April 2022:

   (a) via the pre-registration website at the URL http://bit.ly/HyphensAGM2022;

   (b) in hard copy by sending personally or by post and lodging the same at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632; or

   (c) by email to Boardroom Corporate & Advisory Services Pte. Ltd. at AGM.TeamE@boardroomlimited.com.

   The Company will address substantial questions relevant to the resolutions to be tabled for approval at the AGM as received from Shareholders by way of an announcement to be released on SGXNet and on the Company's website by Thursday, 21 April 2022.

3) Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) **must appoint the Chairman of the Meeting as his/her/its proxy** to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The accompanying proxy form for the AGM may be accessed at the Company's website at the URL https://www.hyphensgroup.com/investor-relations/sgx-announcements/ and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   Supplementary Retirement Scheme ("**SRS**") investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 2.00 p.m. on Monday, 18 April 2022.

4) The Chairman of the Meeting, as proxy, need not be a member of the Company.

5) The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by hand or by post, be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at AGM.TeamE@boardroomlimited.com,

   in either case, not less than **72 hours** before the time for holding the AGM.

   A member who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by hand or by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation, members are strongly encouraged to submit completed proxy forms electronically via email.

6) The Company shall be entitled to, and will, treat any valid instrument appointing the Chairman of the Meeting as proxy which was delivered by a member to the Company by 2.00 p.m. on Sunday, 24 April 2022 as a valid instrument appointing the Chairman of the Meeting as the member's proxy to attend, speak and vote at the AGM if:

   (a) the member had indicated how he/she/it wished to vote for or vote against or abstain from voting on each resolution; and

   (b) the member has not withdrawn the appointment.

7) A member may withdraw an instrument appointing the Chairman of the Meeting or other person(s) as proxy(ies) by sending an email to the Company's Share Registrar at AGM.TeamE@boardroomlimited.com to notify the Company of the withdrawal, at least **72 hours** before the time for holding the AGM.

8) The instrument appointing the Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

9) The Annual Report for the financial year ended 31 December 2021 ('**2021 Annual Report**") may be accessed at the Company's website at the URL https://www.hyphensgroup.com/investor-relations/annual-report-other-reports/ or on the SGX website at the URL https://sgx.com/securities/company-announcements.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting as the proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF RECORD AND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Register of Members and Share Transfer Books of the Company will be closed on 17 May 2022 for the purpose of determining members' entitlements to a final tax exempt (one-tier) dividend of 0.67 Singapore cents per ordinary share for the financial year ended 31 December 2021 ("**Proposed Final Dividend**"). The Proposed Final Dividend, if approved by shareholders at the AGM, will be paid on 25 May 2022.

Duly completed transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632 up to the close of business at **5.00 p.m. on 16 May 2022** will be registered to determine members' entitlements to the Proposed Final Dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 16 May 2022 will be entitled to the Proposed Final Dividend.

In respect of shares in Securities Accounts with CDP, the Proposed Final Dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to such holders of shares in accordance with its practice.

INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

Mr Lim See Wah and Ms Tan Seok Hoong @ Mrs Audrey Liow are the Directors seeking re-election at the forthcoming AGM of the Company. Pursuant to Rule 720(5) of the Catalist Rules, the information relating to them in accordance with Appendix 7F of the Catalist Rules is set out below and to be read with their respective profiles under the section entitled “Board of Directors” of this Annual Report:

Name of Director	**Mr Lim See Wah**	**Ms Tan Seok Hoong @ Mrs Audrey Liow**
Date of appointment	12 December 2017	29 July 2019
Date of last re-appointment	26 April 2019	12 June 2020
Age	55	63
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process).	The Board, having considered the recommendation of the NC and assessed Mr Lim’s overall contributions and performance, is of the view that he is suitable for re-appointment as the Chairman of the Board and an Executive Director of the Company.	The Board, having considered the recommendation of the NC and assessed Mrs Audrey Liow’s overall contributions and performance as well as her independence, is of the view that she is suitable for re-appointment as an Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive – Overseeing the overall operations of the Group and managing its strategic direction	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Board, Executive Director & CEO	Independent Director, Chairman of Nominating Committee and Member of Audit Committee
Professional qualifications	Bachelor of Science (Pharmacy) with Honours, National University of Singapore	Bachelor of Science, National University of Singapore
Working experience and occupation(s) during the past 10 years	Oct 2001 – Current Managing Director, Hyphens Pharma Pte. Ltd. Sep 1998 – Current Managing Director, Pan-Malayan Pharmaceuticals Pte. Ltd. Jan 2016 – Current Managing Director, Ocean Health Pte. Ltd.	May 2015 – Apr 2018 Chairman and CEO, Nestle Indochina Region Jan 2005 – Feb 2015 Regional Business Director, Nestle Nutrition, Southeast Asia and Oceania
Shareholding interest in the Company and its subsidiaries	Deemed Interest - 119,833,839 (38.81% of ordinary shares)	Nil

Name of Director	Mr Lim See Wah	Ms Tan Seok Hoong @ Mrs Audrey Liow
Any relationship (including immediate family member relationships) with any existing Director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules submitted to the Company	Yes	Yes
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	• Managing Director, DAC Pharmalab Pte Ltd • Executive Director, Ocean Healthcare (M) Sdn. Bhd.	• Executive Director, Nestle ROH (Thailand) Ltd.
Present	• Managing Director, Hyphens Pharma Pte. Ltd. • Managing Director, Pan-Malayan Pharmaceuticals Pte Ltd • Managing Director, Ocean Health Pte. Ltd. • Executive Director, DocMed Technology Pte. Ltd. • Executive Director, Hyphens Pharma Sdn. Bhd. • Executive Director, Hyphens Pharma Philippines Inc. • Executive Director, Inomed Holding Pte Ltd • Executive Director, LTT Investments Pte. Ltd.	• Independent Director, Venture Corporation Limited • Non-Executive Director, Heliconia Capital Management Pte. Ltd. • Non-Executive Director, C-Quest Capital SGT Asia Stoves Private Limited
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was 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 2 years from the date he ceased to be a partner?	No	No

INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

Name of Director		Mr Lim See Wah	Ms Tan Seok Hoong @ Mrs Audrey Liow
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was 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 2 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?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he 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?	No	No
(e)	Whether he 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?	No	No
(f)	Whether at any time during the last 10 years, judgment has been 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, or he has 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?	No	No

Name of Director		Mr Lim See Wah	Ms Tan Seok Hoong @ Mrs Audrey Liow
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he 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?	No	No
(i)	Whether he 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?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
	(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; or	No	No
	(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	No	No
	(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 that period when he was so concerned with the entity or business trust?	No	No

INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

Name of Director		Mr Lim See Wah	Ms Tan Seok Hoong @ Mrs Audrey Liow
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

HYPHENS PHARMA INTERNATIONAL LIMITED
Registration No. 201735688C
(Incorporated in Singapore)

IMPORTANT
1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Notice of Annual General Meeting dated 12 April 2022. This announcement may also be accessed at the URL: https://www.hyphensgroup.com/investor-relations/sgx-announcements/.
2. A member will not be able to attend the Annual General Meeting in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. A relevant intermediary may appoint the Chairman of the meeting to attend the Annual General Meeting and vote (please see Note 7 for the definition of "relevant intermediary").
4. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy.
5. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

ANNUAL GENERAL MEETING

PROXY FORM

I/We ______________________________ NRIC/Passport number/Co. Reg. No. ____________________

of ____

being a member/members of Hyphens Pharma International Limited (the "**Company**") hereby appoint the Chairman of the 4th Annual General Meeting of the Company (the "**Annual General Meeting**"), as my/our proxy to attend, speak and to vote for me/us on my/our behalf, at the Annual General Meeting to be held by way of electronic means on Wednesday, 27 April 2022 at 2.00 p.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the AGM please indicate with a "√" in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the AGM, please indicate with a "√" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid.)

No.	Resolutions	For	Against	Abstain
ORDINARY BUSINESS				
1.	To receive and adopt the Directors' Statement, Audited Financial Statements and Auditor's Report			
2.	To declare a final tax exempt (one-tier) dividend of 0.67 Singapore cents per ordinary share			
3.	To re-elect Mr Lim See Wah as Director			
4.	To re-elect Ms Tan Seok Hoong @ Mrs Audrey Liow as Director			
5.	To approve the Directors' fees payable by the Company			
6.	To re-appoint RSM Chio Lim LLP as Auditors			
SPECIAL BUSINESS				
7.	To authorise the Directors to allot and issue new shares			
8.	To authorise the Directors to grant awards and issue shares in accordance with the Hyphens Performance Share Plan			
9.	To authorise the Directors to grant options and issue shares in accordance with the Hyphens Share Option Scheme			

Dated this ________ day of ____________________ 2022

Total number of Shares held

____

Signature(s) of member(s) or common seal

IMPORTANT: PLEASE READ NOTES

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act 1967 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) **must appoint the Chairman of the Meeting as his/her/its proxy** to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website and will also be made available on the SGX website.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 2.00 p.m. on Monday, 18 April 2022.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by hand or by post, be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at AGM.TeamE@boardroomlimited.com,

   in either case, not less than 72 hours before the time for holding the Annual General Meeting.

   A member who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by hand or by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation, members are strongly encouraged to submit completed proxy forms electronically via email.

5. Where an instrument appointing the Chairman of the Meeting as proxy is sent by hand or by post, it must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

   Where an instrument appointing the Chairman of the Meeting as proxy is submitted by email, it must be authorised in the following manner:

   (a) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

6. A member may withdraw an instrument appointing the Chairman of the Meeting by sending an email to the Company's Share Registrar at AGM.TeamE@boardroomlimited.com to notify the Company of the withdrawal, at least 72 hours before the time for holding the Annual General Meeting.

7. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint the Chairman of the Meeting to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as the proxy. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as the proxy lodged if such members are not shown to have shares entered against their names in the Depository Register at least 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2022.

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