Hyphens

ASEAN'S LEADING

SPECIALTY PHARMA COMPANY

5TH YEAR ANNIVERSARY

ANNUAL REPORT 2022

HYPHENS PHARMA INTERNATIONAL LIMITED

OUR MISSION

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

OUR VISION

We provide a better quality of life for our customers, employees and community

OUR VALUES

CARE

We respect one another by listening and showing empathy.

We appreciate each other's value and contribution.

We value customers by nurturing lasting relationships.

PASSION

We engage, empower and energise our people.

We embrace positivity and diversity.

We celebrate success!

INTEGRITY

We are a team of professional and ethical individuals that deliver on our commitments.

We communicate openly and respectfully.

We gain trust over time!

AMBITION

We are winners!

We give our best in everything we do.

Everyone can make a difference through continuous improvement.

CONTENTS

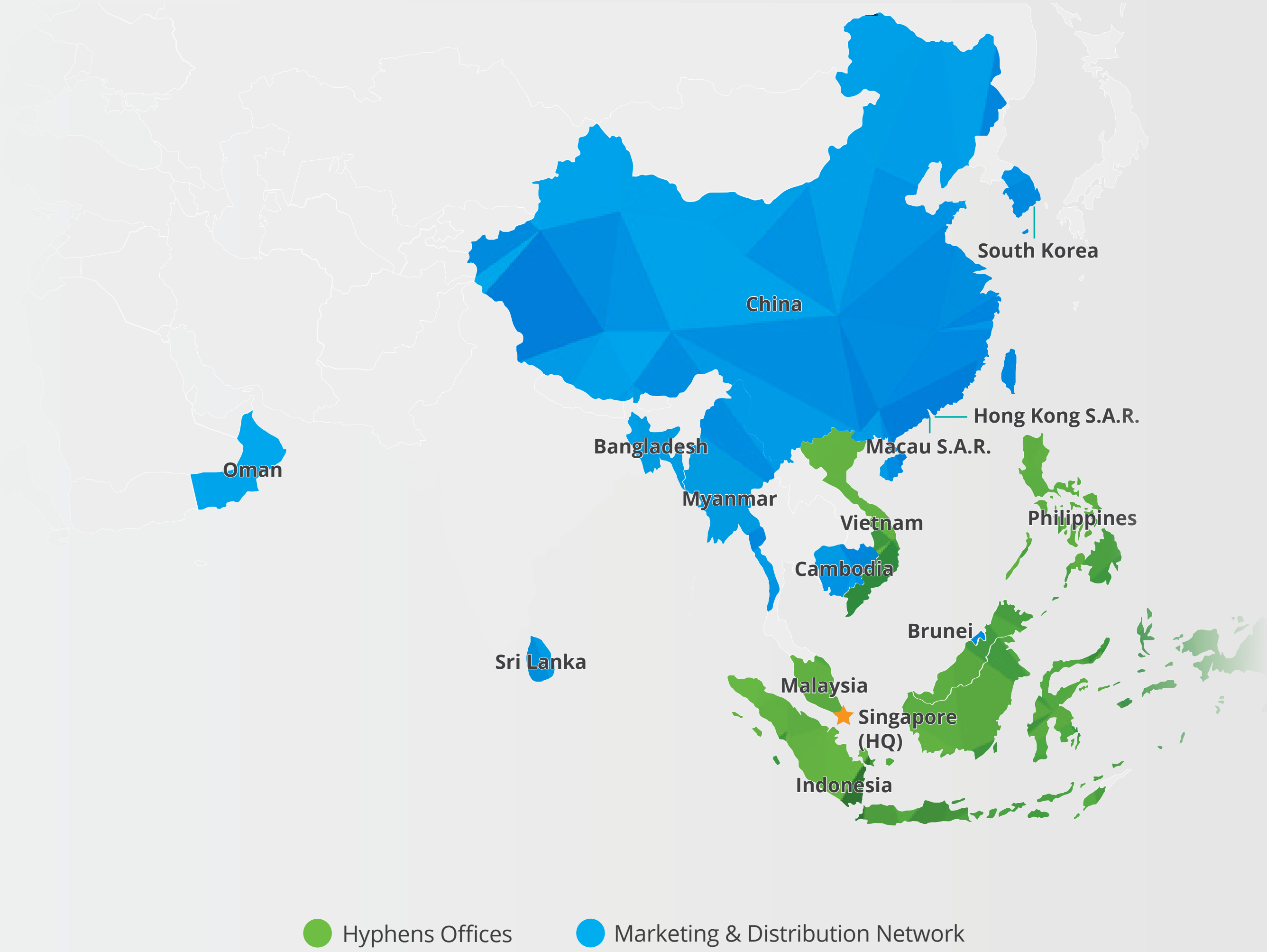
This Annual Report has been reviewed by the Company's sponsor, SAC Capital Private Limited. It has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness 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 five main business entities Hyphens Pharma, DocMed Technology, Pan Malayan Pharmaceuticals, Ocean Health and Novem, our core business is in three segments: Specialty Pharma Principals, Proprietary Brands, and Medical Hypermart and Digital.



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 2022, 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 BUSINESS SEGMENTS

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. Please refer to www.cg210.sg and www.cg210.my for more details.

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.

CHAIRMAN'S STATEMENT

Since our listing on the SGX-Catalist in 2018, our revenue has grown at a compounded annual growth rate ("CAGR") of approximately 8.8% while our net profit has grown at a CAGR of approximately 20.5%, indicating that our strategy of both organic and inorganic growth has borne fruit.

Dear Shareholders,

It is once again 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 2022 ("**FY2022**").

Resilience in Challenging Times

FY2022 was a memorable year for the Group, as we emerged from a receding COVID-19 pandemic and started seeing normalisation of business activities in those countries where we have presence. Through it, we remained vigilant and agile in dealing with post-COVID-19 challenges, while continuing to be steadfast in executing our plans and strategies as we progress towards our vision of becoming ASEAN's leading specialty pharmaceutical and consumer healthcare group.

Last year also marked our fifth year as a public listed company. Since our listing on the SGX-Catalist in 2018, our revenue has grown at a compounded annual growth rate ("**CAGR**") of approximately 8.8% while our net profit has grown at a CAGR of approximately 20.5%, indicating that our strategy of both organic and inorganic growth has borne fruit.

Financial Review

FY2022 was an eventful year for all businesses due to the macroeconomic uncertainty stemming from global recessionary risks, Russia-Ukraine war, persistent inflation, rising interest rates, and supply chain disruptions. Furthermore, any volatility of local currencies versus the USD and Euro, which are the major purchasing currencies in the markets where we operate in, could lead to exchange gains or losses. While the post-COVID-19 situation is improving, we continue to operate in a global environment that remains volatile and challenging due to ongoing supply chain challenges and inflationary pressures.

It is noteworthy that we have been able to pursue our long-term goals and capture opportunities. In FY2022, the Group's revenue increased by 28.9% to S$162.3 million from S$125.9 million in the financial year ended 31 December 2021 ("**FY2021**"). The Group's net profit increased by 66.7% to S$11.4 million in FY2022 from S$6.8 million in FY2021. All three of the Group's business segments contributed to the revenue increase, and our newly acquired subsidiaries[1] (**"Novem**") contributed S$17.0 million or approximately 10.5% of revenue.

Expanding the Proprietary Brands Portfolio

Revenue of our Proprietary Brands segment has grown by 22.9% in FY2022. Ceradan®, our flagship brand of dermatological products, is a consistent performer with its unique ceramide-dominant emollient formulation. Ceradan® Advanced is the promising extension of Ceradan® and the world's first and most advanced emollient therapy with patents in Singapore, Malaysia, USA, and UK, and patents pending in 10 other countries or regions.

Besides Ceradan®, we have made good progress in the other brands. We constantly look to introduce products with strong therapeutic efficacy to meet market needs. The results of a clinical study published in the International Journal of Cosmetic Science showed that TDF® Blu Voile Sunscreen has been scientifically proven to protect the skin against blue light at the cellular level. This validation of Blu Voile's additional benefit gives consumers further confidence in protecting their skin from photodamage and hyperpigmentation.

Looking at our consumer healthcare business, we have successfully launched the Ocean Health® line in Malaysia and Vietnam and have recently received approval to launch the brand in Indonesia. In Singapore, we have released new products, such as Sleep Support, Omega-3 Fish Oil 1000mg Refill Pack, and Skin Moist Omega-3 Formula.

The CG 210® hair and scalp essence range has had a major brand update in FY2022. Today, the brand incorporates a sleek and aesthetically appealing design, and CG 210® Men and Women featuring the new look are already available in stores. We have also launched CG 210® Forte, a clinic exclusive product, which contains a higher concentration of cellium.

[1] Comprising Novem Healthcare Pte Ltd, Novem Pharma Private Limited and Novem Sciences Private Limited

In December 2022, we secured exclusive license and supply agreements with Cassiopea S.p.A., a subsidiary of Cosmo Pharmaceuticals N.V., for the exclusive rights to develop and commercialise Winlevi® (clascoterone) cream 1% and all future product extension and/or improvement in the treatment of acne in all 10 ASEAN countries. Winlevi® is the first new type of acne prescription drug to be approved by the U.S. Food and Drug Administration in nearly 40 years. As a game-changer in the fight against acne, Winlevi® will reinforce our focus in the dermatology business, while giving us a foothold in countries such as Thailand, where we do not have a presence yet.

We also continue to leverage the expertise of Singapore's Agency for Science, Technology and Research (A*STAR) to drive our research and development efforts. Our new prescription drug, Meradan®, is the result of that effort. First launched in Indonesia, Meradan® is formulated with skin barrier repair properties in mind and confers an advantage over typical steroid creams formulations without such benefit. We will continue to invest into further clinical development of dermatological products.

Strengthening Specialty Pharma

We continue to deliver on our Specialty Pharma Principals segment, with revenue rising by 45.8% in the past year. Other than consumables and medical devices under Novem contributing to the sales boost, specialised products under exclusive agreements with our principals experienced steady growth. This is in tandem with the rising number of medical practitioners and new clinics needed in the industry to meet the growing healthcare demands of an aging population.

We also saw product expansion, with the launch of Vivomixx® Women in Singapore. In addition, we bolstered our pipeline of future products, with the signing of an exclusive agreement to handle distribution and sales of Nabota®, a premium high-purity botulinum toxin (commonly referred to as botox). Nabota® has been successfully registered in Singapore in January 2023.

Digitalisation for the Future

Adding to a stellar year of developments, our subsidiary, DocMed Technology Pte. Ltd. ("**DocMed**"), received a capital injection of S$6 million from Metro Holdings Limited via their subsidiary. As part of the deal, we completed the internal restructuring to consolidate all digital assets (POM, WellAway, and DocCentral platforms) under DocMed, and these assets collectively comprise the Medical Hypermart and Digital segment of the Group.

DocMed has since strengthened its human capital to accelerate its investments in digital initiatives to spearhead business expansion in this segment. The capital injection will be utilised to further its growth, which includes developing an integrated healthtech platform that incorporates various healthtech solutions to cater to healthcare stakeholders in Singapore and the Asia-Pacific region, as well as for working capital purposes.

Bringing POM into the spotlight – it is the oldest digital asset that we have owned since the early innings of the Internet. With the rapid adoption of mobile technology, it has changed how people shop today. In the past year, we launched POM Marketplace app to provide medical professionals, healthcare institutions and retail pharmacies an easier, faster and more user-friendly way to purchase medical supplies and drugs on-the-go. POM had always operated via its website, and it will continue to do so. Whether ordering on a computer or a phone, POM comes with greater customer personalisation, and features exclusive deals and daily flash deals, similar to how a B2C e-commerce marketplace would function. As WellAway and DocCentral are still in the nascent stages, we look forward to updating you on their developments in the future.

Making Strategic Acquisitions

We acquired Novem in December 2021, and since then, the acquisition has contributed positively to the Group's revenue and profits. Novem contributed an incremental revenue of S$15.7 million in FY2022 compared to FY2021. As part of our long-term growth strategy, we have been and will continue to be prudent and disciplined in our approach to acquisitions, seeking out opportunities that are accretive for our business and in alignment to our strategic goals.

In Appreciation

Despite the challenging macro-environment, the Board is committed to continue to pay dividends of at least 30% of the Group's net profit attributable to shareholders and is recommending a final dividend of 1.11 Singapore cents per share, which is subject to shareholders' approval at the Annual General Meeting. The dividend amount is approximately 30.2% of the net profit after tax for FY2022, attributable to shareholders of Hyphens.

I would like to thank the Board for their guidance and advice, and the management and staff of Hyphens for their hard work, especially in this challenging environment, in ensuring that the Group is able to achieve its business objectives. We would also like to show appreciation to 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 the path to become ASEAN's leading pharmaceutical and consumer healthcare group.

Lim See Wah
Chairman, Executive Director & CEO

FIVE-YEAR REVIEW
OF KEY EVENTS

2018

Listed on Catalist, SGX-ST

2019

Opened the Corporate Headquarters and Integrated Facility

Signed MOU with A*STAR's A*ccelerate

Signed exclusive distribution agreement with Lundbeck for Vietnam market

First to introduce MAGNEZIX®, Syntellix's bioabsorbable metallic implants, to Vietnam

Launched TDF® Fairence®

2020

Launched Ceradan® Advanced and extended Ceradan® to retail chain pharmacies

Ocean Health® revamped and unveiled new refreshed look

Received UK patent for Ceradan® Advanced

Boosted proprietary brands portfolio with hair growth products under the CG 210® brand for sale and distribution in Singapore and Malaysia

Expanded Ocean Health® distribution to Hong Kong S.A.R., Macau S.A.R., duty-free channels in China, and Sri Lanka

Received e-pharmacy licence for WellAway Pharmacy

Boosted Singapore market leadership with the acquisition of Novem group of companies

Inked exclusive licensing deal of Ustekinumab biosimilar

Appointed exclusive distributor in South Korea for TDF® Fairence®

2021

Broadened Ceradan® brand's outreach to Mainland China

Launched Ocean Health® High Strength Omega-3 Vitamin D3-Enriched, Ocean Health® High Strength Omega-3 Liquid, Ocean Health® Fast Absorb Iron Energy Formula, Ocean Health® Muscle Strength Formula, Ceradan® Gentle Cleanser, and Ceradan® Hand Lotion Sanitiser

Launched Ocean Health® Joint-Rx® UC-II® Formula, Ocean Health® High Strength Eye Moist Omega Formula, Ceramoz® Mosquito Repellent Patch, and TDF® Blu Voile

FIVE-YEAR REVIEW **OF KEY EVENTS**

2022	JAN	FEB	MAR	MAY

JAN

Launched WellAway, Singapore's first HSA-registered e-pharmacy

Launched Ocean Health® Sleep Support

FEB

Launched Ocean Health® Omega-3 Fish Oil 1000mg Refill Pack

MAR

Launched CG 210® Forte

MAY

Attracted S$6 million investment in DocMed Technology to grow digital healthtech

FIVE-YEAR REVIEW **OF KEY EVENTS**

TDF® Blu Voile sunscreen scientifically proven to protect skin against blue light at cellular level

Launched Meradan® in Indonesia

Licensed Winlevi® for all 10 ASEAN countries from Cosmo Pharmaceuticals

SEP **OCT** **DEC**

Launched Ocean Health® Skin Moist Omega-3 Formula

Launched Vivomixx® Women

OPERATIONS
REVIEW

In FY2022, the Group maintained commendable growth as the world emerges from the waning COVID-19 pandemic, and business operations start to normalise. Despite macro headwinds, the Group continues to stay focused on its long-term goals in executing its plans to enhance its current position to become ASEAN's leading specialty pharmaceutical and consumer healthcare group.

Strong Momentum for Proprietary Brands

The Proprietary Brands segment enjoyed broad-based growth, as the segment's revenue grew by 22.9% in FY2022 to S$23.4 million, driven by higher demand for Ceradan® and TDF® dermatological products, Ocean Health® health supplement products and Novem® nutraceutical products.

The Group has launched Meradan® cream, a prescription-only drug, in Indonesia in the fourth quarter of FY2022 as part of the ongoing efforts to build up its Proprietary Brand business. Formulated with skin barrier properties, the steroid cream was developed in collaboration with Singapore's Agency for Science, Technology and Research (A*STAR). It is approved for use in skin diseases that cause inflammation and itch, such as conditions like eczema, psoriasis, and skin rash. We intend to introduce Meradan® progressively in all the countries where we operate in.

Another milestone the Group has achieved is the successful in-licensing of Winlevi® cream, the only topical cream to treat hormonal acne directly in the skin. This new class of acne prescriptive medication is the first to be approved by U.S. FDA in nearly 40 years. The Group has entered into exclusive license and supply agreements, in perpetuity, to develop and commercialise Winlevi® in 10 countries across Southeast Asia. As the Group's first foray into innovative therapeutics, Winlevi® is expected to hit the Southeast Asian market in two or three years' time and will provide the Group with an opportunity to enter countries where it does not have a presence yet, such as Thailand.

Meanwhile, the Group has launched Ocean Health® in Malaysia and Vietnam, and has recently received approval to market in Indonesia. Ocean Health® health supplements are trusted and well-regarded by consumers for its high quality at wallet-friendly prices. During the year, we also released new products, namely Sleep Support, Omega-3 Fish Oil 1000mg Refill Pack, and Skin Moist Omega-3 Formula.

In addition, the Group has updated the look for CG 210® hair and scalp essence. CG 210® Forte, containing a higher concentration of cellium, is also now being prescribed in medical clinics.

The Proprietary Brands business continues to be a key focus for the Group, with its popular brands Ocean Health®, Ceradan®, TDF® and CG 210®, sustaining strong sales growth and brand loyalty. We will continue to nurture these brands in its existing markets, seek out partnership opportunities to enter new global markets and continue to invest in innovation to expand and enhance the Group's product portfolio.

Resilient Specialty Pharma Principals Business

The Group's distributorship agreement with principal Biosensors Interventional Technologies Pte. Ltd. ("**Biosensors**") has lapsed by mutual and amicable decision upon maturity of the agreement on 31 December 2022. Revenue from Biosensors accounted for 3% of the Group's total revenue for FY2022.

The Group is focused on actively seeking licensing opportunities and registering new products for its Specialty Pharma Principals segment. To this end, it has entered into an exclusive agreement to distribute and sell Nabota®, a premium high-purity botulinum toxin (commonly referred to as botox). Nabota® has been successfully registered in Singapore in January 2023.

In line with the Group's commitment to bring world-class products to this region, we have also inked a 10-year exclusive license and supply agreement (with auto-renewal) to distribute and market Lederlon®, an intra-articular corticosteroid injection, for the treatment of osteoarthritis. The Group has completed the trademark registration for Lederlon® in Singapore and is currently preparing for regulatory registration with the Health Sciences Authority.

Together with Ustekinumab biosimilar commercialisation in the pipeline, Nabota® and Lederlon® present us with significant growth potential for the Group in the long-term future. In the near term, the Group continues to nurture its existing portfolio of products, such as Vivomixx®, which has undergone a brand refresh and has had Vivomixx® Women added to its range.

Expansion from Inorganic Growth

Novem's acquisition in December 2021 has resulted in a strong contribution to the Group's top and bottom lines in FY2022. Going forward, the Group is exploring opportunities to expand Novem's business into new markets.

The Group will also continue to seek out strategic acquisitions that are synergistic with Hyphens' product portfolio, helping it to achieve its long-term goals and in doing so, provide a better quality of life to its customers, employees and community.

Digital Expansion Steadily Progressing

The consolidation of all the Group's digital assets, namely POM, WellAway Pharmacy ("**WellAway**") and DocCentral, into DocMed was completed in May 2022. DocMed is a partially self-sufficient start-up with plans to regionalise outside Singapore in the near future. With the S$6 million Series A capital injection from Metro ARC Investments Pte. Ltd., a subsidiary of Metro Holdings Limited, DocMed has strengthened its human capital to accelerate investments in digital initiatives and propel business expansion in its Medical Hypermart and Digital segment. The remainder of the capital injection is earmarked to further develop an integrated healthtech platform, incorporating various healthtech solutions to cater to healthcare stakeholders in Singapore and the Asia-Pacific region, and for working capital purposes.

Among the three digital assets, POM is the most established one, dating back to 2001. The Group has taken efforts to ensure POM continues to stay relevant to meet the needs of its customers.

In response to how mobile is transforming the way people shop, the Group launched POM Marketplace app to provide medical professionals, healthcare institutions and retail pharmacies to purchase medical supplies and drugs on-the-go. The app is a complement to the website, and whichever the customers choose to order from, they enjoy an upgraded shopping experience with greater customer personalisation, as well as exclusive deals and daily flash promotions.

The Group continues to build a strong brand presence on all the digital platforms in Singapore and across the region, including e-commerce platforms such as Shopee, Lazada and Tokopedia. With online sales steadily increasing, the Group will further develop and elevate its e-commerce and digital marketing offerings.

Staying the Course

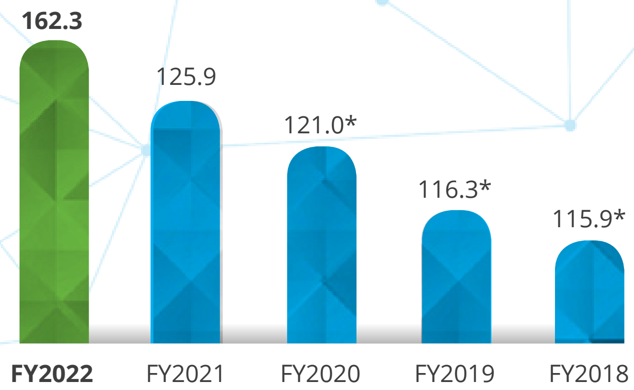
The ebbing COVID-19 pandemic has been replaced by new headwinds, such as global macroeconomic weakness, persistent supply chain challenges, high inflation, and rising interest rates. In response, the Group will maintain prudence and continue to stay nimble to respond to the volatile market conditions.

Moving forward, the Group remains steadfast in its pursuit of long-term growth by strengthening its proprietary brands and specialty pharma product portfolios, while building up its digital business throughout the region to achieve its long-term vision.

To propel its businesses further, the Group is pleased to be part of Scale-Up SG ("**Scale-Up**"), a flagship programme by Enterprise Singapore that supports selected local companies with high-growth potential to scale effectively and become leaders in their fields and future global champions. As a Scale-Up enterprise, Hyphens will be supported in its growth objectives, through peer learning and collaboration, leadership development, succession planning, as well as access to expertise and networks of Enterprise Singapore and its programme partners.

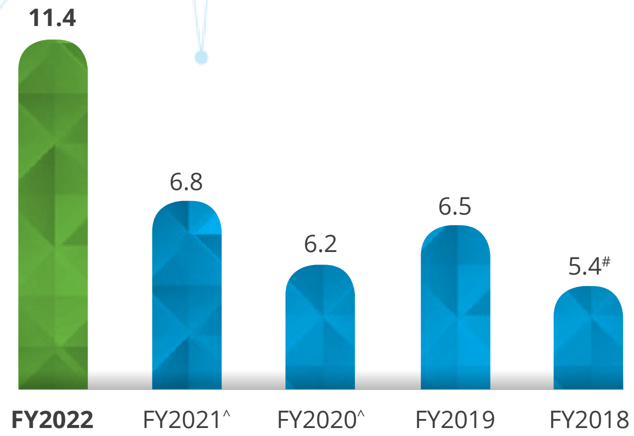
FIVE-YEAR
FINANCIAL HIGHLIGHTS

REVENUE (S$'MIL)



** Restated for prior years*

PROFIT, NET OF TAX (S$'MIL)



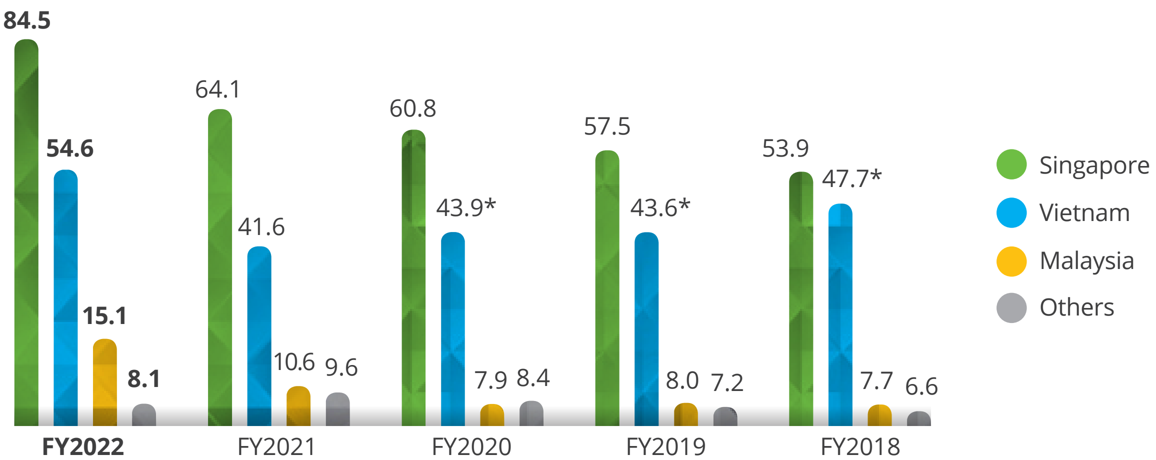
 # Include IPO expense S$0.9 million

^ Include JSS & COVID-related provision

REVENUE BY BUSINESS SEGMENT (S$'MIL)

** Restated for prior years*

REVENUE BY GEOGRAPHY (S$'MIL)



** Restated for prior years*

Review of Financial Performance

Revenue and margin

The Group's revenue rose by 28.9% or S$36.4 million from S$125.9 million in FY2021 to S$162.3 million in FY2022. All three business segments contributed to the revenue increase, while the Group's new acquired subsidiaries ("**Novem**") contributed S$17.0 million or approximately 10.5% of revenue.

Revenue from specialty pharma principals segment increased by 45.8%, led by improved demand in Singapore, Vietnam and Malaysia along with Novem's sales contribution. Likewise, the proprietary brands segment contributed strong revenue growth of 22.9% with higher demand for dermatological products under Ceradan® and TDF®, Ocean Health® health supplement products, and Novem® nutraceutical products. Revenue from the medical hypermart and digital segment remained stable with a moderate increase of 4.9%.

Gross profit increased by 30.6% or S$14.7 million from S$48.1 million in FY2021 to S$62.8 million in FY2022. Gross profit margin increased from 38.2% in FY2021 to 38.7% in FY2022 due to better margin in the specialty pharma principals segment.

Other income and gains

Other income and gains fell by 31.7% or S$0.3 million from S$1.0 million in FY2021 to S$0.7 million in FY2022 due to absence of foreign exchange translation gains, partially offset by write-back of inventory allowance.

Operating expenses

Distribution expenses increased by 17.2% or S$4.9 million from S$28.4 million in FY2021 to S$33.3 million in FY2022, in tandem with the higher sales achieved.

Administrative expenses increased by 25.1% or S$3.0 million from S$11.6 million in FY2021 to S$14.6 million in FY2022 due to a larger cost base with the inclusion of Novem, higher R&D costs and increased staff costs.

Other losses rose by 132.9% or S$0.9 million from S$0.7 million in FY2021 to S$1.6 million in FY2022 due mainly to foreign exchange translation losses.

Share of profit of an equity-accounted associate

Share of profit from associate amounted to S$0.5 million for FY2022 (FY2021: S$0.02 million). The associate was acquired as part of the acquisition of Novem.

Profit for the year

As a result of the foregoing, the Group's net profit after tax increased by 66.7% or S$4.6 million, from S$6.8 million in FY2021 to S$11.4 million in FY2022.

Review of Financial Position

Assets

The Group's non-current assets decreased by S$0.3 million from S$25.1 million as at 31 December 2021 to S$24.8 million as at 31 December 2022 primarily due to depreciation of plant and equipment of S$2.0 million and amortisation of intangible assets of S$0.7 million, partially offset by new plant and equipment and intangible assets acquisition of S$2.1 million and S$0.3 million increase in investment in an associate following recognition of share of profit net of dividends and partial interest disposal.

The Group's current assets increased by S$15.6 million from S$74.1 million as at 31 December 2021 to S$89.7 million as at 31 December 2022 mainly due to increase in cash and cash equivalents and trade and other receivables by S$17.0 million and S$2.4 million respectively, partially offset by decrease in inventories by S$4.0 million.

Liabilities

The Group's non-current liabilities increased by S$2.2 million from S$1.9 million as at 31 December 2021 to S$4.1 million as at 31 December 2022 due mainly to new borrowings taken up during FY2022.

The Group's current liabilities decreased by S$2.5 million from S$42.6 million as at 31 December 2021 to S$40.1 million as at 31 December 2022. This was mainly attributable to increase in trade and other payables and income tax payable, partially offset by net settlement of loan borrowings and lease liabilities.

Review of Statement of Cash Flows

The Group generated net cash of S$16.9 million from operating activities in FY2022, mainly due to operating cash flows before changes in working capital of S$16.9 million, net working capital inflows of S$2.2 million and income taxes paid of S$2.2 million.

The net working capital inflows were due to (i) decrease in inventories of S$4.0 million and (ii) increase in trade and other payables of S$0.8 million, partially offset by (iii) increase in trade and other receivables and prepayments of S$2.7 million.

Net cash flows used in investing activities during FY2022 amounted to S$1.0 million, mainly attributable to plant and equipment additions and acquisition of trademark and in-licensing rights.

Net cash flows from financing activities amounted to S$1.1 million during FY2022, mainly due to proceeds from share subscription in DocMed of S$6.1 million and additional borrowings of S$5.0 million, partially offset by repayment of borrowings of S$6.6 million, dividend payment of S$2.1 million and lease payment of S$1.0 million.

INVESTOR RELATIONS

Hyphens is committed to maintaining timely, balanced and effective communications with its shareholders and stakeholders. In FY2022, Hyphens held four results briefings, which were well attended by financial analysts and institutional investors.

Four research firms covered Hyphens during the year and their reports can be found at www.hyphensgroup.com

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 fourth Annual General Meeting virtually on 27 April 2022. The Annual General Meeting offers an important platform for the Board and Management to present Hyphens' performance and address shareholders' queries.

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 30 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 a Senior Advisor to Nihon M&A Center Singapore Pte. Ltd., a mergers and acquisitions advisory firm. Wee Koon is also an advisor to 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. 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**

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.

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 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.

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.

GROUP **STRUCTURE**

- Hyphens Pharma International Limited
  - Hyphens Pharma Pte. Ltd.[1] — 100%
    - Hyphens Pharma Sdn. Bhd. — 100%
    - Hyphens Pharma Philippines, Inc. — 100%
    - PT. Hyphens Pharma Indonesia — 100%
    - Ocean Health Pte. Ltd. — 100%
    - Novem Healthcare Pte Ltd — 100%
    - Novem Pharma Private Limited — 100%
    - Novem Sciences Private Limited — 100%
      - Ardence Pharma Sdn Bhd — 42%
  - DocMed Technology Pte. Ltd. — 89.76%
    - Pan-Malayan Pharmaceuticals Pte Ltd — 100%

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

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

SUSTAINABILITY **REPORT**

ABOUT THIS **REPORT**

This is the fourth annual Sustainability Report by Hyphens Pharma International Limited ("**Hyphens Pharma**", or the "**Company**", and together with its subsidiaries, the "**Group**").

We have prepared this report with reference to the Global Reporting Initiative ("**GRI**") Standards for the financial year ended 31 December 2022 ("**FY2022**"), chosen for its comprehensive guidance on a wide range of sustainability issues.

This report also includes the primary components stipulated in the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), except for climate-related disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**"), which was one of several key changes introduced under the enhanced SGX-ST sustainability reporting rules in December 2021.

Throughout FY2022, we have attended numerous sustainability briefings and participated in SGX ESGenome Disclosure Portal Pilot Programme to obtain more insights on SGX's disclosure requirements. To further reinforce our in-house capabilities with external expertise for climate reporting, we have therefore appointed an external consultant to guide us in the phased implementation of TCFD reporting from FY2023 onwards. We look forward to disclosing more information on our enhanced sustainability governance structure, climate-related risks and opportunities, and greenhouse gas emissions in next year's report.

Unless otherwise stated, the scope of this report includes only our core business operations in Singapore, where our strategic planning, finance, regulatory affairs, research and development, legal, business development and logistics operations are based. Where relevant data is available, we have included information on our activities in Vietnam, Indonesia, Malaysia, and the Philippines as well.

We have relied on internal data monitoring and verification to ensure the accuracy of the economic, environmental, social and governance ("**EESG**") data presented in this report. There are no restatements of information made from previous reporting periods in this year's sustainability report. We have not sought external assurance for this report but will consider doing so as we mature in our sustainability reporting journey.

We are committed to listening to our stakeholders and we value your feedback on the report or any aspect of our sustainability performance. Please write to connect@hyphens.com.sg if you have any comments or queries on the contents of this report or our sustainability initiatives.

Hyphens Pharma International Limited is pleased to present our fourth annual Sustainability Report for FY2022. This report outlines the various sustainability initiatives the Group has embarked on over the past year to achieve our goals of providing safe and effective treatments to patients while also safeguarding the health of our environment and communities.

The Board of Directors, together with the management of the Group, is committed to integrating sustainability into Hyphens Pharma's core business strategies. To this end, the Board plays a key role in determining the Group's material EESG factors and providing oversight over the management and monitoring of EESG risks and opportunities. We believe that bringing sustainability to the forefront of our corporate strategy and operations is key to our continued success as Singapore's leading specialty pharmaceutical and consumer healthcare group. To increase stakeholder confidence in the accuracy and reliability of the sustainability information presented in this report, our internal auditors also undertook an internal review of our sustainability reporting processes in FY2022.

As countries around the world embrace low-carbon healthcare systems, there is growing demand from customers, healthcare practitioners and patients for sustainable healthcare products. The Group is actively seeking ways to reduce our environmental footprint across our entire value chain, with the aim of delivering sustainable products and services to our customers and growing our proprietary brands. We have mapped out the following Sustainability Goals for 2023 and beyond:

1. Sustainable Packaging

   Over the years, we have progressively worked towards adopting more sustainable packaging practices, from using recyclable bottles to removing unnecessary plastic wrap around single bottles and introducing a plastic-lite refill pack option for our bestseller Ocean Health Omega-3 fish oil product. We aim to develop eco-friendly packaging options for all Ocean Health products by 2030.

2. Sustainable Sourcing

   We are committed to promoting sustainable procurement practices by sourcing for our products from suppliers that engage in ethical and responsible business practices, with minimal impact on the environment.

3. Caring for Our Sea and Land

   To enhance Singapore's marine biodiversity, Hyphens Pharma sponsored 10 coral nubbins for the Garden City Fund's Plant-a-Coral programme and worked with Our Singapore Reefs to organise a seabed and coastal clean-up on Lazarus Island in FY2022, gathering over 23kg of plastic trash, garbage and marine debris. We look forward to participating in more of such initiatives next year.

4. Partnering Local Communities for Better Wellbeing

   We are committed to promoting the health and well-being of the local community, by listening to and understanding the needs of our stakeholders, i.e., customers, retailers, and healthcare professionals. By taking into consideration their feedback, we strive to develop innovative and effective products that can contribute to a better quality of life for all.

The Group is aware of the SGX-ST's requirement for issuers to provide climate-related reporting, based on the TCFD's recommendations. To further reinforce our in-house capabilities with external expertise for climate reporting, we have appointed an external consultant to guide us in our assessment of climate-related risks and opportunities, its impact on our operations, as well as the development of policies to mitigate the effects of climate change. Under this new requirement, we will adopt a three-year phased approach in our disclosures and are currently preparing for the new reporting commencing in FY2023.

As we continue to work towards driving the long-term growth of our various business segments, we are mindful of the need to remain vigilant, diligent, and agile in navigating the challenges of a volatile and challenging operating environment. We sincerely thank all our partners and stakeholders for their belief in us and for their unwavering support as we progress along our sustainability journey.

Sincerely,

The Board of Directors

OUR SUSTAINABILITY **APPROACH**

The Group is committed to engaging in ethical and responsible business practices to drive positive change for our customers, our employees, the communities we operate in, and the environment.

OUR SUSTAINABILITY FRAMEWORK

Building long-term value for all our stakeholders – by delivering value to our customers, investing in our employees, dealing fairly and ethically with our suppliers, supporting the communities in which we work, and generating long-term value for our shareholders – is fundamental to what we do at Hyphens Pharma.

In view of the sustainability-related risks and opportunities we face today and foresee in the horizon, we regularly review our sustainability strategy to ensure its continued relevance and applicability. The core pillars of our sustainability strategy, each of which are critical in creating a sustainable business model, are as follows:

Core Pillars of Our Sustainability Strategy

Stakeholder Engagement

We build positive relationships with our stakeholders, i.e., the individuals or groups who are impacted by our activities, by maintaining two-way communication channels through which we can receive their feedback and suggestions.

Digitalisation

Digital innovation lies at the foundation of the Group's sustainable growth.

In addition to bolstering our cyber-security practices, we also organise Hyphens Digital Day and send out quarterly newsletters to our employees to increase their digital literacy and awareness.

Environmental Sustainability

By referencing industry best practices in contributing towards the sustainable development goals, we take care in ensuring that the impact of our business operations and processes on the environment is kept to a minimum.

Social Sustainability

We understand the need to maintain a fine balance between our pursuit of economic development and maintaining a positive social influence on the community.

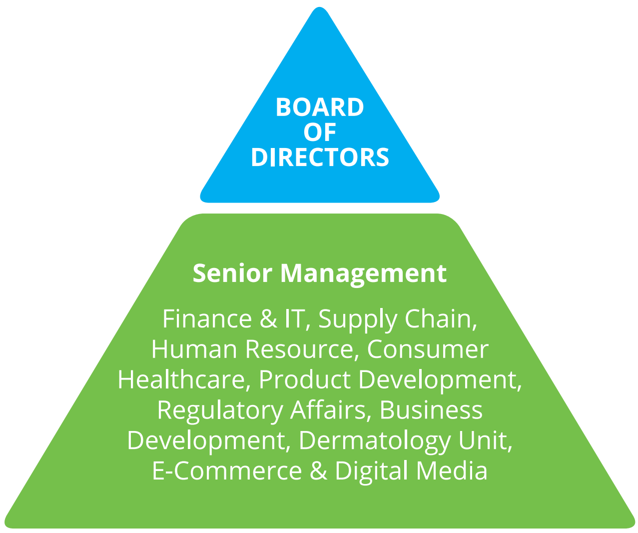
Safeguarding the health and well-being of our employees and customers remains one of our core priorities.

OUR SUSTAINABILITY GOVERNANCE

The Board of Directors is collectively responsible for maintaining oversight over Hyphens Pharma's sustainability reporting practices. The Board plays an active role in incorporating EESG considerations in the formulation of our corporate strategy and in monitoring the Group's sustainability efforts and performance.

Senior management is responsible for planning and implementing sustainability initiatives across the various business units, while also providing regular updates on the Group's management approach for material EESG risks and opportunities to the Board of Directors.

The Board of Directors has also attended the sustainability training, as mandated by the enhanced SGX sustainability reporting rules.



Sustainability Governance Structure

STAKEHOLDER ENGAGEMENT

We recognise the importance of building a strong foundation of trust and respect with all our stakeholders. Specifically, we have identified our key stakeholders as being those who have an interest in the Group and can either impact or are impacted by the Group's business and operations, which includes customers, employees, suppliers, investors, regulators as well as the community.

By actively engaging our key stakeholders through various communication channels, as outlined in the following table, we hope to better understand their priorities and evolving concerns. With the support of an external consultant, we will be embarking on a stakeholder engagement exercise in FY2023 to re-evaluate our material EESG topics and determine our key stakeholders' expectations for Hyphens Pharma's sustainability programme. We will continue to devote ourselves to improving the well-being of our stakeholders by managing the Group's EESG impacts and incorporating key sustainability principles within our business operations.

A summary of our engagement approach for different stakeholder groups is as follows:

Stakeholders	Engagement Activities	Key Concerns
Customers	• Regular interactions • Enquiry and feedback channels • Ad-hoc customer survey	• Cost-competitiveness • Excellent customer service • Digital adaptation and experience • Product responsibility
Employees	• Annual employee performance appraisal • Regular team/town hall meetings • Regular staff communication sessions	• Professional development • Employee engagement • Workplace health and safety • Staff rights and welfare
Management Team	• Annual management meeting • Regular team meeting and communication sessions • Ad-hoc surveys	• Business continuity and strategy • Employee engagement and talent alignment • Data governance and risk management
Investors	• Regular results briefings and participation in investment events • Annual and interim reports • Ad-hoc circulars to shareholders/ announcements on group website	• Growth strategy and economic performance • Business ethics and transparency • Corporate governance and sustainability
Business Partners	• Frequent discussions and meetings • Regular corporate presentations	• Partnership for opportunities and growth
Suppliers	• Periodic supplier evaluations • Periodic on-site inspections • Regular discussions/meetings	• Compliance with terms and conditions of purchasing policies and procedures • Ethical standards as well as social and environmental responsibility
Government and Regulators	• Periodic discussions with government agencies and departments	• Regulatory compliance • Timely reporting and resolution of issues

MATERIALITY
ASSESSMENT

In FY2021, the management team conducted an in-depth materiality reassessment to understand Hyphens Pharma's impact on the economy, the environment and society. We followed a four-stage approach to identify, rate, prioritise and validate the EESG topics that are of top concern to our key stakeholders and have the greatest impact on our business, incorporating input from our internal and external stakeholders in the process.

This year, the management team reviewed the material sustainability topics identified in FY2021 and determined that they remain relevant and significant to our business and stakeholders. As such, we will continue to focus our sustainability efforts and disclosures on the following material topics:

ANTI-CORRUPTION

SOCIOECONOMIC COMPLIANCE

ENVIRONMENTAL COMPLIANCE

Conducting our business activities with integrity and in accordance with the highest ethical and governance standards

EMPLOYMENT

Managing our current and future talent needs with strategic workforce planning

CUSTOMER HEALTH AND SAFETY

Safeguarding consumers' health by delivering products that meet the highest quality and safety standards

CUSTOMER PRIVACY

Protecting customers' personal data from unauthorised or accidental leaks, modification, or disclosure

Informed by our regular stakeholder engagement and materiality reassessments, the management team will continuously review Hyphens Pharma's sustainability strategy and monitor our performance against previously established targets to achieve our intended impact and outcomes.

Our Board is committed to maintaining a high standard of corporate governance to ensure greater transparency and to protect the interests of our stakeholders.

The Board is collectively responsible for the long-term success of the Group. The Board plays a key role in setting the strategic direction for the Group, advising on its business strategy and goals, while overseeing the effectiveness of the management of the Company.

Given the strong emphasis on ethical business conduct within the Group, we operate in strict adherence to the principles and guidelines of the Code of Corporate Governance 2018 (the "**2018 Code**"), issued by the Monetary Authority of Singapore (the "**MAS**"), and will continue to improve our practices and operating frameworks by updating ourselves on industry best practices in corporate governance.

ANTI-CORRUPTION

The Group maintains a zero-tolerance stance against corruption, dishonesty, and fraud. As such, we have put in place various policies and practices to safeguard the interests of our stakeholders and ensure the proper functioning of our Group. Any instances of unethical conduct or malpractice, in relation to corruption and fraud committed by employees, will be met with formal disciplinary proceedings.

The Group's Code of Conduct (the "**Code**") and Whistleblowing Policy can be found on our website at www.hyphensgroup.com. In addition, these policies have been made accessible to all Hyphens Pharma employees via the BIPO mobile application, an integrated human resource management system ("**HRMS**") that is used by all business functions in every district we operate.

As set forth in the Code, all employees at Hyphens Pharma are expected to carry out their duties and responsibilities to the highest standards of personal and corporate integrity, when dealing with our customers, suppliers, competitors, other employees, and the community. New joiners are also provided with extensive training on the Group's corporate values and ethical principles as part of the onboarding program.

As part of our efforts to uphold openness, accountability, and integrity, we also maintain whistleblowing channels, through which employees and external parties may raise their concerns about possible improprieties in matters of financial reporting and other malpractices, in confidentiality and without fear of reprisal.

Our Group is pleased to announce that there were no reported cases of corruption and bribery, nor any breaches of the Code in FY2022, signifying that we have achieved our perpetual target to have zero incidents of unethical conduct or malpractice across the Group.

SOCIOECONOMIC COMPLIANCE

Our Group is aware of the potential risks and resultant penalties of non-compliance with the laws and regulations in the jurisdictions in which we operate. As such, we recognise that it is incumbent on us to ensure that we are fully compliant with all applicable laws, such as those prescribed by the SGX and Ministry of Health ("**MOH**").

The Group's regulatory policies and procedures are periodically reviewed to ensure that they are aligned with all applicable legislative and regulatory requirements. We also provide consolidated trainings to all employees, alongside pre- and post-training quizzes, to familiarise them with the Group's policies.

To maintain our record of having zero incidents of regulatory non-compliance since FY2018, we will continue to monitor regulatory changes and investigate any reports of potential non-compliance.

ENVIRONMENTAL COMPLIANCE

We strive to act in an environmentally responsible manner by maximising resource use efficiency and investing in environmentally friendly technologies, thereby contributing to a more sustainable future.

We are also committed to enhancing environmental awareness among our employees. In commemoration of World Water Day on 22 March 2022, we organised a tour for our employees to visit the NEWater Visitor Centre to learn about Singapore's water story. This culminated in a greater appreciation for the importance of water as a natural resource. To celebrate Earth Day 2022 in April, our employees in Singapore gathered at an upcycling workshop to transform 1L paper drink cartons into useful mask holders.

Mandatory Packaging Reporting Framework

Packaging waste, including plastics, makes up about a third of all domestic waste disposed of in Singapore. To do our part in reducing our packaging waste, Hyphens Pharma has developed a 3R plan in compliance with the Mandatory Packaging Reporting ("**MPR**") Framework by the National Environmental Agency of Singapore ("**NEA**").

We have since made progress in our zero waste journey, by embarking on the following initiatives:

- Implementing a new enterprise resource planning ("**ERP**") system to reduce paperwork;
- Shifting to a cloud-based system to reduce printing of documents and receipts;
- Donating products that are approaching their expiry dates to reduce wastage; and
- Promoting reuse behaviour by introducing refill packs with up to 90% less plastic packaging.

Our efforts to reduce waste extends beyond our operations in Singapore, as Hyphens Philippines recently launched 'Plastic-Free Wednesdays' to encourage our employees to reduce the usage of disposal utensils during mealtimes.

We are pleased to share that there have been zero instances of non-compliance with environmental regulations for FY2022, and we target to maintain this record in future years.

Our people are key to Hyphens Pharma's long-term growth and success. We want to be an employer that our people are proud to work for.

EMPLOYMENT

To manage our current and future talent needs, Hyphens Pharma has developed integrated human capital strategies on talent attraction, development, and retention. As of 31 December 2022, Hyphens Pharma's labour force comprised of 368 employees (FY2021: 349), consisting of 358 full-time employees[1] (FY2021: 316) and 10 part-time, non-guaranteed hours employees (FY2021: 33). In addition, throughout the reporting period, the Group engaged a total of 24 freelance workers to work as sales promoters, sales merchandisers, delivery drivers and office cleaners. In line with our expansion plans, with the incorporation of DocMed and acquisition of Novem in FY2021, the rate of new employee hires doubled from 16% in FY2021 to 32% in FY2022, whereas the employee turnover rate has remained relatively steady at 25% (FY2021: 21%).

During the reporting period, we also partnered with job coaches from the Autistic Resource Centre to arrange for job shadowing and training opportunities for autistic job seekers, with the aim of welcoming them to our subsidiary, Pan-Malayan Pharmaceuticals Pte Ltd, as full-time staff. The Group will continue to engage in fair, non-discriminative employment practices in providing equal opportunities to existing employees and job candidates.

We strongly believe in the inherent value of a vibrant, inclusive, and supportive workforce. Not only does this improve employer-employee relations, but it also allows us to forge stronger connections with our customers and make better decisions for our business.

In FY2022, Hyphens Pharma launched a new initiative, Project Symphony, for our workforce to reconnect with the organisation's vision and values. Our offices across five countries each celebrated Hyphens Day in their own way, by organising and taking part in various team-building activities.

Our employees' health, safety, and well-being are of utmost importance to us. Throughout the COVID-19 recovery in FY2022, the Group has continued to comply with all applicable regulations and advisories by the local government. We continue to operate with safe distancing measures, with remote working arrangements in place, to manage workplace hygiene and safeguard our employees' health and safety.

In line with our commitment towards creating a conducive work environment for all employees, we listen to our employees' needs and expectations. In addition to seeking their feedback on how we can improve our employee engagement initiatives, we also seek to assist them in resolving any challenges or issues they encounter in the workplace.

[1] This consists of 350 permanent employees and 8 temporary employees (FY2021: 272 permanent employees and 16 temporary employees).

OUR
PEOPLE

We provide our employees with life insurance, disability and invalidity coverage, healthcare, retirement provisions, and parental leave, in accordance with local regulations and statutory legislations. Of the 55 employees who were entitled to and took parental leave during the reporting period (FY2021: 34 employees), 100% of them returned to work after their parental leave ended. 98% of employees who took and returned from parental leave in the prior reporting period remained employed with the Group 12 months after their return from work.

In FY2022, the Group has achieved our target of having zero incidents of non-compliance with the various countries' labour laws, and we aim to maintain the same record in FY2023 by ensuring that all Human Resource personnel and line managers are aware of the legal and statutory requirements governing employees' labour rights. Moving forward, we will strive to cultivate a better workplace environment and attract, retain, and develop exceptional talents.

BOARD DIVERSITY

Hyphens Pharma's Board Diversity Policy endorses the principle that its Board should be an appropriate balance and mix of skills, knowledge, and experience, thereby avoiding groupthink and fostering constructive debate so that the Group can benefit from their collective expertise.

An effective Board comprises individuals with varied yet complementary professional qualifications, skills, regional and global business experience, industry expertise, gender, geographical background, nationalities, tenure of service, seniority, and other distinguishing qualities. These differentiating attributes will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately.

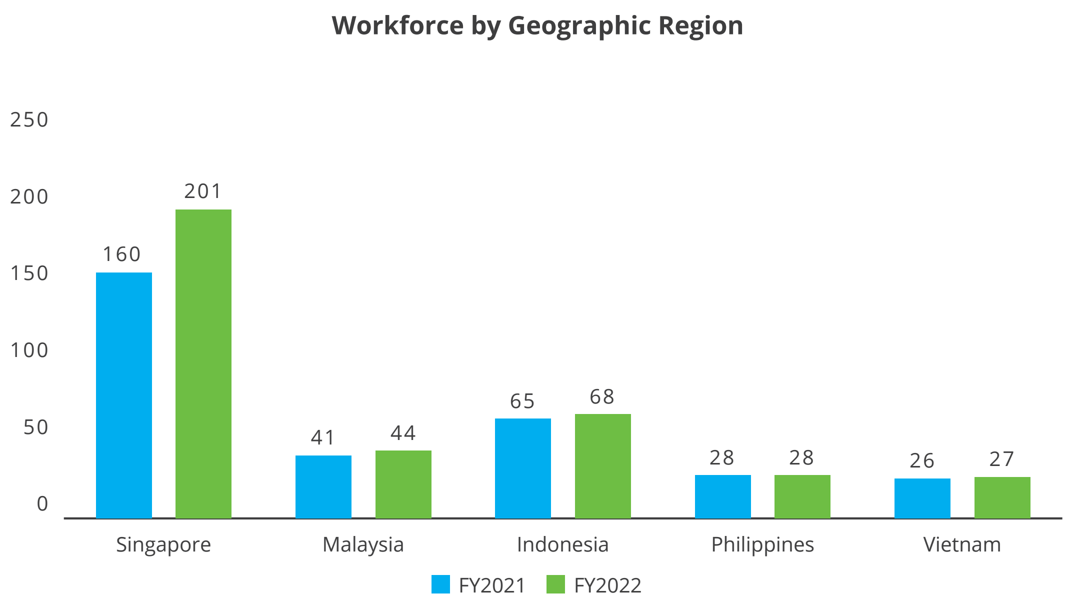
In recognition of the importance of gender as an important aspect of diversity, we strive to have at least one female director on the Board. The Board has one female director currently.

To achieve this, we will ensure that:

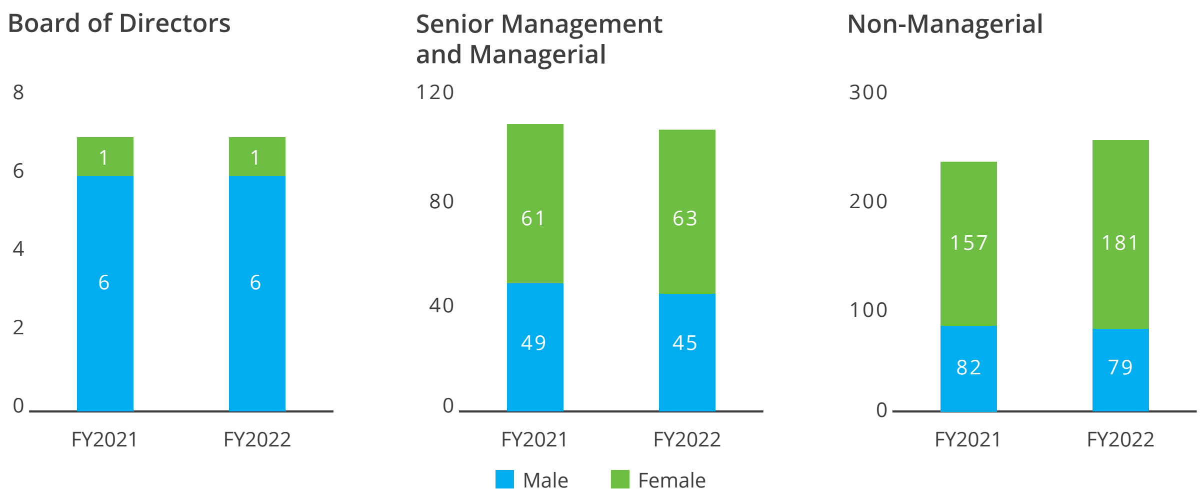
1. Any brief to external search consultants to search for candidates for appointment to the Board will include a requirement to present female candidates;
2. Female candidates are included for consideration by the NC whenever it seeks to identify a new Director for appointment to the Board;

In this way, we target to consistently maintain appropriate female representation on the Board, recognising that the Board's needs will change over time, considering the skills and experience of existing Directors on the Board.

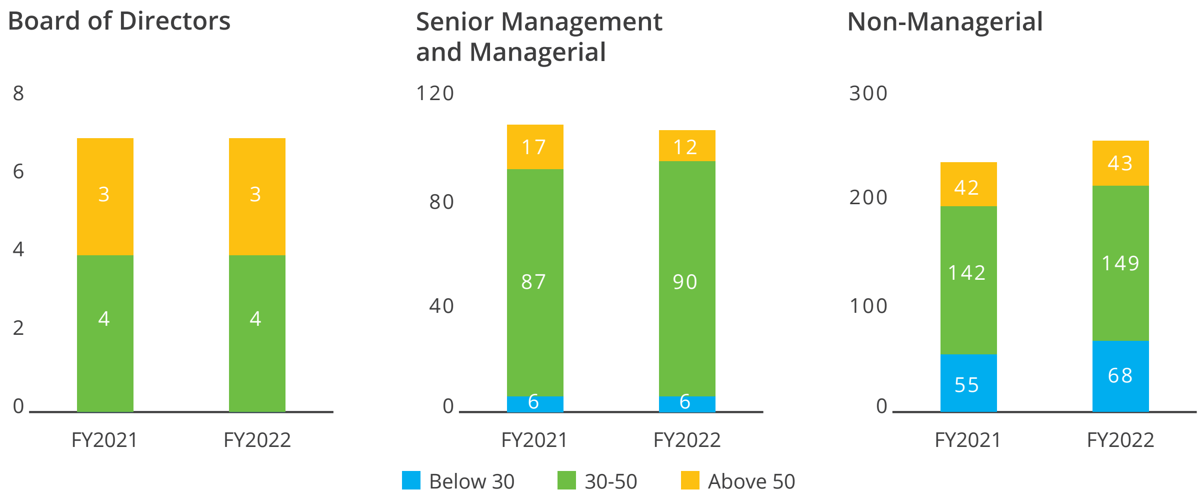
A breakdown of our employment statistics by region, gender and age group is as follows:



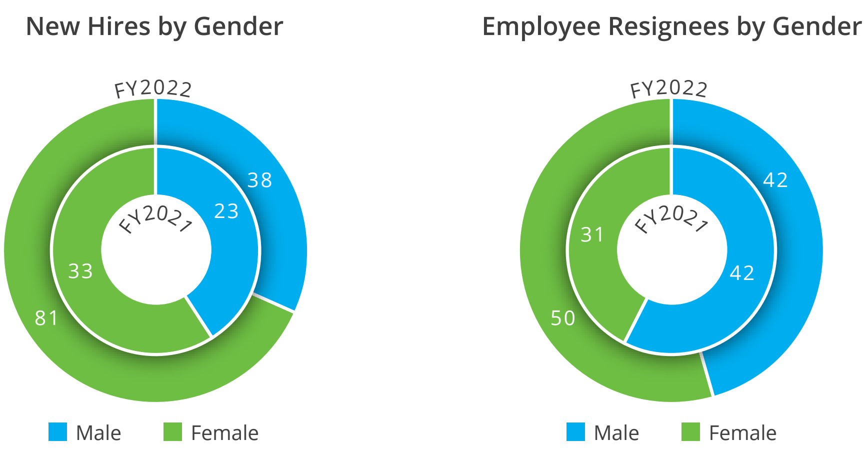
Workforce by Employee Category and Gender



Workforce by Employee Category and Age Group



Workforce by Employee Category and Age Group



OUR
CUSTOMERS

We take pride in consistently delivering quality health products and services to our customers. Maintaining customer satisfaction and retaining loyal customers is critical for achieving steady business growth.

CUSTOMER HEALTH AND SAFETY

Hyphens Pharma is committed to maintaining the quality and safety of its health products and services, in accordance with all applicable laws and regulations of the jurisdictions where our products are sold. Operating in strict adherence with the Health Sciences Authority's ("**HSA**") standards on Good Manufacturing Practice ("**GMP**") and Good Distribution Practice ("**GDP**"), the Group is licensed to handle and manufacture health products, i.e., to engage in the wholesale, distribution, primary or secondary assembly of health products.

Given that it is important that our products are properly handled, stored, and distributed, the Group places great emphasis on quality control within our internal operations and across our supply chain.

The Group has designated a Quality Control Inspector to inspect the quality of incoming bulk materials, packaging materials, printed materials and segregate all non-conforming materials. All incoming materials will be tested against each product's respective specifications before being released.

The Group also has in place a vendor qualification programme, whereby potential vendors are assessed on their compliance with international standards, which includes the GDP, GMP, and general good practices ("**GxP**") for the pharmaceutical industry.

Within our warehouse and production environments, we have implemented an enterprise resource system ("**ERP**") to facilitate real-time inventory tracking, updating, and monitoring, thereby enabling the efficient and accurate handling of the health products.

To ensure that our products meet all expected safety and quality standards, we have engaged independent third-party accredited labs to perform testing on our products. For the assurance of safety and quality of our health products, audits are also carried out internally and by health authorities like HSA at regular intervals. We are pleased to share that there were zero audit findings relating to product quality and safety in FY2022.

Moving forward, we target to maintain zero incidents of non-compliance with regulations and/or industry-wide voluntary codes on the health and safety of products and services which we represent, promotional marketing and advertising, labour, or environmental codes of conduct.

CUSTOMER PRIVACY

Maintaining the privacy of our customers and employees is of paramount importance to us. The Group strives to ensure that personal data is being collected, handled, and protected in a responsible and secure manner, in full compliance with data protection regulations such as the Personal Data Protection Act ("**PDPA**") in Singapore.

Hyphens Pharma's Data Protection Committee ("**DPC**") supports the appointed Data Protection Officer ("**DPO**") in maintaining oversight over the Group's data protection policies and handling reported incidents of non-compliance or data breaches, as and when they arise. The DPC members undergo refresher training on an annual basis to equip them with the required capabilities to effectively carry out their roles and responsibilities.

The Group has rolled out a Data Protection Handbook for all employees to understand the dos and don'ts of handling personal data. Moreover, employees handling customers' data has been provided with periodic trainings and reminders on our personal data protection policy.

In line with our recent digitalisation efforts, our Digital Transformation & IT ("**DxIT**") team has continually sought to enhance the security level of the Group's servers and IT systems. Under our Website Framework, the DxIT team also helps to manage all website forms through which personal data is being collected by ensuring that such forms are only accessible by the Website Owner(s) and their appointed representatives within the Group.

In FY2022, there were no reported cases in relation to breaches of customer data privacy. Our perpetual target is to maintain our good track record of having zero reported cases, as we continue to safeguard our customers' data privacy.

We strive to embed sustainability into our supply chain by engaging our partners in socially and environmentally responsible business practices.

Before entering any new ventures with potential business partners, we proactively share Hyphens Pharma's business philosophy and environmental action plan, to ensure alignment in our core values of integrity, accountability, and sustainability. We work closely with our appointed business partners to identify opportunities for improvement within our supply chain and implement solutions.

SUSTAINABLE SOURCING

We adopt sustainable procurement practices to reduce the end-to-end impact of the Group's products and services. We hold our suppliers to the same ethical principles to which we hold ourselves.

To ensure that Hyphens Pharma works only with suppliers that hold themselves to high social and environmental standards, we have implemented a stringent vendor selection process across the Group. Before contracting work to new suppliers, the procurement team will verify suppliers' accreditation, their compliance with regulatory requirements, track record, quality of services and reputation.

We also routinely conduct due diligence on suppliers to assess their adherence to industry standards, by verifying their Good Manufacturing Practice ("**GMP**"), ISO Standards, and/or Hazard Analysis and Critical Control Points ("**HACCP**") certifications. All approved vendors undergo a periodic evaluation to ensure that their performance align with the internal criteria established by the Group, which includes cost effectiveness and operational efficiency.

DISTRIBUTION AND FLEET MANAGEMENT

We recognise the importance of mitigating any adverse social or environmental impact from our distribution operations, by prioritising the safety of both our personnel and the local communities we serve and effectively managing our fuel and energy consumption. To support our goals, we continuously seek ways to integrate digital innovations into our processes to maximise efficiency.

We have introduced a new fleet management system designed to optimise the delivery routes taken by our drivers. The primary aim is to ensure that our products are distributed to our distributors, customers, and consumers in the most efficient way possible while simultaneously reducing energy usage. In the upcoming year, we will also be piloting a new digitalisation initiative to move from paper to e-invoices, which would further improve efficiency, reduce cost, and lower our environmental footprint.

OUR
LOCAL COMMUNITIES

We are proud to do our part as a responsible corporate citizen by investing our time, resources, and expertise to make a positive impact on the communities in which we live, work, and play.

In recognition of how digital health solutions present an opportunity to advance health equity, our subsidiary, DocMed Technology, signed a partnership agreement with SATA CommHealth, one of four Anchor Operators appointed by Singapore's Ministry of Manpower under its Primary Care Plan to deliver a new primary healthcare system for migrant workers starting on 1 April 2022. Under this partnership, DocMed's WellAway e-pharmacy will provide e-pharmacy medication delivery to the migrant worker patient after a teleconsultation by SATA CommHealth. Considering the different linguistic needs of migrant worker patients, multilingual pictograms will be included in addition to standard medication labels, so that patients and their employers can easily understand what was prescribed.

As we continue to work on improving the accessibility, affordability, and quality of care for under-represented communities, we are also cognisant of the importance of giving back to our community in other ways. Over the past year, we participated in the following community initiatives:

Month	Entity	Activity
March – April	Ocean Health	Ocean Health employees joined Our Singapore Reefs for a seabed and coastal clean-up in Lazarus Island, with a total of 23 kg of waste collected within the first hour. In line with our clean-up efforts, we donated S$1 to Our Singapore Reefs for every Omega-3 Fish Oil 1000mg Refill Pack sold.
June	Hyphens Singapore	In support of the Garden City Fund's Plant-a-Coral, Seed-a-Reef programme, Hyphens Singapore sponsored S$2,000 to nurture 10 coral nubbins from a coral nursery to Reef Enhancement Units. This initiative aims to enhance Singapore's marine biodiversity by providing areas for marine organisms to grow and reef fishes to seek refuge.
August	Hyphens Singapore	In conjunction with the UnLitter Red Dot initiative launched by Habitat for Humanity Singapore, Hyphens Singapore's employees, joined by their families, volunteered for a clean-up at East Coast Park, collecting 26 kg of trash in an hour. We also made a S$1,075 donation to Habitat for Humanity Singapore for them to further their work locally and in the region.
October	Hyphens Indonesia	To express our appreciation to our workers, we distributed food hampers to our 13 janitors and helpers at our Jakarta office building.
November	Hyphens Vietnam	On medical mission trip to Yen Bai province with Mu Cang Chai Health Center, we offered complimentary health check-ups, dispensed medication, and distributed necessities to a total of 728 people from the local ethnic community.

Statement of Use	Hyphens has reported with reference to the GRI Standards for the period starting 1 January 2022 and ending 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GENERAL DISCLOSURES		
GRI 2: General Disclosures 2021	2-1 Organisational details	26
	2-3 Reporting period, frequency and contact point	26, 96 - 97, 99
	2-4 Restatements of information	N.A.
	2-5 External assurance	26
	2-6 Activities, value chain and other business relationships	1 – 4, 37
	2-7 Employees	33 - 35
	2-8 Workers who are not employees	33
	2-9 Governance structure and composition	24, 43 – 44
	2-10 Nomination and selection of the highest governance body	45 – 46
	2-11 Chair of the highest governance body	24
	2-12 Role of the highest governance body in overseeing the management of impacts	28
	2-13 Delegation of responsibility for managing impacts	28
	2-14 Role of the highest governance body in sustainability reporting	28
	2-15 Conflicts of interest	18 – 19, 41, 43 – 44
	2-16 Communication of critical concerns	31
	2-17 Collective knowledge of the highest governance body	28
	2-18 Evaluation of the performance of the highest governance body	46 – 47
	2-19 Remuneration policies	48 – 50
	2-20 Process to determine remuneration	48 – 50
	2-22 Statement on sustainable development strategy	27
	2-27 Compliance with laws and regulations	31 – 32
	2-28 Membership associations	• Singapore Chinese Chamber of Commerce & Industry • Singapore Business Federation • Singapore Institute of Management • French Chamber of Commerce in Singapore
	2-29 Approach to stakeholder engagement	29
	2-30 Collective bargaining agreements	N.A.

GRI
INDEX

GRI Standard	Disclosure	Location
MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	30
	3-2 List of material topics	30
Anti-Corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	31
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	31
Socioeconomic Compliance		
GRI 3: Material Topics 2021	3-3 Management of material topics	31
Environmental Compliance		
GRI 3: Material Topics 2021	3-3 Management of material topics	32
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	33 – 35
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	33 – 35
	401-3 Parental leave	34
GRI 405: Diversity and Equal Opportunities 2016	405-1 Diversity of governance bodies and employees	34 – 35
Customer Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	36
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	36
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	36
Customer Privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	36
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	36

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 2022 ("**FY2022**") with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "**2018 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 2018 Code for FY2022. In respect of any deviation from provisions of the 2018 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 understand well 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 FY2022, 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. In addition, all the directors have completed the mandated sustainability training course organised by SID and the Institute of Singapore Chartered Accountants (ISCA) as required by the amended Catalist Rules with effect from 1 January 2022.

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 FY2022 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 FY2022 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	5	5	5[(a)]	5[(a)]	2[(a)]	2[(a)]	1[(a)]	1[(a)]
Mr Tan Chwee Choon	5	5	4[(a)]	4[(a)]	NA	NA	NA	NA
Dr Tan Kia King	5	5	4[(a)]	4[(a)]	2	2	NA	NA
Mr Heng Wee Koon	5	5	5	5	2	2	1	1
Mr Ng Eng Leng	5	5	5	5	NA	NA	1	1
Mrs Audrey Liow	5	5	5	5	2	2	NA	NA
Mr Chan Kiat	5	5	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

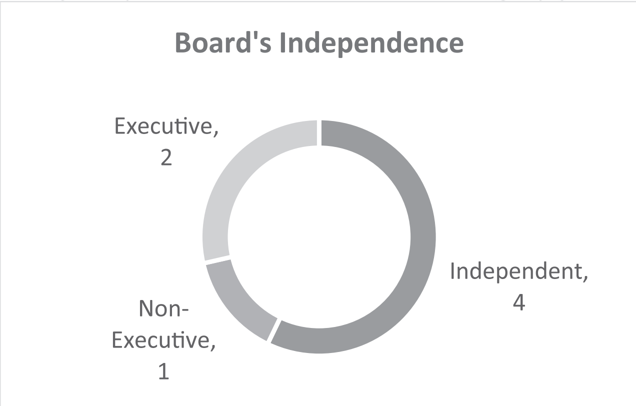
The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

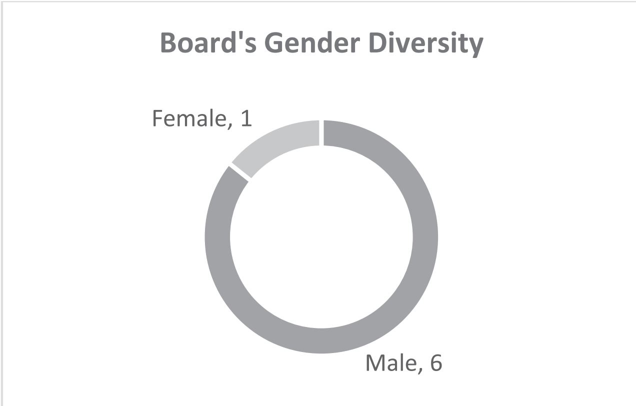
The Board currently comprises seven directors and the majority of whom are independent and non-executive directors.

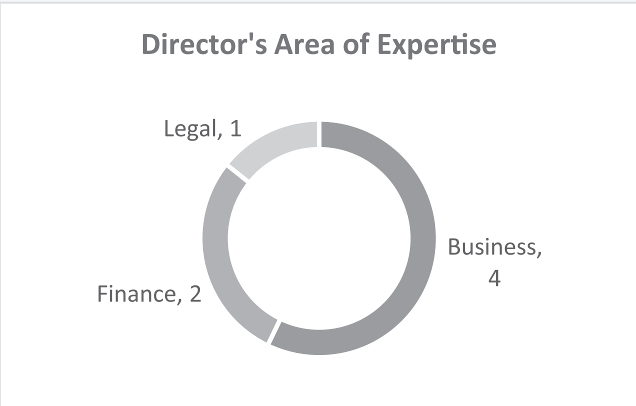
The criteria for independence are defined in the 2018 Code and the independence of each of the directors is reviewed by the Nominating Committee. In accordance with the 2018 Code, the Board considers an "independent" director as one who is independent in conduct, character and judgement, and has no relationship 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 require by the Nominating Committee based on the guidelines set forth in the 2018 Code and the Catalist Rules.

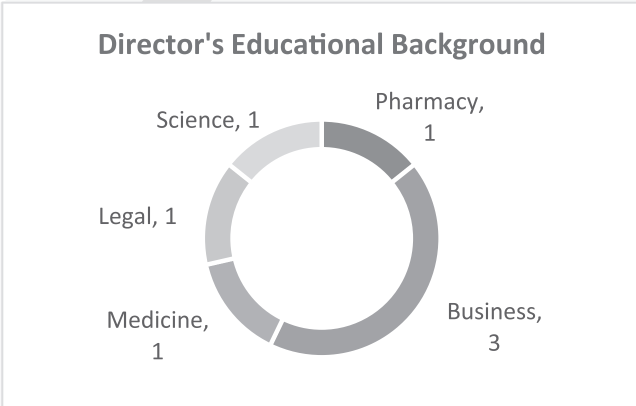
The Board has examined its size to determine the impact of the number upon effectiveness, and is of the view that the current Board size of seven directors is appropriate and facilitates effective decision-making, after taking into account the scope and nature of the operations of the Group.

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 has formalised its Board Diversity Policy in 2022. Further details of the policy are available in the Group's Sustainability Report. 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 2018 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 and 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 2018 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.

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 Director, Dr Tan Kia King, 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, Dr Tan Kia King will remain as Non-Executive Director and a member of the NC.

Mr Tan Chwee Choon, who although eligible, is not offering himself for re-election. Accordingly, Mr Tan Chwee Choon shall retire as an Executive Director at the conclusion of the forthcoming AGM. His retirement from the Board will take effect upon the conclusion of the forthcoming AGM. Further details of his retirement are disclosed in the Company's SGXNet announcement made on 10 April 2023.

The maximum number of listed company board representations that 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 provide balanced 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. No remuneration consultants were engaged by the Company for FY2022.

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 FY2022 are as follows:

Name of Directors	Fixed Salary (%)	Variable Bonus (%)	Director's Fees (%)	Total (%)
S$250,001 – S$500,000				
Mr Lim See Wah	71%	29%	–	100%
Mr Tan Chwee Choon	69%	31%	–	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 FY2022 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$10,000 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 FY2022 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	80%	18%	2%	100%
Mr David Lim	93%	7%	–	100%
Mr Jason Yeo	64%	36%	–	100%
Below S$250,000				
Ms Fang Lee Wei (Resigned on 13 June 2022)	76%	–	24%	100%

The total remuneration paid to the above key management personnel (who are not directors or the CEO) for FY2022 was S$1,307,216.

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. According to the incentive schemes, total options and share awards shall not exceed 15% of the total number of issued shares (excluding treasure shares and subsidiary holdings) on the date preceding the granting of the share awards or share options. On 19 March 2021, the Company granted 1,485,000 share awards under the Hyphens Share Plan. Based on the performance criteria, 422,000 of the share awards vested on 31 December 2022 will be awarded and issued no later than 30 April 2023 and remaining 1,063,000 of the share awards will not be awarded. For FY2022, 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 share awards available under the Hyphens Share Plan. In regard to Rule 851(c) of the Catalist Rules, the Company does not have a parent company. 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 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 CLA Global TS Risk Advisory Pte Ltd ("**CLA Global**"), formerly known as Nexia TS Risk Advisory Pte Ltd, to conduct annual review on the ERM framework.

For FY2022, the Group has appointed CLA Global 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 and conduct the internal review of the Group's sustainability reporting processes. 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 Finance Director ("**FD**") 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. 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 FY2022.

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 FD 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, 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 is 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 CLA Global as the internal auditors to review the internal control processes of the Group and conduct the internal review of the Group's sustainability reporting processes. CLA Global 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 16 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 2022 and December 2022 respectively.

The Group has a whistleblowing policy that allows for anonymous reporting. The identity of the whistle-blower will be kept confidential unless the whistle-blower 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(ies)" 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 27 April 2022. Minutes of meetings for the forthcoming AGM will be published on www.hyphensgroup.com and the SGXNET within one month from 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 1.11 Singapore cents per share, which represents a dividend pay out ratio of 30.2% of the Group's FY2022 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 the 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 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 "Investor Relations" section 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 FY2022.

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 FY2022, 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 FY2022 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 LLP, in FY2022, were S$183,000 and S$117,000 respectively, comprising audit fees of S$195,000 and non-audit fees of S$105,000 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.

FINANCIAL CONTENTS

STATEMENT BY DIRECTORS

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 2022.

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' interests in or debentures 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	–	–	119,833,839	119,833,839
Tan Kia King	76,380,801	76,380,801	–	–
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 2023 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**

5A. Hyphens Performance Share Plan and Hyphens Share Option Scheme

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)

5A. Hyphens Performance Share Plan and Hyphens Share Option Scheme (cont'd)

On 19 March 2021, the Company 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.

Based on the performance criteria, 422,000 of the New Shares vested on 31 December 2022. These 422,000 New Shares will be awarded and issued no later than 30 April 2023 and the remaining 1,063,000 New Shares will not be awarded.

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.

5B. Other share-based payment

During the reporting year, a subsidiary of the Group entered into an employment agreement with one of its directors. He is entitled to subscribe for certain shares in the subsidiary at a specific price, upon achieving certain stipulated milestones within the agreement. The vesting period based on the original employment agreement is 24 months and the amendment agreement extended the said period of 24 months by an additional 12 months.

Management engaged a valuer to determine the value of the share-based payment and an amount of $107,000 is recognised for the current reporting year.

During the reporting year, 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, except for those as disclosed above.

At the end of the reporting year, there were no unissued shares under option, except for those as disclosed above.

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.

7. Report of audit committee (cont'd)

The AC performed the functions specified by section 201B (5) of the Act. Among other functions, it reviewed the following, where relevant, with management, the external auditors and the internal auditors:

- The audit plan of the independent external auditor.
- The independent external auditor's evaluation of the Company's internal accounting controls relevant to the statutory audit, the audit report on the financial statements and the assistance given by management to the 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.
- The financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption.
- The interested person transactions (as defined in Chapter 9 of the Catalist Rules).

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 objectivity and independence is safeguarded where the independent auditor provide 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 board, with the concurrence of the audit committee, is of the opinion that the Company's internal controls (including financial, operational, compliance and information technology controls), and risk management systems were adequate and effective as at 31 December 2022 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 28 February 2023, 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

30 March 2023

INDEPENDENT AUDITOR'S REPORT

To The Members of Hyphens Pharma International Limited

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 2022, 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 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 2022 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", Note 2C "Assessing expected credit loss allowance on trade receivables" for the relevant accounting policies and discussion of significant accounting estimates respectively and Notes 19 and 28D for the breakdown of trade receivables and credit risk of the Group respectively.

Key audit matter

The carrying amount of trade receivables amounted to $30,119,000 which accounted for approximately 26% 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 consideration of 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 $2,471,000. Allowance for impairment of trade receivables made was $229,000. 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 were 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 by reviewing the customers' credit worthiness, payment history and management's assessment of expected credit losses. We 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 have also assessed the adequacy of the disclosures made in the financial statements.

(b) *Allowance on inventories*

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

Key audit matter

The carrying value of inventories amounted to $21,260,000, which accounted for approximately 19% of the Group's total assets as at the reporting year end. Impairment allowance on inventories as at the end of the year was $875,000.

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 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 also reviewed the Group's inventory ageing and compared the carrying value of selected inventory items to the recent sales transactions.

We 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", Note 2C "Assessing the impairment of goodwill" for the relevant accounting policies and discussion of significant accounting estimates respectively and Note 15A "Goodwill" for the key assumptions used in impairment testing of goodwill.

Key audit matter

The carrying value of goodwill amounted to $12,814,000. The goodwill arose from the acquisition of subsidiaries. The amounts are allocated to certain cash generating units ("CGUs") as at 31 December 2022. These CGUs are assessed for impairment annually. Management applies the value in use method to determine the recoverable amount of goodwill. 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 forecasted revenue, growth rates, profit margins, tax rates and discount rates using presently available information. These estimates require judgement and the determination of 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 judgemental 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", Note 2C "Revenue recognition" for the relevant accounting policies and discussion of significant accounting estimates respectively 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 at 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.

(e) *Purchase price allocation ("PPA") arising from acquisition of subsidiaries*

Please refer to Note 2A for accounting policy on "Business combinations", Note 2C "Purchase price allocation arising from acquisition of subsidiaries" for the relevant accounting policies and discussion of significant accounting estimates respectively and Note 26 "Acquisition of subsidiaries".

On 3 December 2021, the Group has completed the acquisition of Novem Healthcare Pte. Ltd., Novem Pharma Pte. Ltd. and Novem Sciences Private Limited (the "Acquisition"). These entities then became subsidiaries of the Group.

Key audit matters (cont'd)

(e) *Purchase price allocation ("PPA") arising from acquisition of subsidiaries (cont'd)*

As at 31 December 2021, management estimated the Group's share of provisional fair value of identifiable net assets acquired to be $4,627,000. Accordingly, management also recorded a provisional goodwill arising from the Acquisition of $12,553,000. These provisional values were subject to change upon completion of the purchase price allocation ("PPA") exercise.

Management engaged an external valuer to perform the PPA and this was completed during the current year. Based on this exercise, additional net assets of $4,514,000 were recorded and goodwill arising from the acquisition was adjusted to $7,963,000.

We identified the PPA arising from the Acquisition as a key audit matter because this process required significant management judgement and estimation by the Group.

As part of our audit procedures, we reviewed the sale and purchase agreement and other related documents to evaluate the appropriateness of the Group's accounting of the Acquisition. We assessed the independence and competency of the external valuer which included considering their experience and qualification in performing valuations for such business combinations. In addition, using our internal valuation specialists, we also reviewed the results of the PPA. We assessed the appropriateness of the methodology and assumptions applied in the valuation of acquired net identifiable assets. We tested the integrity of inputs of the projected cash flows used. To this end, we also challenged the growth rates and discount rates used in the computations by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, the audit team undertook further procedures to understand the effect of additional factors and, when necessary, held further discussion with management and the external valuer. We also assessed the accuracy of the calculation of goodwill.

Lastly, we assessed the adequacy of disclosures in respect of the Acquisition in the financial statements.

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.

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.

(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.

INDEPENDENT AUDITOR'S REPORT

To The Members of Hyphens Pharma International Limited

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

30 March 2023

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	Notes	Group 2022 $'000	Group 2021 $'000
Revenue	5	162,316	125,883
Cost of sales		(99,507)	(77,800)
Gross profit		62,809	48,083
Other income and gains	6	658	964
Distribution costs	7	(33,267)	(28,394)
Administrative expenses	9	(14,561)	(11,639)
Finance costs	10	(238)	(95)
Other losses	6	(1,584)	(680)
Share of profit from an equity-accounted associate	17	474	17
Profit before tax		14,291	8,256
Income tax expense	11	(2,882)	(1,410)
Profit for the year		11,409	6,846
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		96	33
Other comprehensive income for the year, net of tax		96	33
Total comprehensive income for the year		11,505	6,879
Profit attributable to:			
Equity holders of the Company		11,351	6,846
Non-controlling interests		58	–
Profit net of tax		11,409	6,846
Total comprehensive income attributable to:			
Equity holders of the Company		11,447	6,879
Non-controlling interests		58	–
Total comprehensive income for the year		11,505	6,879
Earnings per share			
Earnings per share currency unit		**Cents**	**Cents**
Basic	12	3.68	2.27
Diluted	12	3.66	2.27

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

STATEMENTS OF
FINANCIAL POSITION

As at 31 December 2022

	Notes	Group 2022 $'000	Group 2021 $'000 (Restated Note 26)	Company 2022 $'000	Company 2021 $'000
ASSETS					
Non-current assets					
Plant and equipment	14	3,017	4,408	37	79
Intangible assets	15	19,072	18,300	–	–
Investment in subsidiaries	16	–	–	19,886	19,420
Investment in an associate	17	2,667	2,306	–	–
Deferred tax assets	11	61	65	–	–
Total non-current assets		24,817	25,079	19,923	19,499
Current assets					
Inventories	18	21,260	25,290	–	–
Trade and other receivables	19	31,106	28,722	20,678	20,688
Prepayments		806	639	174	80
Cash and cash equivalents	20	36,480	19,461	4,656	3,221
Total current assets		89,652	74,112	25,508	23,989
Total assets		114,469	99,191	45,431	43,488
EQUITY AND LIABILITIES					
Equity					
Share capital	21	35,083	35,083	35,083	35,083
Retained earnings		43,760	34,609	8,714	7,192
Other reserves	22	(9,816)	(14,956)	–	–
Equity attributable to equity holders of the Company		69,027	54,736	43,797	42,275
Non-controlling interests		1,245	–	–	–
Total equity		70,272	54,736	43,797	42,275
Non-current liabilities					
Deferred tax liabilities	11	793	1,018	–	–
Other financial liabilities, non-current	25	3,330	880	–	–
Total non-current liabilities		4,123	1,898	–	–
Current liabilities					
Income tax payable		2,657	1,705	14	3
Trade and other payables	24	35,077	33,563	1,620	1,210
Other financial liabilities, current	25	2,340	7,289	–	–
Total current liabilities		40,074	42,557	1,634	1,213
Total liabilities		44,197	44,455	1,634	1,213
Total equity and liabilities		114,469	99,191	45,431	43,488

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

STATEMENTS OF
CHANGES IN EQUITY

Year ended 31 December 2022

	Total equity $'000	Non-controlling interests $'000	Attributable to Company Sub-total $'000	Share capital $'000	Retained earnings $'000	Other reserves $'000
Group						
Current year:						
Opening balance at 1 January 2022	54,736	–	54,736	35,083	34,609	(14,956)
Changes in equity:						
Issue of share capital to non-controlling interests in subsidiary (Note 16)	6,100	1,187	4,913	–	(131)	5,044
Total comprehensive income for the year	11,505	58	11,447	–	11,351	96
Dividends paid (Note 13)	(2,069)	–	(2,069)	–	(2,069)	–
Closing balance at 31 December 2022	70,272	1,245	69,027	35,083	43,760	(9,816)
Previous year (restated):						
Opening balance at 1 January 2021	47,175	–	47,175	32,641	29,626	(15,092)
Changes in equity:						
Issuance of new shares pursuant to acquisition of subsidiaries (as previously reported) (Notes 21 and 26)	2,442	–	2,442	2,442	–	–
Prior year adjustments (Note 26)	103	–	103	–	–	103
Issuance of new shares pursuant to acquisition of subsidiaries (restated)	2,545	–	2,545	2,442	–	103
Total comprehensive income for the year	6,879	–	6,879	–	6,846	33
Dividends paid (Note 13)	(1,863)	–	(1,863)	–	(1,863)	–
Closing balance at 31 December 2021 (restated)	54,736	–	54,736	35,083	34,609	(14,956)

	Total equity $'000	Share capital $'000	Retained earnings $'000
Company			
Current year:			
Opening balance at 1 January 2022	42,275	35,083	7,192
Changes in equity:			
Total comprehensive income for the year	3,591	–	3,591
Dividends paid (Note 13)	(2,069)	–	(2,069)
Closing balance at 31 December 2022	43,797	35,083	8,714
Previous 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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Group 2022 $'000	Group 2021 $'000
Cash flows from operating activities		
Profit before tax	14,291	8,256
Adjustments for:		
Amortisation of intangible assets	658	427
Depreciation of plant and equipment	2,064	1,777
Interest income	(42)	(74)
Interest expense	238	95
Loss on disposal of plant and equipment	3	2
Loss on disposal of subsidiary	–	2
Expenses in connection with acquisition of subsidiaries	–	415
Share of profit of an equity-accounted associate	(474)	(17)
Net effect of exchange rate changes in consolidating foreign operations	148	34
Operating cash flows before changes in working capital	16,886	10,917
Trade and other receivables	(2,563)	(1,988)
Prepayments	(167)	20
Inventories	4,030	(4,608)
Trade and other payables	842	3,112
Net cash flows from operations	19,028	7,453
Income taxes paid	(2,151)	(1,415)
Net cash flows from operating activities	16,877	6,038
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired (Note 26)	–	(14,156)
Dividend received from an associate	58	–
Consideration adjustment for acquisition of subsidiaries	179	–
Proceeds from disposal of shares in an associate	27	–
Down-payment for plant and equipment	–	(139)
Purchase of plant and equipment (Notes 14 and 20A)	(558)	(562)
Purchase of intangible assets	(757)	(134)
Proceed from sale of plant and equipment	2	–
Interest received	42	74
Net cash flows used in investing activities	(1,007)	(14,917)
Cash flows from financing activities		
Dividends paid to equity owners	(2,069)	(1,863)
Payment of principal portion of lease liabilities	(1,024)	(905)
Interest paid	(238)	(95)
Proceeds from borrowings	5,000	4,243
Repayment of borrowings	(6,620)	(566)
Issue of shares to non-controlling interests of a subsidiary	6,100	–
Net cash flows from financing activities	1,149	814
Net increase (decrease) in cash and cash equivalents	17,019	(8,065)
Cash and cash equivalents, statement of cash flows, beginning balance	19,461	27,526
Cash and cash equivalents, statement of cash flows, ending balance (Note 20)	36,480	19,461

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. The Company is situated in Singapore.

Uncertainties relating to the current economic conditions:

Management has considered the current economic conditions caused by the COVID-19 pandemic, commodities inflation, as well as the war in Ukraine at the end of the reporting year and reviewed the probable impact and plausible downside scenarios. No material uncertainties were identified in connection with the Group's ability to continue in operational existence for the near future.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. They comply 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. Changes in estimates are reflected in profit or loss in the reporting year they occur. 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 material to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation and principles of consolidated financial statements

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.

1. General (cont'd)

Basis of presentation and principles of consolidated financial statements (cont'd)

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.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue and income 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 is 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 and term projects 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. For services that are not material transactions, revenue is recognised as the services are provided.

Interest income is recognised using the effective interest method. Dividend income from equity instruments is recognised 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.

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.

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

2A. Significant accounting policies (cont'd)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Share-based compensation

Benefits to employees are 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.

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.

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

2A. Significant accounting policies (cont'd)

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. For 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 (or, for certain leased assets, the shorter lease term).

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.

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.

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

2A. Significant accounting policies (cont'd)

Plant and equipment (cont'd)

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 other than goodwill

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost 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. 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.

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

2A. Significant accounting policies (cont'd)

Subsidiaries (cont'd)

In the reporting entity's separate financial statements, an 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.

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.

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

2A. Significant accounting policies (cont'd)

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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 stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the (weighted average method). Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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 expensed. 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.

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

2A. Significant accounting policies (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised 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:

Financial assets are classified into (1) Financial asset classified as measured at amortised cost; (2) Financial asset that is an equity investment measured at fair value through other comprehensive income ("FVTOCI"); (3) Financial asset that is a debt asset instrument classified as measured at FVTOCI and (4) Financial asset classified as measured at fair value through profit or loss ("FVTPL"). At the end of the reporting year, the reporting entity had the following financial assets:

- 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 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.

- Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at 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 consolidated 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.

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

2A. Significant accounting policies (cont'd)

Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

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 or 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 reporting 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 material 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.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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

2B. Other explanatory information (cont'd)

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 the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

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.

Assessing 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. 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.

Assessing loss 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 amounts of inventories at the end of the reporting year is disclosed in the note on inventories.

Assessing the impairment of goodwill:

An assessment is made annually whether goodwill has suffered any impairment loss. The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash generating units ("CGU") and the use of estimates as disclosed in Note 15A. Actual outcomes could vary from these estimates.

Revenue recognition:

Judgement is required in determining when the control of the inventories has 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.

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

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

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.

Purchase price allocation arising from acquisition of subsidiaries:

As described in Note 26, the purchase price allocation exercise related to acquisition of Novem Healthcare Pte Ltd, Novem Pharma Private Limited and Novem Sciences Private Limited (collectively "Novem") was completed during the current reporting year. This requires significant management judgement and estimation because the values had not previously been assigned to the subsidiaries as a standalone operation. In addition, determining the assumptions that underlie the acquisition accounting and the useful lives associated with the acquired intangible assets involves significant management judgment given the nature of the subsidiaries.

Assessing the fair value of share-based compensation:

In determining and assessing the value of the share-based compensation, it requires management to make significant estimations and judgement. Judgement and estimation is needed to assess the appropriate valuation model to apply, and the various inputs required in the valuation, such as risk-free rate, probability of the events occurring and volatility which are affected by market or economic conditions. The carrying amount is disclosed in Note 23. Actual outcomes could vary from these estimates.

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, including (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	
	2022 $'000	2021 $'000
Salaries and other short-term employee benefits	2,757	2,579

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

	Group	
	2022 $'000	2021 $'000
Remuneration of directors of the Company	1,218	911
Fees to directors of the Company	232	227

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	
	2022 $'000	2021 $'000
Company		
Other receivables (other payables):		
At beginning of the year	19,435	4,992
Amounts paid out and settlement of liabilities on behalf of subsidiaries	1,912	14,443
Repayment of loan	(1,400)	(1,000)
Dividend income receivable	4,000	4,000
Dividend income received	(4,000)	(3,000)
At end of the year	19,947	19,435
Presented in the statement of financial position as follows:		
Other receivables (Note 19)	19,953	19,442
Other payables (Note 24)	(6)	(7)
At end of the year	19,947	19,435

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 board of directors (who are identified as the chief operating decision makers) 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, interest and income taxes (called "EBITDA").

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities. Certain information on revenue is also given 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	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Revenue by segment										
Total revenue by segment	95,660	65,624	23,437	19,071	43,219	41,188	–	–	162,316	125,883
Total revenue	95,660	65,624	23,437	19,071	43,219	41,188	–	–	162,316	125,883
EBITDA	14,823	8,146	2,310	1,817	538	1,477	(420)	(885)	17,251	10,555
Finance costs	–	–	–	–	–	–	(238)	(95)	(238)	(95)
Depreciation and amortisation	(263)	(37)	(395)	(390)	–	–	(2,064)	(1,777)	(2,722)	(2,204)
Profit before tax	14,560	8,109	1,915	1,427	538	1,477	(2,722)	(2,757)	14,291	8,256
Income tax expense									(2,882)	(1,410)
Profit net of tax									11,409	6,846

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	
	2022 $'000	2021 $'000 (restated)	2022 $'000	2021 $'000 (restated)	2022 $'000	2021 $'000 (restated)	2022 $'000	2021 $'000 (restated)	2022 $'000	2021 $'000 (restated)
Total assets for reportable segments	39,872	41,711	19,211	17,567	11,429	12,379	–	–	70,512	71,657
Unallocated:										
Plant and equipment	–	–	–	–	–	–	3,017	4,408	3,017	4,408
Investment in an associate	–	–	–	–	–	–	2,667	2,306	2,667	2,306
Prepayments	–	–	–	–	–	–	806	639	806	639
Cash and cash equivalents	–	–	–	–	–	–	36,480	19,461	36,480	19,461
Other receivables	–	–	–	–	–	–	987	720	987	720
Total Group assets	39,872	41,711	19,211	17,567	11,429	12,379	43,957	27,534	114,469	99,191

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

4D. Liabilities and reconciliations

	Specialty pharma principals		Proprietary brands		Medical hypermart and digital		Unallocated		Total	
	2022 $'000	2021 $'000 (restated)	2022 $'000	2021 $'000 (restated)	2022 $'000	2021 $'000 (restated)	2022 $'000	2021 $'000 (restated)	2022 $'000	2021 $'000 (restated)
Total liabilities for reportable segments	17,521	18,493	4,769	2,802	8,989	9,675	–	–	31,279	30,970
Unallocated:										
Income tax payable	–	–	–	–	–	–	2,657	1,705	2,657	1,705
Financial liabilities	–	–	–	–	–	–	5,670	8,169	5,670	8,169
Trade and other payables	–	–	–	–	–	–	4,591	3,611	4,591	3,611
Total Group liabilities	17,521	18,493	4,769	2,802	8,989	9,675	12,918	13,485	44,197	44,455

4E. Other material items and reconciliations

	Specialty pharma principals		Proprietary brands		Medical hypermart and digital		Unallocated		Total	
	2022 $'000	2021 $'000 (restated)	2022 $'000	2021 $'000 (restated)	2022 $'000	2021 $'000 (restated)	2022 $'000	2021 $'000 (restated)	2022 $'000	2021 $'000 (restated)
Allowance for impairment on trade receivables and inventories loss	211	280	311	380	35	16	–	–	557	676
Expenditures for non-current assets	3	10,966	1,427	49	–	–	686	2,857	2,116	13,872

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

4F. Geographical information

	Revenue		Non-current assets	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000 (restated)
Singapore	84,545	64,109	21,771	22,413
Vietnam	54,551	41,605	42	71
Malaysia	15,123	10,637	119	185
Others	8,097	9,532	157	39
Total	162,316	125,883	22,089	22,708

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	
	2022 $'000	2021 $'000
Top 1 customer in specialty and proprietary segments	23,294	19,040
Top 2 customers in specialty and proprietary segments	43,051	33,998
Top 3 customers in specialty, proprietary and hypermart segments	50,334	40,905

5. Revenue

	Group	
	2022 $'000	2021 $'000
Sale of goods	161,652	125,273
Commission income	372	286
Marketing services fees and advertisement	288	323
Other revenue	4	1
Total revenue	162,316	125,883

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	
	2022 $'000	2021 $'000
Allowance for impairment loss on inventories – reversal (loss)	101	(477)
Allowance for impairment loss on trade receivables – loss	(23)	(2)
Foreign exchange adjustments (losses) gains	(923)	457
Government grant income	515	433
Inventories written off	(635)	(197)
Interest income	42	74
Loss on disposal of plant and equipment	(3)	(2)
Loss on disposal of subsidiary	–	(2)
Net	(926)	284
Presented in profit or loss as:		
Other income and gains	658	964
Other losses	(1,584)	(680)
Net	(926)	284

7. Distribution costs

The material components and other selected components include the following:

	Group	
	2022 $'000	2021 $'000
Employee benefits expense (Note 8)	16,464	13,239
Advertising and promotional expenses	8,241	8,580

8. Employee benefits expense

	Group	
	2022 $'000	2021 $'000
Short term employee benefits expense	21,338	16,763
Contributions to defined contribution plans	2,066	1,786
Share-based payments (Note 23A and Note 23B)	333	177
Other benefits	669	467
Total employee benefits expense	24,406	19,193
Employee benefits expense is charged to profit or loss and included in:		
– Cost of sales	449	301
– Distribution costs (Note 7)	16,464	13,239
– Administrative expenses (Note 9)	7,493	5,653
Total employee benefits expense	24,406	19,193

9. Administrative expenses

The material components and other selected components include the following:

	Group	
	2022 $'000	2021 $'000
Employee benefits expense (Note 8)	7,493	5,653
Rental expense (Note 25C)	242	225
Research and development expense	885	564

10. Finance costs

	Group	
	2022 $'000	2021 $'000
Interest expense	186	30
Interest on lease liabilities	52	65
Total finance costs	238	95

11. Income tax

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

	Group	
	2022 $'000	2021 $'000
Current tax:		
Current tax expense	3,128	1,640
Over adjustment in respect of prior periods	(25)	(145)
Subtotal	3,103	1,495
Deferred tax:		
Deferred tax benefit	(221)	(85)
Subtotal	(221)	(85)
Total income tax expense	2,882	1,410

11. Income tax (cont'd)

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

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% (2021: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group 2022 $'000	Group 2021 $'000
Profit before tax	14,291	8,256
Share of profit from an equity-accounted associate	(474)	(17)
	13,817	8,239
Income tax expense at the above rate	2,349	1,401
Expenses not deductible for tax purposes	1,157	479
Income not subject to taxation	(91)	(19)
Effect of partial tax exemptions and tax relief	(372)	(189)
Over adjustment to tax in respect of prior periods	(25)	(145)
Effect of different tax rates in different countries	67	24
Other minor items less than 3% each	(203)	(141)
Total income tax expense	2,882	1,410

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

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

	Group 2022 $'000	Group 2021 $'000
Difference in amortisation of intangible assets	(225)	(60)
Excess of book value of plant and equipment over tax values	4	(25)
Total deferred tax benefit	(221)	(85)

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

	Group 2022 $'000	Group 2021 $'000 (restated)
<u>From deferred tax assets (liabilities) recognised in profit or loss:</u>		
Fair value of intangible assets [(a)]	(726)	(951)
Excess of book value of plant and equipment over tax values	(6)	(2)
Net balance	(732)	(953)
Presented in the statements of financial position as follows:		
Deferred tax assets	61	65
Deferred tax liabilities	(793)	(1,018)
Net balance	(732)	(953)

(a) The balance arose from acquisition of subsidiaries.

11. Income tax (cont'd)

11C. Deferred tax balance in statements of financial position (cont'd):

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 and associate 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	
	2022 $'000	**2021 $'000**
Numerators: profit attributable to equity:		
Continuing operations: attributable to equity holders	11,351	6,846
	2022 '000	**2021 '000**
Denominators: weighted average number of ordinary shares:		
Basic	308,776	301,070
Dilutive share awards effect	1,485	1,168
Diluted	310,261	302,238
Earnings per share for continuing operations	**Cents**	**Cents**
Basic	3.68	2.27
Diluted	3.66	2.27

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

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	
	2022 $'000	**2021 $'000**
Dividends declared and paid during the reporting year:		
Final exempt (1-tier) dividends paid of 0.67 cent (2021: 0.62 cent) per share	2,069	1,863
Proposed dividends on ordinary shares:		
Final exempt (1-tier) dividends proposed of 1.11 cents (2021: 0.67 cent) per share	3,427	2,069

13. Dividends on equity shares (cont'd)

There are no income tax consequences on the reporting entity. Proposed dividends on ordinary shares are subject to approval by shareholders at the next annual general meeting and have not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the 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 2021	4,402	1,108	3,417	131	9,058
Arising from acquisition of subsidiaries (Note 26)	523	24	103	112	762
Additions	95	454	73	–	622
Disposals	(1)	(133)	(14)	–	(148)
Foreign exchange adjustments	(2)	(2)	(3)	(6)	(13)
At 31 December 2021 (restated)	5,017	1,451	3,576	237	10,281
Additions	134	443	20	89	686
Disposals	(16)	(77)	(24)	–	(117)
Foreign exchange adjustments	(15)	(6)	(10)	(12)	(43)
At 31 December 2022	5,120	1,811	3,562	314	10,807
Accumulated depreciation:					
At 1 January 2021	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
Depreciation for the year	1,177	213	639	35	2,064
Disposals	(16)	(75)	(21)	–	(112)
Foreign exchange adjustments	(12)	(5)	(6)	(12)	(35)
At 31 December 2022	3,839	1,016	2,784	151	7,790
Carrying value:					
At 1 January 2021	2,664	234	1,905	4	4,807
At 31 December 2021 (restated)	2,327	568	1,404	109	4,408
At 31 December 2022	1,281	795	778	163	3,017

14. Plant and equipment (cont'd)

Company	Hardware and software $'000	Fixtures and equipment $'000	Total $'000
Cost:			
At 1 January 2021 and 31 December 2021	4	221	225
Additions	3	–	3
At 31 December 2022	7	221	228
Accumulated depreciation:			
At 1 January 2021	2	99	101
Depreciation for the year	1	44	45
At 31 December 2021	3	143	146
Depreciation for the year	1	44	45
At 31 December 2022	4	187	191
Carrying value:			
At 1 January 2021	2	122	124
At 31 December 2021	1	78	79
At 31 December 2022	3	34	37

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 2021	4,029
Arising from acquisition of subsidiaries (Note 26)	515
Additions	60
Foreign exchange adjustments	(3)
At 31 December 2021 (restated)	4,601
Additions	128
Disposals	(16)
Foreign exchange adjustments	(16)
At 31 December 2022	4,697
Accumulated depreciation:	
At 1 January 2021	1,628
Depreciation for the year	902
At 31 December 2021	2,530
Depreciation for the year	1,121
Disposals	(16)
Foreign exchange adjustments	(13)
At 31 December 2022	3,622
Carrying value:	
At 1 January 2021	2,401
At 31 December 2021 (restated)	2,071
At 31 December 2022	1,075

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

15. Intangible assets

	Group 2022 $'000	Group 2021 $'000 (restated)
Goodwill (Note 15A)	12,814	12,814
Distribution rights and trademarks (Note 15B)	6,258	5,486
Total	19,072	18,300

15A. Goodwill

	Group 2022 $'000	Group 2021 $'000 (restated)
Cost:		
Balance at beginning of the year	13,807	5,844
Arising from acquisition of subsidiaries (Note 26)	–	7,963
Balance at end of the year	13,807	13,807
Accumulated impairment:		
Balance at beginning and end of the year	993	993
Carrying value at beginning of the year	12,814	4,851
Carrying value at end of the year	12,814	12,814

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

	Group 2022 $'000	Group 2021 $'000 (restated)
Name of subsidiaries:		
Pan-Malayan Pharmaceuticals Pte Ltd [a]	80	80
Ocean Health Pte. Ltd. [b]	4,771	4,771
Novem [c]	7,963	7,963
Carrying value at end of the year	12,814	12,814

(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 previous reporting year. As a result, the CGU for goodwill impairment testing was performed on Ocean Health Singapore.

15. Intangible assets (cont'd)

15A. Goodwill (cont'd)

(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. The purchase price allocation exercise of the acquisition has been finalised during the current reporting year and consequently, there was a downward adjustment to goodwill. For further information, refer to Note 26.

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of cash-generating units have been measured based on the value in use method as appropriate for the separate CGUs.

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 the measurement last performed and is analysed as follows:

CGU – Ocean Health (Proprietary) **Valuation technique and unobservable inputs** **Discounted cash flow method:**	**Range (weighted average)** **2022**	 **2021**
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
Terminal growth rate	1.5%	1.5%

CGU – Novem (Proprietary) **Valuation technique and unobservable inputs** **Discounted cash flow method:**	**Range (weighted average)** **2022**	 **2021**
Estimated discount rates using post-tax rates that reflect current market assessments at the risks specific to the CGU	12.2%	–
Revenue growth rates	5%	–
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years	–
Terminal growth rate	1.5%	–

Actual outcomes could vary from these estimates.

If the estimated annual revenue growth rates for Ocean Health had been 8.0% (2021: 8.0%) lower than management's estimates, there would be a need to reduce the carrying value of goodwill by $398,000 (2021: $308,000). If the revised estimated post-tax discount rate applied to the discounted cash flows had been 10.0% (2021: 10.0%) higher than management's estimates, there would be a need to reduce the carrying value of goodwill by $344,000 (2021: $32,000).

If the estimated annual revenue growth rates for Novem had been 3.0% lower than management's estimates, there would be a need to reduce the carrying value of goodwill by $1,063,000. If the revised estimated post-tax discount rate applied to the discounted cash flows had been 2.0% higher than management's estimates, there would be a need to reduce the carrying value of goodwill by $931,000.

The financial reporting standard 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 2021	5,057
Additions	134
Arising from acquisition of subsidiaries (Note 26)	2,740
At 31 December 2021 (restated)	7,931
Additions	1,430
At 31 December 2022	9,361
Accumulated amortisation:	
At 1 January 2021	2,018
Amortisation for the year	427
At 31 December 2021	2,445
Amortisation for the year	658
At 31 December 2022	3,103
Carrying value:	
At 1 January 2021	3,039
At 31 December 2021 (restated)	5,486
At 31 December 2022	6,258

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

16. Investment in subsidiaries

	Company	
	2022 $'000	2021 $'000
Movements during the year:		
At beginning of the year	19,420	19,220
Additions	3,000	200
Disposals (see (d) below)	(2,534)	–
At end of the year	19,886	19,420
Total cost comprising:		
Unquoted equity shares at cost	19,886	19,420
Net book value of subsidiaries	47,583	33,901

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 2022 $'000	Cost in the books of the Company 2021 $'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)] [(d)]	Singapore	Wholesale of pharmaceutical and medical supplies and digital business services	–	2,534

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
PT. Hyphens Pharma Indonesia [(b)]	Indonesia	Sales, marketing and distribution of pharmaceutical and healthcare related products and related services
Novem Healthcare Pte Ltd [(a)]	Singapore	Wholesale of medicinal and pharmaceutical products
Novem Pharma Private Limited [(a)]	Singapore	Wholesale of medicinal and pharmaceutical products
Novem Sciences Private Limited [(a)]	Singapore	Wholesale of medicinal and pharmaceutical products

16. Investment in subsidiaries (cont'd)

The subsidiaries that have non-controlling interests are listed below:

Name of subsidiary and principal place of business	Principal activities	Cost in the books of the Company		Effective percentage of equity held by Group	
		2022 $'000	2021 $'000	2022 %	2021 %
DocMed Technology Pte. Ltd. [(a) (e)] Singapore	Wholesale trade and Investment and incubation of early-stage business relating to digital healthcare	3,200	200	90	100

Name of subsidiary and principal place of business	Principal activities	Effective percentage of equity held by Group	
		2022 %	2021 %
Held through DocMed Technology Pte. Ltd.:			
Pan-Malayan Pharmaceuticals Pte Ltd [(a) (d)] Singapore	Wholesale of pharmaceutical and medical supplies and digital business services	90	100

(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) A restructuring exercise was completed on 27 May 2022 to transfer the shareholding of the subsidiary to DocMed Technology Pte. Ltd.

(e) On 6 June 2022, new ordinary shares and Series A Preference Shares were issued to a director of the subsidiary and non-controlling interests for $100,000 and $6,000,000 respectively. This reduced the equity interest in the subsidiaries from 100% to 90%. Changes in the ownership interest in a subsidiary that do not result in losing control are accounted for as transactions with owners in their capacity. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the consideration received is recognised directly in equity and attributed to the owners of the Company under other reserves.

16. Investment in subsidiaries (cont'd)

There are subsidiaries with non-controlling interests that are considered material to the reporting entity and additional disclosures on them (amounts before inter-company eliminations) are presented below.

	Group 2022 $'000
Name of the subsidiary: Pan-Malayan Pharmaceuticals Pte Ltd	
The profit allocated to NCI of the subsidiary during the reporting year	127
Accumulated NCI of the subsidiary at the end of the reporting year	366
The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the group and amounts before inter-company eliminations) is as follows:	
Current assets	22,876
Non-current assets	1,223
Current liabilities	(20,461)
Non-current liabilities	(67)
Revenues	64,853
Profit for the reporting year	1,239
Total comprehensive income	1,239
Net operating cash flows, increase	3,856
Net cash flows, increase	1,156

17. Investment in an associate

	Group	
	2022 $'000	2021 $'000 (restated)
Movements in carrying value:		
Balance at beginning of the year	2,306	–
Arising from acquisition of subsidiaries (Note 26)	–	2,289
Dividends	(58)	–
Dilution of interest arising from disposal of shares [(b)]	(27)	–
Foreign exchange adjustments	(28)	–
Share of profit for the year	474	17
Balance at end of the year	2,667	2,306
Carrying value comprising:		
Unquoted equity shares, at cost	2,262	2,289
Share of post-acquisition profits, net of dividends received	405	17
	2,667	2,306

17. Investment in an associate (cont'd)

Name of associate, country of incorporation, place of operations and principal activities (and independent auditor)	Percentage of equity held by the Group	
	2022 %	2021 %
Ardence Pharma Sdn. Bhd. [(a) (b)] Malaysia Wholesale of pharmaceutical and medical goods (CH KO & Associates)	42	45

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

(b) During the current reporting year, the associate bought back some shares from its shareholders and issued to its employee, hence reducing the Group's equity interest from 45% to 42%.

This associate is not considered to be material to the Group. The summarised financial information of the associate and the aggregate amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associate are as follows. These are adjusted to reflect adjustments made by the Group when using the equity method.

	Group	
	2022 $'000	2021 $'000
Profit and total comprehensive income for the reporting year	1,129	578
Net assets of the associate	1,520	615

18. Inventories

	Group	
	2022 $'000	2021 $'000 (restated)
Raw materials and supplies	1,564	1,025
Finished goods and goods for resale [(a)]	19,696	24,265
	21,260	25,290
Inventories are stated after allowance.		
Movement in allowance:		
At beginning of the year	1,184	1,812
(Reversed) charge to profit or loss included in (other income and gains) other losses	(101)	477
Used	(208)	(1,105)
At end of the year	875	1,184
The amount of inventories included in cost of sales	98,495	76,429
Inventories written off charged to profit or loss included in other losses	635	197

There are no inventories pledged as security for liabilities.

(a) Included in finished goods and goods for resale are inventories under consignment with distributors that amounted to $1,435,000 (2021: $5,540,000).

19. Trade and other receivables

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
		(restated)		
Trade receivables:				
Outside parties	30,348	28,029	–	–
Less allowance for impairment	(229)	(206)	–	–
Subsidiaries (Note 3)	–	–	723	1,246
Net trade receivables – subtotal	30,119	27,823	723	1,246
Other receivables:				
Staff advances	6	7	–	–
Deposits to secure services	588	594	–	–
Subsidiaries (Note 3)	–	–	19,953	19,442
Goods and services tax receivables	52	76	–	–
Other receivables	341	222	2	–
Other receivables – subtotal	987	899	19,955	19,442
Total trade and other receivables	31,106	28,722	20,678	20,688
Movements in above allowance:				
At beginning of the year	206	204	–	–
Charge to profit or loss included in other losses	23	2	–	–
At end of the year	229	206	–	–

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 is no collateral held as security and other credit enhancements for the trade receivables.

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 (2021: 30 to 90 days). However some customers take a longer period to settle the amounts. The customers' balances are subject to the expected credit loss ("ECL") assessment under the financial reporting standard on financial instruments.

The ECL on the trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all assets 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 Group also has a few customers with material balances and which can be credit risk graded individually and these are recorded at inception net of any expected lifetime ECL. For these material balances the credit risk is graded individually. For these material balances, at the end of the reporting year a loss allowance is recognised if there has been a significant increase in credit risk since initial recognition. For any significant increase or decrease in credit risk an adjustment is made to the loss allowance for the material balances. For the smaller balances the assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL including the impact of the current economic conditions. The allowance model 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. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

19. Trade and other receivables (cont'd)

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 press information about the customers.

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

The aging of the non-related party balances is as follows:

	Gross amount		Loss allowance	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Group				
Trade receivables:				
Amount within due date	16,278	18,319	–	–
Past due less than 30 days	7,123	4,287	–	–
Past due 30 to 60 days	3,557	2,058	–	–
Past due 60 to 90 days	919	1,258	–	–
Past due over 90 days	2,471	2,107	229	206
Total	30,348	28,029	229	206

For any significant increase or decrease in credit risk an adjustment is made to the loss allowance for the material balances. The credit risk grade assessed is based on predictive nature of the risk of loss (such as the use of internal and external ratings, audited financial statements, management accounts and cash flow projections and available published information about customers) and applying experienced credit judgement. There were no related party trade and other receivables determined to be impaired.

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

	Group	
	2022 $'000	2021 $'000
Top 1 customer	6,008	3,901
Top 2 customers	10,598	7,713
Top 3 customers	14,001	11,486

The number of debtors that individually represented 5-10% of non-related party trade receivables is 5 (2021: 5).

Other receivables:

The other receivables shown above are subject to the ECL allowance assessment under the financial reporting standard on financial instruments. The other receivables can be graded for credit risk individually. At inception they are recorded net of any expected 12 month expected credit losses. At the end of the reporting year a loss allowance is recognised if there has been a significant increase in credit risk since initial recognition. For any significant increase or decrease in credit risk an adjustment is made to the loss allowance.

The credit risk grade assessed is based on predictive nature of the risk of loss (such as the use of internal and external ratings, audited financial statements, management accounts and cash flow projections and available published information about debtors that is available without undue cost or effort). Other receivables are normally with no fixed terms and therefore there is no fixed maturity date.

20. Cash and cash equivalents

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Not restricted in use	36,480	19,461	4,656	3,221

The rates of interest for the cash on interest earning balances ranged between 0.22% and 3.55% (2021: 0.22% and 1.10%) per annum.

20A. Non-cash transactions

	Group	
	2022 $'000	2021 $'000
Acquisitions of certain assets under plant and equipment under lease contracts	128	60
Lease liabilities arising from acquisition of subsidiaries (Note 26)	–	364

20B. Reconciliation of liabilities arising from financing activities

	2021 $'000	Cash flows $'000	Non-cash changes $'000		2022 $'000
Group					
Loans and borrowings	6,075	(1,620)	24	(a)	4,479
Lease liabilities	2,094	(1,024)	121	(a) (b)	1,191
Total liabilities from financing activities	8,169	(2,644)	145		5,670

	2020 $'000	Cash flows $'000	Non-cash changes $'000		2021 $'000
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

(a) Foreign exchange movements.

(b) Acquisitions per Note 20A.

21. Share capital

	Group and Company	
	Number of shares issued	Share capital
	'000	$'000
Ordinary shares of no par value:		
At 1 January 2021	300,430	32,641
Issuance of new shares pursuant to acquisition of subsidiaries [(a)]	8,346	2,442
At 31 December 2021 and 31 December 2022	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. 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. There were no changes in the approach to capital management during the reporting year. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

The Group 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	
	2022 $'000	2021 $'000 (restated)
Merger reserve (Note 22A)	(15,165)	(15,165)
Foreign currency translation reserve (Note 22B)	202	106
Capital reserves (Note 22C)	5,147	103
Total	(9,816)	(14,956)

All reserves classified on the face of the statements 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 reserve

	Group	
	2022 $'000	2021 $'000
At beginning of the year	106	73
Exchange differences on translating foreign operations	96	33
At end of the year	202	106

The foreign currency translation reserve accumulates all foreign exchange differences.

22C. Capital reserves

Capital reserves arise from the following:

(1) The fair value of the shares issued have been adjusted to reflect the prevailing share price as of the transaction date, of which the difference of $103,000 is recorded under capital reserves.

(2) The excess of carrying value over the consideration received from non-controlling interests for 10% interest in the subsidiary (See Note 16(e)).

23. Share-based payment

23A. Hyphens Performance Share Plan

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.

23. Share-based payment (cont'd)

23A. Hyphens Performance Share Plan (cont'd)

On 19 March 2021, the Company 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.

Based on the performance criteria, 422,000 of the New Shares vested on 31 December 2022. These 422,000 New Shares will be awarded and issued no later than 30 April 2023 and the remaining 1,063,000 New Shares will not be awarded.

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, 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.

During the current reporting year, $226,000 (2021: $177,000) was recognised under employee benefits expense (Note 8).

23B. Other share-based payment

A subsidiary of the Group entered into an employment agreement with one of its directors. He is entitled to subscribe for certain shares in the subsidiary at a specific price, upon achieving certain stipulated milestones within the agreement.

Management has thus engaged a valuer to determine the value of the share-based payment and an amount of $107,000 is recognised for the current reporting year under employee benefits expense (Note 8).

The estimate of the fair value of the option issued is based on Black-Scholes Model and Probability Weighted Expected Return Method. In order to approximate the expectations that would be reflected in a current market or negotiated exchange price for the option, the calculations take into consideration factors like behavioural considerations and non-transferability of the options granted.

The vesting period based on the original employment agreement is 24 months and the amendment agreement extended the said period of 24 months by an additional 12 months.

Inputs to the valuation are as follows:

Exercise price	$0.00000128 - $0.00000439
Price per ordinary shares	$2.44
Risk free rate	0.70% - 0.86%
Number of share options	227,552 to 782,558
Probabilities	20% - 50%

24. Trade and other payables

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade payables:				
Outside parties and accrued liabilities	34,193	32,418	1,602	1,192
Trade payables – subtotal	34,193	32,418	1,602	1,192
Other payables:				
Subsidiary (Note 3)	–	–	6	7
Outside parties	884	1,145	12	11
Other payables – subtotal	884	1,145	18	18
Total trade and other payables	35,077	33,563	1,620	1,210

25. Other financial liabilities

	Group	
	2022 $'000	2021 $'000
Non-current:		
Lease liabilities (Note 25C)	101	880
Term loan (Note 25A)	3,229	–
Total non-current portion	3,330	880
Current:		
Lease liabilities (Note 25C)	1,090	1,214
Short-term revolving loans (Note 25B)	–	4,243
Term loan (Note 25A)	1,250	1,832
Total current portion	2,340	7,289
Total current and non-current	5,670	8,169
The non-current portion is repayable as follows:		
Due within 1 to 3 years	3,330	880

25A. Term loan

In 2020, a subsidiary had obtained a term loan of $2,000,000. During the current reporting year, the loan has been fully settled.

In 2022, a subsidiary had obtained a term loan of $5,000,000 with interest rate at SORA in-arrears plus 2.5% per annum. The loan is covered by corporate guarantees from the Company and another subsidiary in the Group. The loan is repayable over a 48-month period, with first instalment commencing from August 2022.

25. Other financial liabilities (cont'd)

25B. Short-term revolving loans

The ranges of floating interest rates paid were as follows:

	Group	
	2022 %	2021 %
Short-term revolving loans	1.4% to 5.0%	1.4% to 2.6%

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.

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 tenured 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	
	2022 $'000	2021 $'000
Lease liabilities, current	1,090	1,214
Lease liabilities, non-current	101	880
	1,191	2,094

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.

25. Other financial liabilities (cont'd)

25C. Lease liabilities (cont'd)

The weighted average incremental borrowing rate applied to lease liabilities recognised is 5.1% (2021: 3.9%) per year.

A summary of the maturity analysis of lease liabilities is disclosed in Note 28E. 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	
	2022 $'000	**2021 $'000**
Expenses relating to short-term leases included in administrative expenses	225	210
Expenses relating to leases of low-value assets included in administrative expenses	17	15
Total commitments on short-term leases at year end date	186	261

26. Acquisition of subsidiaries

On 3 December 2021, the Group completed the acquisition of Novem Healthcare Pte Ltd, Novem Pharma Private Limited and Novem Sciences Private Limited (collectively "Novem"). Management has since finalised the purchase price allocation exercise and identified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition as follows:

	Fair values used $'000	**Provisional fair value $'000**
Plant and equipment, including right-of-use assets	762	525
Intangible assets	2,740	–
Investment in an associate	2,289	290
Inventories	3,794	3,580
Trade and other receivables	2,748	2,748
Prepayments and deposits	27	27
Cash and cash equivalents	997	997
Income tax payable	(281)	(281)
Trade and other payables	(2,895)	(2,895)
Other financial liabilities	(364)	(364)
Deferred tax liabilities	(676)	–
Net assets	9,141	4,627
Goodwill	7,963	12,553
Purchase consideration transferred	17,104	17,180

The growth expectations, expected future profitability, the substantial skill and expertise of the workforce of the investee and expected cost synergies all contributed to the amount paid for goodwill.

The goodwill is not deductible for tax purposes.

26. Acquisition of subsidiaries (cont'd)

The consideration transferred is as follows

	2021 $'000 (restated)	2021 $'000 (previously reported)
Consideration transferred:		
Consideration transferred in cash (1)	14,559	14,738
Shares issued, at fair value (2)	2,545	2,442
Total consideration transferred	17,104	17,180

	2021 $'000
Net cash outflow arising on acquisition:	
Cash consideration	14,738
Transaction costs of the acquisition (3)	415
Less: Cash and cash equivalent balances acquired	(997)
Net cash flow on acquisition	14,156

(1) Following the finalisation of completion accounts for Novem acquisition, there was a downward purchase price adjustment of $179,000, which was accounted for under trade and other receivables in the previous reporting year.

(2) The fair value of the shares issued have been adjusted retrospectively to reflect the prevailing share price as of the transaction date. The difference is reported under other reserves in the restated financial statements.

(3) Transaction costs of $415,000 were expensed and included in administrative expenses in the previous reporting year.

Accordingly, as required by the financial reporting standard on business combinations, the comparative figures have been restated retrospectively as follows:

	Group		
	After $'000	Before $'000	Difference $'000
2021 Consolidated Statement of Financial Position:			
Plant & equipment	4,408	4,171	237
Intangible assets	18,300	20,150	(1,850)
Investment in an associate	2,306	307	1,999
Inventories	25,290	25,076	214
Trade and other receivables	28,722	28,543	179
Deferred tax liabilities	(1,018)	(342)	(676)
Other reserves	14,956	15,059	(103)

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

	From date of acquisition in 2021 $'000
Revenue of the acquiree	1,310
Profit after tax	70

27. Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date with the gain or loss recognised immediately in profit or loss except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

During the current reporting year, the Group entered into an interest rate swap. The notional amount of the interest rate swaps was $3,750,000. They are designed to convert floating rate borrowings to fixed rate exposure for the next three years at 4.5% per year, effective from July 2023.

The interest rate swaps are not traded in an active market. The fair value (Level 2) of interest rate swaps is measured on the basis of the current value of the difference between the contractual interest rate and the market rate at the end of the reporting year. The valuation technique uses market observable inputs. As the interest rate swap kicks into effect only after the end of the reporting year, management has assessed and determined the unrealised fair value of the interest rate swap to be not material to the Group's financial statements and hence not recognised in the current reporting year.

28. Financial instruments: information on financial risks

28A. 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	
	2022 $'000	2021 $'000 (restated)	2022 $'000	2021 $'000
Financial assets:				
Financial assets at amortised cost	67,586	48,183	25,334	23,909
At end of the year	67,586	48,183	25,334	23,909
Financial liabilities:				
Financial liabilities at amortised cost	40,747	41,732	1,620	1,210
At end of the year	40,747	41,732	1,620	1,210

Further quantitative disclosures are included throughout these financial statements.

28B. 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.

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

28B. Financial risk management (cont'd)

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.

5. When appropriate, consideration is given to entering into derivatives or any other similar instruments for hedging purposes.

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.

The Group and Company are exposed to currency and interest rate risks. When appropriate, management will assess and enter into derivatives or any other similar instruments to reduce the Group's and Company's exposure.

28C. 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 material 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. The disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

28D. Credit risk on financial assets

Financial assets are principally from cash balances with banks, cash equivalents, receivables and other financial assets at amortised cost. They are potentially subject to credit risk due to failures by counterparties to discharge their obligations in full or in a timely manner. 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 and any other financial instruments with banks and other financial institutions 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 ECL allowance. Under this general approach the financial assets move through the three stages as their credit quality change. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, for trade receivables that do not contain a significant financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a significant financing component, the reporting entity applies the simplified approach in calculating ECL as is permitted by the financial reporting standard on financial instruments. Under the simplified approach, the reporting entity does not track changes in credit risk, but instead recognises the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life at each reporting date. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any 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.

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

28E. Liquidity risk – financial liabilities maturity analysis

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 within twelve months after the end of the reporting year. The average credit period taken to settle trade payables is about 90 days (2021: 90 days). 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.

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	**Less than 1 year**	**1 - 3 years**	**Total**
	$'000	**$'000**	**$'000**
Non-derivative financial liabilities:			
2022			
Trade and other payables	35,077	–	35,077
Gross borrowings commitments	1,533	3,965	5,498
Gross lease liabilities	1,093	209	1,302
At end of the year	37,703	4,174	41,877
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

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

There are no liabilities contracted to fall due after twelve months at the end of the reporting year for the Company.

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

Company	**Less than 1 year**
	$'000
2022:	
Financial guarantee contracts – in favour of subsidiaries	1,250
2021:	
Financial guarantee contracts – in favour of subsidiaries	6,075

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

28E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The above table shows the maturity analysis of the contingent liabilities from financial guarantees. 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.

Bank facilities:

	Group	
	2022 $'000	**2021 $'000**
Undrawn borrowing facilities	20,486	21,405

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.

28F. 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	
	2022 $'000	**2021 $'000**
Financial liabilities with interest:		
Fixed rates	1,191	3,926
Floating rates	4,479	4,243
Total at end of the year	5,670	8,169

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.

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

28G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency that is a currency other than the functional currency in which they are measured. 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 $'000	Euro $'000	Vietnam Dong $'000	Indo Rupiah $'000	Total $'000
As at 31 December 2022:					
Financial assets:					
Cash and cash equivalents	2,066	284	163	269	2,782
Loan and receivables	570	4,538	–	3,442	8,550
Total financial assets	2,636	4,822	163	3,711	11,332
Financial liabilities:					
Trade and other payables	(4,057)	(8,312)	(514)	(524)	(13,407)
Total financial liabilities	(4,057)	(8,312)	(514)	(524)	(13,407)
Net financial (liabilities) assets at end of the year	(1,421)	(3,490)	(351)	3,187	(2,075)
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 assets (liabilities) at end of the year	(2,452)	(3,571)	(2,554)	4,457	(4,120)

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

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

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

28G. Foreign currency risk (cont'd)

Sensitivity analysis:

	Group	
	2022 $'000	2021 $'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	142	245
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	349	357
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	35	255
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	(319)	(446)

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.

29. 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	
	2022 $'000	2021 $'000
Audit fees to the independent auditor of the Company	172	165
Audit fees to the other independent auditors	23	22
Other fees to the independent auditor of the Company, including its affiliated firms	105	99

30. Changes and adoption of financial reporting standards

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

SFRS (I) No.	Title
SFRS (I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to
SFRS (I) 9	Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities (Annual Improvement Project)
Various	Annual Improvements to SFRS(I)s 2018-2020 - Amendments to SFRS(I) 1 First-time Adoption of SFRS(I); SFRS(I) 9 Financial Instruments; SFRS(I) 16 Leases; and SFRS(I) 1-41 Agriculture

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

For the future reporting years the Singapore Accounting Standards Council issued certain new or revised financial reporting standards and these will only be effective for future reporting years. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any material modification of the measurement methods or the presentation in the financial statements for the following reporting 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. Those applicable to the reporting entity for future reporting years are listed below.

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 2024
SFRS (I) 1-1	Disclosure of Accounting Policies - Amendments to SFRS (I) 1-1 and SFRS (I) Practice Statement 2 Making Materiality Judgements	1 January 2023
SFRS (I) 1-8	Definition of Accounting Estimates - Amendments to	1 January 2023

STATISTICS OF SHAREHOLDINGS

As at 13 March 2023

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	0.07	60	0.00
100 - 1,000	104	7.33	68,240	0.02
1,001 - 10,000	745	52.54	4,192,900	1.36
10,001 - 1,000,000	552	38.93	33,832,900	10.96
1,000,001 and above	16	1.13	270,682,100	87.66
TOTAL	**1,418**	**100.00**	**308,776,200**	**100.00**

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 13 March 2023, approximately 23.87% 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 13 March 2023

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	125,939,839	40.79
2	TAN KIA KING	76,380,801	24.74
3	TAN CHWEE CHOON	38,045,560	12.32
4	PHILLIP SECURITIES PTE LTD	4,193,500	1.36
5	NG KIAN PENG ALBERT (HUANG JIANPING ALBERT)	4,172,900	1.35
6	LAU JUI FANG (LIU RUIFANG)	4,122,900	1.34
7	BPSS NOMINEES SINGAPORE (PTE.) LTD.	4,000,400	1.30
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,288,300	0.74
9	RAFFLES NOMINEES (PTE.) LIMITED	2,077,100	0.67
10	IFAST FINANCIAL PTE. LTD.	1,838,400	0.60
11	ONG ENG SAI	1,810,000	0.59
12	ONG POH LIM @ ONG PAO LIM	1,535,600	0.50
13	OCBC SECURITIES PRIVATE LIMITED	1,104,600	0.36
14	KONG KOK CHOY	1,100,000	0.36
15	LEE YEOW HWEE OR TANG BOON LUI (CHEN WENLEI)	1,068,000	0.35
16	TAN WEI PING (CHEN WEIBIN)	1,004,200	0.33
17	WONG POH HWA @ KWAI SENG	800,000	0.26
18	MAYBANK SECURITIES PTE. LTD.	773,100	0.25
19	LEE ENG KHIAN	700,000	0.23
20	JAMES ALVIN LOW YIEW HOCK	612,400	0.20
	TOTAL	**273,567,600**	**88.64**

SUBSTANTIAL SHAREHOLDERS AS AT 13 MARCH 2023

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 13 March 2023*

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 OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 5th Annual General Meeting ("**AGM**") of the Company will be convened and held at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 on Wednesday, 26 April 2023 at 10:00 a.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 2022 together with the Auditors' Report thereon. **Resolution 1**

2. To declare a final tax exempt (one-tier) dividend of 1.11 Singapore cents per ordinary share for the financial year ended 31 December 2022. **Resolution 2**

3. To re-elect Dr Tan Kia King, who is retiring in accordance with Regulation 97 of the Company's Constitution, as a Director of the Company. **Resolution 3**

4. To note the retirement of Mr Tan Chwee Choon, a Director retiring in accordance with Regulation 97 of the Constitution of the Company, who although eligible, is not offering himself for re-election.

5. To approve the Directors' fees of SGD 232,000 for the financial year ended 31 December 2022. **Resolution 4**

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

SPECIAL BUSINESS

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

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

   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.

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

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.

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

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.

10. 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: 10 April 2023

EXPLANATORY NOTES

Resolution 3

Dr Tan Kia King shall, upon re-election as Director of the Company, remain as a Non-Executive Director and a member of the Nominating Committee of the Company.

Mr Tan Chwee Choon who is retiring as Director of the Company pursuant to Regulation 97 of the Constitution of the Company, had indicated that he would not seek for re-election as Director of the Company at this AGM. Mr Tan Chwee Choon will, upon retirement, cease to be the Executive Director of the Company. An announcement of Mr Tan Chwee Choon's retirement will be made on 10 April 2023 via SGXNET.

Resolution 6

Resolution 6 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 7

Resolution 7 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 8

Resolution 8 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 members of the Company are invited to attend the AGM physically. **There will be no option for members to participate virtually**. Printed copies of this Notice of AGM, Proxy Form and the Request Form for members to request for a printed copy of the Annual Report (the "**Request Form**") will be sent to members. Copies of the Annual Report are available to members by electronic means via publication on the Company's website at the URL https://www.hyphensgroup.com/investor-relations/sgx-announcements/ and on the SGX website at the URL https://www.sgx.com/securities/company-announcements. A member will need an internet browser and PDF reader to view these documents. Members who wish to request printed copies of the Annual Report will need to complete and return the Request Form, by sending it back by post to the address stated on the Request Form to reach by 17 April 2023.

2. Members (including Supplementary Retirement Scheme investors ("**SRS Investors**")) may participate in the AGM by:

   (a) attending the AGM in person;

   (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or

   (c) voting at the AGM (i) themselves personally; or (ii) through their duly appointed proxy(ies).

   SRS Investors who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective SRS Operators to submit their votes by 10:00 a.m. on 17 April 2023, being seven (7) working days prior to the date of the AGM.

   Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appoint a proxy(ies) to attend the AGM. We encourage members to mask up when attending the AGM.

3. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

   Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

4. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant Intermediary**" has the meaning prescribed to it in Section 181 of the Companies Act:

   (a) a banking corporation licensed under the Banking Act 1970 of Singapore, 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; and

   (b) a person holding a capital markets services licence holder to provide under the Securities and Futures Act and who holds shares in that capacity.

5. A member can appoint the Chairman of the AGM as his/her/its proxy **but this is not mandatory**.

   If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The duly executed Proxy Form must be submitted to the Company in the following manner:

    (a) if submitted by hand or by post, to 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

    (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at AGM.TeamE@boardroomlimited.com.

    in either case, not less than 72 hours before the time appointed for holding the AGM (and any adjournment thereof), i.e. by no later than **10:00 a.m. on 23 April 2023. Members are strongly encouraged to submit the completed proxy forms electronically by email**.

    If a proxy is to be appointed, the instrument appointing the proxy must be signed by the appointer on his/her/its attorney duly authorized in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or signed on its behalf by a duly authorized officer or attorney. The Proxy Form has been uploaded together with the Notice of AGM on SGXNet on the same day.

    Where the instrument appointing a proxy or proxies 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.

    Where this instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.

    In appointing a proxy, if no specific directions as to voting is given by a member, the proxy/proxies (except where the Chairman of the AGM is appointed as the member's proxy) will vote or abstain from voting at his/her/their discretion on any matter arising at the AGM and at any adjournment thereof.

    The Company shall be entitled to reject a Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (such as in the case where the appointor submits more than one instrument of proxy).

    In the case of Shares entered in the Depository Register, a Depositor's name must appear on the Depository Register maintained by CDP 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to appoint the proxy.

7. Member's Queries

Members may raise questions at the AGM or submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM, in the following manner by **5:00 p.m. on 17 April 2023** (the "**Cut-off Time**"):

(a) 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

(b) by email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at AGM.TeamE@boardroomlimited.com.

For verification purpose, when submitting any questions by post or via email, members MUST provide the Company with their particulars (comprising full name (for individuals)/company name (for corporates), email address, contact number, NRIC/passport number/company registration number, shareholding type and number of shares held).

The Company will endeavour to address substantial and relevant questions (determined by the Company in its sole discretion) to the resolutions to be tabled for approval at the AGM by way of an announcement to be released on SGXNet and on the Company's website by **10:00 a.m. on 21 April 2023** (being, no later than 48 hours before the closing date and time for the lodgement of the Proxy Forms).

Any subsequent clarification sought by members after the Cut-off Time will be addressed at the AGM. Members may also ask questions during the AGM.

The minutes of the AGM will be published on SGXNet within one (1) month after the date of the AGM.

8. **COVID-19 Measures**

The Company will continue to monitor the ongoing COVID-19 situation and reserves the right to take further measures as appropriate and at short notice, in order to comply with the various government and regulatory advisories from time to time. Any changes to the manner of conduct of the AGM will be announced on SGXNet at the URL https://www.sgx.com/securities/company-announcements. Members are advised to check SGXNet regularly for updates on the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing 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 12 May 2023 for the purpose of determining members' entitlements to a final tax exempt (one-tier) dividend of 1.11 Singapore cents per ordinary share for the financial year ended 31 December 2022 ("**Proposed Final Dividend**"). The Proposed Final Dividend, if approved by shareholders at the AGM, will be paid on 24 May 2023.

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 11 May 2023** 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 11 May 2023** 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
DIRECTOR SEEKING RE-ELECTION

Dr Tan Kia King is seeking re-election at the forthcoming AGM of the Company. Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to Dr Tan Kia King, being the Director who is retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below and to be read with his profile under the section entitled "Board of Directors" of this Annual Report:

Name of Director	**Dr Tan Kia King**
Date of Appointment	12 December 2017
Date of last re-appointment (if applicable)	12 June 2020
Age	56
Country of principal Residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the NC and assessed Dr Tan Kia King's overall contributions and performance, is of the view that he is suitable for re-appointment as the non-executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-executive Director and a Member of the Nominating Committee
Professional Qualifications	Bachelor of Medicine and Bachelor of Surgery
Working experience and occupation(s) during the past 10 years	General Practitioner since 1993
Shareholding interest in the listed issuer and its subsidiaries	Direct interest - 76,380,801 (24.74% of ordinary shares)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules has been submitted to the listed issuer	Yes
Other Principal Commitments including Directorships ● Past (for the last 5 years) ● Present	 **Directorships** - Director, DAC Pharmalab Pte Ltd - Director, Inomed Holding Pte Ltd - Director, Ocean Healthcare (M) Sdn. Bhd **Directorships** - Hyphens Pharma Pte. Ltd. - Ocean Health Pte. Ltd. - Pan-Malayan Pharmaceuticals Pte Ltd - DocMed Technology Pte. Ltd. - LTT Investments Pte. Ltd.

INFORMATION ON
DIRECTOR SEEKING RE-ELECTION

Name of Director	Dr Tan Kia King
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
(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
(c) Whether there is any unsatisfied judgment against him?	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
(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
(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

Name of Director	Dr Tan Kia King
(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
(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
(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
(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
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
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
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,	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
(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

HYPHENS PHARMA INTERNATIONAL LIMITED

Registration No. 201735688C
(Incorporated in Singapore)

ANNUAL GENERAL MEETING

PROXY FORM

IMPORTANT

1. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investor**") may attend and cast their votes at the AGM personally. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Operators to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.
2. 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.
3. A relevant intermediary may appoint the Chairman of the AGM to attend the AGM and vote (please see Note 2 for the definition of "relevant intermediary").

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

of ____

being a member/members of Hyphens Pharma International Limited (the "**Company**") hereby appoint

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address	**Email Address**		

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address	**Email Address**		

or failing which, the Chairman ("**Chairman**") of the 5th Annual General Meeting of the Company (the "**AGM**"), as my/our proxy to attend, speak and vote for *me/us on *my/our behalf at the AGM of the Company to be held at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 on 26 April 2023 at 10:00 a.m. and at any adjournment thereof.

*I/We direct *my/our proxy(ies) to vote for, or against, or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder.

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 1.11 Singapore cents per ordinary share			
3.	To re-elect Dr Tan Kia King as Director			
4.	To approve the Directors' fees payable by the Company			
5.	To re-appoint RSM Chio Lim LLP as Auditors			
SPECIAL BUSINESS				
6.	To authorise the Directors to allot and issue new shares			
7.	To authorise the Directors to grant awards and issue shares in accordance with the Hyphens Performance Share Plan			
8.	To authorise the Directors to grant options and issue shares in accordance with the Hyphens Share Option Scheme			

* If you wish to exercise all your votes "For", "Against" or "Abstain", please indicate with a "√" in the box provided. Alternatively, please indicate the number of shares as appropriate. If no specific direction as to voting is given, the proxy/proxies (except where the Chairman of the AGM is appointed as my/our proxy) will vote or abstain from voting at his/her/their discretion on any matter arising at the AGM and at any adjournment thereof. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as my/our proxy for that resolution will be treated as invalid.

Dated this ________ day of ________________ 2023

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 81F of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, 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 against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company may physically attend and vote at the AGM, or:
   (a) a member of the Company entitled to attend and vote at the AGM and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second name proxy shall be deemed to be an alternate to the first named proxy; and
   (b) a member of the Company entitled to attend and vote at the AGM and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM of the Company, but each such proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one (1) proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

   A "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; or
   (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.
3. In appointing a proxy, if no specific directions as to voting are given by a member, the proxy/proxies (except where the Chairman of the AGM is appointed as the member's proxy) will vote or abstain from voting at his/her/their discretion on any matter arising at the AGM and at any adjournment thereof. In the absence of specific direction as to the voting given by a member, the appointment of the Chairman of the AGM as the member's proxy for the relevant resolutions will be treated as invalid.
4. SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators to submit their votes by 10:00 a.m. on 17 April 2023 (being at least seven (7) working days before the date of the AGM) to allow sufficient time for their respective SRS Operators to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.
5. A proxy need not be a member of the Company.
6. The duly executed Proxy Form must be submitted to the Company in the following manner:
   (a) if submitted by hand or by post, to 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, Boardroom Corporate & Advisory Services Pte. Ltd., at AGM.TeamE@boardroomlimited.com,

   in either case, not less than 72 hours before the time appointed for holding the AGM (and at any adjournment thereof), i.e. by no later than **10:00 a.m. on 23 April 2023. Members are strongly encouraged to submit completed Proxy Forms electronically via email.**
7. This instrument of proxy must be signed by the appointor or of his/her/its attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or signed on its behalf by a duly authorised officer or attorney.

   Where the instrument appointing a proxy or proxies 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.
8. Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
9. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with Section 179 of the Companies Act 1967 of Singapore.
10. A member may withdraw instrument appointing the Chairman of the AGM as proxy 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.
11. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (such as in the case where the appointer submits more than one instrument of proxy).
12. 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 AGM as the proxy lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

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 AGM dated 10 April 2023.

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