

## **2ND ANNUAL GENERAL MEETING**

Date : 12 June 2020  
Place : Video conferencing  
Present : Refer to the Attendance List

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### **CHAIRMAN**

Mr Lim See Wah presided at the meeting.

### **QUORUM**

After ascertaining the presence of a quorum, the Chairman called the meeting to order at 2.00 p.m.

### **INTRODUCTION**

Chairman welcomed the shareholders to the 2nd Annual General Meeting ("AGM") of the Company and introduced the members of the Board to the shareholders.

The Company informed the shareholders of the following:-

- a) In accordance with the Company's Constitution, electronic voting was not allowed. Shareholders who wish to vote on any or all of the resolutions would have submitted their proxy form to appoint the Chairman to vote on their behalf.
- b) Shareholders' microphones would be muted to avoid audio interference during the course of the AGM

A presentation was made to the shareholders to update them on the Group's businesses.

### **QUESTIONS & ANSWERS**

The Company has received questions from shareholders. The Board and Management addressed some of these questions. The full written response is attached in Appendix A.

### **NOTICE**

A copy of the Company's Notice of AGM had been circulated to the shareholders on 21 May 2020. The Notice of the AGM, with the consent of the shareholders, was taken as read.

RESOLVED -

### **RESOLUTION 1 - DIRECTORS' REPORT AND ACCOUNTS**

That the audited financial statements and the Reports of the Directors and Auditors for the year ended 31 December 2019 submitted to this Meeting be and are hereby received.

Proposer : Chairman  
 Seconder : Fang Lee Wei

The motion was put to vote by poll and the results were as follows:-

	No.	Percentage (%)
No. of votes in favour of the Resolution	248,145,600	100
No. of votes against the Resolution	-	-
No. of votes abstained from voting on the Resolution	-	-

The Chairman declared the motion carried.

RESOLVED -

### **RESOLUTION 2 - RE-ELECTION OF DIRECTOR**

That Mr Tan Chwee Choon be and is hereby re-elected as Director of the Company in accordance with Regulation 97 of the Company's Constitution.

Proposer : Chairman  
 Seconder : Fang Lee Wei

The motion was put to vote by poll and the results were as follows:-

	No.	Percentage (%)
No. of votes in favour of the Resolution	205,860,240	100
No. of votes against the Resolution	-	-
No. of votes abstained from voting on the Resolution	42,285,360	-

The Chairman declared the motion carried.

RESOLVED -

**RESOLUTION 3 – RE-ELECTION OF DIRECTOR**

That Dr Tan Kia King be and is hereby re-elected as Director of the Company in accordance with Regulation 97 of the Company's Constitution.

Proposer : Chairman  
 Seconder : Fang Lee Wei

The motion was put to vote by poll and the results were as follows:-

	No.	Percentage (%)
No. of votes in favour of the Resolution	248,145,600	100
No. of votes against the Resolution	-	-
No. of votes abstained from voting on the Resolution	-	-

The Chairman declared the motion carried.

RESOLVED -

**RESOLUTION 4 – RE-ELECTION OF DIRECTOR**

That Ms Tan Seok Hoong @Mrs Audrey Liow be and is hereby re-elected as Director of the Company in accordance with Regulation 103 of the Company's Constitution.

Proposer : Chairman  
 Seconder : Fang Lee Wei

The motion was put to vote by poll and the results were as follows:-

	No.	Percentage (%)
No. of votes in favour of the Resolution	248,145,600	100
No. of votes against the Resolution	-	-
No. of votes abstained from voting on the Resolution	-	-

The Chairman declared the motion carried.

RESOLVED -

**RESOLUTION 5 – DIRECTORS’ FEES**

That the Directors’ fees of SGD 182,000 for the year ended 31 December 2019 be hereby approved.

Proposer : Chairman  
 Seconder : Fang Lee Wei

The motion was put to vote by poll and the results were as follows:-

	No.	Percentage (%)
No. of votes in favour of the Resolution	205,860,240	100
No. of votes against the Resolution	-	-
No. of votes abstained from voting on the Resolution	42,285,360	-

The Chairman declared the motion carried.

RESOLVED -

**RESOLUTION 6 - RE-APPOINTMENT OF AUDITORS**

That Messrs RSM Chio Lim LLP be and they are hereby re-appointed as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting and that the Directors be and are hereby authorised to fix their remuneration.

Proposer : Chairman  
 Seconder : Fang Lee Wei

The motion was put to vote by poll and the results were as follows:-

	No.	Percentage (%)
No. of votes in favour of the Resolution	239,084,200	96.35
No. of votes against the Resolution	9,061,400	3.65
No. of votes abstained from voting on the Resolution	-	-

The Chairman declared the motion carried.

## **SPECIAL BUSINESSES**

RESOLVED -

### **RESOLUTION 7 – AUTHORITY TO ALLOT AND ISSUE SHARES**

That pursuant to Section 161 of the Companies Act (Chapter 50) 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;
- (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) 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.

Proposer : Chairman  
 Seconder : Fang Lee Wei

The motion was put to vote by poll and the results were as follows:-

	No.	Percentage (%)
No. of votes in favour of the Resolution	239,074,200	96.34
No. of votes against the Resolution	9,071,400	3.66
No. of votes abstained from voting on the Resolution	-	-

The Chairman declared the motion carried.

RESOLVED -

**RESOLUTION 8 - AUTHORITY TO GRANT AWARDS AND TO ALLOT AND ISSUE SHARES IN ACCORDANCE WITH HYPHENS PERFORMANCE SHARE PLAN**

That pursuant to Section 161 of the Companies Act (Chapter 50) and the Rules of Catalyst, approval be and is hereby given to the Directors of the Company to:

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

Proposer : Chairman  
 Secunder : Fang Lee Wei

The motion was put to vote by poll and the results were as follows:-

	No.	Percentage (%)
No. of votes in favour of the Resolution	196,649,640	95.60
No. of votes against the Resolution	9,061,400	4.40
No. of votes abstained from voting on the Resolution	42,434,560	-

The Chairman declared the motion carried.

RESOLVED -

**RESOLUTION 9 - AUTHORITY TO GRANT OPTIONS AND TO ALLOT AND ISSUE SHARES IN ACCORDANCE WITH HYPHENS EMPLOYEE SHARE OPTION SCHEME**

That pursuant to Section 161 of the Companies Act (Chapter 50) and the Rules of Catalyst, 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) to 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.

Proposer : Chairman  
 Secunder : Fang Lee Wei

The motion was put to vote by poll and the results were as follows:-

	No.	Percentage (%)
No. of votes in favour of the Resolution	196,649,640	95.60
No. of votes against the Resolution	9,061,400	4.40
No. of votes abstained from voting on the Resolution	42,434,560	-

The Chairman declared the motion carried.

### **TERMINATION OF MEETING**

There being no other business, the Meeting ended at 2.30 p.m. with a vote of thanks to the Chair.

CONFIRMED AS A TRUE RECORD OF MINUTES

**LIM SEE WAH**  
 Chairman

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

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

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

## **ATTENDANCE LISTS**

### **Physical attendance**

<b>Name</b>	<b>Position</b>
Lim See Wah	Executive Chairman and CEO
Heng Wee Koon	Lead Independent Director
Lim Sher Mei (Lin Shimei)	Company Secretary
Fang Lee Wei	Chief Financial Officer

### **Attendance via web conference**

#### **Board of Directors**

<b>Name</b>	<b>Position</b>
Tan Chwee Choon	Executive Director
Tan Kia King	Non-Executive Director
Ng Eng Leng	Independent Director
Tan Seok Hoong @Mrs Audrey Liow	Independent Director

#### **Professionals**

<b>Company Name</b>	
Boardroom Corporate & Advisory Services Pte Ltd	Share registrar / Poll agent
Drewcorp Services Pte Ltd	Scrutineer
DBS Bank Ltd	Sponsor
RSM Chio Lim LLP	Independent Auditor
Stone Forest Corpserve Pte. Ltd.	Corporate Secretarial
Cogent Communications Pte Ltd	Investors' Relation

#### **Shareholders**

Due to the restriction on the use of personal data pursuant to the provisions of the Personal Data Protection Act 2012, the names of the shareholders present at the meeting will not be published in this minutes.



## Appendix A

### **Question 1**

What is the impact of the circuit breaker measures on the Singapore operations?

#### **Company's Response**

As Hyphens' businesses are part of the listed essential services by MTI, the Group has continued to operate during the circuit breaker period. However, due to a limitation to the medical services permitted in clinics and hospitals during the circuit breaker, we saw a drop in demand from the medical channel. On the other hand, there was a significant increase in demand from the retail and online channels.

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### **Question 2**

What are the main initiatives in 2020 to grow the revenues (new products, new countries or more sales people?) Will the company increase its headcount for 2020?

#### **Company's Response**

The growth strategy remains a multi-prong approach – launching new products under our proprietary brands, strengthening on our marketing outreach in existing markets, and embarking on new digital business initiatives.

We will also continuously examine our manpower capabilities and strategically recruit new talents to fill any gaps identified, such as in the areas of sales & marketing and digital.

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### **Question 3**

Please further elaborate on your overseas business expansion plans, if any, in the ASEAN region (excluding Singapore).

#### **Company's Response**

Hyphens will continue to strengthen our presence in Malaysia, Indonesia, the Philippines and Vietnam. Although the Group does not have immediate plans to venture into new ASEAN markets, we are open to exploring suitable opportunities as and when it is present.

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### **Question 4**

What is the current market share of Ceradan/TDF/Ocean Health in the S'pore market?

#### **Company's Response**

Based on a study conducted by IQVIA in 3Q2018, Ceradan® is the No. 1 Top-Of-Mind Awareness brand amongst private dermatologists in Singapore for sensitive and eczema-prone skin.

Ocean Health® Omega-3 is Singapore's best-selling fish oil (Omega-3) supplement in major retail pharmacies such as Guardian, Watson's and Unity.

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### **Question 5**

How does Ocean Health differentiate itself from competitors given that there are many brands of health supplements in the market?

### **Company's Response**

Established in 1994, Ocean Health is a leading home-grown health supplements brand in Singapore which offers a wide range of products of high quality and at affordable prices. To maintain our high-quality standards, every batch of Ocean Health® products has passed through stringent testing for quality and efficacy to live up to our promise of "Quality You Can Trust". Well recognised by consumers, healthcare professionals and retailers, Ocean Health® has consistently received awards and accolades. Ocean Health has also developed the Clinical Series, a professional range of health supplement products to meet the clinical nutrition needs of patients.

Ocean Health launched a revamped new look in the second half of 2019. The Group also further extended its product availability to more digital platforms such as Shopee and Carousell in 2Q2020. The Group has always been responsive to market needs and is consistently reviewing these needs and exploring opportunities to market new supplement products to meet demand. For example, the Group has launched a new product (High Strength Omega-3 Vitamin D3-Enriched) in 1Q2020 and a few new products are planned for launch in the second half of 2020.

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### **Question 6**

What is the pipeline for skin care, i.e. how many new products (SKUs) under the Ceradan and TDF brands do Hyphens intend to release per year in the next 3 years? Will the company consider producing a facial massage/toning device?

### **Company's Response**

Dermatology remains our focus and we will continue to invest into product and market development. Our newly launched products such as Ceradan® Advanced and Fairence® T-Complex will benefit from further clinical development to enhance the value and differentiation of the product versus others in the market.

New products will also be developed around atopic dermatitis/ dry & sensitive skin, as well as in pigmentary disorders to further strengthen our market position. We have a number of projects in our pipeline and expect to launch new products in the coming months.

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### **Question 7**

Given the limited population of S'pore, will Hyphens be bringing its Ceradan/TDF brands into China/ ASEAN countries in the near future, perhaps tapping into its existing distribution channels? Will Hyphens be looking to establish local subsidiaries / joint ventures in the China market for Ceradan/TDF?

### **Company's Response**

Ceradan® and TDF® are currently sold in over 10 territories across ASEAN, Hong Kong, South Asia and the Middle East.

Our Business Development team is actively liaising with distributors in new countries, including the Chinese market, to expand our geographical footprint. China is the largest dermatological market in Asia, which fits in with our ambition is to become a major player in dermatology in Asia. Our priority is to seek for a partner that will allow us to leverage on its local presence.

### **Question 8**

With reference to the Straits Times article dated 8 Dec 2019 “Aiming to be Asia No.1 skin-health firm”, does Hyphens have a detailed plan to achieve its aim and what is the time frame we are looking at, e.g. Year 2030?

### **Company’s Response**

Dermatology is our main strategic pillar and we are still in an investment phase. We are currently observing a strong growth in our dermatological business in the five countries that we have a direct presence. The time frame to become a leader in a competitive market is always difficult to evaluate and we believe that as a local player we have a strong card to play if we continue to grow at the same pace.

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### **Question 9**

Vietnam, Hyphen's 2nd largest market, updated its Law on Pharmacy in 2017 which "prioritizes the purchase of domestically produced pharmaceutical products".

Please elaborate on the impact that the prioritization of domestically produced pharmaceutical products has had on the company's operations in Vietnam.

Inclusion of plans to strengthen revenue resiliency in Vietnam would also be appreciated.

### **Company’s Response**

Article 7 of the Law on Pharmacy reads “To prioritize the purchase of generic drugs and similar biological products that are first manufactured and granted certificates of registration for circulation in Vietnam ...”

The products that Hyphens markets in Vietnam are either branded specialty pharma products or our proprietary dermatological brands.

Our branded specialty pharma products are mostly imported from Europe and have distinct differentiation and advantages from locally manufactured products, especially in the therapeutic areas of cardiology, radiology, neonatology and neurology. Doctors and patients have stronger preferences for imported products, which generally have superior quality and aid in faster recovery, thereby providing a better quality of life.

Our proprietary dermatological products also have distinct product advantages like Ceradan® Advanced, which is patent-pending, and Fairence® T-Complex, which is delivered with the patented Xcelerev® Technology. As such, our products enjoy strong brand loyalty among prescribers and patients.

We will continue to introduce innovative and differentiated specialty pharma and proprietary products to the Vietnam market to strengthen our product offerings and expand our business.

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### **Question 10**

Hyphens functions like a conduit between the brand principals (BP) and the Vietnamese distributor/wholesaler (VD) who tender bids to public hospitals on the products. Furthermore, drug products are subject to government price controls.

- (i) Does this mean the profit margin is more or less fixed? Will there be a scenario whereby the bids to hospitals are unsuccessful, resulting in negligible sales and thereby risking contract termination with BP?

#### **Company's Response**

We wish to clarify that Hyphens is not a middleman between the BP and VD. Hyphens is the exclusive distributor of the specialty pharmaceutical products. We undertake product registration and marketing to educate medical professionals on the products so as to generate demand for the products. Due to local regulatory requirements, Hyphens in turn engage local third-party logistics providers ("3PL") to assist with local distribution to end customers such as hospitals and pharmacies.

Our product portfolio in Vietnam consists of drugs, medical devices, cosmetics and supplements. Only drug products are subjected to price controls imposed by the Drug Administration of Vietnam. Although gross profit margins are generally lower in Vietnam, overall profit margin is subjected to sales volume, product mix and operational efficiency.

The tender process in Vietnam is typically conducted annually by individual hospitals for each therapeutic active ingredient. For each tender, there will be multiple winning bidders. Hence, the concentration risk is low. In the past, there was no incidence of termination of contract by BP due to negligible sales.

- (ii) Notwithstanding extensive regulatory knowledge capabilities, maintaining good, long working relationship with both the BP and VD, what other bargaining power does Hyphens have for the contracts to be continuously renewed with BP, and with a reasonable profit margin?

#### **Company's Response**

"Deliver the results" is the key to any successful partnership.

Hyphens took years to build and cultivate the reputable Hyphens branding, the strong marketing network, the trusted relationship with medical professionals and the in-depth market knowledge in Vietnam. These intangible assets are embedded within Hyphens and are not easily replicable.

- (iii) What is the market share of these BP's products in the Vietnamese market?

#### **Company's Response**

We believe that some of the specialty pharma products that we distribute are market leaders in the Vietnam market. However, we do not have verifiable information on market share statistics.

- (iv) What is the risk that the BP will want to work directly with local Vietnamese distributors/startups (e.g. online pharmaceutical marketplace BuyMed) instead of Hyphens? How does Hyphens mitigate this risk (other than extensive regulatory knowledge capabilities, maintaining good, long working relationship with BP)

**Company's Response**

The pharmaceutical market has always been very competitive. It is highly fragmented and we face competition from large multinationals as well as large local manufacturers and distributors.

Given Hyphens' strong competence in sales & marketing and our direct presence in five ASEAN countries, our Vietnam team can leverage on this solid foundation and continue to invest, innovate, enlarge our product portfolio and win the competition.

- (v) Is any part of the product licence / permit tied to Hyphens or only tied to the BP or VD?

**Company's Response**

Product registrations and notifications are mainly held by Hyphens, unless local regulatory requires VD to be the licence holder, e.g. cosmetic and import licence for medical device.

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**Question 11**

According to the prospectus (pg A-32), the revenue for the Medical Hypermart segment for the years 2015 – 2017 has been increasing but the profit has been decreasing over the years.

Based on the Annual Report 2019 (pg 64), there has been an uptick in profit from the years 2018 to 2019. What has led to the increase and is it a one-off or is the trend of increased profitability expected to continue, i.e. is it sustainable?

**Company's Response**

Profit of the Medical Hypermart and Digital segment has grown year-on-year from FY2017 to FY2019 with a surge in FY2019. This was mainly attributed to a tender award, which has been fully fulfilled in 1Q2020.

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**Question 12**

In light of the current Covid-19 situation, did Hyphens see an uptick (in terms of revenue & profit) in its generics and medical supplies segment for e.g. due to high demand for gloves?

**Company's Response**

As mentioned in our results release for 1Q2020, our Medical Hypermart and Digital segment saw a 17.0% increase in sales compared to 1Q2019. The increase was driven by higher demand for personal protective equipment and drugs across many therapeutics.

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### **Question 13**

I saw that recently there has been at least two disposals of shares by a major shareholder of the company. Could I seek a clarification on this? Is the company/major shareholder sending out a message that the share price has reached its peak?

### **Mr Tan Chwee Choon's Response**

On 1<sup>st</sup> and 2<sup>nd</sup> June 2020, I sold 1.5 million shares, which makes up 3.5% of my original shareholding or 0.5% of the total share capital of the Company. I'm currently 63 years old and I've invested in Hyphens for over 16 years. As of today, I still maintain 14.07% shareholding interest in the Company. Hence, I'm only encashing a very small part of my total shareholding after all these years. Releasing part of my shares will also help to improve the free float available in the market so that more investors can participate in the long-term success of Hyphens.

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### **Question 14**

What are the time frames to implement the resolutions 8 and 9?

### **Company's Response**

Resolutions 8 and 9 refer to authorization for Directors to grant awards/ options and issue shares under Hyphens Performance Share Plan and Hyphens Share Option Scheme.

Similar to Resolution 7, the authorisation given for Resolutions 8 and 9 will be valid until the next AGM date. This will give the Company about a year to plan for implementation, if any. Specific announcements will be made upon any grant of options or shares.

[The Company has responded to the shareholder who raised this question by email, prior to the deadline for submission of proxy form.]

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End