

HYPHENS PHARMA INTERNATIONAL LIMITED

(Company Registration No. 201735688C)

(Incorporated in the Republic of Singapore)

**Unaudited Financial Statements
For the Financial Year Ended 31 December 2019**
PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	4Q2019	4Q2018	Change	FY2019	FY2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	32,737	29,967	9.2%	119,442	120,930	-1.2%
Cost of sales	(20,565)	(19,371)	6.2%	(76,773)	(80,125)	-4.2%
Gross profit	12,172	10,596	14.9%	42,669	40,805	4.6%
Other income and gains	244	41	495.1%	546	279	95.7%
Distribution costs	(7,579)	(5,641)	34.4%	(24,837)	(21,736)	14.3%
Administrative expenses	(2,527)	(2,571)	-1.7%	(9,772)	(10,422)	-6.2%
Finance costs	(32)	(20)	60.0%	(138)	(129)	7.0%
Other losses	(215)	(1,222)	-82.4%	(481)	(1,797)	-73.2%
Profit before tax	2,063	1,183	74.4%	7,987	7,000	14.1%
Income tax expense	(398)	(369)	7.9%	(1,457)	(1,590)	-8.4%
Profit, net of tax	1,665	814	104.5%	6,530	5,410	20.7%
Other comprehensive (loss) income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	(19)	(52)	-63.5%	(52)	67	N.M.
Other comprehensive (loss) income for the period/ year, net of tax:	(19)	(52)	-63.5%	(52)	67	N.M.
Total comprehensive income	1,646	762	116.0%	6,478	5,477	18.3%

Note: N.M. – Not meaningful

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

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

	4Q2019	4Q2018	Change	FY2019	FY2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	(55)	(36)	52.8%	(157)	(54)	190.7%
Government grants	(192)	(5)	3740%	(329)	(225)	46.2%
Depreciation and amortisation	509	290	75.5%	2,005	831	141.3%
Allowance/ (reversal of allowance) for impairment of trade receivables	3	-	N.M.	(60)	1	N.M.
Bad debts written off	-	1	N.M.	2	1	100%
(Reversal of allowance)/ allowance for inventories obsolescence	(10)	170	N.M.	-	397	N.M.
Inventories written off	90	27	233.3%	379	111	241.4%
(Over)/underprovision of tax in respect of prior years	1	43	-97.7%	(51)	74	N.M.
Foreign exchange adjustments losses/ (gains)	134	(29)	N.M.	95	234	-59.4%
Loss on disposal of plant and equipment	-	60	N.M.	4	60	-93.3%
Loss on disposal of subsidiary	1	-	N.M.	1	-	N.M.
Impairment allowance on intangibles - goodwill	-	993	N.M.	-	993	N.M.
IPO expenses	-	-	N.M.	-	920	N.M.
R&D expenses	78	194	-59.8%	178	615	-71.1%

Note: N.M. – Not meaningful

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

	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
<u>Non-current assets</u>				
Plant and equipment	2,888	3,464	167	197
Right-of-use asset	3,060	-	-	-
Intangible assets	7,462	7,764	-	-
Deferred tax assets	105	210	-	-
Investment in subsidiaries	-	-	19,220	19,220
Total non-current assets	13,515	11,438	19,387	19,417
<u>Current assets</u>				
Inventories	11,431	10,863	-	-
Trade and other receivables	28,654	29,833	6,325	6,759
Prepayments	366	492	60	41
Cash and cash equivalents	26,165	22,353	12,468	10,980
Total current assets	66,616	63,541	18,853	17,780
Total assets	80,131	74,979	38,240	37,197
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital	32,641	32,555	32,641	32,555
Retained earnings	26,467	21,587	4,912	3,768
Other reserves ⁽ⁱ⁾	(15,032)	(14,980)	-	-
Total equity	44,076	39,162	37,553	36,323
<u>Non-current liabilities</u>				
Deferred tax liabilities	469	502	-	-
Lease liabilities, non-current	2,353	-	-	-
Total non-current liabilities	2,822	502	-	-
<u>Current liabilities</u>				
Income tax payable	1,459	1,480	-	8
Trade and other payables	30,628	30,835	687	866
Lease liabilities, current	846	-	-	-
Other financial liabilities, current	300	3,000	-	-
Total current liabilities	33,233	35,315	687	874
Total liabilities	36,055	35,817	687	874
Total equity and liabilities	80,131	74,979	38,240	37,197

Note:

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

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

	31 Dec 2019		31 Dec 2018	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	-	300	-	3,000
Amount repayable after one year	-	-	-	-
	-	300	-	3,000

Details of any collaterals:

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

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

	4Q2019	4Q2018	FY2019	FY2018
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Cash flows from operating activities</u>				
Profit before tax	2,063	1,183	7,987	7,000
Adjustments for:				
Amortisation of intangible assets	111	100	406	392
Depreciation of plant and equipment and right-of-use asset	398	190	1,599	439
Interest income	(55)	(36)	(157)	(54)
Interest expense	32	20	138	129
Loss on disposal of plant and equipment	-	60	4	60
Loss on disposal of subsidiary	1	-	1	-
Impairment loss on goodwill	-	993	-	993
Expenses in connection with IPO	-	-	-	920
Net effect of exchange rate changes in consolidating foreign operations	(21)	(54)	(54)	68
Operating cash flows before changes in working capital	2,529	2,456	9,924	9,947
Trade and other receivables	(673)	(1,367)	1,179	(6,058)
Prepayments	(73)	(324)	126	(247)
Inventories	1,547	1,898	(568)	2,315
Trade and other payables	20	780	198	2,734
Net cash flows from operations	3,350	3,443	10,859	8,691
Income taxes paid	(135)	(174)	(1,406)	(1,155)
Net cash flows from operating activities	3,215	3,269	9,453	7,536
<u>Cash flows from investing activities</u>				
Purchase of plant and equipment	(70)	(1,096)	(502)	(3,334)
Purchase of intangible assets	(80)	(8)	(104)	(44)
Interest received	55	36	157	54
Net cash flows used in investing activities	(95)	(1,068)	(449)	(3,324)
<u>Cash flows from financing activities</u>				
Gross proceeds from issuance of new shares pursuant to incorporation and IPO	-	-	-	15,605
IPO expenses paid	-	-	-	(1,670)
Dividends paid to equity owners	-	(4,000)	(1,650)	(7,000)
Lease liabilities paid	(179)	-	(704)	-
Interest paid	(32)	(20)	(138)	(129)
Net (decrease)/ increase in other financial liabilities	(200)	892	(2,700)	(958)
Net cash flows (used in)/ from financing activities	(411)	(3,128)	(5,192)	5,848
Net increase/ (decrease) in cash and cash equivalents	2,709	(927)	3,812	10,060
Cash and cash equivalents at beginning of period/year	23,456	23,280	22,353	12,293
Cash and cash equivalents at end of period/year	26,165	22,353	26,165	22,353

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

Group	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000	Other reserves S\$'000
Balance as at 1 January 2019	39,162	32,555	21,587	(14,980)
Issuance of new shares pursuant to share awards under Hyphens Share Plan	86	86	-	-
Dividends	(1,650)	-	(1,650)	-
Total comprehensive income for the year	6,478	-	6,530	(52)
Balance as at 31 December 2019	44,076	32,641	26,467	(15,032)

Group	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000	Other reserves S\$'000
Balance as at 1 January 2018	18,830	1,521	17,191	118
Issuance of shares pursuant to the acquisition of subsidiaries as part of the Restructuring Exercise	17,700	17,700	-	-
Share swap pursuant to the Restructuring Exercise	(17,700)	(1,521)	(1,014)	(15,165)
Issuance of shares pursuant to incorporation and IPO	15,605	15,605	-	-
Capitalisation of IPO expenses pursuant to issuance of new shares	(750)	(750)	-	-
Total comprehensive income for the year	5,477	-	5,410	67
Balance as at 31 December 2018	39,162	32,555	21,587	(14,980)

Company	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000
Balance as at 1 January 2019	36,323	32,555	3,768
Issuance of new shares pursuant to share awards under Hyphens Share Plan	86	86	-
Dividends	(1,650)	-	(1,650)
Total comprehensive income for the year	2,794	-	2,794
Balance as at 31 December 2019	37,553	32,641	4,912

Company	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000
Balance as at 1 January 2018	5	5	-
Issuance of shares pursuant to the acquisition of subsidiaries as part of the Restructuring Exercise	19,220	17,700	1,520
Issuance of shares pursuant to IPO	15,600	15,600	-
Capitalisation of IPO expenses pursuant to issuance of new shares	(750)	(750)	-
Total comprehensive income for the year	2,248	-	2,248
Balance as at 31 December 2018	36,323	32,555	3,768

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

There has been no change in the Company's share capital since 30 September 2019.

The Company has no treasury shares or convertible instruments as at 31 December 2019 and 31 December 2018.

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

The Company has no treasury shares as at 31 December 2019 and 31 December 2018.

The total number of issued shares, excluding treasury shares, as at 31 December 2019 was 300,430,400 (31 December 2018: 300,000,000).

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

Not applicable

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

Not applicable

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

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

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

Not applicable

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

Not applicable

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

Save as disclosed in Section 5 below, the accounting policies and methods of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited combined financial statements for the financial year ended 31 December 2018.

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

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I)s ("SFRS(I)INT") that are effective for the financial periods beginning on or after 1 January 2019. The adoption of these SFRS(I)s and SFRS(I)INT did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period, except for recognition of right-of-use asset and corresponding liability in respect of a lease.

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

	4Q2019	4Q2018	FY2019	FY2018
Earnings per share ("EPS")				
Profit attributable to owners of the Company (\$'000)	1,665	814	6,530	5,410
Based on weighted average number of ordinary shares in issue ('000)	300,430	300,000	300,271	277,315
On a basic and diluted basis (Singapore cents per share)	0.55	0.27	2.17	1.95

Note: The basic and fully diluted earnings per share were the same as there were no dilutive ordinary shares in issue as at 31 December 2019 and 31 December 2018.

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

	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Net asset value ("NAV") (S\$'000)	44,076	39,162	37,553	36,323
NAV per ordinary share (Singapore cents per share)	14.67	13.05	12.50	12.11

Note: NAV per ordinary share for years ended 31 December 2019 and 31 December 2018 have been computed based on the share capital of 300,430,400 and 300,000,000 shares respectively.

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

Consolidated Statement of Comprehensive Income

4Q2019 compared to 4Q2018

	4Q2019	4Q2018	Change	FY2019	FY2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue						
Specialty pharma principals	18,782	17,591	6.8%	65,152	69,409	-6.1%
Proprietary brands	3,821	3,089	23.7%	14,474	13,167	9.9%
Medical hypermart and digital	10,134	9,287	9.1%	39,816	38,354	3.8%
	32,737	29,967	9.2%	119,442	120,930	-1.2%

Revenue

The Group has recorded progressively higher revenue quarter on quarter, culminating with the highest quarterly revenue for the year in 4Q2019, reaching S\$32.7 million, a growth of 9.2% from S\$30.0 million in 4Q2018. Increased sales across all the segments had contributed to the overall improvement.

Sales of the specialty pharma principals segment had increased by 6.8% in 4Q2019 resulting from higher demand in most of the geographical regions. The increase was further complemented by increased sales of 23.7% in the proprietary brands segment due to higher sales of dermatological products under Ceradan® and TDF® brands and nutritional supplements under Ocean Health® brand and increased sales of 9.1% in the medical hypermart and digital segment.

Consolidated Statement of Comprehensive Income (cont'd)**4Q2019 compared to 4Q2018 (cont'd)**Gross profit

Gross profit increased by 14.9% or S\$1.6 million from S\$10.6 million in 4Q2018 to S\$12.2 million in 4Q2019.

Gross profit margin had improved from 35.4% in 4Q2018 to 37.2% in 4Q2019 due to relatively higher revenue mix generated from the proprietary brands segment, which enjoy relatively higher gross profit margins. This was coupled with weakness in EUR, which is one of the Group's major purchasing currencies.

Other income and gains

Other income and gains increased by S\$0.2 million from S\$0.04 million in 4Q2018 to S\$0.24 million in 4Q2019 mainly due to higher government grants.

Distribution costs

Distribution costs increased by 34.4% or S\$2.0 million from S\$5.6 million in 4Q2018 to S\$7.6 million in 4Q2019 due to increased advertising and promotional expenses following the expansion of distribution channels of the Ceradan® product range to retail pharmacies, more marketing activities scheduled at year end and strengthening of human capital to support our long-term growth strategy.

Other losses

Other losses decreased by 82.4% or S\$1.0 million from S\$1.2 million in 4Q2018 to S\$0.2 million in 4Q2019 mainly due to absence of impairment loss on goodwill and reduced allowance for inventories obsolescence, partially offset by foreign exchange losses and higher inventories written off.

Profit before tax

Profit before tax increased by 74.4% or S\$0.9 million from S\$1.2 million in 4Q2018 to S\$2.1 million in 4Q2019, mainly due to higher revenue and lower other losses which was partially offset by higher distribution costs as explained above.

Income tax expense

Income tax expense for 4Q2019 was S\$0.03 million higher than 4Q2018 despite significantly higher profits for the period due to non-tax deductibility of impairment loss on goodwill in 4Q2018.

Profit after tax

As a result of the foregoing, the Group's net profit after tax increased by 104.5% or S\$0.9 million, from S\$0.8 million in 4Q2018 to S\$1.7 million in 4Q2019.

Consolidated Statement of Comprehensive Income (cont'd)**FY2019 compared to FY2018****Revenue**

The Group's revenue decreased by 1.2% or S\$1.5 million from S\$120.9 million in FY2018 to S\$119.4 million in FY2019.

There was a decline of 6.1% in the specialty pharma principals segment in FY2019 as there was higher demand in FY2018 from Vietnam, ahead of various product licensing renewals. The decline was partially offset by (i) increased sales of 9.9% in the proprietary brands segment due to higher sales in dermatological products under the Ceradan® brand, in line with the Group's efforts to promote its proprietary brands and (ii) increased sales of 3.8% in the medical hypermart and digital segment attributed by revenue from tender awards.

Gross profit

Gross profit increased by 4.6% or S\$1.9 million from S\$40.8 million in FY2018 to S\$42.7 million in FY2019.

Gross profit margin increased by 2.0% from 33.7% in FY2018 to 35.7% in FY2019, primarily due to higher sales contribution from Singapore, which included higher revenue mix from the proprietary brands segment which enjoy relatively higher gross profit margins and improved gross profit margin from the medical hypermart and digital segment.

Other income and gains

Other income and gains increased by 95.7% or S\$0.2 million from S\$0.3 million in FY2018 to S\$0.5 million in FY2019 mainly due to higher government grants and interest income.

Distribution costs

Distribution costs increased by 14.3% or S\$3.1 million from S\$21.7 million in FY2018 to S\$24.8 million in FY2019 due to increased advertising and promotional expenses and strengthening of human capital to support our long-term growth strategy.

Administrative expenses

Administrative expenses reduced by 6.2% or S\$0.6 million, from S\$10.4 million in FY2018 to S\$9.8 million in FY2019 due to (i) absence of one-off IPO expenses of S\$0.9 million, (ii) reduced office rental costs following the classification of operating lease as right-of-use asset (iii) lower R&D expenses, partially offset by (iv) higher depreciation costs following capitalisation of right-of-use asset under lease as well as capital expenditure relating to the integrated facility and (v) increased compliance costs and listing fees.

Other losses

Other losses decreased by 73.2% or S\$1.3 million from S\$1.8 million in FY2018 to S\$0.5 million in FY2019 mainly due to absence of goodwill impairment, reduced allowance for inventories obsolescence, reduced foreign exchange translation losses, partially offset by higher inventories written off.

Profit before tax

Profit before tax increased by 14.1% or S\$1.0 million from S\$7.0 million in FY2018 to S\$8.0 million in FY2019, mainly due to increase in gross profit margin and reduced administrative expenses as explained above and partially offset by higher distribution costs.

Consolidated Statement of Comprehensive Income (cont'd)**FY2019 compared to FY2018 (cont'd)**Income tax expense

Income tax expense for FY2019 was S\$0.1 million lower than FY2018 despite increased profits for the year due to non-tax deductibility of IPO expenses and impairment loss on goodwill in FY2018.

Profit after tax

As a result of the foregoing, the Group's net profit after tax increased by 20.7% or S\$1.1 million, from S\$5.4 million in FY2018 to S\$6.5 million in FY2019.

Consolidated Statements of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 December 2019 and 31 December 2018.

Non-current assets

The Group's non-current assets increased by S\$2.1 million from S\$11.4 million as at 31 December 2018 to S\$13.5 million as at 31 December 2019 primarily due to recognition of right-of-use asset for the lease premise of the integrated facility of approximately S\$3.9 million and purchase of automated repackaging machinery of S\$0.3 million, partially offset by depreciation of plant and equipment and right-of-use asset and amortisation of intangible assets of approximately S\$2.0 million.

Current assets

The Group's current assets increased by S\$3.1 million from S\$63.5 million as at 31 December 2018 to S\$66.6 million as at 31 December 2019 mainly due to increase in inventories and cash and cash equivalents of S\$0.6 million and S\$3.8 million respectively, partially offset by decrease in trade and other receivables of S\$1.2 million.

The decrease in trade and other receivables was mainly due to decrease in trade receivables from Vietnam distributors, in line with reduced sales.

Non-current liabilities

The Group's non-current liabilities increased by S\$2.3 million from S\$0.5 million as at 31 December 2018 to S\$2.8 million as at 31 December 2019 primarily due to recognition of lease liabilities relating to the leased premise at the integrated facility.

Current liabilities

The Group's current liabilities decreased by S\$2.1 million from S\$35.3 million as at 31 December 2018 to S\$33.2 million as at 31 December 2019. This was mainly attributable to (i) decrease of S\$0.2 million in trade and other payables and (ii) reduced net bank borrowings of S\$2.7 million, partially offset by (iii) increase of S\$0.8 million in lease liabilities relating to the leased premise at the integrated facility.

Consolidated Statements of Cash Flows

4Q2019

The Group generated net cash of S\$3.2 million from operating activities in 4Q2019, mainly due to operating cash flows before changes in the working capital of S\$2.5 million, net working capital inflows of S\$0.8 million, offset by income taxes paid of S\$0.1 million.

The net working capital inflows were mainly due to (i) decrease in inventories of S\$1.5 million, offset by increase in trade and other receivables of S\$0.7 million.

Net cash flows used in investing activities amounted to S\$0.1 million during 4Q2019, mainly due to purchase of plant and equipment.

Net cash flows used in financing activities amounted to S\$0.4 million during 4Q2019, mainly due to lease payment and repayment of short-term bank borrowings.

FY2019

The Group generated net cash of S\$9.5 million from operating activities in FY2019, mainly due to operating cash flows before changes in the working capital of S\$9.9 million and net working capital inflows of S\$0.9 million, offset by income taxes paid of S\$1.4 million.

The net working capital inflows were mainly due to (i) decrease in trade and other receivables of S\$1.2 million, (ii) increase in trade and other payables of S\$0.2 million, partially offset by (iii) increase in inventories of S\$0.6 million.

Net cash flows used in investing activities during FY2019 amounted to S\$0.5 million, mainly attributable to payment of final balance relating to the integrated facility, partially offset by interest income of S\$0.2 million.

Net cash flows used in financing activities amounted to S\$5.2 million during FY2019, mainly due to (i) dividend payment of S\$1.7 million, (ii) net bank borrowings repayment of S\$2.7 million and (iii) lease payment amounting to S\$0.7 million.

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

Not applicable

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

At this moment, COVID-19 is creating uncertainty in the broader business environment. While potential ramifications include a disruption to the Group's supply chain and business outreach to doctors resulting in the curtailment of business, the Group has observed an increase in demand for certain categories of its products.

Nevertheless, the Group remains focused on further cementing its leadership position in Singapore and deepening its presence in ASEAN. With its established footprint, the Group expects its business momentum to continue. Besides Singapore and Vietnam, the Group will strengthen its operations in Malaysia, Philippines & Indonesia. The Group's internationalization effort will stay with a focus on Asia, Middle East and Africa.

The Group will continue to enhance its product offerings. Driving growth of its skin health portfolio through its Ceradan® and TDF® brands remains the Group's strategic priority. The Group will

continue to invest in these two brands, in areas of research and development as well as market development. The Group would also seek out other opportunities that can strengthen its position as a leading skin health company. The Group will strive to nurture Ocean Health® brand as a leading nutritional supplement brand of Singapore. There will be new product launches, digital marketing and effort to internationalize the brand.

Besides its proprietary brands, the Group will continue to grow its existing sizable portfolio of specialty pharma principals' business products. At the same time, the Group will seek licensing opportunities for new products that will leverage on its strength. The Group would also scout for acquisition opportunities that will be synergistic to its operations and in alignment with its overall business goals. In its medical hypermart and digital segment, the Group would continue to leverage its broad network in the Singapore market, and explore new digital business initiatives.

Following the changes in SGX Listing Rules on quarterly reporting requirements, the Group will adopt semi-annual reporting and the next results release will be for half-year ended 30 June 2020.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? **Yes**

	FY 2019
Name of Dividend	Final Dividend Exempt (1-tier)
Type of Dividend	Cash
Total number of issued ordinary shares	300,430,400
Dividend per share	1.00 cents

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? **Yes**

	FY 2018
Name of Dividend	Final Dividend Exempt (1-tier)
Type of Dividend	Cash
Total number of issued ordinary shares	300,000,000
Dividend per share	0.55 cents

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

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

Please refer to 11(a) above.

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

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

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

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

- 15 Utilisation of Proceeds from the Initial Public Offering ("IPO")**

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

	Allocated S\$'000	Utilised S\$'000	Balance S\$'000
Business expansion, including potential acquisitions, joint ventures, product development and research and development collaborations	7,000	594	6,406
Setting up of our integrated facility	3,000	3,000	-
General corporate and working capital purposes	3,552	1,191	2,361
Payment of underwriting and placement commissions as well as offering expenses	2,048	2,048	-
Gross proceeds from the Invitation	15,600	6,833	8,767

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

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

16A Business segments revenue and results

	Specialty pharma principals		Proprietary brands		Medical hypermart and digital		Unallocated		Total	
	FY2019 S\$'000	FY2018 S\$'000	FY2019 S\$'000	FY2018 S\$'000	FY2019 S\$'000	FY2018 S\$'000	FY2019 S\$'000	FY2018 S\$'000	FY2019 S\$'000	FY2018 S\$'000
Revenue by segment										
Total revenue by segment	65,152	69,409	14,474	13,167	39,816	38,354	-	-	119,442	120,930
Total revenue	65,152	69,409	14,474	13,167	39,816	38,354	-	-	119,442	120,930
Recurring EBITDA	6,168	7,197	1,013	925	3,400	1,921	(451)	(1,090)	10,130	8,953
Finance costs	-	-	-	-	-	-	(138)	(129)	(138)	(129)
Impairment of goodwill	-	-	-	(993)	-	-	-	-	-	(993)
Depreciation and amortisation	(33)	(30)	(373)	(362)	-	-	(1,599)	(439)	(2,005)	(831)
Profit before tax	6,207	7,167	656	(430)	3,312	1,921	(2,188)	(1,658)	7,987	7,000
Income tax expense									(1,457)	(1,590)
Profit after tax									6,530	5,410
Other expenses										
(Reversal) Impairment of trade receivables and inventories	(136)	397	314	89	143	24	-	-	321	510

The unallocated expenses mainly included the Group's headquarters expenses such as employee benefits expenses and statutory and regulatory expenses.

16B Geographical information

	Revenue	
	FY2019 S\$'000	FY2018 S\$'000
Singapore	57,499	53,861
Vietnam	46,713	52,717
Malaysia	8,028	7,677
Others	7,202	6,675
Total	119,442	120,930

17 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to section 8 of this announcement for the review of the performance of the Group.

18 Breakdown of sales

	FY2019 S\$'000	Group FY2018 S\$'000	Change %
17(a) Gross revenue reported for first half year	56,006	61,515	-9.0%
17(b) Net profit after tax for first half year	3,064	3,407	-10.1%
17(c) Gross revenue reported for second half year	63,436	59,415	6.8%
17(d) Net profit after tax for second half year	3,466	2,003	73.0%

19 Breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Annual dividend	FY2019 S\$'000	FY2018 S\$'000
Ordinary dividend – Final *	3,004	1,650

* The final dividend is subject to shareholders' approval at the AGM.

- 20 **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(10) of the Catalist Rules, the Company confirms that during FY2019 and up to the date hereof, there has not been any person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Lim See Wah

Chairman and Chief Executive Officer

26 February 2020

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

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

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