Hyphens

ASEAN'S LEADING

SPECIALTY PHARMA COMPANY

SCALE UP 25 TOGETHER WE CAN

ANNUAL REPORT 2023

HYPHENS PHARMA INTERNATIONAL LIMITED

CONTENTS

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**.

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

CORPORATE PROFILE

We are Singapore's leading specialty pharmaceutical and consumer healthcare group, leveraging on our diverse footprints 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 14 other markets – **Bangladesh, Brunei, Cambodia, Hong Kong S.A.R., Macau S.A.R., Myanmar, South Korea, Sri Lanka and Gulf Cooperation Council countries**, including **Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates**.

Comprising five main business entities – Hyphens Pharma, DocMed Technology, Ocean Health, Novem and Ardence Pharma, our core business is in three segments: Specialty Pharma Principals, Proprietary Brands, and Medical Hypermart and Digital.

OUR BUSINESS SEGMENTS

SPECIALTY PHARMACEUTICAL PORTFOLIO

Hyphens Pharma's specialty pharma portfolio

At Hyphens, we pride ourselves on the sales and marketing capability for pharmaceutical products and medical devices in the ASEAN region. It enables us to form close business partnerships with brand principals primarily from Europe and the United States through exclusive distributorship or licensing and supply agreements.

Novem's specialty pharma portfolio

Over time, we have cultivated extensive expertise across a broad spectrum of therapeutic areas. Our focus revolves around specialty pharmaceutical products targeting dermatology, paediatrics and neonatology, allergy, otorhinolaryngology (ear, nose and throat), orthopaedics and rheumatology, radiology, cardiology, ophthalmology, gastroenterology, child psychiatry, family medicine and general surgery.

With the acquisition of Novem in 2021, a leading distributor of pharmaceutical products, nutraceuticals, and medical devices in Singapore, our specialty pharma portfolio was further strengthened. Novem has an extensive portfolio comprising more than 150 products from over 40 brand principals, serving over 1,000 active customers ranging from hospitals, polyclinics to specialists and general practitioners in Singapore.

Novem's medical devices portfolio

PROPRIETARY BRANDS

Committed to understand the customers' needs, we continuously innovate the proprietary products offered by the Group. Our proprietary dermatological products are branded under Ceradan®, TDF® and CG 210®, health supplements under Ocean Health®.

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

We market Ceradan®, TDF® and CG 210® products primarily through medical professionals, while Ocean Health® products are directly marketed to consumers through various retail channels.

Dermatological Portfolio

We actively pursue research and development of medical dermatological products to address the needs of patients experiencing various skin conditions. Our extensive proprietary lineup includes medical skincare and pharmaceutical products, strategically designed to target conditions such as atopic dermatitis, acne, ageing skin and hyperpigmentation.

OUR BUSINESS SEGMENTS

Ceradan®

We launched our first proprietary product, Ceradan®, a ceramide-dominant emollient, in Singapore in 2011. Since then, the Ceradan® portfolio has flourished with a wide selection of product offerings that cater the growing customers' needs.

The latest addition to the Ceradan® portfolio is Ceramoz®, a series of mosquito repellent products for adults and children with sensitive skin. For more information on Ceradan® and Ceramoz®, please visit https://www.ceradan.com/.

TDF®

TDF®, a line of dermocosmetic products, was added to Hyphens' dermatological portfolio in 2016. The TDF® range is formulated to enhance facial skin health, targeting concerns like oily and acne-prone skin, dehydrated and sensitive skin, ageing skin and hyperpigmentation. For more information, please visit www.tdf-derma.com.

CG 210®

Our commitment to skin health remains at the forefront of our strategic focus. In 2020, we successfully expanded our dermatology portfolio to include scalp care by acquiring the CG 210® product series.

The CG 210® series is a revolutionary, patented topical botanical hair growth-promoting agent harnessing the unique properties of Allium cepa (onion), Citrus medica limonum (lemon), Theobroma cacao (cocoa), and Paullinia cupana (guarana). For further information, please visit https://cg210.sg/ and https://www.cg210.my/.

OUR BUSINESS SEGMENTS

Health Supplement Portfolio

Ocean Health® is a homegrown Singapore health supplement brand that is widely recognised and embraced by consumers both locally and internationally. We now offer an even broader range of products than ever before.

Our newest addition, Joyful Gummies, has sparked excitement among both our loyal customers and newcomers alike. Joyful Gummies is range of health supplements in delicious gummy form, infused with essential vitamins for daily well-being, from immune support to enhancing hair, skin, and nails. Explore the entire collection at https://oceanhealth.com/products.html/joyful-gummies.html.

You can find Ocean Health® products at all major retail pharmacies, hospital pharmacies, department stores, supermarkets, convenience stores, and selected Chinese medical halls. Additionally, our products are conveniently available through our e-shop (www.oceanhealth.com) and online marketplaces like Qoo10, Lazada, Redmart, and Shopee.

In addition to our consumer line, Ocean Health® also offers a clinical series—a professional range of health supplement products marketed to physicians, designed to meet patients' clinical nutrition requirements.

DIGITAL ECOSYSTEM: ONLINE HYPERMART, E-PHARMACY & DIGITAL HEALTH PLATFORM

DocMed Technology is the driving force behind our digital pharmaceutical hypermart and e-pharmacy platform. Through DocMed, we offer a business-to-business (B2B) digital pharmacy solutions platform connecting healthcare stakeholders like practitioners and institutions with industry players like pharmaceutical companies and medical consumables manufacturers. This empowers them to better meet patients' needs efficiently.

The platform, powered by POM, is currently LIVE in Singapore (www.pom.com.sg), Malaysia (https://www.pomacy.com.my/), and Vietnam (https://vietthuoc.com/), facilitating transparent, efficient, and secure medical procurement transactions for over 25,000 healthcare professionals.

Under the same umbrella, DocMed Technology is the driving force behind **WellAway** (https://www.wellaway.com.sg/), Singapore's premier and largest HSA-registered e-pharmacy. WellAway furthers the cause of healthcare digitalisation, by enabling registered doctors to fill e-prescriptions and arrange for medicines to be seamlessly delivered to patients' doorsteps. Our dedicated team of pharmacists also provide medication counselling services.

To complement these services in our digital healthcare ecosystem, DocMed provides a digital suite of analytics and collaborative tools to facilitate collaboration among healthcare stakeholders, while enabling brand principals to share vital product information and educational materials via POM and **POMConnect** – our exclusive medical education platform for healthcare professionals. POMConnect aggregates the latest medical news and educational resources, empowering healthcare professionals to elevate their practice and keep abreast of medical advancements.

OUR BUSINESS SEGMENTS

MEDICAL AESTHETICS AS A NEW ENGINE OF GROWTH

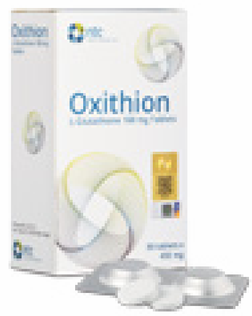
In recent years, the medical aesthetics sector in ASEAN has demonstrated robust growth in its consumer base, technological innovation, and product portfolio. Leveraging our established foundation in the dermo-cosmetic area, we recognise a new growth trajectory in this sector. In 2023, we established a dedicated team for the medical aesthetic division, and with the acquisition of Ardence Pharma, we are poised to fully capitalise on this exciting new venture.

Ardence Pharma

Ardence Pharma is a boutique pharmaceutical company specialising in aesthetic medicine, providing physicians and consumers with cutting-edge and clinically proven aesthetic products. Committed to delivering high-quality offerings, regional expansion, and maintaining robust pipelines, Ardence Pharma is positioned to become the leading supplier of medical aesthetics in Southeast Asia, where demand for such products is rapidly increasing.

Product offerings

PLINEST® and NEWEST®
Originating from Italy, PLINEST® and NEWEST® are the pioneering Polynucleotides-HPTTM (PN-HPTTM) products, manufactured with Highly Purified Technology (HPTTM), these products adhere rigorously to pharmaceutical standards, guaranteeing the highest levels of quality and safety.



OXITHION®
OXITHION® is a remarkable skin brightening solution powered by Active L-Glutathione, which has been clinically proven to brighten skin tone and to protect our body against free radicals. The unique delivery system of OXITHION® enhances Glutathione absorption, resulting in a more radiant and even skin tone.

Enhancement of medical aesthetics portfolio with Nabota®
Expanding our medical aesthetics offerings, we have successfully registered Nabota®, a premium high-purity botulinum toxin from Daewoong Pharmaceutical Co. Ltd., in Singapore and Malaysia. Formulated using Daewoong Pharmaceutical's patented Hi-PureTM technology, this ensures minimal impurities and is characterised by its exceptional safety, swift efficacy and uniform spreading power. Marketed as JeuveauTM in the United States, it is registered and approved by both the US FDA and European Medicines Agency. This strategic addition strengthens our position as a key player in the medical aesthetics landscape.


APPLY LOVE
APPLY QUALITY
Ceradan®
DOCTORS' NO. 1
MOST CHOSEN BRAND
FOR ECZEMA PATIENTS*
To Restore Skin Barrier
3 1 1
Optimal Ceramide Science
EXPERIENCE THE FULL CERADAN RANGE

CHAIRMAN'S STATEMENT

"Looking ahead to FY2024 and beyond, I am optimistic about the Group's prospects. We will continue to leverage on our strong reputation and excellent capabilities to expand our internationalisation and enhance the attractiveness of Hyphens to innovators all around the world."

Dear Shareholders,

I am pleased to present you Hyphens Pharma International Limited's ("**Hyphens**" and together with its subsidiaries, the "**Group**") annual report for the financial year ended 31 December 2023 ("**FY2023**").

MAINTAINING GROWTH AMIDST UNCERTAINTY

The continued volatility of the global economy made FY2023 another challenging year for the Group. Even as the COVID-19 pandemic receded, a confluence of geopolitical conflicts and tensions, persistent inflation, high interest rates, customer destocking, and supply chain disruptions continued to impact our business.

However, our careful preparation and resilient business fundamentals have allowed us to mitigate these headwinds. It is through the efforts of our determined and diligent management team that the Group has managed to achieve a creditable set of FY2023 results, with a strong second half recovery and full year record revenue. As we worked hard to achieve near term results in a challenging environment, we also pursued strategic actions for long-term business development. We will maintain our focus on steadily building Hyphens to become ASEAN's leading specialty pharmaceutical and consumer healthcare group.

ADVANCING OUR KEY BUSINESS PILLARS

Hyphens continues to maintain its unwavering commitment to its key business pillars and I am happy to report that each is showing good progress. The key business pillars include expanding our Proprietary Brands portfolio, strengthening our Specialty Pharma Principals segment, and growing our Digitalisation business.

The Group's Proprietary Brands segment achieved continuous revenue growth in FY2023. Our team created new demand from customers through product development, market penetration and channel expansion. In August 2023, we launched Ocean Health® Joyful Gummies that targets a younger demographic. The excitement continues as they can now be found together with other Ocean Health® supplements in over a hundred 7-Eleven convenience stores in Singapore.

Our Specialty Pharma portfolio remains to be a key revenue driver as we onboard new principals and work closely with them on product registration and commercialisation in the Southeast Asia region. Last year, we signed an exclusive licencing commercialisation agreement for the procedural sedation drug Byfavo® 20mg and a distribution agreement for Laboratoires Gilbert S.A.S. products. The constant addition of new principals is a testimony to our strong regulatory, sales and marketing capabilities which position us to be the premier ASEAN partner for our principals to achieve success in the region.

At the same time, we are also cultivating other green shoots, such as the Medical Aesthetics business. In 2023, we officially launched Plinest® and Nabota® in Singapore. I look forward to further expanding our Medical Aesthetics product range and envisage strong growth prospects in this market.

Meanwhile, our digitalisation drive led by DocMed Technology Pte. Ltd. ("**DocMed**") has shown good growth momentum in FY2023 with the expansion of their business into Malaysia and Vietnam. DocMed will continue to proactively seek strategic collaboration opportunities with like-minded partners in the region, in order to develop an ASEAN integrated digital healthtech platform.

CHAIRMAN'S STATEMENT

Lastly, our acquisition strategy continues to progress and bear fruit, with the Group increasing its stake in Ardence Pharma Sdn Bhd ("**Ardence Pharma**") in November 2023. We will maintain a disciplined approach to look for acquisition targets that can contribute to the accelerated growth of the Group's business. Notwithstanding this, the Group will also explore partnership opportunities to enter new markets, widen its product offerings and bring greater innovation into its business.

REWARDING SHAREHOLDERS

After considering our FY2023 performance, business outlook, and capital needs, the Board of Hyphens is proposing a final dividend of 0.86 Singapore cents, which is subject to shareholders' approval. This final dividend, when combined with the special interim dividend of 3.60 Singapore cents paid out in 2023 as part of the Group's 5th anniversary celebration since IPO, amounts to a total dividend of 4.46 Singapore cents for FY2023 or approximately 161.0% of the net profit after tax for FY2023.

We are proud to be the winner for "Highest Returns to Shareholders Over Three Years" for the healthcare services and pharmaceuticals sector at The Edge Singapore's Centurion Club Awards 2023. As we continue our business growth journey, we will constantly strive to enhance our returns to shareholders and the creation of shareholder value.

LOOKING AHEAD

The Group has been operating in a highly volatile and uncertain business environment in FY2023, impacted by supply chain disruptions, inflation pressures and foreign exchange rate fluctuations. It is very likely that these factors will continue to have an impact on the business in FY2024. Nevertheless, Hyphens will work through these challenges as we have always done, in partnership with our principals.

On the strategic front, last year the Group embarked on the Scale-Up SG programme by Enterprise Singapore, which has provided a clear strategic roadmap to rapidly ratchet up our development and expansion. This includes planting new seeds of growth and profitability, such as expanding our portfolio, exploring new therapeutic horizons, and nurturing growth hotspots in the region. We intend to diligently put this programme into action, with a clear alignment of goals and excellent execution throughout the organisation, with the support of Enterprise Singapore and the consulting firm, McKinsey & Company.

Looking ahead to FY2024 and beyond, I am optimistic about the Group's prospects. We will continue to leverage on our strong reputation and excellent capabilities to expand our internationalisation and enhance the attractiveness of Hyphens to innovators all around the world. Our participation in the World Congress of Dermatology held in Singapore in July 2023 has helped us do that as it was an opportunity to showcase our brands and capabilities to the world.
In line with our vision to create a better quality of life for the community, we have been also boosting our ESG efforts. We have been involved in social programmes in Vietnam, like our medical mission to Quảng Trị Province last year in partnership with Quảng Trị General Hospital, which benefited 550 adults and children while achieving the upskilling of 22 doctors and 34 nurses.

In November 2023, we received the "Best Partner for People and Planet" award from our principal Chiesi Group. This award recognises organisations that have demonstrated a strong commitment to sustainability with a focus on achieving net zero, supporting local community efforts, or quality sustainability reporting. Through our yearly medical missions to underserved areas in Vietnam, we overcame challenges in accessibility to deliver medical supplies and services to the local communities, while conducting training for local medical professionals to provide quality healthcare, manage premature births, and care for infants. Over the past 20 years and counting, Hyphens has partnered with the Chiesi Group to treat Respiratory Distress Syndrome ("**RDS**") in premature infants across Vietnam, making a difference to the lives of countless families.

GIVING THANKS

I would like to extend my deepest gratitude to the Board for their guidance and support and to all management and staff for their tireless efforts and dedication to the Group. Lastly, I would like to offer my thanks to all our shareholders for their unwavering trust and support as we forge ahead to reach our goals for FY2024.

Lim See Wah
Chairman, Executive Director & CEO

2023
KEY EVENTS

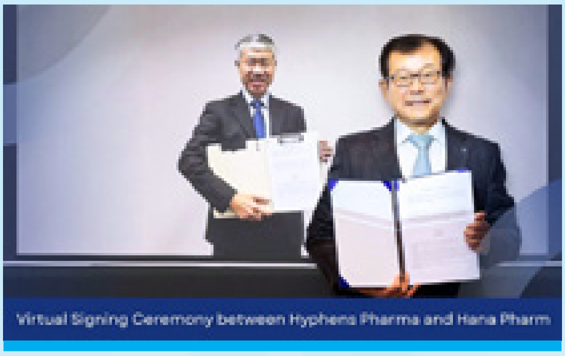
Successfully registered Nabota® in Singapore

Extended DocMed's presence to Vietnam through VietPOM, a digital collaboration with Hoang Duc Pharmaceutical & Medical Supplies Co., Ltd.

2023 FEB MAR APR MAY

Extended DocMed's presence to Malaysia through the incorporation of TechMed

Inked exclusive sub-licensing and supply deal to develop and commercialise Byfavo® in Singapore



2023 KEY EVENTS

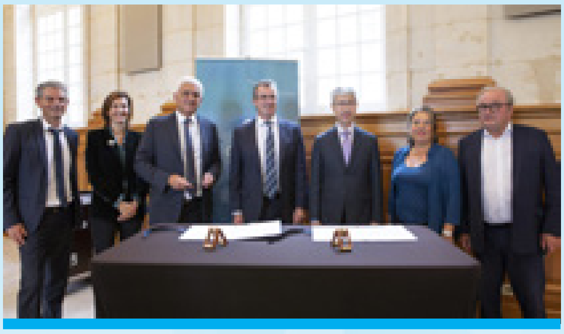
JUL

Launched Ocean Health®
Joyful Gummies

AUG

Successfully registered Nabota® in Malaysia

Signed distribution agreement with Laboratoires Gilbert S.A.S. for various territories in Asia



OCT

Launched Nabota® and Plinest®
in Singapore

NOV

Strengthened capabilities in Medical Aesthetics through acquisition of Malaysia-based Ardence Pharma

tdf
DERMA FORMULA

FAIRENCE®

THE ONLY TRANEXAMIC ACID CREAM PROVEN TO PENETRATE THE DEEPER LAYERS OF THE SKIN, ENSURING EFFICACY FOR MELASMA

with patented XCELAREV® delivery system

Hyphens
US FDA APPROVED[1]
Marketed as Jeuveau in U.S.
NABOTA® inj.
Prabotulinumtoxin A
• Fast onset of 2 days [2]
• Results last 4-5 months [3-4]
• 98% purity of active toxin [5-7]
• Efficacy and safety data in global clinical studies with more than 2000 patients [3-4,8-9]

OPERATIONS REVIEW

In FY2023, the Group achieved admirable growth in spite of persisting macroeconomic challenges, with a 5.1% increase in overall revenue to S$170.6 million being offset by a 9.2% increase in cost of sales to S$108.7 million due to higher inflation. The Group remains committed to its long-term strategic goals to be ASEAN's leading specialty pharmaceutical and consumer healthcare group.

RESILIENT PROPRIETARY BRANDS

The Proprietary Brands segment continued its growth trajectory with revenue rising by 9.5% in FY2023 to S$25.7 million, as customers' demand for Ceradan® dermatological products and Ocean Health® health supplement products stayed robust.

Ocean Health® health supplements, renowned for their established brand, affordability, and high quality, have now expanded its sale from Singapore to Indonesia, Malaysia and Vietnam. In addition, Ocean Health® Joyful Gummies was successfully launched during the second half of FY2023, boosting brand awareness and overall sales by targeting a younger demographic. In February 2024, the Group also announced a collaboration with 7-Eleven Singapore to sell Ocean Health® supplements, including the entire Joyful Gummies lineup, at 112 7-Eleven convenience stores island-wide. Joyful Gummies' tasty and easy-to-consume format will further broaden the Group's reach and appeal to a bigger customer base.

The Proprietary Brands business will remain a key focus for the Group as its signature brands Ocean Health®, Ceradan®, TDF® and CG 210®, continue to enjoy strong sales growth and brand recognition. The Group will keep on growing these brands in its new and existing markets, while continuously innovating to improve its product offerings.

GROWING OUR SPECIALTY PHARMA SEGMENT

The Specialty Pharma segment had a fruitful year in FY2023, with revenue up 6.8% to S$102.2 million. In FY2023, the Group signed exclusive licencing and commercialisation agreements for Byfavo® 20mg (remimazolam besylate 20mg), a procedural sedation drug, in Singapore; and a distribution agreement for various products from Laboratoires Gilbert S.A.S. in ten countries in Asia.

The Group also successfully registered Nabota®, a botulinum toxin formulation (commonly referred to as botox) from Daewoong Pharmaceutical Co., Ltd, in Singapore and Malaysia; and to top it all off, the Group has completed the acquisition of 23% equity in Ardence Pharma and added Plinest®, a medical aesthetic product from Mastelli S.r.l which promotes bio-revitalisation and reverses signs of aging, to its Malaysia and Singapore product portfolio.

OPERATIONS REVIEW

For FY2024, the Group seeks to further grow this segment in new markets, including the commercialisation of Plinest® in other regional countries.

EXPANSION THROUGH ACQUISITIONS

The Group's newly acquired stake in Ardence Pharma has started to contribute revenue in FY2023, and the Group will stay on the constant lookout for promising acquisitions that can boost the company's inorganic growth to achieve its goals while enhancing shareholder value at the same time.

DIGITAL EXPANSION STEADILY PROGRESSING

The Medical Hypermart and Digital division saw a slight dip of revenue of 1.1% to S$42.7 million. However, the consolidation of all the Group's digital assets into a single pharmaceutical product marketplace, DocMed, has yielded strong growth in FY2023. DocMed's digital pharmacy solutions platform connects healthcare stakeholders, including healthcare practitioners and institutions, with industry stakeholders such as pharmaceutical companies and manufacturers of medical consumables, to enable them to efficiently purchase medical supplies and drugs on-the-go.

DocMed is now present in Singapore, Vietnam, and Malaysia, and the Group continues to seek collaborative opportunities with partners in the region, so as to achieve its goal of creating an ASEAN integrated digital healthtech platform with a wide range of healthtech solutions.

REMAINING TRUE TO OUR VISION AND VALUES

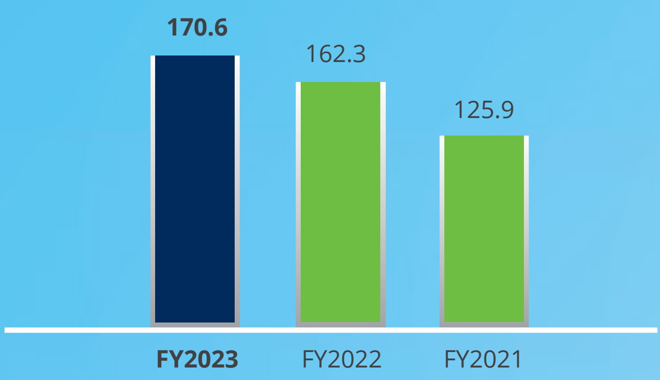
The highly uncertain macro-economic environment, supply chain disruptions, persistent inflation, and volatility in foreign exchange rates which the Group experienced in FY2023, is expected to persist in FY2024.

However, the Group is well-prepared and will work closely with its partners and principals to mitigate any negative effects. Although stubborn inflation has led to higher producer prices and operating expenses, the Group is working hard to improve the situation, such as adjusting sale prices and renegotiating rates with counterparties. It is also heartening to observe that the supply chain situation has been improving in the second half of FY2023.

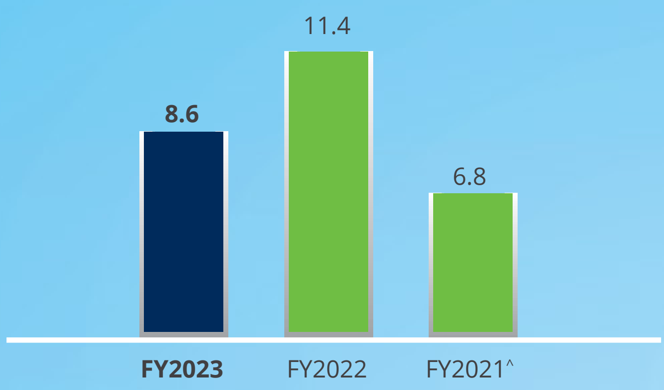
Overall, the Group is confident that its resilient business fundamentals, diversified product portfolio, and strong reputation position it well for sustainable growth. Led by a team of committed professional and ethical individuals, Hyphens Pharma seeks to deliver on its promise to be the dominant pharmaceutical & consumer healthcare player in ASEAN, built on trusted brands and relationships, while also providing a better quality of life for our customers, employees and community.

FINANCIAL HIGHLIGHTS

REVENUE (S$'MIL)

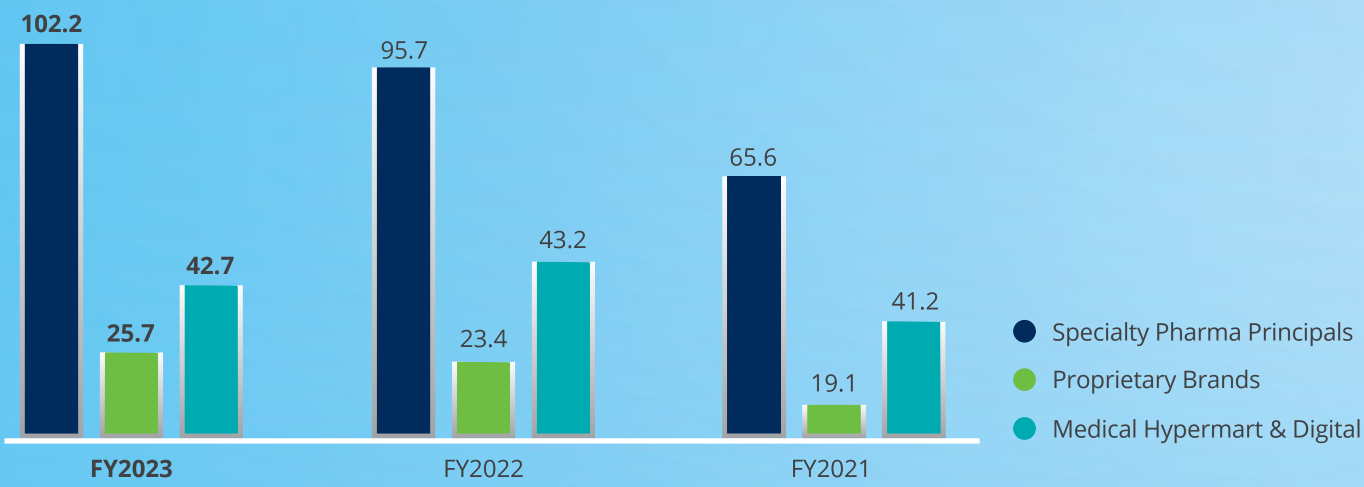


PROFIT, NET OF TAX (S$'MIL)

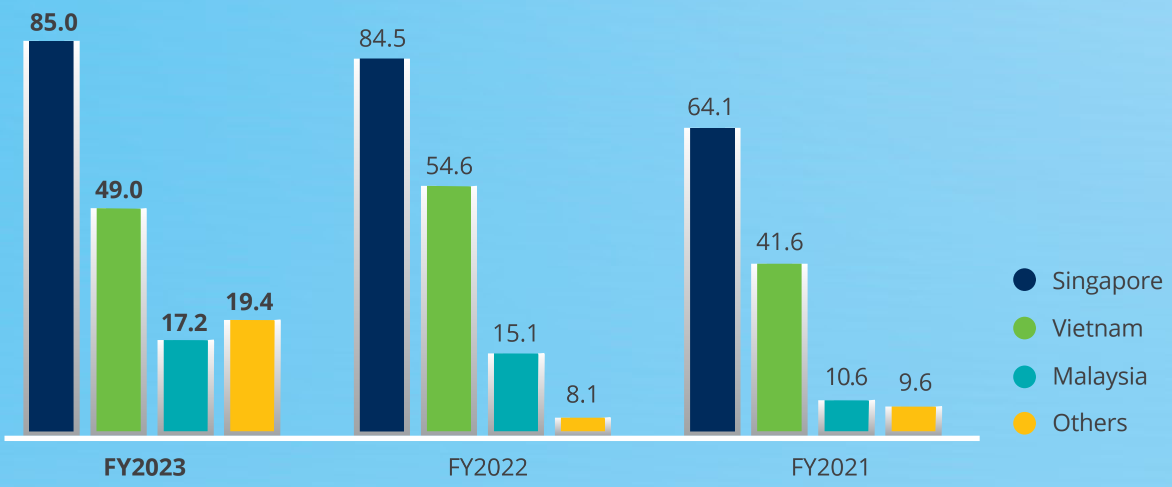


^ *Include JSS & COVID-related provision*

REVENUE BY BUSINESS SEGMENT (S$'MIL)



REVENUE BY GEOGRAPHY (S$'MIL)



FINANCIAL REVIEW

REVIEW OF FINANCIAL PERFORMANCE

Revenue and Margin

The Group's revenue increased by 5.1% or S$8.3 million from S$162.3 million in FY2022 to S$170.6 million in FY2023. The newly acquired Ardence Pharma contributed S$0.9 million in revenue.

Two of the business segments contributed to the revenue increase:

- Specialty pharma principals segment led the growth with 6.8% increase in revenue. The loss in revenue from the discontinuation of partnership with Biosensors was offset by the increased demand in Malaysia, Indonesia and the Philippines, coupled with export sales of products from Laboratoires Gilbert S.A.S.
- Proprietary brands segment grew by 9.4%, contributed by higher demand for Ceradan® dermatological products, Ocean Health® health supplement products and Novem® nutraceutical products.
- Revenue from the medical hypermart and digital segment decreased by 1.1%.

Gross profit reduced by 1.4% or S$0.9 million from S$62.8 million in FY2022 to S$61.9 million in FY2023.

Gross profit margin had decreased from 38.7% in FY2022 to 36.3% in FY2023 due to increase in cost of sales and affected by the change in product mix in FY2023, as the Group discontinued the partnership with Biosensors at the end of FY2022.

Other income and gains

Other income and gains increased by 11.7% or S$0.07 million from S$0.66 million in FY2022 to S$0.73 million in FY2023 mainly due to increase in interest income of S$0.3 million and S$0.2 million gain recognised as a result of re-measuring fair value equity in Ardence Pharma before business combination, partially offset by reduction in government grant income of S$0.3 million.

Operating expenses

Distribution costs increased by 7.9% or S$2.6 million from S$33.3 million in FY2022 to S$35.9 million in FY2023, in tandem with the higher sales achieved.

Administrative expenses decreased by 3.0% or S$0.5 million from S$14.6 million in FY2022 to S$14.1 million in FY2023 mainly due to lower spending on R&D and reduction in directors' remuneration.

Other losses increased by 46.6% or S$0.7 million from S$1.6 million in FY2022 to S$2.3 million in FY2023 due mainly to foreign exchange losses.

Share of profit of an equity-accounted associate

Share of profit from associate related to share of profit from Ardence Pharma. As a result of the increased shareholding in Ardence Pharma in November 2023, the Group ceased to account its share of profit from 8 November 2023 and included Ardence Pharma post-acquisition financial results in its consolidated financial statements. This resulted in a reduction in share of profit of an associate by S$0.1 million.

Profit for the year

As a result of the foregoing, the Group's net profit after tax decreased by 24.8% or S$2.8 million, from S$11.4 million in FY2022 to S$8.6 million in FY2023.

REVIEW OF FINANCIAL POSITION

Assets

The Group's non-current assets increased by S$3.8 million from S$24.8 million as at 31 December 2022 to S$28.6 million as at 31 December 2023 primarily due to increase in intangible assets arising from the acquisition of Ardence Pharma by S$4.9 million, offset by reduction in investment in associate of S$2.7 million as Ardence Pharma has become a subsidiary after the acquisition. In addition, there was a net increase in plant and equipment by S$1.8 million during the year.

The Group's current assets increased by S$2.5 million from S$89.7 million as at 31 December 2022 to S$92.2 million as at 31 December 2023 mainly due to increase in trade and other receivables and inventories by S$10.0 million and S$4.2 million respectively, partially offset by decrease in cash and cash equivalent by S$13.1 million.

Liabilities

The Group's non-current liabilities increased by S$1.5 million from S$4.1 million as at 31 December 2022 to S$5.6 million as at 31 December 2023 mainly due to renewal of office lease.

The Group's current liabilities increased by S$9.1 million from S$40.1 million as at 31 December 2022 to S$49.2 million as at 31 December 2023. This was mainly attributable to increase in trade and other payables.

REVIEW OF STATEMENT OF CASH FLOWS

The Group generated net cash of S$5.6 million from operating activities in FY2023, mainly due to operating cash inflows before changes in working capital of S$12.5 million, net working capital outflows of S$4.3 million and income taxes paid of S$2.6 million.

The net working capital outflows were due to (i) increase in inventories of S$3.5 million and (ii) increase in trade and other receivables and prepayments of S$10.4 million, partially offset by (iii) increase in trade and other payables of S$9.7 million.

Net cash flows used in investing activities during FY2023 amounted to S$1.5 million, mainly attributable to acquisition of Ardence Pharma and intangible assets for S$1.6 million, plant and equipment additions of S$0.3 million, partially offset by S$0.3 million interest received.

Net cash flows used in financing activities amounted to S$17.3 million during FY2023, mainly due to dividend payment of S$14.6 million, lease payment of S$1.2 million and bank borrowing repayment of S$1.3 million.

INVESTOR RELATIONS

Hyphens is committed to maintaining timely, balanced and effective communications with its shareholders and stakeholders. In FY2023, Hyphens held four analyst briefings, which were well attended by financial analysts and institutional investors, as well as one-to-one meetings with institutional investors.

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

1. CGS-CIMB (Rated), now known as CGS International
2. PhillipCapital (Rated)
3. SAC Capital (Rated)

Hyphens convened its fifth Annual General Meeting and Extraordinary General Meeting thereafter on 26 April 2023. The Annual General Meeting offers an important platform for the Board and the management to present Hyphens' performance and all shareholder meetings allow the Board and Management to address shareholders' queries.

Looking for

Younger Glowing Skin?

PLINEST®

- Softens and flattens acne scars, wrinkles and fine lines
- Minimizes pore sizes
- Improves skin hydration and elasticity
- Improves skin radiance for a youthful glow

PLINEST® fast

- Revives tired looking eyes
- Lightens dark eye circles
- Reduces superficial wrinkles and fine lines around delicate skin areas

NEWEST®

- Total facial bio-revitalization to reverse skin aging
- Softens and flattens acne scars, wrinkles and fine lines
- Improves skin hydration and elasticity
- Improves skin radiance for a youthful glow

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. As the founder of our Group and holding a remarkable track record of over 30 years of experience in the pharmaceutical industry, he is responsible for overseeing our overall operations and managing our strategic direction.

See Wah graduated with a Bachelor of Science (Pharmacy) with Honours (Second Class Honours Upper Division) from the National University of Singapore in June 1992. Complementing his academic background, See Wah obtained a Graduate Diploma in Business Administration from Singapore Institute of Management in May 1994.

Additionally, he has taken part in the UC Berkeley-Nanyang Advanced Management Program, Spring Singapore: Executive Leadership Development Programme at The Wharton School of the University of Pennsylvania in August 2017, and completed the Enterprise Scale-Up SG Programme, a one-week executive education with Stanford University Graduate School of Business in November 2022. With his pivotal role in the Group, See Wah continues to be a key contributor to the Board's strategic vision and governance.

2 Dr Tan Kia King
Non-Executive Director

Dr Tan Kia King was appointed to our board as Non-Executive Director on 12 December 2017. With a distinguished career spanning over 30 years as a medical doctor, he commenced his journey as a Medical Officer in the Ministry of Health.

Having served as the Managing Director of Westpoint Family Hospital Pte. Ltd., Kia King was entrusted with overseeing the day-to-day operations of the hospital. He served as Chairman of the Sengkang West Citizen Consultative Committee in 2022 and Grassroot Advisor to the Sengkang North Grassroots Organisation in 2023. He was awarded National Day Awards; the Public Service Medal (Pingat Bakti Masyarakat) in 2016 and Public Service Star (Bintang Bakti Masyarakat) in 2021.

Kia King graduated from the National University of Singapore with a Bachelor of Medicine and Bachelor of Surgery in 1993. With his depth of experience in the medical field, Kia King continues to enrich our strategic initiatives.

BOARD OF DIRECTORS

3 Mr Heng Wee Koon
Lead Independent Director

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

Currently serving as a Senior Advisor to Nihon M&A Center Singapore Pte. Ltd., a mergers and acquisitions advisory firm, he also provides guidance as an advisor to Regional Marine & Engineering Services Pte. Ltd., an offshore marine engineering company. Wee Koon's journey includes a significant tenure with KPMG, where he joined the Transaction Services department in January 2007, achieving the position of Executive Director in October 2008. He later became a Partner at KPMG Advisory LLP, departing in December 2016.

He graduated with Honours in Bachelor of Business Administration from the National University of Singapore in 1994. Furthering his academic achievements, Wee Koon obtained a Master of Business Administration from Nanjing University, China, in 1997. A member of the CFA (Chartered Financial Analyst) Society Singapore, Wee Koon's wealth of experience and expertise elevates our growth and standards of governance.

4 Mr Ng Eng Leng
Independent Director

Mr Ng Eng Leng was appointed to our Board as Independent Director on 23 April 2018. He has been a Senior Partner at Dentons Rodyk & Davidson LLP since October 2011, specialising in mergers and acquisitions and corporate matters with over 33 years of legal practice experience.

He earned his Bachelor of Laws (LLB) from the National University of Singapore in 1989 and later obtained a Master of Laws (LLM) from the same institution in 1995. Eng Leng's legal acumen makes him a valuable member of the Board.

5 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 brings a valuable perspective with her multi-faceted, robust background in consumer marketing, general management, research and development, and operations within the food, nutrition, health, and wellness industry.

After 30 years of dedicated service with Nestlé Group, she retired in May 2018 as the Market Head, Chairman, and CEO of Nestlé Indochina Region. Throughout her illustrious tenure at Nestlé, Audrey held various commercial and leadership roles in Singapore, China, Switzerland, and Southeast Asia.

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 at Venture Corporation Limited and Heliconia Capital Management Pte Ltd.

Audrey is an alumna of the National University of Singapore (NUS), holding a Bachelor of Science degree. In 2014, she received the Outstanding Science Alumni Award from NUS in recognition of her outstanding achievements and contributions. She has also completed the Leadership Program at London Business School and the Berkeley-Nanyang Advanced Management Program at Nanyang Technological University. Successfully blending academic success with career expertise, Audrey continues to contribute to Hyphens' growth and transformation.

6 Mr Chan Kiat
Independent Director

Mr Chan Kiat was appointed to our Board as Independent Director on 5 November 2020. Currently, he serves as a Managing Director and Partner of Archipelago Capital Partners, a Singapore-based private equity fund manager focused on Southeast Asia, a position he has held since 2016.

Before co-founding Archipelago Capital Partners, Kiat held the position of Executive Vice President of Investments at Singapore Post Limited. Prior to that, he had been with McKinsey & Company and was a member of the Corporate Finance Practice in Southeast Asia. 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.

With over 20 years of experience in corporate finance, strategy and investments, Kiat is a valuable addition to the Board with his depth of insight and exposure.

EXECUTIVE TEAM

1 Mr Yann Alain Marche
Chief Operating Officer

Mr Yann Alain Marche currently serves as the Chief Operating Officer, overseeing our Specialty Pharma Principals and Proprietary Brands business segments. Having joined Hyphens in 2019, he brings over 28 years of extensive experience in the global pharmaceutical industry, specialising in dermatology, rheumatology, and aesthetic business. Yann's career spans over 18 years with Galderma, where he held key management positions, including Vice President for Latin America. Prior to joining Hyphens, he served as the Senior Chief Operating Officer at Laboratoires Expanscience, managing operations and revenue growth across more than 50 countries, 16 subsidiaries, and 400 collaborators.

Yann holds a Doctorate in Pharmacy from the Université de Paris V, France. He has also participated 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. Yann's extensive corporate exposure and industry expertise make him an indispensable asset to our team.

2 Ms Flora Zhang
Chief Financial Officer

Ms Flora Zhang currently holds the position of Chief Financial Officer, overseeing the Group's financial strategy and investor relations. Joining in 2023, Flora brings over 17 years of experience in finance, accounting and strategic planning.

During her 9-year tenure with PricewaterhouseCoopers (PwC) LLP since 2006, Flora has worked in multiple offices in Singapore, London, Beijing and Hong Kong. Following her departure from PwC in 2015, she has held several senior finance roles across diverse industries. These include serving as the Associate Finance Director at CreditEase Insurance Sales & Services Co. Ltd, Finance Director at Good Doctor Technology (Singapore) Pte. Ltd, and Chief Financial Officer at TVM Capital Healthcare Partners, a healthcare-focused private equity fund.

Flora is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA) and graduated from Nanyang Technological University with a Bachelor Degree of Accountancy (Second Class Honours Upper Division) in 2006. Her diverse expertise across various sectors equips her with the skills to shape financial decisions and drive the growth of Hyphens.

EXECUTIVE TEAM

3 Mr Jason Yeo

General Manager, Hyphens Pharma (Singapore)

Mr Jason Yeo serves as the General Manager at Hyphens Pharma (Singapore), where he is tasked with overseeing the comprehensive management and expansion of the Hyphens Pharma and Ocean Health divisions in Singapore.

Having joined Hyphens in 2002, Jason has demonstrated an outstanding journey of professional growth within the organisation. He has ascended through various managerial positions, accumulating valuable experience and expertise along the way. Before assuming his current role, he held progressive roles in sales and marketing within Singapore, culminating in his tenure as Regional Manager.

Jason is a graduate of the University of Bradford, where he earned a Bachelor's Degree in Business and Management Studies with Honors. His academic background and extensive experience equip him with the necessary skills to drive growth and advancement for Hyphens.

4 Mr David Lim

General Manager, Pan-Malayan Pharmaceuticals

Mr David Lim serves as the General Manager at Pan-Malayan Pharmaceuticals, where he oversees the comprehensive management of the company's operations. With a career spanning over two decades, David has accumulated valuable experience in various roles within multinational corporations (MNCs) and small and medium-sized enterprises (SMEs). He has demonstrated a strong track record in local and regional sales, marketing, and business management.

Before joining Pan-Malayan Pharmaceuticals in 2000, David spent more than 13 years honing his skills and expertise. During this time, he managed a diverse portfolio of established brands and services, including Singapore Airlines, SilkAir, Noel Gifts, Tiger Beer, and Heineken Beers.

David obtained his Bachelor's Degree (Honours) in Social Science from the National University of Singapore, laying a solid academic foundation for his professional endeavors. His extensive experience makes him a key figure in Pan-Malayan Pharmaceuticals.

5 Ms Stella Ang

Head, Regulatory Affairs

Ms Stella Ang assumes the role of Head of Regulatory Affairs at Hyphens, where she leads both regulatory affairs and pharmacovigilance initiatives.

Before joining Hyphens in 1997, she served as a Pharmacist at Singapore General Hospital. With over 20 years of regulatory experience across ASEAN countries, Stella's expertise encompasses diverse fields, 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, underpinning her proficiency in the field.

GROUP STRUCTURE

(1) Hyphens Pharma Pte. Ltd. has two representative offices in Vietnam (Ho Chi Minh City and Hanoi)
(2) Formerly known as Novem Sciences Private Limited

CORPORATE INFORMATION

Board of Directors

Mr Lim See Wah
Executive Chairman & CEO

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 SG Assurance 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

Delivering innovative evidence-based quality nutraceuticals, for the improvement of your health

BC-flex™

Boswellia Serrata Extract & Undenatured (Native) Collagen Type II
Synergy for better efficacy, restoring joint mobility.

RemeCur™

Bio-active Curcumin 500mg
Patented curcumin extract

Helio-D3™

Vitamin D3 as cholecalciferol 1000 IU (25 ug)
Dissolved in cold pressed extra virgin olive oil

MarineMag™

Elemental Magnesium 200mg
Natural marine magnesium

ActivQ™

Ubiquinol (CoQ10) 50/100mg
Most bioactive form of coenzyme Q10

SuperKrill®2 Forte

Antarctic Krill Oil 500mg with phospholipids, choline & astaxanthin
A superior source of Omega-3 fatty acids

A member of Hyphens

NOVEM®
Innovating healthcare with excellence

SUSTAINABILITY REPORT

ABOUT THIS REPORT

We are pleased to present the fifth annual Sustainability Report of Hyphens Pharma International Limited ("**Hyphens**", and together with its subsidiaries, the "**Group**"). It provides an overview of Hyphens' performance related to material environmental, social, and governance ("**ESG**") issues from January 1 to December 31, 2023 ("**FY2023**"), aligning with our financial reporting year.

REPORTING STANDARDS

This report has been prepared with reference to the Global Reporting Initiative ("**GRI**") Standards. We use the GRI Standards for preparing our sustainability report due to their international recognition and acceptance by stakeholders. This year, we have started including disclosures recommended by the Task Force on Climate-related Disclosures ("**TCFD**"). The report aligns our activities with the United Nations ("**UN**") Sustainable Development Goals ("**SDGs**") and follows the SGX-ST Catalist Rules (711A and 711B), detailing our ESG strategies, targets and achievements.

SGX PRIMARY COMPONENTS

The report comprises the six primary components, as required by the SGX-ST sustainability reporting rules, covering Material ESG factors, Climate-related disclosures, policies, practices and performance, targets, Sustainability reporting framework and Board statement.

REPORTING PROCESS

We have followed GRI standards and guidance to identify, assess, prioritise, and validate material ESG topics. The report reflects our stakeholders' expectations, our understanding of the sustainability context, ESG risks and opportunities, and sustainability trends. It also updates our alignment with TCFD disclosures.

In preparing the report, we have applied GRI's principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability to ensure report quality. The data in this report is sourced directly from our primary official records to ensure both accuracy and consistency. For ease of comparison across different years, we have incorporated historical ESG performance data. All financial information is presented in Singapore dollars, except where indicated otherwise.

Standards, Frameworks and Guidelines

- GRI Standards
- SGX-ST Catalist Rules (711A and 711B) – Sustainability Reporting
- TCFD Recommendations
- UN SDGs
- Greenhouse Gas ("**GHG**") Protocol

RESTATEMENTS

This report does not contain any restatements of previously reported information or data.

ASSURANCE

An independent auditor has reviewed and audited our financial statements. We maintain an internal system to validate the accuracy and reliability of our ESG data. The possibility of obtaining external verification for our ESG data for future reports remains under consideration.

AVAILABILITY

The report is part of our Annual Report, available in PDF on our website (www.hyphensgroup.com) and the SGX website (www.sgx.com).

CONTACT

For comments or questions about this report, please contact us at ir@hyphens.com.sg.

HEAD OFFICE

Hyphens Pharma International Limited
Company Registration No. 201735688C
16 Tai Seng Street, Level 4
Singapore 534138
www.hyphensgroup.com

OUR GOVERNANCE

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.

CORPORATE GOVERNANCE

The Corporate Governance section of this Annual Report provides a detailed account of our corporate governance structure and measures, with reference to the principles and provisions of the Code of Corporate Governance 2018.

Please refer to the Corporate Governance section of this report for detailed information.

SUSTAINABILITY GOVERNANCE

The Board has established a sustainability governance structure for effective oversight and management of material ESG issues, impacts, risks and opportunities.

The Board has the ultimate responsibility for the Group's sustainability matters, sustainability strategy and risk management. The management is responsible for implementing the sustainability strategy, monitoring performance against targets and providing regular updates to the Board.

The Board is assisted by the Sustainability Committee ("**SC**" or the "**Committee**"), which comprises senior management executives from major functions and is chaired by the Chief Executive Officer. The Committee reports to the Board, which periodically reviews ESG impact, practices and performance, and engagement with stakeholders to understand their expectations and concerns.

The Board is also assisted by the Audit Committee in reviewing the effectiveness and adequacy of internal controls relating to sustainability data and compliance with the reporting requirements issued by the Singapore Exchange ("**SGX**").

BOARD STATEMENT

At Hyphens, the Board of Directors is committed to upholding the highest standards of corporate governance, ethics, and sustainability. Recognising that sustainability is key to both our business strategy and sustained success, the Board, working closely with the management, identifies the ESG impacts, risks and opportunities that are material to our business and stakeholders. These material issues are considered in developing the Group's strategic direction in line with our commitment to responsible business practices.

The management is responsible for implementing ESG strategies, monitoring performance, achieving goals and targets, and providing regular updates to the Board, as well as preparing the sustainability report. The Board regularly reviews and oversees the Group's sustainability performance. It also reviews and approves the Group's sustainability reporting.

OUR GOVERNANCE

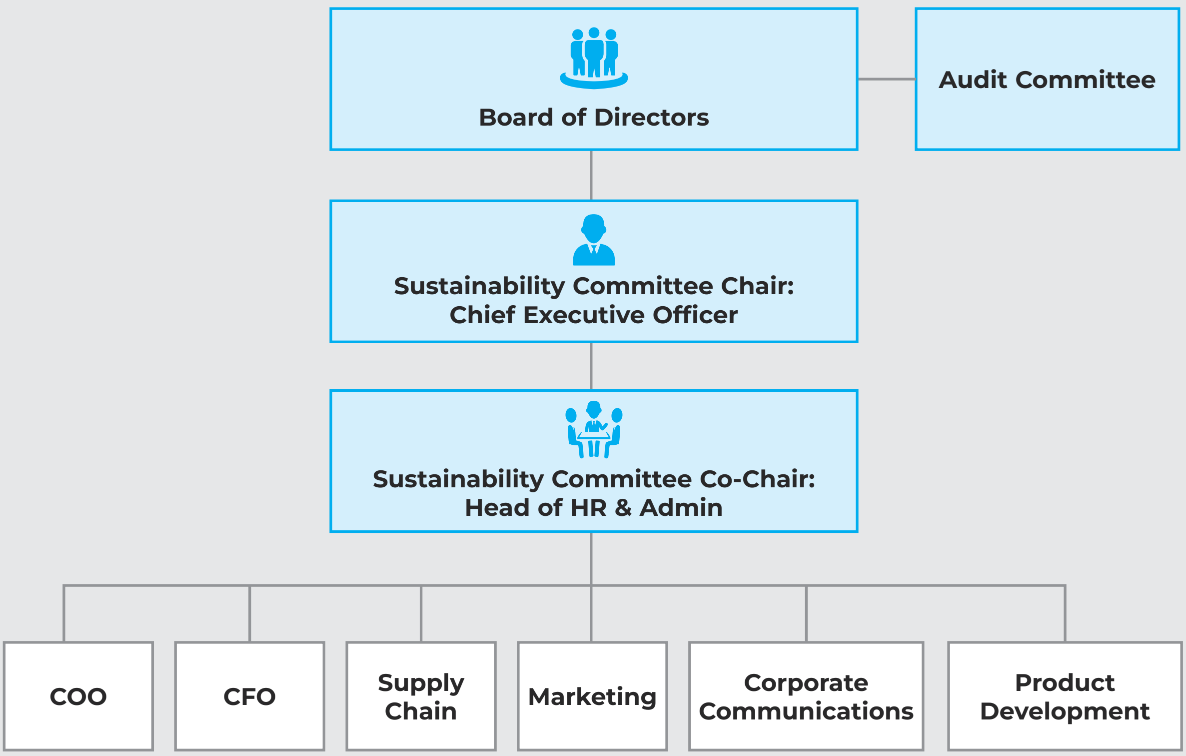
SUSTAINABILITY COMMITTEE

The Sustainability Committee is responsible for assisting the Board in identifying and prioritising material ESG factors and climate-related risks and opportunities, managing and monitoring the implementation of material ESG factors, setting and achieving ESG targets over the short, medium, and long term, and preparing the annual sustainability report.

Led by Hyphens' Head of HR and Admin, the SC comprises Chief Operating Officer, Chief Financial Officer, Marketing Director, Corporate Communications, Supply Chain Manager, and the Head of the Product Development Department. The SC reports to the Chief Executive Officer who is also Chairman of the Board.

The Committee is tasked with overseeing and directing the Group's sustainability strategy, policies, and targets, ensuring these align with the Board's strategic direction. This involves regular engagement with stakeholders to integrate their perspectives into the sustainability strategy and business decisions. The Committee is also responsible for maintaining accurate and reliable data controls, regularly reviewing ESG performance, and updating the Board on sustainability achievements using key performance indicators. The Committee also oversees the preparation of sustainability reports as per SGX sustainability reporting guidelines and seeks the Board's approval.

SUSTAINABILITY GOVERNANCE ORGANISATION CHART



DIRECTORS' TRAINING

The Board keeps itself updated on sustainability trends and developments through training, expert briefings, webinars and self-studies. Board Directors have also attended the sustainability training, as mandated by the SGX sustainability reporting rules.

OUR GOVERNANCE

BOARD DIVERSITY POLICY

Hyphens' 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 consists of individuals with a range of complementary professional qualifications, skills, regional and global business experiences, industry knowledge, and varying backgrounds in terms of gender, geography, nationality, tenure, seniority, and other unique characteristics. We take these attributes into account when determining the optimal composition of our Board, aiming for balanced representation whenever possible.

Acknowledging the significance of gender diversity, our goal is to maintain at least one female director on the Board. Presently, of the six directors on the Board, one is female. All six directors are above the age of 50 years.

To maintain gender diversity on our Board, we have implemented several key measures. External search consultants responsible for identifying Board candidates are mandated to incorporate female candidates in their search criteria. Simultaneously, our Nomination Committee ("**NC**") is instructed to consider female candidates when selecting new Directors, ensuring a consistent focus on gender representation in our Board's composition.

SUSTAINABILITY POLICY

At Hyphens, we are committed to playing a role in improving global health while minimising our environmental and social impact. We have adopted a comprehensive sustainability policy which outlines our commitment to sustainable practices in the pharmaceutical industry and guides our employees, partners, and stakeholders towards a sustainable future. Please refer to our sustainability framework in the Sustainability Strategy section of this report to learn more about our policy commitments.

REGULATORY COMPLIANCE

At Hyphens, we are committed to complying with applicable laws and regulations where we operate. We believe regulatory compliance is the essential foundation for sustainable growth of our business and delivering value to our shareholders and stakeholders. Our approach involves taking preventive measures to mitigate legal risks and continuously monitoring our performance.

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 training programmes for all employees, alongside pre- and post-training quizzes, to familiarise them with the Group's policies.

For transparency, we publicly report significant instances of non-compliance. An incident is considered significant if it involves a fine exceeding S$20,000 or results in the stoppage of business operations.

In the reporting period, there were no incidents of significant non-compliance involving significant fines or non-monetary sanctions.

CODE OF CONDUCT

The Group's Code of Conduct, commonly referred to as the "Code", is readily available for review on our website at www.hyphensgroup.com. The Code outlines the expected conduct for all employees, emphasising the necessity for high standards of personal and corporate integrity. This expectation extends to all interactions, whether with customers, suppliers, competitors, fellow employees, or the wider community. New employees undergo training as part of onboarding that covers the Group's Code of Conduct, corporate values, ethical principles and policies.

Our Code of Conduct covers the following issues:

- Compliance with the law
- Conflict of interest
- Prohibition on bribery and corruption
- Gifts, favours and concessionary offers
- Workplace harassment
- Workplace health and safety
- Company property and assets
- Confidential information
- Proprietary information & intellectual property
- Insider trading
- Enforcement & reporting violations of the Code of Conduct

OUR GOVERNANCE

WHISTLEBLOWING POLICY

In line with our commitment to transparency, accountability, and integrity, we have implemented a robust Whistleblowing Policy. This policy is a critical component of our governance framework, offering both employees and external parties a secure avenue to report concerns regarding financial reporting irregularities or other types of malpractice. These whistleblowing channels are designed to protect the confidentiality of the whistleblower and guarantee that there will be no retaliation for raising concerns. Our Whistleblowing Policy is accessible through the BIPO mobile application, and the integrated human resource management system ("**HRMS**").

ANTI-CORRUPTION POLICY

Our anti-corruption policy has been communicated to

100%

of all employees.

The Group adopts a strict zero-tolerance policy against corruption, bribery, fraud and money-laundering, recognising that these practices can undermine stakeholder trust, damage our reputation, and lead to significant legal and financial risks. To protect our stakeholders' interests and ensure the smooth operation of our Group, we have implemented an anti-corruption policy. Our anti-corruption policy applies to all employees, directors, suppliers and business partners. Any unethical behavior or misconduct relating to corruption and fraud by employees may result in formal disciplinary action including dismissals. We periodically review our practices and performance to identify areas for continuous improvement.

Our anti-corruption policy has been communicated to 100% of all employees (440 employees) and 100% of the Board of Directors (six directors). All directors have also attended anti-corruption training.

There were no incidents of bribery, fraud and money-laundering in the reporting period.

MATERIAL TOPIC: ANTI-CORRUPTION	
Our Ongoing Target	**Performance in 2023**
To have no incidents of bribery, fraud and money-laundering.	No incidents.

ANTI-FRAUD POLICY

Hyphens is committed to maintaining integrity in its operations. We have established a Fraud Policy to deter fraudulent activities involving employees, shareholders, consultants, vendors, contractors, external agencies, and any entities in business with us. Suspected fraud must be reported to the Audit Committee Chairman immediately. The Audit Committee can appoint Internal Auditors or independent investigators, such as forensic accountants, for probes. Employees involved in fraud will undergo disciplinary measures, with potential criminal and civil actions.

There were no confirmed incidents of fraud in the reporting period.

ANTI-COMPETITION

Hyphens is committed to fair competition and adheres strictly to all applicable anti-competition laws and regulations where we operate. We prohibit any form of collusion, price-fixing, market allocation, or any other activities that could restrict or distort competition.

There were no legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation.

DATA PROTECTION AND PRIVACY

Hyphens is committed to safeguarding personal data and privacy. Our Data Protection Policy, compliant with the Personal Data Protection Act 2012 ("**PDPA**"), governs the handling of personal information of employees, shareholders, partners, customers, and suppliers. It details the legitimate processing of personal data and is accessible at www.hyphensgroup.com. A designated Data Protection Officer ("**DPO**") oversees the policy's implementation.

Further details on our data protection efforts are in the Our Customers section of this report.

OUR GOVERNANCE

HUMAN RIGHTS POLICY

Hyphens is committed to upholding internationally recognised human rights principles as outlined by the United Nations' Universal Declaration of Human Rights and the International Labour Organization's ("**ILO**") core labour standards in our operations and supply chains. We prohibit child labor, forced labor, and modern slavery. We are committed to maintaining fair and respectful workplaces, free from discrimination and harassment. We respect our employees' rights to join unions and engage in collective bargaining in accordance with national laws. Currently, our employees are not covered by a collective bargaining agreement. However, we strive to pay competitive wages and benefits to our employees. Our HR policies ensure equal opportunities for all employees, irrespective of their race, gender, religion, ethnicity, nationality, cultural background, sexual orientation, or any other characteristic.

There were no incidents of discrimination in the reporting period.

There were

no incidents

of discrimination in the reporting period.

OUR SUSTAINABILITY STRATEGY

At Hyphens, we recognise the vital role we play in improving global health while minimising our environmental and social impact. As a responsible member of the pharmaceutical industry, we are committed to adopting sustainable practices in our operations.

Our sustainability strategy is to support sustainable business growth to create value for our shareholders and stakeholders by effectively managing ESG impacts, risks and opportunities across time horizons covering short term, medium term and long term.

Our strategic sustainability framework is informed by a comprehensive materiality assessment to identify the most significant ESG issues. An overview of our sustainability framework is presented in the infographic below.

SUSTAINABILITY FRAMEWORK

Innovation and Access	Environmental Responsibility	Social and Ethical Conduct	Accountability and Reporting
• Develop and provide innovative pharmaceutical solutions that contribute to improved global health and well-being. • Promote equitable access to healthcare, ensuring our products are available to those in need, regardless of their economic status. • Safeguard consumers' health by delivering products that meet the highest quality and safety standards. • Protecting customers' personal data from unauthorised or accidental leaks, modification, or disclosure.	• Reduce packaging waste in our operations. • Minimise our environmental footprint by reducing waste, conserving natural resources, and implementing sustainable practices throughout our operations. • Comply with all relevant environmental laws and regulations and actively seek ways to exceed compliance. • Continuously strive to improve our environmental performance and reduce the environmental impact of our products.	• Uphold the highest standards of ethics and transparency in all our business dealings, avoiding unethical practices such as bribery and corruption. • Attract and retain diverse talent to deliver our business goals. • Support the well-being of our employees, ensuring a safe and inclusive work environment. • Foster positive relationships with our local communities and contribute to their growth and development through philanthropic activities, volunteerism, and partnerships.	• Conduct regular sustainability assessments, measure performance, and set achievable goals. • Communicate our sustainability progress to our stakeholders through annual sustainability reports using globally recognised standards.

STAKEHOLDERS

We acknowledge the significance of establishing a solid foundation of trust and respect with all our stakeholders. We have identified key stakeholders as those who hold an interest in our Group and can influence or be affected by our business activities and operations. Our primary stakeholders encompass our customers, employees, suppliers, investors, regulators, and the broader community.

We are committed to frequent, continuous, and constructive dialogue with our stakeholders. Our primary aim in engaging with our stakeholders is to understand and address their legitimate concerns and expectations. Gaining insights into their viewpoints is crucial for informing our materiality assessment and for validating and prioritising sustainability topics in our reporting. In 2023, we invited internal stakeholders to participate in a survey to seek their opinion on sustainability topics for reporting. The management team also gathers views of external stakeholders as part of their ongoing, informal interactions throughout the year.

A summary of our stakeholder engagement is provided in the table below.

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 • Data governance and risk and management • Employee engagement and talent alignment
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
Local Communities	• CSR programmes	• Responsible corporate citizenship

MATERIALITY

We believe regular materiality assessment is essential for identifying significant ESG impacts, risks and opportunities to guide sustainable business practices, and ensuring long-term value creation. We review our material ESG topics every year and conduct an in-depth materiality assessment every three years.

Our most recent comprehensive materiality assessment was in 2021 where the management participated to understand Hyphens' impact on the economy, the environment and society. Subsequently, we have reviewed our material topics for reporting annually. In 2023, we evaluated the material topics reported in our 2022 Sustainability Report and made some adjustments to the list of topics for reporting in our 2023 Sustainability Report.

Following the latest review, we have removed Socioeconomic Compliance and Environmental Compliance from the list of material topics to align with the GRI Standards 2021. Instead, we have reported on regulatory compliance as a general disclosure as required by the GRI Standards. Our updated list of material topics is presented in the table below. Considering the growing stakeholder expectations from businesses to reduce packaging impact on the environment, we have included Packaging Waste as a material topic. We have relabeled the previously reported topic Employment as Talent Management to reflect our focus on building our human capital to support business growth.

Our materiality assessment follows GRI's four-step guidance to identify, assess, prioritise and validate the topics that represent the most significant negative as well as positive impacts of our operations. In the 2023 review, we engaged all internal stakeholders—including the Executive Team, Sustainability Committee, and company employees—in our Materiality Assessment by inviting them to rate the significance of our material topics through an online survey.

BOARD APPROVAL

Assisted by the management and the Sustainability Committee, the Board reviewed and approved the material ESG topics for reporting.

SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals are a universal call to action, comprising 17 interconnected Goals, aimed at eradicating poverty, protecting the planet, and ensuring prosperity and peace for all by 2030. By aligning with the SDGs, businesses can contribute to global efforts towards sustainability, while also enhancing their own resilience, innovation, and stakeholder trust, ultimately driving long-term growth and success.

At Hyphens, we are committed to supporting sustainable development goals by embedding sustainability into our business strategy and operations. We have aligned our material topics with the relevant SDGs where we have the opportunity to make a positive contribution.

MATERIALITY

MATERIAL TOPICS

An overview of our material topics and the related SDGs are presented in the table below.

MATERIAL ESG TOPICS			
Material Topics	**Materiality Description**	**Our Management Approach**	**Relevant SDGs**
ENVIRONMENT			
Packaging Waste	A range of packaging materials are used for our pharmaceutical and consumer healthcare products.	We are committed to reducing packaging waste in our operations.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
SOCIAL			
Talent Management	It is critical for us to attract and retain diverse talent to deliver our business goals.	We invest in the development of our employees to attract and retain diverse talent to deliver our business goals.	8 DECENT WORK AND ECONOMIC GROWTH 5 GENDER EQUALITY
GOVERNANCE			
Anti-corruption	It is critical to manage corruption and fraud risks to protect our reputation.	We are committed to adhering to the highest business ethics and conduct standards.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Customer Health and Safety	Pharmaceutical and consumer healthcare products require compliance with health and safety regulations and standards.	It is critical to safeguard consumers' health and safety by delivering products that meet the highest quality and safety standards.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 3 GOOD HEALTH AND WELL-BEING
Customer Privacy	It is critical to comply with personal data protection regulations to protect our reputation and build stakeholder trust.	We are committed to protecting customers' personal data from unauthorised or accidental leaks, modification, or disclosure.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

OUR PEOPLE

At Hyphens, our people are crucial for our long-term success and growth. Our goal is to be a company that our employees are proud to work for.

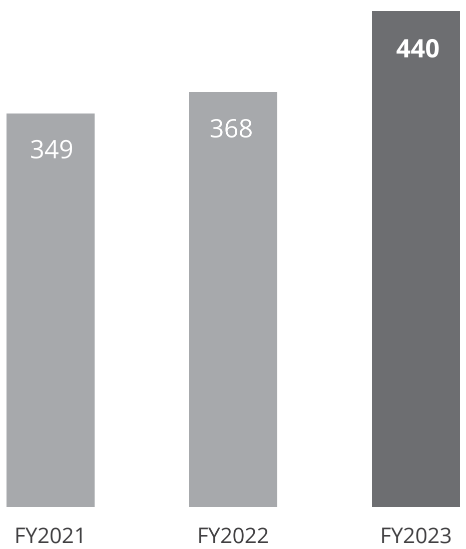
OUR EMPLOYEES

At the close of FY2023, Hyphens had 440 employees on its payroll. Full-time employees made up 96% of this total workforce. Among our employees, 94% were permanent employees. In addition, there were 11 temporary employees and 16 fixed-term contract employees. The Group engaged 27 freelance workers for roles such as sales promoters, merchandisers, delivery drivers, and office cleaners, who were not our employees. Singapore accounted for 52% of our total number of employees.

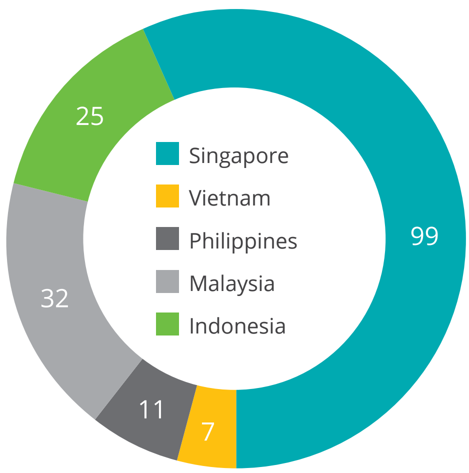
96% Full-time employees

94% Permanent employees

Number of Employees



Number of New Employees by Country



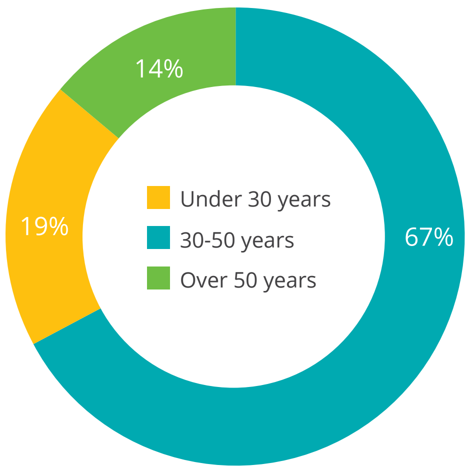
OUR PEOPLE

DIVERSITY

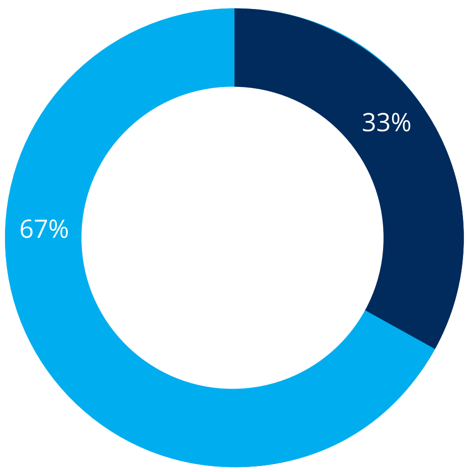
At Hyphens, we are committed to building a diverse and inclusive environment where all employees, regardless of their race, gender, age, sexual orientation, disability, religion, or ethnic background, are respected, valued, and given equal opportunity to realise their full potential. Our policies promote diversity, equality, and inclusion in the workplace and support a dynamic, innovative, and respectful environment.

In FY2023, 67% of our employees fall within the age range of 30-50 years, with 19% under 30 years of age and 14% aged over 50. Additionally, women constituted 67% of our workforce, held 65% of middle management and 45% of senior management positions. This figure surpassed the 2022 statistic reported in the World Bank's Gender Data Portal, reflecting women's representation in senior and middle management at 40.6%.[1]

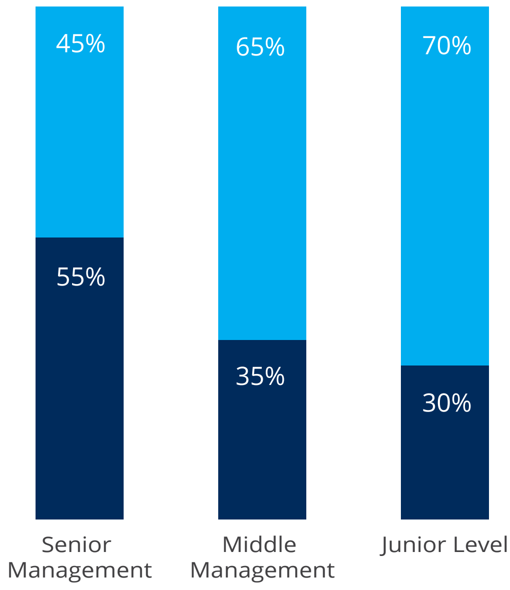
Employee By Age Group



Number of Employees By Gender



Employment Category by Gender



[1] *WorldBank, Singapore. World Bank Gender Data Portal. https://genderdata.worldbank.org*

OUR PEOPLE

PARENTAL LEAVE

We are committed to promoting a supportive, family friendly workplace culture. Our employees are eligible for parental leave. We believe that offering parental leave is vital as it supports employees' work-life balance and contributes to their overall well-being and job satisfaction. This is evidenced by a retention rate of 98% for those who returned from parental leave and remained with the company for more than 1 year.

Our parental leave-related disclosures are presented in the table below.

Parental Leave	FY2022			FY2023		
	Male	Female	Total	Male	Female	Total
Total no. of employees that were entitled to parental leave, by gender	16	39	55	17	49	66
Total no. of employees that took parental leave, by gender	16	39	55	17	49	66
Total no. of employees due to return to work after taking parental leave, by gender	16	39	55	17	49	66
Total no. of employees that did return to work after parental leave ended, by gender	16	39	55	17	49	66
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender	16	38	54	16	38	54
Return to work rate	100%	100%	100%	100%	100%	100%
Retention rate	NA	NA	NA	100%	97%	98%

EMPLOYEE BENEFITS

We are committed to ensuring the welfare of our employees. We offer our full-time employees a range of benefits including life insurance, disability and invalidity coverage, healthcare, retirement plans, and parental leave, all in compliance with local laws and statutory regulations.

EMPLOYEE DEVELOPMENT

We invest in developing our people by providing regular training opportunities. In FY2023, we provided a total of 1,625 hours of training. Average hours of training per employee amounted to 3.7 hours. The hours of training for male and female employees were 2.4 and 4.3.

PERFORMANCE MANAGEMENT

We have implemented performance management measures to support our employees' personal and professional development. We conduct annual performance appraisals for all employees to assess their performance in a fair and objective manner. In FY2023, all 100% of the employees participated in the performance appraisal process.

1,625
Total hours of training

3.7
Average hours of training per employee

Male
2.4
hours

Female
4.3
hours

114
employees attended training

OUR PEOPLE

NEW HIRES

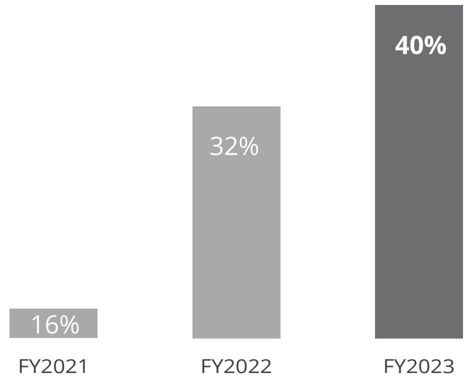
Our goal is to attract diverse talent to support our business growth. In FY2023, we hired 174 new employees. The total hiring rate in FY2023 was 40%. Women accounted for 67% of the new hires. The number and percentage of new hires by age group were as follows: 76 were under 30 years old (44%), 90 were aged between 30-50 years (51%) and 8 were over 50 years old (5%).

TURNOVER

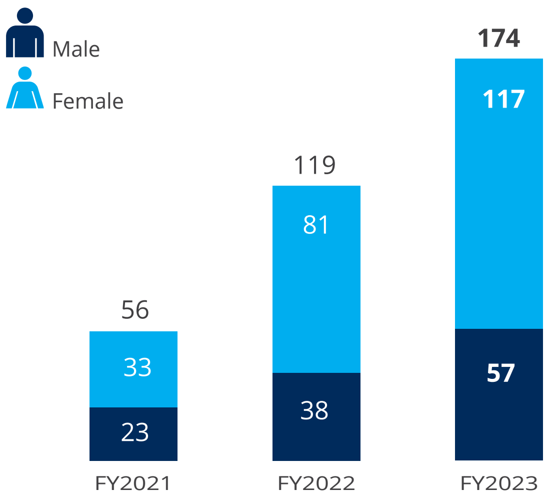
Our goal is to minimise employee turnover by implementing retention strategies, including competitive compensation, career development opportunities, positive workplace culture, and employee recognition programs. We track employee turnover to evaluate our performance.

In FY2023, the overall employee turnover rate was 25%. The turnover percentage by gender was as follows: male (35%) and female (65%). By age group, the turnover for the same period was as follows: Under 30 years (34%), 30- 50 years (55%) and Over 50 years (11%). The total number of employees leaving the organisation in FY2023 was 110, comprising 39 male employees and 71 female employees. Our Group's attrition rate, standing at 25%, exceeds the average of 16% for ASEAN countries in 2023, indicating a need for focused retention strategies and a closer examination of factors contributing to higher turnover within our organisation.

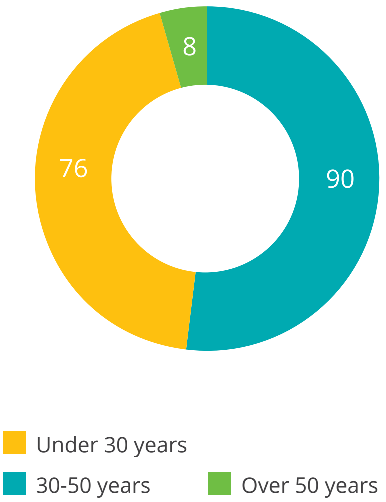
Hiring Rate



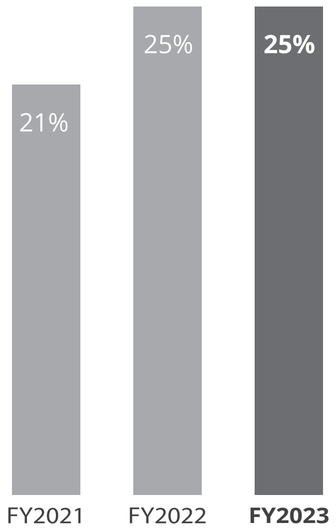
New Hires By Gender



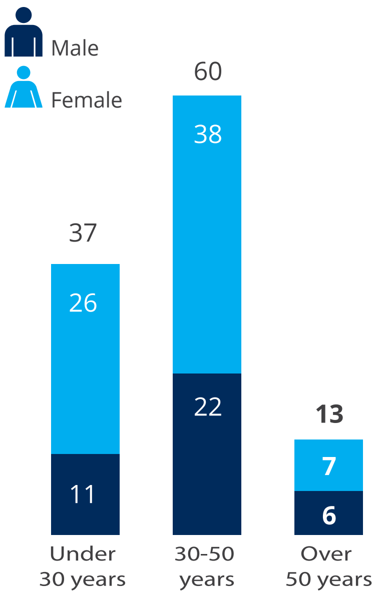
Number of New Hires by Age Group



Total Turnover Rate



Number of Turnover by Age Group



OUR PEOPLE

EMPLOYEE ENGAGEMENT

We engage our employees in a variety of ways throughout the year. Some of the engagement initiatives are described below.

Festive celebrations and team bonding activities

To nurture a lively and cohesive workplace environment, employee engagement at Hyphens comprises a diverse range of festive celebrations and team bonding activities across our regional offices. From observing national and cultural festivities like Mid-Autumn, Independence Day and Christmas celebrations, to a unique DIY Eggshell Coaster Upcycling workshop and recreational activities like archery and overseas trips, our subsidiaries and team members actively participate in various activities to foster camaraderie while promoting a healthy work-life balance.





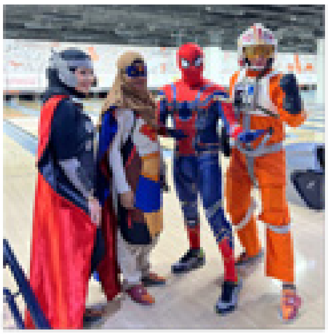


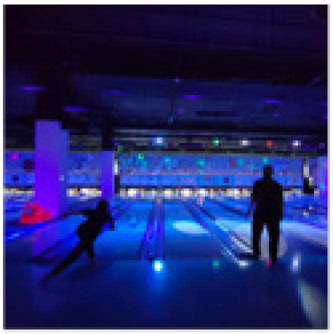

OUR PEOPLE

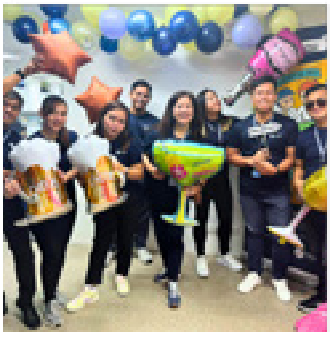
Hyphens Day

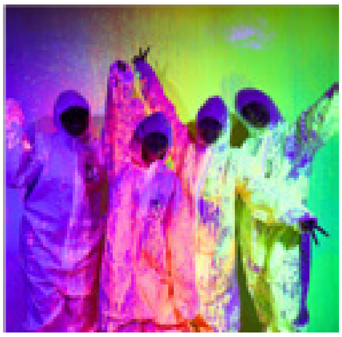
A standout tradition is the annual Hyphens Day in October, celebrated company-wide throughout our regional offices. This day marks the growth of the organisation and provides employees with an opportunity to come together for recreational activities. Each office crafts their own celebration, putting their own spin on the event. This year, we saw superhero costume contests and friendly sports matches, to DIY challenges, escape rooms, and team meals. In Hyphens Vietnam, the day was enhanced with an Employee Appreciation segment to celebrate the birthdays of team members in neighbouring months.

This day marks the growth of the organisation and provides employees with **an opportunity to come together** for recreational activities.









Hyphens Song

Beyond company celebrations and team activities, our approach to employee engagement includes the incorporation of a company song. Sung at company events and celebrations, this fosters a sense of inclusion and belonging among all employees as it effectively reinforces our shared identity through music, a medium that transcends language barriers.

Health and Wellbeing

Prioritising the health and wellbeing of our employees, Hyphens Vietnam organised complimentary health check-ups for all employees stationed in both Ho Chi Minh and Hanoi offices during June and July. Beyond basic monitoring of height and weight, these check-ups included comprehensive assessments of blood pressure, glucose and cholesterol profiles.

Similarly, Hyphens Singapore organised an in-office complimentary health screening for all employees in October. The health screening encompassed measurements of blood pressure, height and weight, along with assessments of blood glucose, BMI and cholesterol profiles.

Organised an in-office
Complimentary Health Screening
for all employees

OUR ENVIRONMENT

Hyphens is committed to environmental stewardship, recognising its importance to our business sustainability and the wider community. Our environmental approach is anchored in the precautionary principle, ensuring that we proactively address environmental risks and potential negative impacts.

Our environmental policy focuses on reducing packaging waste through the use of eco-friendly materials and minimising packaging size, conserving natural resources, and implementing sustainable practices across all operations. We adhere to all relevant environmental laws and regulations.

Our ongoing goal is to continuously enhance our environmental performance, reduce the impact of our products, and maintain transparency in our initiatives. We engage our employees and the community in our environmental efforts, regularly review our practices, and adapt to emerging environmental challenges, ensuring our operations contribute positively to environmental sustainability.

PACKAGING WASTE

In the pharmaceutical and consumer healthcare sectors, packaging serves as a protective barrier, shielding products from environmental elements like moisture, light, and temperature changes, which are crucial for maintaining the quality, safety and efficacy of pharmaceuticals. Packaging also facilitates tamper-evident features, providing clear indications of any tampering, which is critical for maintaining product integrity and user safety.

Packaging also plays a significant role in dosage control, patient compliance, and information dissemination. Packaging offers critical information about usage, ingredients, and expiration dates, aiding in patient compliance and safe consumption.

We use a variety of packaging materials for our pharmaceutical and consumer healthcare products to ensure their quality, safety, efficacy and compliance. Commonly used packaging materials for our products include glass, plastic (PET, PVC, Polyethylene), metal (Aluminum), paper and composites.

PLASTIC-LITE REFILL PACK

Over the years, we have actively advanced towards more sustainable packaging practices. This has included transitioning to recyclable bottles, eliminating superfluous plastic wrapping from individual bottles, and introducing an environmentally conscious, 'plastic-lite' refill pack for our flagship product, Ocean Health® Omega-3 fish oil. Our goal is to develop eco-friendly packaging solutions for the entire Ocean Health® product range by 2030, aligning with our commitment to environmental responsibility and sustainable development.

MATERIAL TOPIC: PACKAGING WASTE			
Target (FY2023)	**Performance in FY2023**	**Target (FY2024)**	**Medium to Long Term Target**
Establish a packaging waste data collection system	We implemented a system to collect packaging waste data which has enabled us to disclose packaging waste data in this report.	To achieve 5% increase in sales units of Ocean Health® products in refill packs	Extend the refill pack packaging format to 100% of Ocean Health® supplements by 2030.

OUR ENVIRONMENT

MANDATORY PACKAGING REPORTING

Singapore has initiated a Mandatory Packaging Reporting (MPR) scheme, under the Resource Sustainability Act, aimed at addressing packaging waste and promoting sustainable practices. Introduced by the National Environment Agency (NEA), the MPR scheme mandates that producers of packaged products, including brand owners, manufacturers, and importers, as well as retailers like supermarkets, submit detailed reports annually. These reports must include the amount of packaging introduced into the Singapore market and outline their plans to reduce, reuse, or recycle packaging materials.

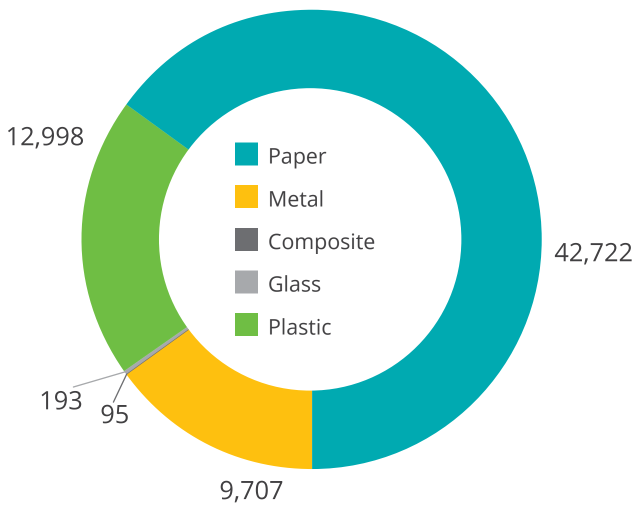
At Hyphens, we have implemented necessary measures to collect packaging data from FY2023 onwards. As part of the measures, we are also developing a 3R plan which will include our plans to reduce, reuse or recycle packaging.

In FY2023, we generated 65,715 kg of packaging waste. Paper constituted 42,722 kg (65.0%) of total packaging waste followed by 12,998 kg of plastic (19.8%), 9,707 kg of metal (14.8%), 193 kg of glass (0.3%) and 95 kg (0.1%) of composite.

65,715 kg

Total packaging waste

Packaging Waste (kg): FY2023

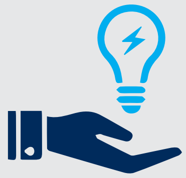


OUR ENVIRONMENT

ENERGY

Our energy consumption is comparatively low, primarily utilised for essential operations such as lighting, powering assembly line equipment, and transport for product distribution. Despite this relatively small footprint, we track and monitor our energy usage, consistently striving for greater energy efficiency in all aspects of our operations.

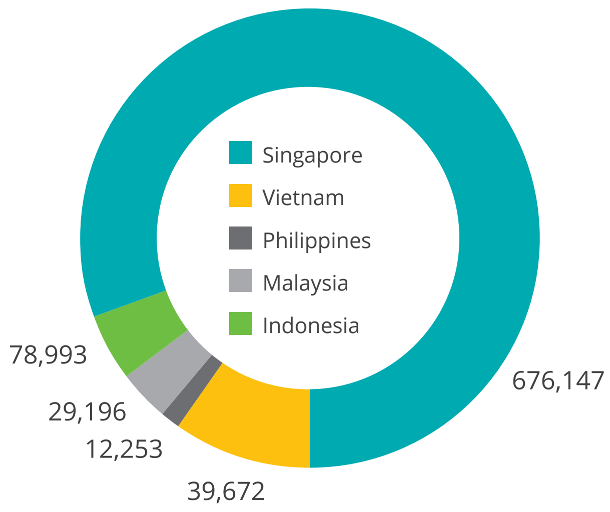
In FY2023, our total electricity purchase amounted to 836,261 kWh. Singapore operations accounted for 81% of the total electricity consumption. Energy consumption from electricity (Indirect Energy) amounted to 3,010 Gigajoules (GJ).



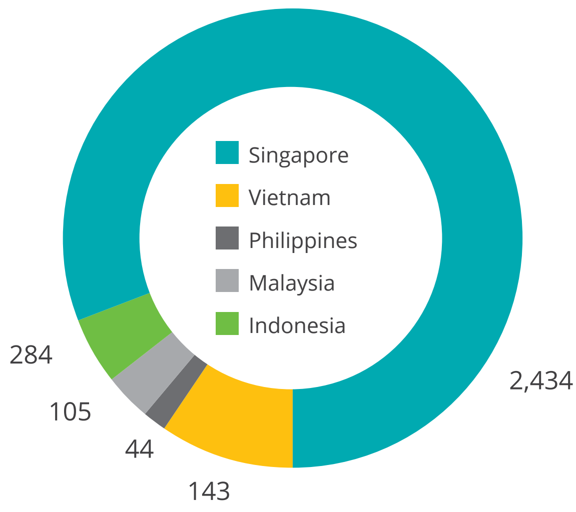
836,261 kWh

Total electricity purchase

Electricity Consumption By Country (kWh) - FY2023



Indirect Energy Consumption (GJ) - FY2023



SUSTAINABILITY AWARENESS MONTH

In November 2023, we organised a month-long sustainability awareness campaign. Our primary objective was to educate employees about the multifaceted nature of sustainability, which includes not only environmental concerns but also social and governance dimensions. Our goal was also to encourage employees to integrate sustainability into their daily routines. We curated a theme for each day of the week: Meatless Monday (focusing on environmental issues), Teamwork Tuesday (highlighting social aspects), Waste-Free Wednesday (emphasising environmental concerns), Transparency Thursday (concentrating on governance), and Fulfilling Friday (addressing both social and environmental issues). Through various channels such as informative emails and a hands-on sustainability workshop on upcycling used eggshells into coasters, we conducted sustainability engagement and outreach across the entire company.

TCFD REPORT

As a Group primarily focused on the marketing, wholesale and distribution of specialty and branded pharmaceutical products, we recognise that our operational carbon footprint is comparatively modest. Nevertheless, we are committed to contributing to the national and global endeavours of climate change mitigation. With this spirit, we have adopted a climate policy, which encompasses commitments to reducing greenhouse gas emissions and embracing responsible packaging practices.

In alignment with our climate commitment, we are committed to progressively implementing the Recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**") to assess, manage and report climate-related risks and opportunities for Hyphens. This report adheres to the TCFD's structured framework, which is categorised into four core areas: governance, strategy, risk management, and metrics and targets. The details of each category are elucidated in the sections that follow.

GOVERNANCE

At Hyphens, the Board oversees climate-related issues, while the management is responsible for implementing climate strategies and monitoring performance. The specific roles of the Board and the management are detailed below.

Board Responsibility

The Board is ultimately responsible for ensuring the effective management of ESG risks, including climate-related risks and opportunities within the Group, as an integral part of its overall risk management strategy. The Board has established a sustainability governance structure for effective oversight and management of material ESG issues, impacts, risks and opportunities, also covering climate-related issues.

The Board is assisted by the Sustainability Committee, which comprises senior management executives from major functions. The Sustainability Committee assists the Board in identifying and prioritising material ESG factors and climate-related risks and opportunities, managing and monitoring the implementation of material ESG factors, setting and achieving ESG targets over the short, medium, and long term, and preparing the annual sustainability report. The Board receives periodic updates from the management on sustainability issues, and reviews and approves the Group's TCFD Report.

The Board is also assisted by the Audit Committee in reviewing the efficacy of internal controls to ensure the reliability and accuracy of sustainability data and compliance with the reporting requirements issued by the Singapore Exchange ("**SGX**").

Management Responsibility

The management team is charged with the implementation, management, and monitoring of the climate-related strategy, risk management, and the establishment of metrics and targets. The management is also responsible for the preparation of sustainability reports that include climate reporting based on the TCFD framework.

The Sustainability Committee, chaired by the Group CEO, oversees and tracks the management of ESG impacts, including climate-related risks and opportunities. The Committee's responsibilities include evaluating and managing climate-related physical risks and transition risks and their financial impact on business in the short, medium and long term. The SC reports to the Board and provides regular updates, at least once a year, about the sustainability performance.

STRATEGY

Our greenhouse gas emissions mainly arise from electricity consumption in our offices, warehouses and assembly lines, and fuel used in our transport vehicles. Overall, our scope 1 and scope 2 emissions footprint is relatively small and not considered a material ESG factor.

Our strategic options to reduce our carbon footprint include improving energy efficiency, using renewable electricity where possible and switching to electric vehicles for logistics operations. In addition, we are committed to minimising the environmental impact of our product packaging. Our strategy prioritises addressing potential climate-related risks and opportunities in the short term, while also monitoring medium- and long-term risks and opportunities to develop appropriate strategic responses. The short-term issues we are addressing include mandatory climate-related reporting referring to the TCFD Recommendations, packaging waste and regulatory compliance.

TCFD REPORT

For planning purposes, we consider 0-5 years to be short-term, 6-10 years as mid-term and more than 10 years to be a long-term horizon. Our strategic approach over these time horizons to address climate-related risks and opportunities identified through scenario analysis is described below.

Short Term

We expect an increase in regulatory demands and a heightened expectation from stakeholders for comprehensive reporting of GHG emissions, as well as detailed disclosure regarding climate-related risks and opportunities and their potential financial impact on our business in the short, medium, and long term. Our short-term strategic plan involves measuring and reporting a comprehensive inventory of our GHG emissions. Additionally, we are implementing a plan to track, monitor and reduce the impact of packaging on the environment. This inventory will include scope 1, scope 2, and scope 3 emissions across all our business segments, and will be aligned with the standards set by the GHG Protocol. At present, our sustainability report already includes scope 1 and scope 2 emissions. In addition, we plan to establish emission reduction goals along with a defined timeline for achieving these reductions. The environmental section of this report also provides information about our progress toward reducing packaging waste.

Medium Term

We will explore potential roadmaps for the decarbonisation of our operations. Scope 2 emissions, arising from purchased electricity, account for about 30% of our combined scope 1 and scope 2 emissions. We would explore options for switching to renewable electricity to reduce our scope 2 emissions. Scope 1 emissions, about 70% of the total, originate from the use of diesel in our service vehicles and from refrigerant gases used for cooling. We will examine the feasibility of transitioning to electric or hybrid vehicles to minimise the scope 1 emissions.

We will also continue to enhance our understanding of anticipated new diseases born out of climate change to source supplies from our brand partners to meet demands for medication.

Long Term

Our long-term strategy would be to achieve net-zero emissions for our direct operations and establish Hyphens as a low-emissions, climate-resilient Group.

Climate Change and Healthcare

At Hyphens, we are keenly aware of climate change as a major 21st-century challenge with significant health impacts. As part of our commitment towards improving the quality of life for patients and community, we are dedicated to aiding in climate change mitigation, ensuring our business is sustainable and resilient, while caring for the health of patients and communities who may be affected by illnesses and diseases caused by extreme climatic shifts.

Climate change can have a profound impact on healthcare and wellbeing of societies. Rising global temperatures may cause a surge in the incidence of mosquito-borne diseases, including dengue, malaria, chikungunya and Zika, necessitating the development and distribution of more effective vaccines and medicines. Climate change is expected to cause heavy rains, storms and cyclones and flooding, and subsequent runoff contamination.

The Intergovernmental Panel on Climate Change ("**IPCC**") in its Assessment Report 6 ("**AR6**") states that cascading and compounding risks affecting health due to extreme weather events have been observed in all inhabited regions, and risks are expected to increase with further warming. The report says that the burdens of several climate-sensitive food-borne, water-borne, and vector-borne diseases are projected to increase under climate change, assuming no additional adaptation.

Moreover, we recognise the mental health impacts potentially stemming from exposure to extreme weather events, displacement, migration, famine, malnutrition, degradation or destruction of health and social care systems, and climate-related economic and social losses and anxiety and distress associated with worry about climate change.

To ensure a proactive and scalable response to meet the burgeoning market needs for medical supplies, it will be critical for Hyphens to strategically align and synergise with its brand partners.

Furthermore, we acknowledge the vulnerabilities within the pharmaceutical industry's global supply chains due to climate change. Volatile weather conditions can interfere with the flow of products and create supply bottlenecks, impacting everything from raw material sourcing to end-product distribution. This includes delays in raw material supply, unplanned production downtime, transportation delays, and cold chain storage breakdowns. Difficulty in diversifying our supply chain may result in the unavailability of stocks and affect our revenue.

TCFD REPORT

Scenario Analysis

As part of our commitment to understanding and mitigating the potential impact of climate change on our business over the short, medium, and long term, we have conducted a qualitative analysis based on two climate scenarios as recommended by TCFD, one of them aligned with a below 2°C warming future.

For this analysis, we have referred to the Shared Socioeconomic Pathways ("**SSP**") based climate scenarios used in the IPCC's AR6 focusing on SSP1-2.6 and SSP3-7.0 scenarios. SSP1-2.6, a low warming scenario, follows a very stringent pathway requiring severe carbon dioxide ("**CO_2**") emissions cuts to keep warming below 2°C compared with pre-industrial levels reaching net-zero in the second half of the century. SSP3-7.0, a medium to high warming scenario, doubling CO_2 emissions and temperatures from the current level by 2100, average temperature rising by 3.6°C.

SSPs depict shifts in factors such as population, economic growth, education, urbanisation, and technological advancement that could influence future greenhouse gas emissions, offering narratives of potential pathways to various levels of warming.

We have also considered the corresponding Representative Concentration Pathways ("**RCP**") scenarios used in the IPCC's fifth Assessment Report ("**AR5**") which focus solely on atmospheric greenhouse gas concentrations. Together, SSPs and RCPs offer a more comprehensive understanding of plausible futures.

SSP1-2.6 corresponds to RCP 2.6 while SSP3-7.0 corresponds to somewhere between RCP 6.0 and RCP 8.5. We find SSP1-2.6/RCP 2.6 useful for assessing climate-related transition risks and SSP3-7.0/RCP 6.0 more appropriate for assessing climate-related physical risks.

SSP Scenario Narratives

The SSPs provide a narrative of how the world could reach certain levels of warming, and outline how shifts in population, economy, education, urbanisation, and technology could impact greenhouse gas emissions and influence global warming levels. The two SSP narratives we have examined are summarised below.

SSP	SSP Narratives
SSP1-2.6	**Sustainability:** In this scenario, global CO_2 emissions are significantly reduced, though slower, achieving net-zero post-2050 by following socio-economic shifts towards sustainability, stabilising temperatures at about 1.8°C higher by century's end.
SSP3-7.0	**Regional Rivalry:** In this scenario, emissions and temperatures consistently rise, with CO_2 emissions doubling by 2100. Nations focus more on competitiveness, emphasising national security and self-sufficiency in food. Average temperatures increase by 3.6°C by century's end.

The above mentioned SSP climate scenarios used in the IPCC's AR6 lead to the following warming futures:

SSPs	SSP Description	Nearest RCPs	RCP Description	Best Estimate (°C)		
				Near Term (2021-2040)	Mid term (2041-2060)	Long Term (2081-2100)
SSP1-2.6	**Sustainability**	RCP 2.6	Global warming slowing down	1.5	1.7	1.8
SSP3-7.0	**Regional rivalry**	RCP 6.0	Global warming increasing	1.5	2.1	3.6

Source: IPCC AR6 (Climate Change 2021, The Physical Science Basis)

TCFD REPORT

Impact of Changing Climate on Human Health

The IPCC's AR6 report provides useful insights into the potential impacts of climate change on human health that are relevant to the healthcare sector, and valuable to us as a pharmaceutical and consumer healthcare company positioned within the industry.

The IPCC's AR6 report (Working Group II: Impacts, adaptation and vulnerability) states that climate change has increased wildlife diseases. Temperature rise and more brutal extreme weather events have played a role in the emergence of new diseases in new areas, according to experimental studies. The report adds that there is evidence that climate change has helped vector-borne diseases that infect humans to expand in countries close to the Arctic.

In Asia, climate change is increasing risks to human health by increasing exposure and vulnerability to extreme weather events such as heatwaves, flooding and drought, and air pollutants, increasing vector and water-borne diseases, undernutrition, mental disorders and allergic diseases. Water-borne diseases, such as diarrhoea, leptospirosis and typhoid fever, can increase in incidence following heavy rainfall, tropical cyclones and flooding events.

One of the more obvious impacts of climate change on human health is extreme heat – which is linked to severe dehydration, organ failure, cardiovascular disease and even death, the report says. Although, the impacts of heat stress are not spread equally across the world. Weather conditions have been linked to negative impacts on mental health. The report says that increasing temperatures are linked to higher hospital admissions for mood and behavioural disorders, "experiences of anxiety, depression, and acute stress" and suicide rates.

Climate change is "increasingly hindering efforts" to meet the nutritional and calorific needs of humanity. In addition to the risk of reduced agricultural yields due to climate change, the report highlights that increased CO_2 levels have been found to diminish key nutrients such as protein, iron, and zinc in numerous plants, with the extent of this reduction varying across different species. Continued increases in CO_2 levels are projected to cause reductions "in a wide range of minerals and nutrients" of 5-10%, depending on the crop. The report states that South and Southeast Asia are projected to be among the regions at highest risk for reduced dietary iron intake among women of childbearing age and children under five years due to elevated CO_2 concentrations.

The climate is also a driving factor in the spread of a range of diseases, the report says. For example, the range of mosquitoes is expanding as temperatures rise, allowing mosquito-borne diseases such as dengue fever and malaria, to spread to new areas. The report projects that climate change will increase the risk of dengue fever in all continents. It also indicates that rising temperatures combined with an increase in heavy rainfall and flooding is already increasing the incidence of diarrheal diseases such as cholera.

Hyphens acknowledges the necessity of decisive mitigation and adaptation measures, especially those enacted by policy makers, in reducing GHG emissions to minimise the adverse effects of climate change.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Our initial, qualitative scenario analysis is based on the above-mentioned pathways. An overview of the analysis relevant to our business is presented below.

CLIMATE-RELATED RISKS

Risk Type	Potential Financial Impacts	Financial Impact Category	Time Horizon
Physical Risk			
Acute *Increased severity of extreme weather events such as cyclones and floods*	• A higher risk of severe weather events such as floods and cyclones can disrupt our supply chains and the supply chain and manufacturing operations of our brand partners. These can affect our stock levels, and delay deliveries resulting in loss of revenue and customer dissatisfaction. • Our distribution logistics operations in Singapore may be affected by disruptions caused by extreme weather events that interrupt our deliveries to customers. • Extreme weather events such as floods and cyclones can impact our suppliers and brand partners' manufacturing sites and disrupt or delay the supply of products to us.	Revenue	Long Term

TCFD REPORT

Risk Type	Potential Financial Impacts	Financial Impact Category	Time Horizon
Chronic *Rising sea levels, rising average temperatures*	• Pharmaceuticals and medications often need strict temperature control for quality preservation. As temperatures rise and heatwaves intensify, it's essential for us, as a distributor, to assess and mitigate risks to ensure safe, efficient delivery while maintaining product integrity. Stricter measures for controlling temperature could also raise the costs associated with managing temperatures during the storage and transportation of medicines. • A warming climate can affect brand partners and suppliers located in coastal flood risk zones, affecting product deliveries.	Revenue	Long Term
Transition Risk			
Policy and Legal	• Mandatory climate reporting regulations, higher energy efficiency requirements, and carbon tax could increase the cost of operations. • Stricter regulations to reduce packaging waste can increase compliance requirements for us, escalating legal risk and compliance costs. • Regulatory non-compliance can increase the cost of operations.	Expenditure	Short to Medium Term
Market	• Consumers may increasingly expect eco-friendly packaging in our products. Not meeting these expectations may affect our reputation and affect our brand equity.	Assets: Intangibles	Long Term
Reputation	• An increasing number of stakeholders, including investors, may expect detailed disclosures about climate-related risks. Inadequate disclosure about our climate risks and strategy and lower ESG ratings can affect our reputation.	Assets: Intangibles	Short to Medium Term
CLIMATE-RELATED OPPORTUNITIES			
Resource Efficiency	• Enhancing energy efficiency in our operations can reduce costs. The saving could be substantial in a high energy price environment.	Expenditure	Short to Medium Term
Energy Sources	• Adopting renewable energy such as solar power could enhance our energy resilience and reduce our energy cost and carbon footprint.	Expenditure	Short to Medium Term
Products and Services	• Increased demand for healthcare products for treatment of diseases induced by warming temperatures and other extreme weather conditions such as heat stress, mosquito-borne diseases and water-borne diseases.	Revenue	Medium to Long Term

TCFD REPORT

RISK MANAGEMENT

At Hyphens, the Board is responsible for managing risks, including ESG and climate-related risks. The Board is assisted by the Audit Committee, which helps oversee the Group's risk management framework and policies. The Board acknowledges the critical need for a robust system of risk management and internal controls, essential for protecting the interests of shareholders and the assets of the Group.

The Group has established an enterprise risk management ("**ERM**") framework, guided by the Principles and Guidelines of ISO 31000:2009 and the COSO ERM Integrated Framework. This has involved the creation of a Risk Management Policy and a risk organisation structure with clearly defined roles and responsibilities. Additionally, a Risk Management Process has been implemented to enable the Group to continuously assess, manage, report, and monitor risks. An annual review of the ERM framework is conducted by an external risk advisory firm.

Looking ahead, our aim is to enhance the ERM by incorporating ESG and climate-related risks, thereby strengthening our overall approach to risk management.

Identifying and Managing Climate-related ESG Risks

We use materiality assessment, conducted with the assistance of external consultants, to identify, evaluate, and prioritise our ESG impacts and risks. In addition, we have initiated a progressive climate scenario analysis, guided by the TCFD recommendations. The scenario analysis is crucial for enhancing our understanding of climate-related risks and their potential financial repercussions on our business operations, including those of our brand partners and suppliers. We recognise that climate risks could potentially impact various aspects of our business, such as revenue streams, operational processes, supply chain dynamics, stakeholder engagement, and investor communication. Beyond physical risks, we anticipate facing challenges such as stricter emission reporting regulations, mandatory climate risk reporting, and increased energy costs stemming from carbon taxes. In light of these considerations, it is imperative for our business strategy, both in the medium and long term, to focus on reducing our carbon footprint, preparing for the impacts on our brand partners and supply chains, and seizing emerging opportunities in the transition to a low-carbon economy.

Read more about our Risk Management in the Corporate Governance section on page number 65.

Metrics and Targets

We currently report our scope 1 and scope 2 GHG emissions associated with our operations. Measuring and reporting our Scope 3 emissions remains under consideration for future reports.

In 2023, our Scope 2 emissions, attributed to purchased grid electricity, was calculated to be 398 tCO_2e.

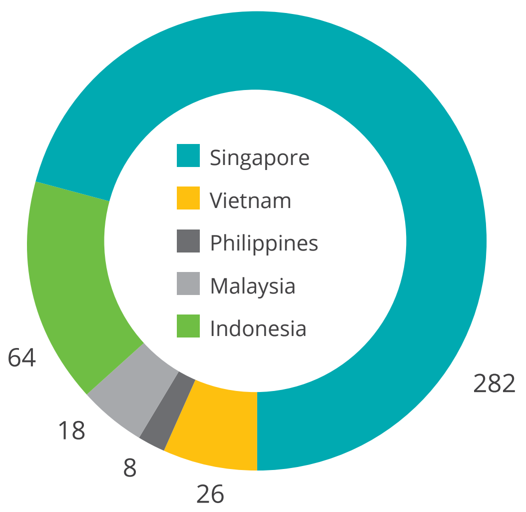
TCFD REPORT

Our GHG Emissions

Type of Emissions	FY2023
Scope 1 Emissions (tCO_2e) • Mobile combustion • Fugitive emissions	 10.7 900.6
Scope 2 Emissions (tCO_2e)	398.0
Total Emissions (tCO_2e)	**1,309.3**
GHG Emissions Intensity (tCO_2e)/S$ million revenue)	7.7

SCOPE 2 EMISSIONS BY COUNTRY - FY2023

(tCO_2e)



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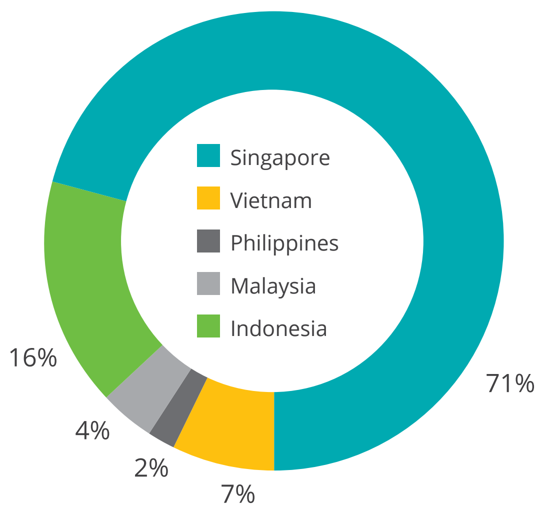


Next Steps

We are committed to deepening our knowledge and understanding of climate-related risks and opportunities and their potential financial impacts on our business. We plan to conduct further scenario analysis to assess potential physical and transition risks, as well as opportunities, for our business. Concurrently, we plan to bolster climate literacy at both the Board and management levels through climate-related training.

We plan to **bolster climate literacy** at both the Board and management levels through climate-related training.

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 our health products and services, ensuring compliance with all relevant laws and regulations in the markets where we operate. We strictly adhere to the Health Sciences Authority's ("**HSA**") standards for Good Manufacturing Practice ("**GMP**") and Good Distribution Practice ("**GDP**"), holding licenses for the handling and manufacturing of health products. This includes wholesale, distribution, and both primary and secondary assembly of these products.

Recognising the importance of proper handling, storage, and distribution of our products, we place a strong emphasis on quality control within our internal operations and throughout our supply chain. We have appointed a Quality Control Inspector to oversee the quality of incoming bulk materials, packaging, and printed materials, segregating any non-conforming items. All materials are rigorously tested against specific product specifications before approval for use.

Our vendor qualification program assesses potential vendors for compliance with international standards, including GDP, GMP, and other good practices ("**GxP**") relevant to the pharmaceutical industry. In our warehouse and production areas, we utilise an enterprise resource system ("**ERP**") for real-time inventory management, ensuring efficient and precise handling of health products.

To guarantee that our products meet all safety and quality standards, we engage independent, accredited third-party labs for product testing. Regular audits by both internal teams and health authorities like HSA help maintain our high standards.

Our ongoing target continues to be to sustain a record of zero incidents of non-compliance with regulations and industry-wide voluntary codes. There were no audit findings related to product quality and safety in FY2023. Also, there were no incidents of non-compliance concerning the health and safety impacts of products and services in the reported period.

MATERIAL TOPIC: CUSTOMER HEALTH AND SAFETY	
Our Ongoing Target	**Performance in 2023**
To have no incidents of non-compliance concerning health and safety impacts of our products and services.	No incidents of non-compliance.

CUSTOMER PRIVACY

At Hyphens, we are committed to protecting the privacy of our customers and employees. We have implemented policies and measures to ensure we handle personal data responsibly and securely, in line with the PDPA of Singapore.

Our Data Protection Committee ("**DPC**"), supported by the Data Protection Officer ("**DPO**"), oversees our data protection policies and is responsible for dealing with any issues of non-compliance or data breaches. The DPC members receive annual training to ensure they are equipped with the skills and knowledge to perform their duties effectively.

We have introduced a Data Protection Handbook to educate our employees on the correct ways to handle personal data. Staff who work with customer data are regularly trained and reminded about our data protection policies.

As part of our digital transformation efforts, our Digital Transformation & IT ("**DxIT**") team works to enhance the security of our servers and IT systems. They manage the personal data collection on our websites, making sure that only designated Website Owners and their representatives can access this data.

There were no substantiated complaints of customer privacy breaches in FY2023. Our ongoing target is to always maintain zero incidents of customer privacy breaches.

MATERIAL TOPIC: CUSTOMER PRIVACY	
Our Ongoing Target	**Performance in 2023**
To have no incidents of non-compliance with PDPA.	No incidents.

OUR CUSTOMERS

RESPONSIBLE MARKETING COMMUNICATIONS

At Hyphens, we are committed to responsible marketing abiding by international standards within the pharmaceutical and consumer healthcare industry. In our marketing communications, we ensure all information is clear, truthful, and backed by scientific evidence. We strictly adhere to local and international advertising regulations, upholding the highest ethical standards in our interactions with healthcare professionals and patients. We ensure that our product labels comply with the applicable labeling regulations.

There were no incidents of non-compliance concerning marketing communications identified in the reporting period.

There were

no incidents of non-compliance

concerning marketing communications

OUR SUPPLY CHAIN

We are committed to embedding sustainability into our supply chain by engaging our partners in socially and environmentally responsible business practices.

When exploring new business relationships, we share Hyphens Pharma's philosophy and environmental goals upfront, ensuring our partners align with our core values of integrity, accountability, and sustainability. Collaborative efforts with our partners focus on identifying and implementing improvements throughout our supply chain.

SUSTAINABLE SOURCING

We are committed to embedding social and environmental principles in our sourcing decisions. We adhere to procurement practices that minimise the environmental impact of our products and services. We expect our suppliers to uphold the same ethical standards as we do. Our rigorous vendor selection process involves verifying each supplier's accreditations, regulatory compliance, service quality, and reputation. We conduct regular due diligence checks on suppliers to ensure they meet industry standards, including GMP, required ISO standards, and Hazard Analysis and Critical Control Points ("**HACCP**") certifications. We periodically evaluate approved vendors to ensure they meet our criteria for cost-effectiveness and operational efficiency.

DISTRIBUTION AND FLEET MANAGEMENT

We recognise the importance of reducing the social and environmental impacts of our distribution activities. This includes ensuring the safety of our personnel and local communities and managing our fuel and energy consumption effectively. We continually seek to integrate digital innovations to enhance efficiency. For example, we have implemented a new fleet management system to optimise delivery routes, ensuring efficient product distribution while reducing energy use. In the coming year, we plan to pilot a digitalisation initiative to transition from paper to e-invoices, further increasing efficiency, reducing costs, and lowering our environmental impact.

SUPPLY CHAIN

At Hyphens, we collaborate with contract manufacturers to produce our proprietary brands and oversee the sourcing of raw materials. Additionally, we receive finished goods from our pharmaceutical principals, which primarily originate from Europe and the United States. We establish long term development and distribution relationships with these principals, with the main portion of costs disclosed under the cost of goods sold under our Profit and Loss statement.

OUR 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 our commitment to advancing health equity through digital health solutions, our subsidiary, DocMed Technology, has established a partnership with SATA CommHealth. This partnership aligns with the efforts of Singapore's Ministry of Manpower, as SATA CommHealth is one of the four Anchor Operators under its Primary Care Plan, set to revolutionise primary healthcare for migrant workers. This collaboration will see DocMed's WellAway e-pharmacy providing essential e-pharmacy medication delivery services post-teleconsultation by SATA CommHealth to the migrant worker patients. Recognising the diverse linguistic backgrounds of these patients, we are incorporating multilingual pictograms alongside standard medication labels to ensure clarity in prescription understanding for both patients and their employers.

BEST PARTNER FOR PEOPLE AND PLANET AWARD

In 2023, we received the "Best Partner for People and Planet" award from Chiesi Group during Partnership Day, an event held on 16 November at Chiesi's headquarters. This award highlights our commitment to a purpose that transcends business, touching lives. Chiesi, a leading pharmaceutical company, based in Italy, is one of our brand partners.

Through our annual medical missions to underserved areas in Vietnam, we have overcome challenging access to deliver medical supplies and services to local communities. Concurrently, we conduct training for local medical professionals to provide quality healthcare, manage premature births, and care for infants. Over the past 20 years and counting, we've partnered with Chiesi to treat Respiratory Distress Syndrome ("**RDS**") in premature infants across Vietnam, making a significant difference in the lives of countless families.

We received

"Best Partner for People and Planet"

award from Chiesi Group during Partnership Day

OUR COMMUNITIES

JANUARY – PRESENT

Hyphens Malaysia

As a commitment to environmental conservation, Hyphens MY established a recycling corner in their pantry since 2018 and encouraged the office to contribute recyclables such as paper, cardboard items and plastics for recycling. This year, a total of 15-20kg of recyclables has been collected.

MARCH

DocMed Group

40 employees and their families from the DocMed Group volunteered in 好人好事 Hao Ren Hao Shi (Good People, Good Deeds)'s March provisions drive to sort, pack and distribute necessities and food provisions island wide.

This initiative impacted over 1000 families, encompassing needy families with children under the MOE Financial Assistance Scheme, low-income families covered by the Public Assistance Scheme, vulnerable elderly living alone or facing immobility, terminally ill patients and disabled persons. In addition to hands-on involvement, we also donated S$3,000 and contributed medical supplies to Dover Park Hospice, a beneficiary under this initiative.

MARCH – PRESENT

Hyphens Philippines

Starting this March, the Hyphens Philippines team has been organising plastic-free team lunches every Wednesday at the office. Each team member brings in a homecooked dish or two in eco-friendly or reusable containers. Furthermore, reusable cutlery and dishes are used.

MAY

Hyphens Singapore

Partnering with Waterways Society, the employees of Hyphens Singapore and their families, undertook a cleanup of Marina Reservoir. Kayaking through the reservoir, we successfully retrieved 41kg of trash over 3 hours, surpassing our results from last year's East Coast Park clean up by 1.5 times.

JULY

Hyphens Vietnam

Embarking on a medical mission to Quảng Trị Province (central Vietnam) in partnership with Youth Union, we administered complimentary health checkups, prescribed medication and distributed necessities to a total of 550 adults and children in the local community. In addition, we provided clinical training to 22 doctors and 34 nurses at Quảng Trị General Hospital to enhance their capabilities in providing specialised care for premature infants.



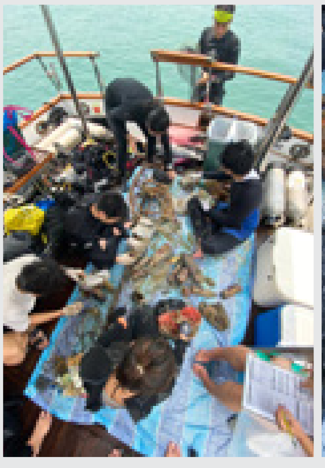


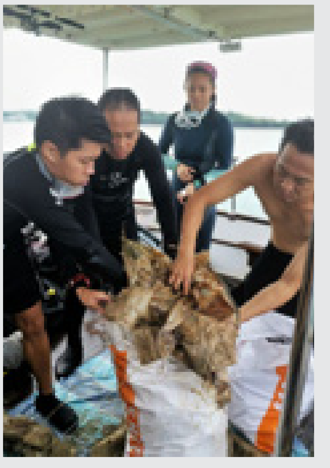

OUR COMMUNITIES

JULY, AUGUST, OCTOBER

Ocean Health

Aligning with its Sustainability Commitment, Ocean Health supported a series of seabed cleanup dives by Our Singapore Reefs, retrieving a total of 697 pieces of marine debris from the seabed off Singapore's Southern Islands, totalling approximately 135kg. Dive deeper into Ocean Health's Sustainability Commitment at: https://oceanhealth.com/blog/our-sustainability-commitment.html



OCTOBER

Hyphens Indonesia

To express our gratitude towards our employees, we distributed meal packages to 20 janitors, building assistants and security officers in our Jakarta office building.

NOVEMBER

Hyphens Singapore

We introduced themed days of the week aligning with a specific ESG focus: Meatless Monday, Teamwork Tuesday, Waste-Free Wednesday, Transparency Thursday, and Fulfilling Friday through company-wide emailers encouraging colleagues to incorporate sustainable practices into their daily routines.

GRI CONTENT INDEX

Statement of Use	Hyphens Pharma International Limited has reported with reference to the GRI Standards for the period 1 January 2023 to 31 December 2023.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable as a GRI sector standard is not available for our industry

GRI Standard	Disclosure	Location
GRI 2: GENERAL DISCLOSURES 2021		
Organisational Details and Reporting Practices		
GRI 2-1	Organisational details	Cover page, 1, 24, 25, 28
GRI 2-2	Entities included in the organisation's sustainability reporting	24, 28
GRI 2-3	Reporting period, frequency and contact point	28, Published on {date}
GRI 2-4	Restatements of information	28
GRI 2-5	External assurance	28
Activities and Workers		
GRI 2-6	Activities, value chain and other business relationships	2-5, 56
GRI 2-7	Employees	38
GRI 2-8	Workers who are not employees	38
Governance		
GRI 2-9	Governance structure and composition	29-30, 65-78
GRI 2-10	Nomination and selection of the highest governance body	68-69
GRI 2-11	Chair of the highest governance body	68
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	29-30, 47, 76-77
GRI 2-13	Delegation of responsibility for managing impacts	29-30, 47
GRI 2-14	Role of the highest governance body in sustainability reporting	29-30, 36
GRI 2-15	Conflicts of interest	31
GRI 2-16	Communication of critical concerns	32
GRI 2-17	Collective knowledge of the highest governance body	20-21, 30
GRI 2-18	Evaluation of the performance of the highest governance body	70-71
GRI 2-19	Remuneration policies	71-73
GRI 2-20	Process to determine remuneration	71-73
GRI 2-21	Annual total compensation ratio	We do not disclose this due to confidentiality constraints relating to compensation.

GRI CONTENT INDEX

GRI Standard	Disclosure	Location
Strategies, Policies and Practices		
GRI 2-22	Statement on sustainable development strategy	29
GRI 2-23	Policy commitments	31, 33
GRI 2-24	Embedding policy commitments	31, 33, 34
GRI 2-25	Processes to remediate negative impacts	33, 34, 36
GRI 2-26	Mechanisms for seeking advice and raising concerns	32
GRI 2-27	Compliance with laws and regulations	31
GRI 2-28	Membership associations	None
Stakeholder Engagement		
GRI 2-29	Approach to stakeholder engagement	35, 76-77
GRI 2-30	Collective bargaining agreements	None
Material Topics		
GRI 3-1	Process to determine material topics	
GRI 3-2	List of material topics	
ENVIRONMENT		
Packaging Impact (Non-GRI Topic)		
GRI 3: Material Topics 2021	3-3 Management of material topics	34, 37, 44
Reducing packaging impact	Initiatives to reduce environmental impact of packaging	44-45
SOCIAL		
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	34, 37, 38
GRI 401: Employment 2016	401-1 New Employee hires and employee turnover	41
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	40
	401-3 Parental leave	40
Training and Education		
GRI 3: Material Topics 2021	3-3 Management of material topics	34, 37
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	40

GRI CONTENT INDEX

GRI Standard	Disclosure	Location
Diversity		
GRI 3: Material Topics 2021	3-3 Management of material topics	31, 34, 37
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	39, 67
Customer Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	34, 37, 54
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	54
GOVERNANCE		
Anti-corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	31, 32, 34, 37
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	32
Marketing and Labelling		
GRI 3: Material Topics 2021	3-3 Management of material topics	34, 37, 55
GRI 417: Marketing and Labelling	417-2 Incidents of non-compliance concerning product and service information and labelling	55
Customer Privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 34, 37, 54
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	32, 54
OTHER NON-GRI MATERIAL TOPICS		
Regulatory Compliance		
GRI 3: Material Topics 2021	3-3 Management of material topics	31, 34, 37
Incidents of non-compliance	Incidents of significant non-compliance with applicable regulations	31

GRI CONTENT INDEX

TCFD DISCLOSURES

This report is aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. The following table indicates the location our TCDF disclosures.

Number	Disclosures	Location
GOVERNANCE		
TCDF 1(a)	Describe the board's oversight of climate-related risks and opportunities.	47
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities.	47
STRATEGY		
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	47-51
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	47-51
TCFD 2(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	47-51
RISK MANAGEMENT		
TCFD 3(a)	Describe the organisation's processes for identifying and assessing climate-related risks.	52
TCFD 3(b)	Describe the organisation's processes for managing climate-related risks.	52
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	52
METRICS AND TARGETS		
TCFD 4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	52-53
TCFD 4(b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	52-53
TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	44, 48

CORPORATE GOVERNANCE REPORT

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

This report outlines the Company's corporate governance practices that were in place for the financial year ended 31 December 2023 ("**FY2023**") with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**"), which forms part of the continuing obligations of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"). Pursuant to Rule 710 of the Catalist Rules, the Board confirms that the Company has complied with the principles as set out in the Code for FY2023. In respect of any deviation from provisions of the Code, appropriate disclosures and explanations are provided in this report in accordance with 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 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;

CORPORATE GOVERNANCE REPORT

- 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 FY2023, the directors have taken the following training: Training on Climate Reporting Fundamentals organised by SGX and Remuneration Committee Essential conducted by Singapore Institute of Directors. The directors have also been provided with briefings and/or updates on (i) the developments in financial reporting standards by the external auditors; (ii) changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management during the Board and/or Board Committee meetings; and (iii) updates on the changes in Catalist Rules and the SGX-ST's guidance notes by the Company's sponsor.

Directors attend and actively participate in Board and Board Committee meetings. Formal Board meetings are held at least once every quarter and ad-hoc meetings are convened when required. The Company's Constitution allows a Board meeting to be conducted through electronic means such as telephone and video conferences. All Board and Board Committees' meetings for FY2023 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 FY2023 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
Mr Lim See Wah	5	5	5[(a)]	5[(a)]	2[(a)]	2[(a)]	2[(a)]	2[(a)]
Dr Tan Kia King	5	5	5[(a)]	5[(a)]	2	2	NA	NA
Mr Heng Wee Koon	5	5	5	5	2	2	2	2
Mr Ng Eng Leng	5	5	5	5	NA	NA	2	2
Mrs Audrey Liow	5	5	5	5	2	2	NA	NA
Mr Chan Kiat	5	5	5	5	NA	NA	2	2
Mr Tan Chwee Choon	1[(b)]	1[(b)]	1[(a)(b)]	1[(a)(b)]	NA	NA	NA	NA

Notes:

(a) By invitation

(b) Mr Tan Chwee Choon retired as a director on 26 April 2023

CORPORATE GOVERNANCE REPORT

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

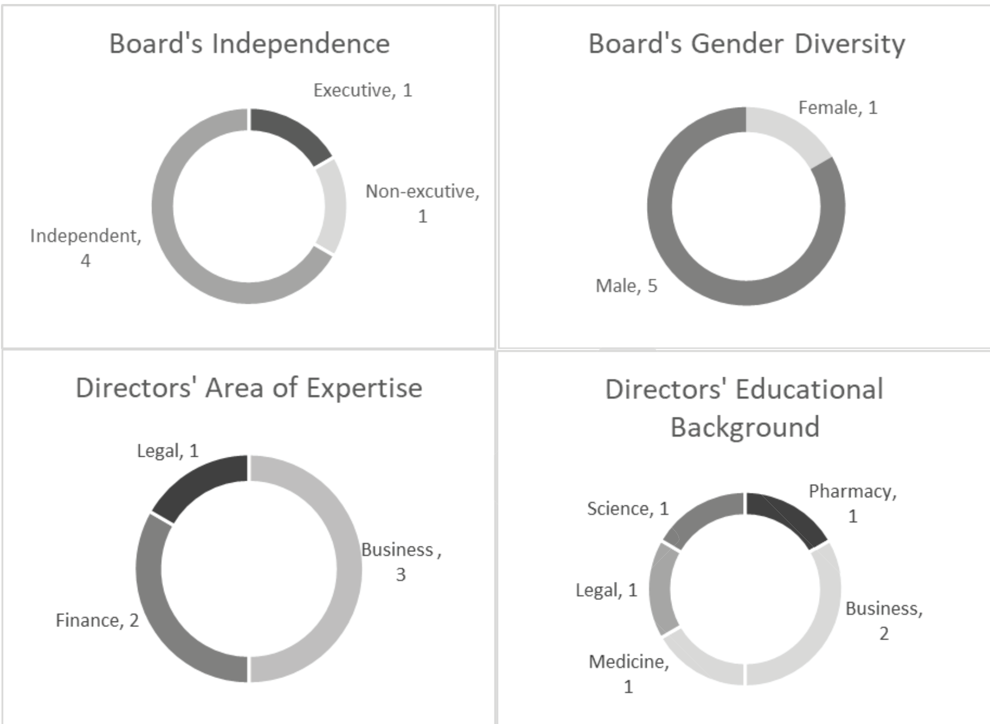
The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

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

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

The Board has examined its size to determine the impact of the number upon effectiveness, and is of the view that the current Board size of six 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 details of Board Diversity 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.

CORPORATE GOVERNANCE REPORT

Principle 3: Chairman and Chief Executive Officer

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

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

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

- overseeing the smooth functioning of the Board and ensuring that directors receive complete, adequate and timely information;
- setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promoting a culture of openness and debate at the Board;
- ensuring effective communication by the Board and the Management with shareholders;
- encouraging constructive relations within the Board and between the Board and Management;
- facilitating the effective contribution of non-executive directors, in particular; and
- promoting high standards of corporate governance.

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

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

Principle 4: Board Membership

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

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

The NC comprises:

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

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

(a) recommending to the Board 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;

CORPORATE GOVERNANCE REPORT

(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 SID 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, etc.. Background checks are also carried out on the shortlisted candidates. The NC meets with the shortlisted Board candidates to assess their suitability and availability before making recommendations to the Board for its consideration and approval. The NC ensures that new directors are aware of their duties and obligations.

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

According to the Company's Constitution, every director shall retire from office at least once every three years and for this purpose, at each Annual General Meeting ("**AGM**"), one-third of the directors shall retire from office by rotation. The retiring directors are eligible to offer themselves for re-election. The Company's Constitution further states that new directors appointed by the Board shall hold office until the next AGM and shall then be eligible for re-election.

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, Mr Ng Eng Leng, Mr Heng Wee Koon and Mr Chan Kiat ("**Retiring Directors**"), who will be retiring pursuant to Regulation 97 of the Constitution of the Company at the forthcoming AGM.

If re-elected as a director of the Company:

(a) Mr Ng Eng Leng will remain as Independent Director, Chairman of RC and member of AC;

(b) Mr Heng Wee Koon will remain as Lead Independent Director, Chairman of AC and member of NC and RC; and

(c) Mr Chan Kiat will remain as Independent Director and member of AC and RC.

The Retiring Directors will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

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 Human Resource Department, 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.

<u>Board Performance Criteria</u>

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

<u>Board Committee Performance Criteria</u>

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

<u>Director Performance Criteria</u>

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

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- 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 with the rules governing each plan, including awards to directors and Senior Management Executives;

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(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 FY2023.

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 agreement (the "**Service Agreement**") dated 8 May 2018 with Mr Lim See Wah, Chairman and CEO, 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 FY2023 are as follows:

Name of Directors	Fixed Salary (%)	Variable Bonus (%)	Director's Fees (%)	Total (%)
S$250,001 – S$800,000				
Mr Lim See Wah	69%	31%	–	100%
S$250,000 and below				
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%
Mr Tan Chwee Choon *	25%	75%	–	100%

* Mr Tan Chwee Choon retired as an Executive Director of the Company with effect from 26 April 2023.

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The framework for non-executive directors' fees for FY2023 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$40,000	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 FY2023 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	76%	22%	2%	100%
Mr David Lim	85%	15%	–	100%
Mr Jason Yeo	62%	37%	1%	100%
S$250,000 and below				
Ms Zhang Yufan (Flora)	92%	8%	–	100%

The total remuneration paid to the above key management personnel (who are not directors or the CEO) for FY2023 was S$1,328,642.

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 treasury shares and subsidiary holdings) on the date preceding the granting of the share awards or share options.

On 28 April 2023, upon the Board's approval of the vesting of the share awards granted on 19 March 2021, the Company allotted and issued the 422,000 new ordinary shares to those eligible employees. On 8 December 2023, the Company granted 5,854,418 share awards under the Hyphens Share Plan. Mr. Lim See Wah, Executive Chairman and Chief Executive Officer as well as a controlling shareholder of the Company, has been granted a contingent award in respect of 2,137,118 shares, subject to the shareholders' approval to be obtained in due course. In regard to Rule 851(c) of the Catalist Rules, the Company does not have a parent company and no participant received 5% or more of the total share awards available under the Hyphens Share Plan.

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, 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.

CORPORATE GOVERNANCE REPORT

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 ("**AC**") 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 organisation 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 FY2023, 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 performed 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 SG Assurance 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 CFO 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 FY2023.

Principle 10: Audit Committee

The Board has an Audit Committee 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.

CORPORATE GOVERNANCE REPORT

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

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

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

(c) review the periodic financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements, concerns and issues arising from their audits, including any matters which the auditors may wish to discuss in the absence of the management, where necessary, before submission to the Board for approval;

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

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

(f) review the adequacy, effectiveness, independence, scope and results of the Company's internal and external functions as well as consider the appointment or re-appointment of internal and external auditors, including approving the remuneration and terms of engagement of the internal and external auditors;

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

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

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

The AC has the authority to investigate any matters within its terms of reference, full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC can seek professional advice, where necessary, 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 the 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 17 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 August 2023 and December 2023 respectively.

CORPORATE GOVERNANCE REPORT

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

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

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

Shareholders are encouraged to actively participate and vote at the Company's general meetings and the Company informs shareholders of the rules governing general meetings of shareholders. Notices of meetings are given to all shareholders together with explanatory notes or a circular on items of special business, at least fourteen clear days (for ordinary resolutions) or at least twenty-one clear days (for special resolutions) before the meeting. Reports or circulars of the general meetings are despatched or disseminated to all shareholders. If any shareholder is unable to attend, the Company's Constitution allows for absentia voting and the shareholder can appoint up to two proxies to attend, speak and vote on his/her behalf at the general meeting. The Company's Constitution allows corporations which are considered "relevant intermediary(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 26 April 2023. 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 prospects. In determining the form, frequency and amount of dividends to recommend or declare in each particular year or period, the Board will take into account various factors, including but not limited to, earnings, cash flow requirements, plans for expansion, availability of distributable reserves. As such, the Board has recommended a final one-tier tax-exempt dividend of 0.86 Singapore cents per share, which represents a dividend payout ratio of 31% of the Group's FY2023 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.

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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 FY2023.

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 FY2023 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, the non-sponsor fee incurred in FY2023 paid/payable to the Company's sponsor, SAC Capital Private Limited, was S$5,000 as fees for equity research.

CORPORATE GOVERNANCE REPORT

Auditors and Fees Paid to Auditors

The aggregate amount of fees paid to the Company's external auditors, RSM SG Assurance LLP and member firms of RSM SG Assurance LLP, in FY2023, were S$207,400 and S$85,106 respectively, comprising audit fees of S$207,400 and non-audit fees of S$85,106 for tax and secretarial 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 is 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 SG Assurance 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 2023.

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 this 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 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 shares 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	147,656,441
Tan Kia King	76,380,801	58,003,759	–	28,600,000

By virtue of section 7 of the Act, Mr Lim See Wah is deemed to have an interest in the Company and in 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 2024 were the same as those at the end of the reporting year.

STATEMENT BY DIRECTORS

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 except for the options rights and other rights mentioned below.

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 ("HSP"), 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.

STATEMENT BY DIRECTORS

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 certain performance criteria. The market price of the new shares was $0.315 per share at the grant date. Based on the performance criteria, 422,000 shares vested on 31 December 2022, and the Board of Directors approved the vesting of these shares on 28 April 2023. Subsequently, 422,000 new ordinary shares were listed and quoted on the Catalist Board of the Singapore Exchange Securities Trading Limited on 3 May 2023.

On 8 December 2023, the Company granted share awards to eligible employees of the Group pursuant to the Hyphens Performance Share Plan. The actual number of fully paid ordinary shares to be awarded is subject to achievements against targets over a three-year performance period (up to the financial year ending 31 December 2025) and may range from 0% to 120% of 5,854,418 ordinary shares. Up to 2,137,118 shares will be awarded to one of the directors of the Company, subject to meeting certain performance targets and other terms and conditions. The market price was at $0.28 per share at the grant date. The new shares to be awarded shall have a sale restriction moratorium period of one year from the date of issue.

5B. Other share-based payments

During the previous 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.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares, except for those disclosed above.

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 disclosed in the above paragraph.

6. Independent auditor

RSM SG Assurance LLP has expressed willingness to accept re-appointment.

This audit firm was known as RSM Chio Lim LLP before 1 March 2024.

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.

STATEMENT BY 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 SG Assurance 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 AC, 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 2023 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 27 February 2024, 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 Kia King Director

3 April 2024

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 2023, 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 material accounting policy information.

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 2023 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 2B "Assessing expected credit loss allowance on trade receivables" for the relevant accounting policies and discussion of significant accounting estimates respectively and Notes 19 and 27D for the breakdown of trade receivables and credit risk of the Group respectively.

Key audit matter

The carrying amount of net trade receivables amounted to $39,634,000 which accounted for approximately 33% 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. In addition, management used available financial information and market or press information to assess the credit risk of the major customers.

How we addressed the matter in our audit

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

INDEPENDENT AUDITOR'S REPORT

To The Members of Hyphens Pharma International Limited

Key audit matters (cont'd)

(b) *Allowance on inventories*

Please refer to Note 2A "Inventories" and Note 2B "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 $25,529,000, which accounted for approximately 21% of the Group's total assets as at the reporting year end. Impairment allowance on inventories as at the end of the year was $817,000.

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 judgement 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's policy. We also reviewed the Group's inventory ageing and compared the carrying value of selected inventory items to 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" and Note 2B "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 the impairment testing of goodwill.

Key audit matter

The carrying value of goodwill amounted to $15,396,000. The goodwill arose from the acquisition of subsidiaries. The amounts are allocated to certain cash generating units ("CGUs") as at 31 December 2023. These CGUs are assessed for impairment annually. Management applied 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 the 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.

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 revenue, 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.

INDEPENDENT AUDITOR'S REPORT

To The Members of Hyphens Pharma International Limited

Key audit matters (cont'd)

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

How we addressed the matter in our audit (cont'd)

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 and income", Note 2B "Revenue recognition" for the relevant accounting policies and discussion of significant accounting estimates respectively and Note 5 "Revenue" for the breakdown of revenue of the Group.

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 of the five-step 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 obtained 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 a subsidiary*

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

On 8 November 2023, the Group acquired additional 23% interest in Ardence Pharma Sdn. Bhd. ("Ardence Pharma") (the "Acquisition"). Prior to this, the Group held 42% equity interest in Ardence Pharma and it was accounted for as an associate of the Group. As a result of the Acquisition, Ardence Pharma became a subsidiary of the Group.

Management engaged an external valuer to perform the PPA. Based on this exercise, additional net assets of $1,547,000 were recorded and goodwill of $2,582,000 arising from the Acquisition was recognised.

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.

INDEPENDENT AUDITOR'S REPORT

To The Members of Hyphens Pharma International Limited

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.

INDEPENDENT AUDITOR'S REPORT

To The Members of Hyphens Pharma International Limited

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

(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.

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 SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

3 April 2024

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	Group 2023 $'000	Group 2022 $'000
Revenue	5	170,595	162,316
Cost of sales		(108,694)	(99,507)
Gross profit		61,901	62,809
Other income and gains	6	735	658
Distribution costs	7	(35,891)	(33,267)
Administrative expenses	9	(14,125)	(14,561)
Finance costs	10	(278)	(238)
Other losses	6	(2,322)	(1,584)
Share of profit from an equity-accounted associate	17	545	474
Profit before tax		10,565	14,291
Income tax expense	11	(1,985)	(2,882)
Profit for the year		8,580	11,409
Other comprehensive (loss) income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations, net of tax		(189)	96
Other comprehensive (loss) income for the year, net of tax		(189)	96
Total comprehensive income for the year		8,391	11,505
Profit attributable to:			
Equity holders of the Company		8,568	11,351
Non-controlling interests		12	58
Profit net of tax		8,580	11,409
Total comprehensive income attributable to:			
Equity holders of the Company		8,383	11,447
Non-controlling interests		8	58
Total comprehensive income for the year		8,391	11,505
Earnings per share			
Earnings per share currency unit		**Cents**	**Cents**
Basic	12	2.77	3.68
Diluted	12	2.77	3.66

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

		Group		Company	
	Notes	2023 $'000	2022 $'000	2023 $'000	2022 $'000
ASSETS					
Non-current assets					
Plant and equipment	14	4,864	3,017	9	37
Intangible assets	15	23,575	19,072	–	–
Investments in subsidiaries	16	–	–	19,886	19,886
Investment in an associate	17	–	2,667	–	–
Deferred tax assets	11	172	61	–	–
Total non-current assets		28,611	24,817	19,895	19,923
Current assets					
Inventories	18	25,529	21,260	–	–
Trade and other receivables	19	41,110	31,106	18,841	20,678
Prepayments		2,056	806	77	174
Other financial assets	26	90	–	–	–
Cash and cash equivalents	20	23,369	36,480	356	4,656
Total current assets		92,154	89,652	19,274	25,508
Total assets		120,765	114,469	39,169	45,431
EQUITY AND LIABILITIES					
Equity					
Share capital	21	35,216	35,083	35,216	35,083
Retained earnings		37,765	43,760	2,837	8,714
Other reserves	22	(9,995)	(9,816)	35	–
Equity attributable to equity holders of the Company		62,986	69,027	38,088	43,797
Non-controlling interests		2,876	1,245	–	–
Total equity		65,862	70,272	38,088	43,797
Non-current liabilities					
Deferred tax liabilities	11	1,253	793	–	–
Other financial liabilities, non-current	24	4,406	3,330	–	–
Total non-current liabilities		5,659	4,123	–	–
Current liabilities					
Income tax payable		2,535	2,657	–	14
Other financial liabilities, current	24	2,416	2,340	–	–
Trade and other payables	25	44,293	35,077	1,081	1,620
Total current liabilities		49,244	40,074	1,081	1,634
Total liabilities		54,903	44,197	1,081	1,634
Total equity and liabilities		120,765	114,469	39,169	45,431

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Share capital $'000	Retained earnings $'000	Other reserves $'000	Attributable to Company Sub-total $'000	Non-controlling interests $'000	Total equity $'000
Group						
Current year:						
Opening balance at 1 January 2023	35,083	43,760	(9,816)	69,027	1,245	70,272
Changes in equity:						
Total comprehensive income for the year	–	8,568	(185)	8,383	8	8,391
Dividends paid (Note 13)	–	(14,563)	–	(14,563)	–	(14,563)
Issue of shares pursuant to share awards under HSP (Note 21)	133	–	–	133	–	133
Share-based payments under HSP (Note 23A)	–	–	35	35	–	35
Issue of shares to non-controlling interests in subsidiaries (Note 16)	–	–	(29)	(29)	319	290
Arising from acquisition of a subsidiary (Notes 16 and 26)	–	–	–	–	1,304	1,304
Closing balance at 31 December 2023	35,216	37,765	(9,995)	62,986	2,876	65,862
Previous year:						
Opening balance at 1 January 2022	35,083	34,609	(14,956)	54,736	–	54,736
Changes in equity:						
Total comprehensive income for the year	–	11,351	96	11,447	58	11,505
Dividends paid (Note 13)	–	(2,069)	–	(2,069)	–	(2,069)
Issue of shares to non-controlling interests in subsidiary (Note 16)	–	(131)	5,044	4,913	1,187	6,100
Closing balance at 31 December 2022	35,083	43,760	(9,816)	69,027	1,245	70,272

	Share capital $'000	Retained earnings $'000	Other reserves $'000	Total equity $'000
Company				
Current year:				
Opening balance at 1 January 2023	35,083	8,714	–	43,797
Changes in equity:				
Total comprehensive income for the year	–	8,686	–	8,686
Dividends paid (Note 13)	–	(14,563)	–	(14,563)
Issue of shares pursuant to share awards under HSP (Note 21)	133	–	–	133
Share-based payments under HSP (Note 23A)	–	–	35	35
Closing balance at 31 December 2023	35,216	2,837	35	38,088
Previous year:				
Opening balance at 1 January 2022	35,083	7,192	–	42,275
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	35,083	8,714	–	43,797

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Group	
	2023	**2022**
	$'000	**$'000**
Cash flows from operating activities		
Profit before tax	10,565	14,291
Adjustments for:		
Amortisation of intangible assets	702	658
Depreciation of plant and equipment	2,096	2,064
Interest income	(341)	(42)
Interest expense	278	238
(Gain) loss on disposal of plant and equipment	(5)	3
Fair value gain arising from remeasurement of interest in associate as a result of business combination	(165)	–
Expenses in connection with acquisition of a subsidiary	65	–
Share of profit from an equity-accounted associate	(545)	(474)
Net effect of exchange rate changes in consolidating foreign operations	(166)	148
Operating cash flows before changes in working capital	12,484	16,886
Trade and other receivables	(9,239)	(2,563)
Prepayments	(1,130)	(167)
Inventories	(3,524)	4,030
Trade and other payables	9,653	842
Net cash flows from operations	8,244	19,028
Income taxes paid	(2,599)	(2,151)
Net cash flows from operating activities	5,645	16,877
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash acquired (Note 26)	(751)	–
Dividend received from an associate	123	58
Consideration adjustment for acquisition of subsidiaries	–	179
Proceeds from disposal of shares in an associate	–	27
Purchase of plant and equipment (Notes 14 and 20A)	(304)	(558)
Purchase of intangible assets	(896)	(757)
Proceeds from disposal of plant and equipment	7	2
Interest received	341	42
Net cash flows used in investing activities	(1,480)	(1,007)
Cash flows from financing activities		
Dividends paid to equity owners	(14,563)	(2,069)
Payment of principal portion of lease liabilities	(1,185)	(1,024)
Proceeds from borrowings	–	5,000
Repayment of borrowings	(1,250)	(6,620)
Issue of shares to non-controlling interests of a subsidiary	–	6,100
Interest paid	(278)	(238)
Net cash flows (used in) from financing activities	(17,276)	1,149
Net (decrease) increase in cash and cash equivalents	(13,111)	17,019
Cash and cash equivalents, beginning balance	36,480	19,461
Cash and cash equivalents, ending balance (Note 20)	23,369	36,480

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

1. General information

Hyphens Pharma International Limited (the "Company") is a public limited company incorporated and domiciled in Singapore. The Company is listed on 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 macroeconomic conditions
Management has considered the uncertain and challenging macroeconomic and geopolitical environment that has caused widespread increase in interest rates and a significant rise in inflation, affecting the cost of many of the goods and services for customers and suppliers. Management 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)s") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Accounting Standards Committee under ACRA ("ASC"). 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").

Basis of preparation of the financial statements

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

2. Disclosures of material accounting policy information and other explanatory information

2A. Material accounting policy information and other explanatory information

Revenue and income recognition

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information and other explanatory information (cont'd)

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 component in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current income tax is the expected tax payable on the taxable income for the reporting year; calculated using rates enacted or substantively enacted at the statements of financial position date; and inclusive of any adjustment to income tax payable or recoverable in respect of previous reporting years. Deferred tax is recognised using the liability method; based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective income tax bases; and determined using tax rates that have been enacted or substantively enacted by the reporting year end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. 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 associates 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). An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle.

Right-of-use assets

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information and other explanatory information (cont'd)

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum unavoidable lease payments. A corresponding right-of-use asset is recorded. Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as a finance cost. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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, for such leases, a right-of-use asset is recognised.

Intangible assets other than goodwill

An acquired or internally generated identifiable non-monetary asset without physical substance is recognised as an intangible asset if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Development cost incurred relating to the design and testing of new or improved products are recognised as intangible assets when it is probable that the project will be viable considering its commercial and technical feasibility and its costs can be measured reliably and there are sufficient resources to complete development. After initial recognition, an intangible asset with finite useful life is carried at cost less accumulated amortisation and any accumulated impairment losses. 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. Research expenditure is expensed when incurred. Where no internally generated intangible asset can be recognised, development cost is expensed when incurred.

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 reporting entity. After initial recognition, an intangible asset with indefinite useful life is carried at cost less any accumulated impairment losses. 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 with an indefinite useful life and an intangible asset not yet available for use.

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.

The useful lives are as follows:

Distribution rights and trademarks	–	6 years to 10 years
Non-contractual customer relationship	–	5 years

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information and other explanatory information (cont'd)

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.

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.

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. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity.

Business combinations

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.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information and other explanatory information (cont'd)

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.

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on goodwill. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

The carrying amount of 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information and other explanatory information (cont'd)

Financial instruments (cont'd)

Categories of financial assets and financial liabilities:

The financial reporting standard on financial instruments has four categories of financial assets and two categories for liabilities. At the end of the reporting year, the reporting entity had the following categories of financial assets and liabilities:

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

- Financial asset classified as measured at fair value through profit or loss (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.

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

Cash and cash equivalents

For the 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.

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 (e.g. 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information and other explanatory information (cont'd)

Fair value measurement (cont'd)

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.

Other specific material accounting policy information and other explanatory information

These are disclosed at the relevant notes to the financial statements.

2B. Critical judgements, assumptions and estimation uncertainties

Disclosures on material information about the assumptions management made about the future, and other major sources of estimation uncertainty at the end of the reporting year, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below or in the corresponding notes to these financial statements. 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 are as disclosed in Note 15A. Actual outcomes could vary from these estimates.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

2. Disclosures of material accounting policy information and other explanatory information (cont'd)

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

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.

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 a subsidiary:

As described in Note 26, the purchase price allocation exercise related to acquisition of Ardence Pharma Sdn. Bhd. 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, consideration has to be given in determining the assumptions that underlie the acquisition accounting and the useful lives associated with the acquired intangible assets which involves significant management judgment.

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 and balances

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.

3B. Key management compensation

	Group	
	2023 **$'000**	**2022** **$'000**
Salaries and other short-term employee benefits	2,399	2,757

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

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

3B. Key management compensation (cont'd)

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

	Group 2023 $'000	Group 2022 $'000
Remuneration of directors of the Company	813	1,218
Fees to directors of the Company	257	232

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.

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

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 2023 $'000	Subsidiaries 2022 $'000
Company		
Other receivables (other payables)		
At beginning of the year	19,947	19,435
Amounts received and settlement of liabilities on behalf of the Company	(6,061)	–
Amounts paid out and settlement of liabilities on behalf of the subsidiaries	–	1,912
Repayment of loan	(492)	(1,400)
Dividend income receivable	9,000	4,000
Dividend income received	(4,000)	(4,000)
At end of the year	18,394	19,947
Presented in the statement of financial position as follows:		
Other receivables (Note 19)	18,488	19,953
Other payables (Note 25)	(94)	(6)
At end of the year	18,394	19,947

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

4. Financial information by operating segments

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

4A. Information about reportable segment profit or loss, assets and liabilities

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 adopted by the Group.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue by segment										
Total revenue by segment	102,195	95,660	25,651	23,437	42,749	43,219	–	–	170,595	162,316
Total revenue	102,195	95,660	25,651	23,437	42,749	43,219	–	–	170,595	162,316
EBITDA	9,511	14,823	3,839	2,310	243	538	48	(420)	13,641	17,251
Finance costs	–	–	–	–	–	–	(278)	(238)	(278)	(238)
Depreciation and amortisation	(288)	(263)	(414)	(395)	–	–	(2,096)	(2,064)	(2,798)	(2,722)
Profit (loss) before tax	9,223	14,560	3,425	1,915	243	538	(2,326)	(2,722)	10,565	14,291
Income tax expense									(1,985)	(2,882)
Profit net of tax									8,580	11,409

The unallocated expenses mainly included the Group's corporate expenses, including transaction costs of acquiring Ardence Pharma Sdn. Bhd. ("Ardence Pharma") (Note 26), employee benefits expenses, statutory and regulatory expenses.

4C. Assets and reconciliations

	Specialty pharma principals		Proprietary brands		Medical hypermart and digital		Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Total assets for reportable segments	53,087	39,872	22,715	19,211	13,108	11,429	–	–	88,910	70,512
Unallocated:										
Plant and equipment	–	–	–	–	–	–	4,864	3,017	4,864	3,017
Investment in an associate	–	–	–	–	–	–	–	2,667	–	2,667
Prepayments	–	–	–	–	–	–	2,056	806	2,056	806
Other receivables	–	–	–	–	–	–	1,476	987	1,476	987
Other financial assets	–	–	–	–	–	–	90	–	90	–
Cash and cash equivalents	–	–	–	–	–	–	23,369	36,480	23,369	36,480
Total Group assets	53,087	39,872	22,715	19,211	13,108	11,429	31,855	43,957	120,765	114,469

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

4D. Liabilities and reconciliations

	Specialty pharma principals		Proprietary brands		Medical hypermart and digital		Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Total liabilities for reportable segments	27,258	17,521	3,193	4,769	10,674	8,989	–	–	41,125	31,279
Unallocated:										
Income tax payable	–	–	–	–	–	–	2,535	2,657	2,535	2,657
Financial liabilities	–	–	–	–	–	–	6,822	5,670	6,822	5,670
Trade and other payables	–	–	–	–	–	–	4,421	4,591	4,421	4,591
Total Group liabilities	27,258	17,521	3,193	4,769	10,674	8,989	13,778	12,918	54,903	44,197

4E. Other material items and reconciliations

	Specialty pharma principals		Proprietary brands		Medical hypermart and digital		Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Allowance for impairment on trade receivables and inventories loss	219	211	467	311	208	35	–	–	894	557
Expenditures for non-current assets	212	3	74	1,427	–	–	6,286	686	6,572	2,116

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

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

4F. Geographical information

	Revenue		Non-current assets	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Singapore	84,996	84,545	28,173	21,771
Vietnam	49,012	54,551	35	42
Malaysia	17,225	15,123	41	119
Others	19,362	8,097	190	157
Total	170,595	162,316	28,439	22,089

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 measured by revenue transactions

	Group	
	2023 $'000	2022 $'000
Top 1 customer in specialty and proprietary segments	20,192	23,294
Top 2 customers in specialty and proprietary segments	36,794	43,051
Top 3 customers in specialty, proprietary and hypermart segments	43,853	50,334

5. Revenue

	Group	
	2023 $'000	2022 $'000
Sale of goods	169,697	161,652
Commission income	386	372
Marketing services fees and advertisement	497	288
Other revenue	15	4
Total revenue	170,595	162,316

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.

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Year ended 31 December 2023

6. Other income and gains and (other losses)

	Group	
	2023 $'000	2022 $'000
Bad debts written off for trade receivables	(38)	–
Fair value gain arising from remeasurement of interest in associate as a result of business combination (Notes 17 and 26)	165	–
Foreign exchange adjustments losses	(1,413)	(923)
Government grant income	209	515
Gain (loss) on disposal of plant and equipment	5	(3)
Inventories (written down) reversal	(291)	101
Inventories written off	(580)	(635)
Interest income	341	42
Loss allowance for estimated credit losses on trade receivables – reversal (loss)	15	(23)
Net	(1,587)	(926)
Presented in profit or loss as:		
Other income and gains	735	658
Other losses	(2,322)	(1,584)
Net	(1,587)	(926)

7. Distribution costs

The material components and other selected components include the following:

	Group	
	2023 $'000	2022 $'000
Employee benefits expense (Note 8)	18,416	16,464
Advertising and promotional expenses	8,867	8,241

8. Employee benefits expense

	Group	
	2023 $'000	2022 $'000
Short term employee benefits expense	22,509	21,338
Contributions to defined contribution plans	2,297	2,066
Share-based payments (Notes 23A and 23B)	290	333
Other benefits	251	669
Total employee benefits expense	25,347	24,406
Employee benefits expense is charged to profit or loss and included in:		
– Cost of sales	475	449
– Distribution costs (Note 7)	18,416	16,464
– Administrative expenses (Note 9)	6,456	7,493
Total employee benefits expense	25,347	24,406

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

9. Administrative expenses

The material components and other selected components include the following:

	Group	
	2023 $'000	2022 $'000
Employee benefits expense (Note 8)	6,456	7,493
Rental expense (Note 24B)	427	242
Research and development expense	439	885

10. Finance costs

	Group	
	2023 $'000	2022 $'000
Interest expense	212	186
Interest on lease liabilities	66	52
Total finance costs	278	238

11. Income tax

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

	Group	
	2023 $'000	2022 $'000
Current tax		
Current tax expense	2,525	3,128
Over adjustment in respect of prior periods	(268)	(25)
Subtotal	2,257	3,103
Deferred tax		
Deferred tax income	(272)	(221)
Subtotal	(272)	(221)
Total income tax expense	1,985	2,882

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

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% (2022: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2023 $'000	**2022 $'000**
Profit before tax	10,565	14,291
Share of profit from an equity-accounted associate	(545)	(474)
	10,020	13,817
Income tax expense at the above rate	1,703	2,349
Expenses not deductible for tax purposes	729	1,157
Income not subject to tax	(47)	(91)
Effect of partial tax exemptions and tax relief	(213)	(372)
Over adjustment to tax in respect of prior periods	(268)	(25)
Effect of different tax rates in different countries	115	67
Other minor items less than 3% each	(34)	(203)
Total income tax expense	1,985	2,882

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

11B. Deferred tax income recognised in profit or loss

	Group	
	2023 $'000	**2022 $'000**
Arising from amortisation of acquired intangible assets from acquisition of subsidiaries	(160)	(225)
Excess of book value of plant and equipment over tax values	(112)	4
Total deferred tax income	(272)	(221)

11C. Deferred tax balance in statements of financial position

	Group	
	2023 $'000	**2022 $'000**
From deferred tax assets (liabilities) recognised in profit or loss:		
Fair value of intangible assets [(a)]	(1,187)	(726)
Excess of book value of plant and equipment over tax values	106	(6)
Net balance	(1,081)	(732)
Presented in the statements of financial position as follows:		
Deferred tax assets	172	61
Deferred tax liabilities	(1,253)	(793)
Net balance	(1,081)	(732)

(a) The balance arose from acquisition of subsidiaries. See Note 26 for new acquisition during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

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	
	2023 $'000	**2022 $'000**
Numerators: profit attributable to equity:		
Continuing operations: attributable to equity holders	8,568	11,351
	2023 '000	**2022 '000**
Denominators: weighted average number of equity shares:		
Basic	309,063	308,776
Dilutive share awards effect	369	1,485
Diluted	309,432	310,261
Earnings per share for continuing operations	**Cents**	**Cents**
Basic	2.77	3.68
Diluted	2.77	3.66

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 23A).

13. Dividends on equity shares

	Group and Company	
	2023 $'000	**2022 $'000**
Dividends declared and paid during the reporting year		
Final exempt (1-tier) dividends paid of 1.11 cents (2022: 0.67 cents) per share	3,432	2,069
Interim exempt (1-tier) dividends paid of 3.60 cents (2022: nil) per share	11,131	–
Total dividends paid	14,563	2,069
Proposed dividends on ordinary shares		
Final exempt (1-tier) dividends proposed of 0.86 cents (2022: 1.11 cents) per share	2,659	3,432

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

13. Dividends on equity shares (cont'd)

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. There are no income tax consequences on the reporting entity.

14. Plant and equipment

Group	Plant and equipment	Hardware and software	Fixtures and equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
At 1 January 2022	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
Arising from acquisition of a subsidiary (Note 26)	–	–	21	33	54
Additions	3,591	78	138	88	3,895
Disposals	(3,889)	(134)	(8)	(66)	(4,097)
Foreign exchange adjustments	(10)	(4)	(8)	(2)	(24)
At 31 December 2023	4,812	1,751	3,705	367	10,635
Accumulated depreciation					
At 1 January 2022	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
Depreciation for the year	1,226	188	631	51	2,096
Disposals	(3,889)	(133)	(7)	(66)	(4,095)
Foreign exchange adjustments	(9)	(3)	(6)	(2)	(20)
At 31 December 2023	1,167	1,068	3,402	134	5,771
Carrying value					
At 1 January 2022	2,327	568	1,404	109	4,408
At 31 December 2022	1,281	795	778	163	3,017
At 31 December 2023	3,645	683	303	233	4,864

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

14. Plant and equipment (cont'd)

Company	Hardware and software $'000	Fixtures and equipment $'000	Total $'000
Cost			
At 1 January 2022	4	221	225
Additions	3	–	3
At 31 December 2022	7	221	228
Additions	8	–	8
At 31 December 2023	15	221	236
Accumulated depreciation			
At 1 January 2022	3	143	146
Depreciation for the year	1	44	45
At 31 December 2022	4	187	191
Depreciation for the year	2	34	36
At 31 December 2023	6	221	227
Carrying value			
At 1 January 2022	1	78	79
At 31 December 2022	3	34	37
At 31 December 2023	9	–	9

The annual rates of depreciation are as follows:

Plant and equipment	–	20% to 33.3%
Hardware and software	–	20% to 33.3%
Fixtures and equipment	–	10% to 20%
Motor vehicles	–	20%

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.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

14. Plant and equipment (cont'd)

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 2022	4,601
Additions	128
Disposals	(16)
Foreign exchange adjustments	(16)
At 31 December 2022	4,697
Additions	3,591
Disposals	(3,889)
Foreign exchange adjustments	(10)
At 31 December 2023	4,389
Accumulated depreciation	
At 1 January 2022	2,530
Depreciation for the year	1,121
Disposals	(16)
Foreign exchange adjustments	(13)
At 31 December 2022	3,622
Depreciation for the year	1,183
Disposals	(3,889)
Foreign exchange adjustments	(9)
At 31 December 2023	907
Carrying value	
At 1 January 2022	2,071
At 31 December 2022	1,075
At 31 December 2023	3,482

The right-of-use assets are under lease liability agreements (see Note 24B).

15. Intangible assets

	Group	
	2023 $'000	2022 $'000
Goodwill (Note 15A)	15,396	12,814
Other intangible assets (Note 15B)	8,179	6,258
Total	23,575	19,072

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

15. Intangible assets (cont'd)

15A. Goodwill

	Group	
	2023 $'000	2022 $'000
Cost		
Balance at beginning of the year	13,807	13,807
Arising from acquisition of a subsidiary (Note 26)	2,582	–
Balance at end of the year	16,389	13,807
Accumulated impairment		
Balance at beginning and end of the year	993	993
Carrying value at beginning of the year	12,814	12,814
Carrying value at end of the year	15,396	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	
	2023 $'000	2022 $'000
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
Ardence Pharma [(d)]	2,582	–
Carrying value at end of the year	15,396	12,814

(a) The goodwill relates to the purchase of the pharmaceuticals business of Pan-Malayan Pharmaceuticals Pte Ltd ("Pan-Malayan") 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 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 in March 2019, Pan-Malayan charged Ocean Health Singapore a fee for this service, and DAC Pharmalab was struck off then. As a result, the CGU for goodwill impairment testing was performed on Ocean Health Singapore.

(c) The goodwill relates to the acquisition of the following subsidiaries: Novem Healthcare Pte Ltd, Novem Pharma Private Limited and Ardence Aesthetics Pte. Ltd. (collectively "Novem") in 2021. Novem is a leading Singapore-based, healthcare-focused distributor of pharmaceutical products, nutraceutical products and medical devices, with a stable operating track record of over 20 years. As a result, the CGU for goodwill impairment testing was performed on Novem.

(d) The goodwill relates to the acquisition of Ardence Pharma. Ardence Pharma is a boutique pharmaceutical company specialising in aesthetic medicine. Prior to the signing of the sale and purchase agreements ("SPAs"), the Group owned 42% shareholding in Ardence Pharma through acquisition of Novem in 2021. On 17 October 2023, the Group's wholly-owned subsidiary, Hyphens Pharma Pte. Ltd., entered into two (2) SPAs with IREG Solution Sdn Bhd ("IREG") and Lee Pak Hsiung (collectively, the "Vendors") respectively to acquire the remaining 58% of the issued and paid up shares in the share capital of Ardence Pharma (the "Sale Shares") over three (3) tranches. Tranche 1 Completion took place on 8 November 2023. As a result of the Tranche 1 Completion, the shareholding held by the Group in Ardence Pharma increased to 65%. The purchase price allocation has been finalised during the current reporting year. For further information, refer to Note 26.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

15. Intangible assets (cont'd)

15A. Goodwill (cont'd)

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 a cash-generating unit ("CGU") have been measured based on the fair value less cost of disposal method or the value in use method (whichever is higher) 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 disclosed below. 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)	**Range (weighted average)**	
Valuation technique and unobservable inputs		
Discounted cash flow method	**2023**	**2022**
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%	3% - 5%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years	5 years
Terminal growth rate	2%	1.5%

CGU – Novem (Specialty Pharma)	**Range (weighted average)**	
Valuation technique and unobservable inputs		
Discounted cash flow method	**2023**	**2022**
Estimated discount rates using post-tax rates that reflect current market assessments at the risks specific to the CGU	11.7%	12.2%
Revenue growth rates	3%	5%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years	5 years
Terminal growth rate	2%	1.5%

CGU – Ardence Pharma (Specialty Pharma)	**Range (weighted average)**	
Valuation technique and unobservable inputs		
Discounted cash flow method	**2023**	**2022**
Estimated discount rates using post-tax rates that reflect current market assessments at the risks specific to the CGU	15.0%	–
Revenue growth rates	5%	–
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years	–
Terminal growth rate	2%	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

15. Intangible assets (cont'd)

15A. Goodwill (cont'd)

Actual outcomes could vary from these estimates.

The impairment test was carried out using a discounted cash flow model covering a 5-year period. Cash flows projections are based on the next five year budgets and plans approved by management.

If the estimated annual revenue growth for Ocean Health had been 7.0% (2022: 8.0%) lower than management's estimates, there would be a need to reduce the carrying value of goodwill by $74,000 (2022: $398,000).

If the estimated annual revenue growth for Novem had been 5.0% (2022: 3.0%) lower than management's estimates, there would be a need to reduce the carrying value of goodwill by $137,000 (2022: $1,063,000).

For Ardence Pharma, management believes that any reasonably possible change in the key assumptions on which this segment's recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

The financial reporting standard on impairment of assets does not permit reversing an impairment loss on goodwill.

15B. Other intangible assets

Distribution rights and trademarks and non-contractual customer relationship	**Group $'000**
Cost	
At 1 January 2022	7,931
Additions	1,430
At 31 December 2022	9,361
Arising from acquisition of a subsidiary (Note 26)	2,336
Additions	287
At 31 December 2023	11,984
Accumulated amortisation	
At 1 January 2022	2,445
Amortisation for the year	658
At 31 December 2022	3,103
Amortisation for the year	702
At 31 December 2023	3,805
Carrying value	
At 1 January 2022	5,486
At 31 December 2022	6,258
At 31 December 2023	8,179

Assessment is made at each reporting date by evaluating conditions specific to the reporting entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

16. Investments in subsidiaries

	Company 2023 $'000	Company 2022 $'000
Movements during the year		
At beginning of the year	19,886	19,420
Additions	–	3,000
Disposals (see (d) below)	–	(2,534)
At end of the year	19,886	19,886
Total cost comprising:		
Unquoted equity shares at cost	19,886	19,886
Net book value of subsidiaries	49,182	47,583

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 2023 $'000	Cost in the books of the Company 2022 $'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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

16. Investments in subsidiaries (cont'd)

Name of subsidiary	Principal place of business	Principal activities
Held through Hyphens Pharma Pte. Ltd. (cont'd)		
Novem Healthcare Pte Ltd [(a)]	Singapore	Wholesale of medicinal and pharmaceutical products
Novem Pharma Private Limited [(a)]	Singapore	Wholesale of medicinal and pharmaceutical products
Ardence Aesthetics Pte. Ltd. [(a)] (Formerly known as Novem Sciences Private Limited)	Singapore	Wholesale of medicinal and pharmaceutical products

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 2023 $'000	Cost in the books of the Company 2022 $'000	Effective percentage of equity held by Group 2023 %	Effective percentage of equity held by Group 2022 %
Held by the Company					
DocMed Technology Pte. Ltd. [(a)] [(e)] Singapore	Wholesale trade and investment and incubation of early-stage business relating to digital healthcare	3,200	3,200	89.76	89.76
Held through Hyphens Pharma Pte. Ltd. and Ardence Aesthetics Pte. Ltd.					
Ardence Pharma [(h)] [(i)] Malaysia	Trading of pharmaceuticals and cosmeceuticals			65	–

Held through DocMed Technology Pte. Ltd.

Name of subsidiary	Principal place of business	Principal activities	Effective percentage of equity held by Group 2023 %	Effective percentage of equity held by Group 2022 %
Pan-Malayan Pharmaceuticals Pte Ltd [(a)] [(d)]	Singapore	Wholesale of pharmaceutical and medical supplies and digital business services	89.76	89.76
TechMed Sdn. Bhd. [(f)]	Malaysia	Wholesale trade; investment and incubation of early stage business related to digital healthcare	89.76	–
DocMed Lyth Pte. Ltd. [(a)] [(g)]	Singapore	Investment and incubation of early stage business related to digital healthcare	45.78	–

(a) Audited by RSM SG Assurance LLP in Singapore.

(b) Audited by RSM International network firms of which RSM SG Assurance 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

16. Investments in subsidiaries (cont'd)

(f) Not audited as subsidiary is dormant. The management accounts were used for consolidation.

(g) Subsidiary was incorporated during the year. DocMed Technology Pte Ltd, which is 89.76% owned by the Company owns 51% of the share capital of the subsidiary, resulted in the Group having an effective interest of 45.78% shares in the subsidiary.

(h) See Note 26 on acquisition of subsidiary.

(i) Audited by CH KO & Associates, a firm of accountants other than member firms of RSM International network firms of which RSM SG Assurance LLP in Singapore is a member.

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	
	2023 $'000	2022 $'000
DocMed Technology Pte. Ltd. and subsidiaries		
The (loss) profit allocated to NCI of the subsidiaries during the reporting year	(92)	58
Accumulated NCI of the subsidiaries at the end of the reporting year	1,469	1,245
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	34,610	28,698
Non-current assets	2,856	4,231
Current liabilities	(26,234)	(20,705)
Non-current liabilities	(67)	(67)
Revenue	67,575	64,853
(Loss) profit for the reporting year	(530)	567
Total comprehensive (loss) income	(527)	567
Net operating cash flows, (decrease) increase	(1,518)	874
Net cash flows, (decrease) increase	(951)	6,876

17. Investment in an associate

	Group	
	2023 $'000	2022 $'000
Movements in carrying value		
Balance at beginning of the year	2,667	2,306
Dividends	(123)	(58)
Dilution of interest arising from disposal of shares	–	(27)
Foreign exchange adjustments	(22)	(28)
Share of profit for the year	545	474
Deemed disposal of associate as a result of business acquisition, resulting in a change of control (Note 26)	(3,067)	–
Balance at end of the year	–	2,667
Carrying value comprising:		
Unquoted equity shares, at cost	–	2,262
Share of post-acquisition profits, net of dividends received	–	405
	–	2,667

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

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	
	2023	2022
	%	%
Ardence Pharma Sdn. Bhd. [(a)] Malaysia Wholesale of pharmaceutical and medical goods (CH KO & Associates)	–	42

(a) On 8 November 2023, Hyphens Pharma completed Tranche 1 of the sale and purchase agreement to purchase the remaining Sale Shares of Ardence Pharma, resulting in a shareholding held by the Group increased to 65% at reporting date. Accordingly, Ardence Pharma is then accounted for as a subsidiary of the Group (Note 26).

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	
	2023 $'000	2022 $'000
Profit and total comprehensive income for the reporting year	–	1,129
Net assets of the associate	–	1,520

18. Inventories

	Group	
	2023 $'000	2022 $'000
Raw materials and supplies	1,308	1,564
Finished goods and goods for resale [(a)]	24,221	19,696
	25,529	21,260
Inventories are stated after allowance.		
Movements in allowance:		
At beginning of the year	875	1,184
Charge (reversed) to profit or loss included in (other income and gains) and other losses	291	(101)
Used	(349)	(208)
At end of the year	817	875
The amount of inventories included in cost of sales	108,294	98,495
Inventories written off charged to profit or loss included in other losses	580	635

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 $390,000 (2022: $1,435,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

19. Trade and other receivables

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade receivables				
Outside parties	39,848	30,348	–	–
Less allowance for impairment	(214)	(229)	–	–
Subsidiaries (Note 3)	–	–	353	723
Net trade receivables – subtotal	39,634	30,119	353	723
Other receivables				
Staff advances	11	6	–	–
Deposits to secure services	720	588	–	–
Subsidiaries (Note 3)	–	–	18,488	19,953
Goods and services tax receivables	80	52	–	–
Other receivables	665	341	–	2
Other receivables – subtotal	1,476	987	18,488	19,955
Total trade and other receivables	41,110	31,106	18,841	20,678
Movements in above allowance:				
At beginning of the year	229	206	–	–
(Reversed) charge to profit or loss included in (other income and gains) and other losses	(15)	23	–	–
At end of the year	214	229	–	–

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

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.

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 (2022: 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 including the impact of the current economic conditions.

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 judgement is required for the assessment of the credit risk graded individually. For these material balances, at the end of the reporting year a loss allowance is recognised if there has been a material increase in credit risk since initial recognition. For any material 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

19. Trade and other receivables (cont'd)

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

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

	Gross amount		Loss allowance	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Group				
Trade receivables:				
Amount within due date	22,166	16,278	–	–
Past due less than 30 days	8,580	7,123	–	–
Past due 30 to 60 days	4,780	3,557	–	–
Past due 60 to 90 days	1,580	919	–	–
Past due over 90 days	2,742	2,471	214	229
Total	39,848	30,348	214	229

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	
	2023 $'000	2022 $'000
Top 1 customer	5,805	6,008
Top 2 customers	10,389	10,598
Top 3 customers	13,757	14,001

The number of debtors that individually represented 5-10% of non-related party trade receivables is 6 (2022: 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

20. Cash and cash equivalents

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Not restricted in use	23,369	36,480	356	4,656

The rates of interest for the cash on interest earning balances ranged between 0.22% and 3.92% (2022: 0.22% and 1.10%) per annum.

20A. Non-cash transactions

	Group	
	2023 $'000	2022 $'000
Acquisitions of certain assets under plant and equipment under lease contracts	3,591	128

20B. Reconciliation of liabilities arising from financing activities

Group	2022 $'000	Cash flows $'000	Non-cash changes $'000		2023 $'000
Loans and borrowings	4,479	(1,250)	–		3,229
Lease liabilities	1,191	(1,185)	3,587	(a)(b)	3,593
Total liabilities from financing activities	5,670	(2,435)	3,587		6,822

	2021 $'000	Cash flows $'000	Non-cash changes $'000		2022 $'000
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

(a) Foreign exchange movements.

(b) Acquisitions per Note 20A.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

21. Share capital

	Group and Company	
	Number of shares issued	Share capital
	'000	$'000
Ordinary shares of no par value		
At 1 January 2022 and 31 December 2022	308,776	35,083
Issuance of new shares pursuant to share awards under Hyphens Performance Share Plan [(a)]	422	133
At 31 December 2023	309,198	35,216

(a) On 28 April 2023, the Company allotted and issued 422,000 new ordinary shares to the Eligible Employees pursuant to Hyphens Performance Share Plan. Also see Note 23A.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

22. Other reserves

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Merger reserve (Note 22A)	(15,165)	(15,165)	–	–
Foreign currency translation reserve (Note 22B)	17	202	–	–
Capital reserves (Note 22C)	5,118	5,147	–	–
Share-based payments reserve (Note 22D)	35	–	35	–
Total	(9,995)	(9,816)	35	–

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	
	2023 $'000	2022 $'000
At beginning of the year	202	106
Exchange differences on translating foreign operations	(185)	96
At end of the year	17	202

The foreign currency translation reserve accumulates all foreign exchange differences.

22C. Capital reserves

	Group	
	2023 $'000	2022 $'000
Issue of share capital to non-controlling interests in subsidiaries [(a)]	5,015	5,044
Fair value adjustment on shares issued [(b)]	103	103
	5,118	5,147

(a) The excess of carrying value over the consideration received from non-controlling interests in the subsidiaries (See Note 16(e) and (g)).

(b) This relates to the difference between the fair value of the shares issued for the acquisition of Novem that took place in 2021 and the prevailing share price as of the transaction date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

22. Other reserves (cont'd)

22D. Share-based payments reserve

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
At beginning of the year	–	–	–	–
Share-based payments (Note 23A)	35	–	35	–
At end of the year	35	–	35	–

23. Share-based payments

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Hyphens Performance Share Plan (Note 23A)				
Cash settled	72	226	–	–
Equity settled	35	–	35	–
Sub-total	107	226	35	–
Other share-based payments (Note 23B)				
Cash settled	183	107	–	–
Sub-total	183	107	–	–
Total	290	333	35	–

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.

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 in the capital of the Company pursuant to the Hyphens Performance Share Plan, subject to the satisfaction of certain performance criteria. The market price of the Company was $0.315 per share at the grant date. Based on the performance criteria, 422,000 shares vested on 31 December 2022, and the Board of Directors approved the vesting of these shares on 28 April 2023. Subsequently, 422,000 new ordinary shares were listed and quoted on the Catalist Board of the Singapore Exchange Securities Trading Limited on 3 May 2023. The new ordinary shares rank pari passu in all respects with the existing issued shares of the Company.

The new ordinary shares awarded have a sale restriction moratorium period of one year from the date of issue.

The relevant share-based payment of $226,000 was recognised under employee benefits expense in the previous reporting year.

On 8 December 2023, the Company granted share awards to eligible employees of the Group pursuant to the Hyphens Performance Share Plan. The actual number of fully paid ordinary shares to be awarded is subject to achievements against targets over a three-year performance period (up to the financial year ending 31 December 2025) and may range from 0% to 120% of 5,854,418 ordinary shares. Up to 2,137,118 shares will be awarded to one of the directors of the Company, subject to meeting certain performance targets and other terms and conditions. The market price was at $0.28 per share at the grant date. The new shares to be awarded shall have a sale restriction moratorium period of one year from the date of issue.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

23. Share-based payments (cont'd)

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

During the current reporting year, $35,000 was recognised under employee benefits expense.

Save as disclosed above, there has been no change in the Company's share capital since 31 December 2022.

The Company did not hold any treasury shares or other convertible instruments as at 31 December 2023 and 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2023 and 31 December 2022.

23B. Other share-based payments

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 estimate of the fair value of the share-based payment 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 option 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. A share-based payment amount of $183,000 is recognised in the current reporting year (2022: $107,000) and included under employee benefits expense.

Management has engaged a valuer to determine the value of the share-based payment. Inputs to the valuation are as follows:

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

24. Other financial liabilities

	Group	
	2023	**2022**
	$'000	**$'000**
Non-current		
Lease liabilities (Note 24B)	2,427	101
Term loan (Note 24A)	1,979	3,229
Total non-current portion	4,406	3,330
Current		
Lease liabilities (Note 24B)	1,166	1,090
Term loan (Note 24A)	1,250	1,250
Total current portion	2,416	2,340
Total current and non-current	6,822	5,670
The non-current portion is repayable as follows:		
Due within 1 to 5 years	4,406	3,330

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24. Other financial liabilities (cont'd)

24A. Term loan

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.

The range of floating rate interest rates paid were as follows:

	Group	
	2023	**2022**
Term loan	4.50% to 6.30%	4.37% to 6.06%

During the previous reporting year 2022, the Group entered into an interest rate swap. The notional amount of the interest rate swap 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. 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 and previous reporting years.

24B. Lease liabilities

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

	Group	
	2023 $'000	**2022 $'000**
Lease liabilities, current	1,166	1,090
Lease liabilities, non-current	2,427	101
	3,593	1,191

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.

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24. Other financial liabilities (cont'd)

24B. Lease liabilities (cont'd)

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

	Group	
	2023 $'000	2022 $'000
Expenses relating to short-term leases included in administrative expenses	410	225
Expenses relating to leases of low-value assets included in administrative expenses	17	17
Total commitments on short-term leases at year end date	218	186

25. Trade and other payables

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade payables				
Outside parties and accrued liabilities	42,834	34,193	977	1,602
Trade payables – subtotal	42,834	34,193	977	1,602
Other payables				
Subsidiary (Note 3)	–	–	94	6
Outside parties	1,459	884	10	12
Other payables – subtotal	1,459	884	104	18
Total trade and other payables	44,293	35,077	1,081	1,620

26. Acquisition of a subsidiary

On 17 October 2023, the Group's wholly-owned subsidiary, Hyphens Pharma Pte. Ltd. ("HPPL"), entered into two (2) sale and purchase agreements ("SPAs") with IREG Solution Sdn Bhd ("IREG") and Lee Pak Hsiung (collectively, the "Vendors") respectively to acquire the remaining 58% of the issued and paid up shares in the share capital of Ardence Pharma Sdn. Bhd. ("Ardence Pharma") (the "Sale Shares") over three (3) tranches.

Ardence Pharma is a boutique pharmaceutical company specialising in aesthetic medicine. Prior to the signing of the SPAs, the Group owned 42% shareholding in Ardence Pharma through Ardence Aesthetics Pte. Ltd. (previously known as Novem Sciences Private Limited).

The sale and purchase of the Sale Shares shall be completed in three (3) tranches as follows:

(a) the sale and purchase of 46,000 Sale Shares from the Vendors representing 23% of the total issued and paid-up share capital of Ardence Pharma ("Tranche 1 Sale Shares") shall complete on or before the third (3rd) business day immediately succeeding the date of the SPAs or such other date as may be agreed between HPPL and IREG ("Tranche 1 Completion");

(b) the sale and purchase of 34,000 Sale Shares representing 17% of the total issued and paid-up shares of Ardence Pharma ("Tranche 2 Sale Shares") shall complete on the tenth (10th) business day following the expiry of 45 days from the issuance of the audited accounts of Ardence Pharma for the financial year ending 31 December ("FY") 2024 or such other date as may be agreed between HPPL and IREG ("Tranche 2 Completion"); and

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. Acquisition of a subsidiary (cont'd)

(c) the sale and purchase of 36,000 Shares representing 18% respectively of the total issued and paid-up shares of Ardence Pharma ("Tranche 3 Sale Shares") shall complete on the tenth (10th) business day following the expiry of 45 days from the issuance of the audited accounts of Ardence Pharma for FY2025, or where deferred by IREG in exercise of its rights in the event that the EBITDA for FY2025 is lower than the EBITDA for FY2024, the audited accounts of Ardence Pharma for FY2026, or such other date as may be agreed between HPPL and IREG ("Tranche 3 Completion").

Tranche 1 Completion took place on 8 November 2023 and correspondingly the shareholding held by the Group in Ardence Pharma increased to 65%. As a result of the Tranche 1 Completion, the Group has also gained control over Ardence Pharma, resulting in it accounted as a subsidiary of the Group.

Management has finalised the purchase price allocation and identified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition as follows:

	Fair values $'000
Plant and equipment, including right-of-use assets	54
Intangible assets	2,336
Inventories	745
Trade and other receivables	765
Prepayments and deposits	120
Cash and cash equivalents	1,174
Income tax payable	(220)
Trade and other payables	(629)
Deferred tax liabilities	(621)
Net assets	3,724
Non-controlling interest measured at fair value [a]	(1,304)
Fair value of the Group's equity interest in Ardence Pharma before the business combination [b]	(3,232)
Fair value of option (derivative) [c]	90
Goodwill arising on acquisition	2,582
Purchase consideration transferred in cash	1,860
Net cash outflow arising on acquisition	
Cash consideration	1,860
Transaction costs of the acquisition [d]	65
Less: Cash and cash equivalent balances acquired	(1,174)
Net cash flow on acquisition	751

(a) The non-controlling interest of 35% in the acquiree at the acquisition date was measured based on the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

(b) Prior to the Acquisition, the carrying value of Ardence Pharma using the equity method was $3,067,000. The previously held equity interest is remeasured to fair value at the date of acquisition, resulting in recognition of a gain of $165,000. The gain is taken to profit or loss as other income and gains (see Note 6).

(c) Option derivative of $90,000 has been recognised under other financial assets.

(d) Transaction costs of $65,000 were expensed and included in administrative expenses.

Those assets that do not meet the recognition criteria prescribed by financial reporting standard on business combinations and therefore have not been recognised as separate intangible assets, but subsumed in goodwill. 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26. Acquisition of a subsidiary (cont'd)

The goodwill is not deductible for tax purposes.

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

	From the date of acquisition in 2023 $'000	For the reporting year 2023 $'000
Revenue	900	4,253
Profit after tax	298	1,596

27. Financial instruments: information on financial risks and other explanatory information

27A. Categories of financial assets and financial liabilities

The following table categories the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Financial assets				
Financial assets at amortised cost	64,479	67,586	19,197	25,334
Financial assets at fair value through profit or loss ("FVTPL")	90	–	–	–
At end of the year	64,569	67,586	19,197	25,334
Financial liabilities				
Financial liabilities at amortised cost	51,115	40,747	1,081	1,620
At end of the year	51,115	40,747	1,081	1,620

Further quantitative disclosures are included throughout these financial statements.

27B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long-term objectives and action to be taken in order to manage the financial risks.

The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior staff.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

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

27B. Financial risk management (cont'd)

The guidelines include the following (cont'd):

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.

27C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the material financial instruments stated at amortised cost and at fair value in the statements 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.

27D. 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.

Note 20 discloses the cash balances. There was no identified impairment loss.

27E. 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 (2022: 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

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

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

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

Group	Less than 1 year $'000	1 - 5 years $'000	Total $'000
Non-derivative financial liabilities:			
2023			
Trade and other payables	44,293	–	44,293
Gross loans and borrowings	1,535	2,430	3,965
Gross lease liabilities	1,371	2,590	3,961
At end of the year	47,199	5,020	52,219
2022			
Trade and other payables	35,077	–	35,077
Gross loans and borrowings	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

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 statements 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
2023	
Financial guarantee contracts – in favour of subsidiaries	1,250
2022	
Financial guarantee contracts – in favour of subsidiaries	1,250

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.

The Company provides financial guarantees to financial institutions for banking facilities granted to subsidiaries (see Note 24). These financial guarantees are provided without charge.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

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

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

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.

Bank facilities	Group	
	2023 $'000	2022 $'000
Undrawn borrowing facilities	22,350	20,486

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

27F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position and on some financial instruments not recognised in the statement of financial position.

The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2023 $'000	2022 $'000
Financial liabilities with interest		
Fixed rates	3,593	1,191
Floating rates	3,229	4,479
Total at end of the year	6,822	5,670

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

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

27G. 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	Euro	Vietnam Dong	Indo Rupiah	Total
	$'000	$'000	$'000	$'000	$'000
As at 31 December 2023					
Financial assets					
Cash and cash equivalents	508	1,017	125	3	1,653
Loan and receivables	1,187	7,486	–	4,483	13,156
Total financial assets	1,695	8,503	125	4,486	14,809
Financial liabilities					
Trade and other payables	(2,732)	(17,464)	(165)	(184)	(20,545)
Total financial liabilities	(2,732)	(17,464)	(165)	(184)	(20,545)
Net financial (liabilities) assets at end of the year	(1,037)	(8,961)	(40)	4,302	(5,736)
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)

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

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

27G. Foreign currency risk (cont'd)

Sensitivity analysis:

	Group	
	2023 $'000	**2022 $'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	104	142
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 effect on pre-tax profit of	896	349
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	4	35
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	(430)	(319)

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

28. Items in profit or loss

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

	Group	
	2023 $'000	**2022 $'000**
Audit fees to the independent auditor of the Company	184	172
Audit fees to the other independent auditors	28	23
Non-audit-related services fees to the independent auditor of the Company, including its affiliated firms	85	105

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

29. Changes and adoption of financial reporting standards

For the current reporting year, the ASC issued amendment to SFRS(I) 1-1 and Practice Statement 2 on disclosures of material information and other explanatory information. Immaterial information need not be disclosed. Disclosures should not obscure material accounting policy information (such as material information being obscured, or information regarding a material item, transaction or other event is scattered throughout the financial statements, etc). In addition, the ASC issued certain new or revised financial reporting standards. None had material impact on the reporting entity.

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

For the future reporting years, the ASC issued certain new or revised financial reporting standards. 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	Presentation of Financial Statements- amendment relating to Non-current Liabilities with Covenants	1 January 2024

STATISTICS OF SHAREHOLDINGS

As at 11 March 2024

SHARE CAPITAL

Number of Issued Shares	:	309,198,200
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	98	6.97	67,140	0.02
1,001 - 10,000	721	51.24	4,087,800	1.32
10,001 - 1,000,000	571	40.58	33,666,256	10.89
1,000,001 and above	16	1.14	271,376,944	87.77
TOTAL	**1,407**	**100.00**	**309,198,200**	**100.00**

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 11 March 2024, approximately 23.98% 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 11 March 2024

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	172,591,841	55.82
2	TAN KIA KING	58,003,759	18.76
3	CITIBANK NOMINEES SINGAPORE PTE LTD	10,903,244	3.53
4	PHILLIP SECURITIES PTE LTD	4,659,000	1.51
5	NG KIAN PENG ALBERT (HUANG JIANPING ALBERT)	4,172,900	1.35
6	BPSS NOMINEES SINGAPORE (PTE.) LTD.	4,000,400	1.29
7	LAU JUI FANG (LIU RUI FANG)	3,719,800	1.20
8	ABN AMRO CLEARING BANK N.V.	2,481,600	0.80
9	RAFFLES NOMINEES (PTE.) LIMITED	1,955,100	0.63
10	ONG ENG SAI	1,640,000	0.53
11	ONG POH LIM @ ONG PAO LIM	1,535,600	0.50
12	IFAST FINANCIAL PTE. LTD.	1,406,900	0.46
13	LEE YEOW HWEE OR TANG BOON LUI (CHEN WENLEI)	1,100,000	0.36
14	TAN WEI PING (CHEN WEIBIN)	1,087,200	0.35
15	WONG POH HWA @ KWAI SENG	1,072,000	0.35
16	MAYBANK SECURITIES PTE. LTD.	1,047,600	0.34
17	OCBC SECURITIES PRIVATE LIMITED	894,000	0.29
18	JAMES ALVIN LOW YIEW HOCK	669,400	0.22
19	KOH SEW LEAN	607,000	0.20
20	YANN ALAIN MARCHE	573,700	0.19
	TOTAL	**274,121,044**	**88.68**

SUBSTANTIAL SHAREHOLDERS AS AT 11 MARCH 2024

No.	Name of Shareholder	Direct Interest No. of Shares	Deemed Interest No. of Shares	Total	% *
1.	Inomed Holding Pte Ltd	–	147,656,441	147,656,441	47.75
2.	Lim See Wah	–	147,656,441	147,656,441	47.75
3.	Tan Kia King	58,003,759	28,600,000	86,603,759	28.01

* *Percentage is calculated based on the total number of issued ordinary shares as at 11 March 2024*

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 147,656,441 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.

3. Dr Tan Kia King's deemed interest arises from his 17,800,000 ordinary shares held through DBS Nominees (Private) Limited and 10,800,000 ordinary shares held through Citibank Nominees Singapore Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 6th Annual General Meeting ("**AGM**") of the Company will be convened and held at 750A Chai Chee Road, ESR BizPark @ Chai Chee, #06-02/03, Singapore 469001 on Thursday, 25 April 2024 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 2023 together with the Auditors' Report thereon. **Resolution 1**

2. To declare a final tax exempt (one-tier) dividend of 0.86 Singapore cents per ordinary share for the financial year ended 31 December 2023. **Resolution 2**

3. To re-elect Mr Heng Wee Koon, who is retiring in accordance with Regulation 97 of the Company's Constitution, as a Director of the Company. **Resolution 3**

4. To re-elect Mr Ng Eng Leng, who is retiring in accordance with Regulation 97 of the Company's Constitution, as a Director of the Company. **Resolution 4**

5. To re-elect Mr Chan Kiat, who is retiring in accordance with Regulation 97 of the Company's Constitution, as a Director of the Company. **Resolution 5**

6. To approve the Directors' fees of SGD 257,000 for the year ended 31 December 2023. **Resolution 6**

7. To re-appoint RSM SG Assurance LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

SPECIAL BUSINESS

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

8. **Authority to allot and issue shares** **Resolution 8**

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;

NOTICE OF ANNUAL GENERAL MEETING

(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.

9. **Grant awards and to allot and issue shares in accordance with Hyphens Performance Share Plan** **Resolution 9**

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.

10. **The proposed participation of Mr Lim See Wah, the Chairman, Chief Executive Officer and a Controlling Shareholder in the Hyphens Performance Share Plan** **Resolution 10**

That subject to and contingent upon the passing of Ordinary Resolution 9, the participation by Mr Lim See Wah, the Chairman, Chief Executive Officer and a Controlling Shareholder of the Company, in the Performance Share Plan, be and is hereby approved.

11. **The proposed grant of Share Awards to Mr Lim See Wah, the Chairman, Chief Executive Officer and a Controlling Shareholder** **Resolution 11**

That subject to and contingent upon the passing of Ordinary Resolutions 9 and 10, approval be and is hereby given for the grant of 2,137,118 share awards to Mr Lim See Wah, the Chairman, Chief Executive Officer and a Controlling Shareholder of the Company in accordance with the Performance Share Plan.

12. **Grant options and to allot and issue shares in accordance with Hyphens Employee Share Option Scheme** **Resolution 12**

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

NOTICE OF ANNUAL GENERAL MEETING

(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.

13. **The proposed renewal of the share buy-back mandate** **Resolution 13**

That:

(a) for the purposes of sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of: (i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or (ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they may, in their absolute discretion, deem fit, which schemes shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable (the "**Share Buy-back Mandate**");

(b) the Directors of the Company may impose such terms and conditions which are not inconsistent with the Share Buy-back Mandate, the listing rules of the SGX-ST and the Companies Act, as they consider fit and in the interests of the Company in connection with or in relation to any equal access scheme(s);

(c) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-back Mandate shall, at the absolute discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(d) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

  (i) the date on which the next AGM is held or is required by law to be held;

  (ii) the date on which the share buy-backs are carried out to the full extent mandated; or

  (iii) the date on which the authority contained in the Share Buy-back Mandate is varied or revoked by the Company in a general meeting;

(e) in this Resolution:

"**Prescribed Limit**" means the number of issued Shares representing not more than 10% of the total number of issued Shares (excluding Treasury Shares and Subsidiary Holdings), ascertained as at the date of the last AGM held before the passing of this Resolution or as at the date of passing of this Resolution, whichever is higher, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares shall be taken to be the total number of Shares as altered;

NOTICE OF ANNUAL GENERAL MEETING

"**Relevant Period**" means the period commencing on and from the Approval Date, up to the earliest of:

(i) the date on which the next AGM of the Company is held or required by law to be held;

(ii) the date on which the Share Buy-backs pursuant to the Share Buy-back Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buy-back Mandate is varied or revoked by the Shareholders in a general meeting,

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means: (A) the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the Market Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Purchase; and (B) deemed to be adjusted for any corporate action that occurs after the relevant five-day period and the day on which the purchases are made; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(f) the Directors of the Company and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they/he/she may consider necessary, desirable or expedient to give effect to the transactions contemplated by this Resolution.

14. 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: 9 April 2024

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES

Resolution 3

Mr Heng Wee Koon shall, upon re-election as Director of the Company, remain as the Lead Independent Director, the Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee of the Company.

Resolution 4

Mr Ng Eng Leng shall, upon re-election as Director of the Company, remain as an Independent Director, the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company.

Resolution 5

Mr Chan Kiat shall, upon re-election as Director of the Company, remain as an Independent Director, and a member of the Audit Committee and Remuneration Committee of the Company.

Resolution 8

Resolution 8 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 9

Resolution 9 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 10

Resolution 10 is to grant participation of Chairman, Chief Executive Officer and the Controlling Shareholder, Mr Lim See Wah in the Performance Share Plan.

Background
The Company proposes to extend the participation under the Performance Share Plan to the Controlling Shareholder. Although the Controlling Shareholder may already have shareholding interests in the Company, the extension of the Performance Share Plan to include him ensures that he is equally entitled, with the other eligible Group Employees who are not Controlling Shareholder(s) or their Associates, to take part and benefit from this system of remuneration.

The Company is of the view that the Company should have a fair and equitable system to reward the eligible directors and employees of the Group who have made and continue to make significant contributions to the long-term growth of the Group notwithstanding that they are Controlling Shareholder(s) or their Associates. A person who would otherwise be eligible should not be excluded from participating in the Performance Share Plan solely for the reason that he is a Controlling Shareholder or an Associate of a Controlling Shareholder.

Rationale and justification for participation
As the founder of the Group and holding a remarkable track record of over 30 years of experience in the pharmaceutical industry, Mr Lim See Wah is instrumental in the Group's business expansion. Under his stewardship, the Group has expanded its market outreach from home-based Singapore to direct presence in five ASEAN countries – Singapore (HQ), Indonesia, Malaysia, the Philippines and Vietnam, and are supplemented by a marketing and distribution network covering 14 other markets – Bangladesh, Brunei, Cambodia, Hong Kong S.A.R., Macau S.A.R., Myanmar, South Korea, Sri Lanka and Gulf Cooperation Council countries, including Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates.

As Chairman and Chief Executive Officer, Mr Lim See Wah is responsible for the Group's strategic business planning and development, managing day-to-day business operations of the Group as well as leading the Board, ensuring effective communication with shareholders, and encouraging constructive relationships between the Board and Management, and amongst Board members.

The Company considers Mr Lim See Wah's contributions and participation in the Group as vital in ensuring the continued growth and expansion of the Group's business, and therefore wishes to allow Mr Lim See Wah to participate in the Performance Share Plan.

NOTICE OF ANNUAL GENERAL MEETING

The Company believes that Mr Lim See Wah has made and will continue to make invaluable contributions to the Group. The Company is proposing that approval be given to allow his participation in the Performance Share Plan so as to spur and further optimise his performance and to reward him for his contributions to the Group.

Safeguard
Pursuant to Rule 852 of the Catalist Rules, specific approval of independent shareholders is required for the participation of Controlling Shareholders in the Performance Share Plan. Mr Lim See Wah and his associates shall abstain from voting on the resolution in relation to the participation in the Performance Share Plan.

When it is proposed that Awards or Options be granted under the Performance Share Plan to eligible Group employees who are Controlling Shareholder(s) or Associates of Controlling Shareholder(s), in accordance with the requirements of the Catalist Rules, the actual number and terms of the Awards or Options to be granted to each such person (as the case may be) are subject to the approval of independent Shareholders in a separate resolution. Accordingly, the Company is of the view that there are safeguards against any abuse of the Performance Share Plan resulting from the participation of Controlling Shareholder(s) or their Associates.

Resolution 11

Resolution 11 is to empower the Directors to grant 2,137,118 Share Awards to Chairman, Chief Executive Officer and the Controlling Shareholder, Mr Lim See Wah 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.

For the reasons set out above, subject to Shareholders' approval on Resolutions 9 and 10, it is proposed that approval be given to the Directors to grant contingent Share Awards of 2,137,118 shares. The actual number of Share Awards will range from 0% to 100% of 2,137,118 shares and is subject to achievements against targets over a three-year performance period (up to the financial year ending 31 December 2025) and other terms and conditions being met. The Share Awards shall have a sale restriction moratorium period of one year from the date of issue.

Mr Lim See Wah and/or his associates shall abstain from voting on this Resolution.

Resolution 12

Resolution 12 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.

Resolution 13

Resolution 13, if passed, will empower the Directors, from the date of the AGM until the date on which the next AGM is to be held or is required by law to be held, the date on which the share buy-back is carried out to the full extent mandated, or the date on which the authority contained in the Share Buy-back Mandate is varied or revoked by the Company in a general meeting, whichever is the earliest, to make purchases (whether by way of market purchases or off-market purchases on an equal access scheme) from time to time of up to the Prescribed Limit at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-back Mandate are set out in greater detail in the Appendix accompanying this notice in the Annual Report.

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 for 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 16 April 2024.

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).

NOTICE OF ANNUAL GENERAL MEETING

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 16 April 2024, 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 appointing 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 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 at srs.proxy@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 22 April 2024. 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 appointor on his/her/its attorney duly authorized in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorized. 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 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.

   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.

NOTICE OF ANNUAL GENERAL MEETING

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 as at 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 16 April 2024** (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 Boardroom Corporate & Advisory Services Pte. Ltd. at srs.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 **19 April 2024** (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.

PERSONAL DATA PRIVACY

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

NOTICE OF RECORD AND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Register of Members and Share Transfer Books of the Company will be closed on 10 May 2024 for the purpose of determining members' entitlements to a final tax exempt (one-tier) dividend of 0.86 Singapore cents per ordinary share for the financial year ended 31 December 2023 ("**Proposed Final Dividend**"). The Proposed Final Dividend, if approved by shareholders at the AGM, will be paid on 24 May 2024.

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 9 May 2024** 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 9 May 2024 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

Mr Heng Wee Koon, Mr Ng Eng Leng and Mr Chan Kiat are the Directors seeking re-election at the forthcoming AGM of the Company. Pursuant to Rule 720(6) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to Mr Heng Wee Koon, Mr Ng Eng Leng and Mr Chan Kiat, being the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM, are set out below and to be read with thier profile under the section entitled "Board of Directors" of this Annual Report:

Name of Director	**Heng Wee Koon**	**Ng Eng Leng**	**Chan Kiat**
Date of Appointment	23 April 2018	23 April 2018	5 November 2020
Date of last re-appointment (if applicable)	28 April 2021	28 April 2021	28 April 2021
Age	54	58	53
Country of principal Residence	Singapore	Singapore	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 Mr Heng Wee Koon's overall contributions and performance, is of the view that he is suitable for re-appointment as the Lead Independent Director of the Company.	The Board, having considered the recommendation of the NC and assessed Mr Ng Eng Leng's overall contributions and performance, is of the view that he is suitable for re-appointment as an Independent Director of the Company.	The Board, having considered the recommendation of the NC and assessed Mr Chan Kiat's overall contributions and performance, is of the view that he is suitable for re-appointment as an Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of the Audit Committee and Members of the Nominating Committee and Remuneration Committee	Independent Director, Chairman of Remuneration Committee and a Member of the Audit Committee	Independent Director and Members of the Audit Committee and Remuneration Committee
Professional Qualifications	- Bachelor of Business Administration and Master of Business Administration - Member of CFA Society Singapore	Bachelor of Laws (LLB) and Master of Laws (LLM)	Bachelor of Engineering and Master of Business Administration
Working experience and occupation(s) during the past 10 years	Please refer to the "Board of Directors" in the Annual Report	Please refer to the "Board of Directors" section in the Annual Report	Please refer to the "Board of Directors" section in the Annual Report
Shareholding interest in the listed issuer and its subsidiaries	No	No	Direct interest in 55,000 (0.02%) ordinary shares in the Company.

INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Director	Heng Wee Koon	Ng Eng Leng	Chan Kiat
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	No	No
Conflict of interest (including any competing business)	No	No	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 Other Principal Commitments including Directorships	Yes	Yes	Yes
● Past (for the last 5 years)	E.R.S. Advisory Pte. Ltd.	CapitaLand India Trust Management Pte. Ltd.	Berlina Pte. Ltd.
● Present	NIL	Senior Partner of Dentons Rodyk & Davidson LLP	**Singapore** - JKL Venture Pte. Ltd. - Archipelago Capital Partners Pte. Ltd. - Archipelago Asia Focus Fund Pte. Ltd. - Thousand Islands Investment Holding Pte. Ltd. - Osmanthus Investment Holdings Pte. Ltd. - Rubicon Investments Holding Pte. Ltd. - Yvonne's Kitchen Pte. Ltd. - Archipelago Asia Focus Fund II Pte. Ltd. - Cooling Fountain Investments Holdings Pte. Ltd. - Trident Investments Holdings Pte. Ltd. - Archipelago Asia Focus Investment VCC - Gateau Gourmet Investments Pte. Ltd.

INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Director	Heng Wee Koon	Ng Eng Leng	Chan Kiat
			Malaysia - Coolblog Apps Sdn Bhd - Jit Sing Enterprise Sdn Bhd - Coolblog Dessert Sdn Bhd - Coolblog Trading Sdn Bhd - Coolblog F & B Sdn Bhd - Coolblog Enterprise Sdn Bhd - TBlogger Sdn Bhd **Hong Kong** - Orient Rise Industries Limited **Indonesia** - PT. Timuraya Tunggal - PT. Radana Bhaskara Finance Tbk **Cayman Islands** - Archipelago Cayman Executives GP Limited - Archipelago Cayman GP Limited - Archipelago Cayman GP II Limited **The Philippines** - 2GO Group, Inc
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Director	Heng Wee Koon	Ng Eng Leng	Chan Kiat
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Director	Heng Wee Koon	Ng Eng Leng	Chan Kiat
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Director	Heng Wee Koon	Ng Eng Leng	Chan Kiat
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-			
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Director	Heng Wee Koon	Ng Eng Leng	Chan Kiat
Any prior experience as a director of a listed Company? *If **yes**, please provide details of prior experience.* *If **no**, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).*	Yes Mr Heng Wee Koon is currently an Independent Director of Hyphens Pharma International Ltd.	Yes Mr Ng Eng Leng is currently an Independent Director of Hyphens Pharma International Ltd.	Yes Mr Chan Kiat is currently an Independent Director of Hyphens Pharma International Ltd.

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APPENDIX DATED 9 APRIL 2024

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN DOUBT ABOUT THE CONTENTS OF THIS APPENDIX OR THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.

This appendix (the "**Appendix**") is circulated to the shareholders of Hyphens Pharma International Limited (the "**Company**"), together with the Company's annual report for the financial year ended 31 December 2023 (the "**Annual Report**"). The Notice of the AGM (as defined herein) and the accompanying proxy form are enclosed with the Annual Report.

If you have sold or transferred all your Shares (as defined herein) in the capital of the Company held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Appendix to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should at once hand the Annual Report (including the Notice of AGM and the proxy form) and this Appendix immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

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

The contact person for the Sponsor is Ms. Lee Khai Yinn, who can be contacted at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, Telephone: +65 6232 3210.

Hyphens

HYPHENS PHARMA INTERNATIONAL LIMITED
(Company Registration No. 201735688C)
(Incorporated in the Republic of Singapore)

APPENDIX TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

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DEFINITIONS

In this Appendix, except where the context otherwise requires, the following definitions shall apply throughout:

"**AGM**"	:	the annual general meeting of the Company
"**Annual Report**"	:	the annual report of the Company for the financial year ended 31 December 2023
"**Appendix**"	:	this appendix to Shareholders dated 9 April 2024
"**Approval Date**"	:	has the meaning ascribed to it in Section 2.3(a) of this Appendix
"**Associate**"	:	(a) in relation to any individual, including a Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; (b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"**Average Closing Price**"	:	has the meaning ascribed to it in Section 2.3(e) of this Appendix
"**Board**"	:	the board of Directors of the Company as at the date of this Appendix or from time to time, as the case may be
"**Catalist**"	:	the Catalist board of the SGX-ST
"**Catalist Rules**"	:	the SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, modified or supplemented from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**CEO**"	:	Chief Executive Officer or the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business
"**Company**"	:	Hyphens Pharma International Limited
"**Companies Act**"	:	the Companies Act 1967 of Singapore, as may be amended, modified or supplemented from time to time
"**Concert Parties**"	:	has the meaning ascribed to it in Section 2.11(c) of this Appendix

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DEFINITIONS

"**Constitution**"	:	the Constitution of the Company, as may be amended, modified or supplemented from time to time
"**control**"	:	the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
"**Controlling Shareholder**"	:	a person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over a company
"**Director**"	:	a director of the Company as at the date of this Appendix or from time to time, as the case may be
"**EPS**"	:	earnings per share
"**Group**"	:	the Company and its subsidiaries
"**Inomed**"	:	Inomed Holding Pte Ltd
"**Latest Practicable Date**"	:	11 March 2024, being the latest practicable date prior to the issue of this Appendix
"**Market Day**"	:	a day on which the SGX-ST (or the recognised stock exchange, as the case may be) is open for trading in securities
"**Market Purchase**"	:	has the meaning ascribed to it in Section 2.3(c)(i) of this Appendix
"**Maximum Price**"	:	has the meaning ascribed to it in Section 2.3(e) of this Appendix
"**Notice of AGM**"	:	the notice of AGM dated 9 April 2024
"**NTA**"	:	net tangible assets
"**Off-Market Purchase**"	:	has the meaning ascribed to it in Section 2.3(c)(ii) of this Appendix
"**Registrar**"	:	has the meaning ascribed to it in Section 2.12 of this Appendix
"**Relevant Period**"	:	has the meaning ascribed to it in Section 2.3(b) of this Appendix
"**Securities Accounts**"	:	the securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent
"**SFA**"	:	the Securities and Futures Act 2001 of Singapore, as may be amended, modified or supplemented from time to time
"**SGXNet**"	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited

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DEFINITIONS

"**Share Buy-back**"	:	the purchase or acquisition of issued Share(s) by the Company pursuant to the Share Buy-back Mandate
"**Share Buy-back Mandate**"	:	the general and unconditional mandate given by Shareholders to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire, on behalf of the Company, issued Shares within the Relevant Period in accordance with the terms set out in this Appendix, as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
"**Shares**"	:	ordinary shares in the capital of the Company and "**Share**" shall be construed accordingly
"**Shareholders**"	:	registered holder(s) of Shares in the register of members of the Company, except where the registered holder is CDP, in which case the term "**Shareholders**" shall, in relation to such Shares, mean the Depositors who have Shares entered against their name in the Depository Register of CDP. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
"**SIC**"	:	Securities Industry Council
"**Subsidiary Holdings**"	:	Shares held by a subsidiary in accordance with the Companies Act
"**Substantial Shareholder**"	:	a person who has an interest or interests in voting Shares (excluding Treasury Shares and Subsidiary Holdings), representing not less than 5% of all the voting Shares
"**Take-over Code**"	:	the Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
"**Treasury Shares**"	:	the Shares held in treasury by the Company
"**S$**"	:	Singapore dollars, being the lawful currency of Singapore
"**%**"	:	per centum or percentage

Unless the context otherwise requires:

(a) the terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the same meanings ascribed to them respectively in Section 81SF of the SFA;

(b) the terms "**subsidiary**" and "**related corporations**" shall have the meanings ascribed to them respectively in Section 5 of the Companies Act;

(c) words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. Unless the context otherwise requires, any references to persons shall include individuals, corporate bodies (wherever incorporated), unincorporated associations and partnerships;

(d) any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Catalist Rules or any statutory or regulatory modification thereof and not otherwise defined in this Appendix shall, where applicable, have the same meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or such modification thereof, as the case may be, unless the context otherwise requires;

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(e) any reference to a time of a day in this Appendix shall be a reference to Singapore time unless otherwise stated;

(f) any discrepancies between the figures listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them; and

(g) the headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

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HYPHENS PHARMA INTERNATIONAL LIMITED
(Company Registration No. 201735688C)
(Incorporated in the Republic of Singapore)

Directors:
Mr. Lim See Wah (Chairman, Executive Director & CEO)
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)

Registered Office:
16 Tai Seng Street
Level 4
Singapore 534138

9 April 2024

To: The Shareholders of the Company

Dear Sir/Madam,

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

1.1 Annual General Meeting

Reference is made to the Notice of AGM, accompanying the Annual Report, convening the AGM on 25 April 2024 and the Ordinary Resolution 13 in relation to the renewal of the Share Buy-back Mandate, under the heading "Special Business" set out in the Notice of AGM.

1.2 Purpose of this Appendix

The purpose of this Appendix is to provide the Shareholders with details in respect of the proposed renewal of the Share Buy-back Mandate.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 The Share Buy-back Mandate

At the extraordinary general meeting of the Company held on 26 April 2023, Shareholders approved the adoption of the Share Buy-back Mandate to enable the Company to purchase or otherwise acquire Shares in the capital of the Company. As the said Share Buy-back Mandate will expire on the forthcoming AGM, being 25 April 2024, the Directors propose that the Share Buy-back Mandate be renewed at the Company's forthcoming AGM.

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the company's constitution. Any purchase of Shares by the Company will also have to be made in accordance with, and in the manner prescribed by, the Companies Act, the Catalist Rules, the Constitution and such other laws and regulations as may for the time being, be applicable.

As the Company is listed on the Catalist, it is also required to comply with Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition by an issuer of its own issued

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ordinary shares. Regulation 13(b) of the Constitution expressly permits the Company to purchase or otherwise acquire its issued Shares. It is a requirement under the Companies Act and the Catalist Rules for a company that wishes to purchase or otherwise acquire its own shares to obtain the approval of its shareholders.

Accordingly, the Directors are proposing to seek the approval from Shareholders at the forthcoming AGM for the proposed renewal of the Share Buy-back Mandate. An ordinary resolution is being proposed, pursuant to which the Share Buy-back Mandate will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire Shares according to the terms of the Share Buy-back Mandate, as well as the rules and regulations set forth in the Companies Act and the Catalist Rules.

If approved by Shareholders at the forthcoming AGM, the authority conferred by the Share Buy-back Mandate will take effect from the date of the forthcoming AGM at which the proposed renewal of the Share Buy-back Mandate is approved and continues to be in force for the duration of the Relevant Period, which is until the earliest of the date on which the next AGM is held or is required by law to be held, or when Share Buy-backs pursuant to a Share Buy-back Mandate are carried out to the full extent mandated, or the date the said mandate is varied or revoked by the Company in general meeting (whereupon it will lapse, unless renewed at such meeting).

2.2 Rationale for the Proposed Renewal of the Share Buy-back Mandate

The proposed renewal of the Share Buy-back Mandate will give the Company the flexibility to undertake Share Buy-backs at any time when circumstances permit, during the period when the Share Buy-back Mandate is in force. The Directors believe that the Share Buy-back Mandate will provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. The Share Buy-back Mandate will also allow the Directors to exercise greater control over the Company's share capital structure, dividend pay-out and cash reserves, with a view to enhancing the NTA and/or EPS. The Directors further believe that Share Buy-backs may also buffer short-term share price volatility and offset the effects of share price speculation.

Share Buy-backs will only be undertaken if the Directors believe that it can benefit the Company and Shareholders, taking into consideration factors both financial and non-financial such as the amount of surplus cash available, prevailing market conditions and performance of Shares. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-back Mandate may not be carried out to the full 10% limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the financial condition, liquidity and capital of the Company and the Group.

It should be noted that there can be no assurance that the proposed renewal of Share Buy-back Mandate or Share Buy-backs pursuant thereto will achieve any desired effect, and there can be no assurance that such effect (if achieved) can be sustained in the longer term.

2.3 Authority and Limits of the Share Buy-back Mandate

The authority and limits placed on the Share Buy-backs under the Share Buy-back Mandate are set out below:

(a) Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate.

The total number of Shares which may be purchased or acquired pursuant to the Share Buy-back Mandate during the Relevant Period shall not exceed 10% of the total number of issued Shares (excluding Treasury Shares and Subsidiary Holdings) as at the date of the forthcoming AGM at which approval for the proposed renewal of the Share Buy-back Mandate is being sought (the "**Approval Date**").

For purposes of calculating the percentage of issued Shares, any Shares which are held as

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Treasury Shares and Subsidiary Holdings will be disregarded for the purpose of computing the 10% limit.

For illustrative purposes only, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date of S$35,965,916 comprising 309,198,200 issued Shares and nil Treasury Shares and Subsidiary Holdings held, and assuming that no further Shares are issued on or prior to the Approval Date, the purchase or acquisition by the Company pursuant to the Share Buy-back Mandate of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 30,919,820 Shares.

(b) Duration of Authority

Under the Share Buy-back Mandate, Share Buy-backs may be made, at any time and from time to time, on and from the Approval Date up to:

(i) the date on which the next AGM of the Company is held or required by law to be held;

(ii) the date on which the Share Buy-backs pursuant to the Share Buy-back Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buy-back Mandate is varied or revoked by the Shareholders in a general meeting,

whichever is the earliest ("**Relevant Period**").

The authority conferred on the Directors by the Share Buy-back Mandate to purchase Shares may be renewed at each subsequent AGM or other general meetings of the Company. When seeking the approval of Shareholders for the proposed renewal of the Share Buy-back Mandate, the Company is required to disclose details pertaining to any Share Buy-backs made during the previous 12 months, including both Off-Market Purchases and Market Purchases, the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Buy-backs, where relevant, the total consideration paid for such Share Buy-backs and whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

(c) Manner of Share Buy-back

Share Buy-backs may be made by way of:

(i) an on-market purchase ("**Market Purchase**") transacted on SGX-ST through the SGX-ST trading system or, as the case may be, any other securities exchange on which the Shares may, for the time being, be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) an off-market purchase ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as defined in Section 76C of the Companies Act as may be formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-back Mandate, the Catalist Rules, the Companies Act and the Constitution, as they consider fit in the interests of the Company in connection with, or in relation to, any equal access scheme or schemes.

(d) Off-Market Purchase

Under the Companies Act, an Off-Market Purchase effected in accordance with an equal access scheme must satisfy all the following conditions:

(i) offers under the scheme are to be made to every person who holds Shares to purchase

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or acquire the same percentage of their Shares;

(ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded:

(1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;

(2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and

(3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Catalist Rules provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

(A) the terms and conditions of the offer;

(B) the period and procedures for acceptances;

(C) the reasons for the proposed Share Buy-back;

(D) the consequences, if any, of the Share Buy-back by the Company that will arise under the Take-over Code or other applicable take-over rules;

(E) whether the Share Buy-back, if made, could affect the listing of the Shares on the SGX-ST;

(F) details of any Share Buy-backs made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Buy-backs, where relevant, and the total consideration paid for such Share Buy-backs; and

(G) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

(e) Maximum Purchase Price

The purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid for a Share in the event of any Share Buy-back will be determined by the Directors.

However, the purchase price to be paid for the Shares pursuant to the Share Buy-back Mandate must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

in either case, excluding related expenses of the Share Buy-back (the “**Maximum Price**”).

For the above purposes:

(1) “**Average Closing Price**” means: (A) the average of the closing market prices of the

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Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the Market Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Purchase; and (B) deemed to be adjusted for any corporate action that occurs after the relevant five-day period and the day on which the Market Purchases are made or the announcement in relation to the Off-Market Purchase is made; and

(2) "**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price of the Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of Purchased Shares

Under Section 76B of the Companies Act, any Share which is purchased shall, unless held as a Treasury Share, be deemed cancelled immediately on purchase, and all rights and privileges attached to that Share will expire on cancellation.

All Shares purchased by the Company, unless held as Treasury Shares, will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

2.5 Treasury Shares

Certain of the provisions on Treasury Shares under the Companies Act are summarised below:

(a) Maximum Holdings

The aggregate number of Shares held as Treasury Shares shall not at any time exceed 10% of the total number of issued Shares. In the event that the aggregate number of Treasury Shares held by the Company exceeds the aforesaid limit, the Company shall dispose of or cancel the excess Treasury Shares in accordance with Section 76K of the Companies Act within six (6) months from the day the aforesaid limit is first exceeded or such further period as the Registrar of Companies may allow.

The Company has no Shares held as Treasury Shares as at the Latest Practicable Date.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote in respect of Treasury Shares and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of the Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed. Also, a subdivision or consolidation of any Treasury Share into Treasury Shares of a smaller amount is allowed so long as the total value of the Treasury Shares after the sub-division or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares purchased or acquired by the Company are held as Treasury Shares, the Company may at any time:

(i) sell the Treasury Shares (or any of them) for cash;

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(ii) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to share scheme, whether for employees, Directors or other persons;

(iii) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the Treasury Shares (or any of them); or

(v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister of Finance of Singapore.

At the time of each Share Buy-back, the Directors will decide whether the Shares purchased under the Share Buy-back Mandate will be held as Treasury Shares, cancelled by the Company, or partly cancelled and partly held as Treasury Shares, as the Directors deem fit in the interest of the Company at that time taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

In addition, under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of Treasury Shares comprised in the usage, the number of Treasury Shares before and after the usage, the percentage of the number of Treasury Shares comprised in the usage against the total number of issued shares (of the same class as the Treasury Shares) which are listed on the SGX-ST before and after the usage and the value of the Treasury Shares comprised in the usage.

2.6 Source of Funds

In purchasing Shares, the Company may only apply funds legally available for such purchase in accordance with its Constitution and the applicable laws in Singapore. The Company may not purchase Shares for a consideration other than cash or for settlement otherwise in accordance with the trading rules of the SGX-ST. Under the Companies Act, any Share Buy-back undertaken by the Company shall be made out of capital or profits that are available for distribution as dividends so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act).

Pursuant to Section 76F(4) of the Companies Act, a company is solvent if the following conditions are satisfied:

(a) there is no ground on which the company could be found to be unable to pay its debts;

(b) the company will be able to pay its debts as they fall due in the normal course of business in the 12 months following such date of payment; and

(c) the value of its assets is not less than the value of its liabilities (including contingent liabilities) and such value of its assets will not, after any purchase of shares for purposes of any proposed acquisition or release of the company's obligations, become less than the value of its liabilities (including contingent liabilities).

In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimations of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counterclaims by the Company.

The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its Share Buy-backs. In considering the use of external funding, the Company will take into consideration the availability of external financing and the resulting impact on the prevailing gearing level of the Company and the Group. The Company will only exercise the Share Buy-back Mandate in the interest of the Company and the Group without causing adverse financial impact to the Company and the Group. In particular, the Company will have regard to

APPENDIX

any relevant financial covenants which are applicable to the Company and/or the Group under any agreements for banking and credit facilities which may be granted by a financial institution to the Company and/or the Group from time to time. The Company will not effect any Share Buy-back if such purchases or acquisitions would result in any breaches of the relevant financial covenants. The Company will also not propose to exercise the Share Buy-back Mandate in such a manner and to such an extent that the liquidity and capital adequacy position of the Company and the Group would be materially adversely affected.

2.7 Financial Effects of the Share Buy-back Mandate

Shareholders should note that the financial effects illustrated set out herein are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the financial analyses set out below are based on the audited accounts of the Company and the Group for the financial year ended 31 December 2023 and are not necessarily representative of the future financial performance of the Company or the Group.

It is not possible for the Company to realistically calculate or quantify the impact of Share Buy-backs that may be made pursuant to the Share Buy-back Mandate as the financial effects on the Company and the Group arising from the Share Buy-backs will depend on, amongst others, the aggregate number of Shares purchased or acquired, whether the Share Buy-backs are made by way of Off-Market Purchases or Market Purchases, the price at which the Share Buy-backs are made, the amount (if any) borrowed by the Company to fund the Share Buy-backs and whether the Shares are cancelled or held as Treasury Shares. Particularly, the financial effects on the financial statements of the Group and the Company will depend, amongst others, on the factors set out below:

(a) Purchase or Acquisition out of Profits and/or Capital

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

(b) Number of Shares Acquired or Purchased

Based on the 309,198,200 issued Shares as the Latest Practicable Date, the purchase or acquisition of Shares by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 30,919,820 Shares.

(c) Maximum Price Paid for Shares Acquired or Purchased

In the case of a Market Purchase by the Company and assuming that the Company purchases or acquires 30,919,820 Shares at the Maximum Price of S$0.2951 per Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 30,919,820 Shares is approximately S$9.1 million (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses).

In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 30,919,820 Shares at the Maximum Price of S$0.3372 per Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required

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for the purchase or acquisition of the 30,919,820 Shares is approximately S$10.4 million (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses).

Illustrative Financial Effects

For illustrative purposes only, based on the assumptions set out above and assuming that the purchase or acquisition of Shares are made to the extent aforesaid, such Shares are funded wholly by internal resources within the Group and the Company had purchased 30,919,820 Shares (representing 10% of the issued Shares as at the Latest Practicable Date), the financial effects of the purchase of 30,919,820 Shares by way of:

(i) purchases made entirely out of capital and held as Treasury Shares;

(ii) purchases made entirely out of capital and cancelled,

on the audited financial statements of the Group and the Company for the financial year ended 31 December 2023 pursuant to the Share Buy-back Mandate are set out as follows:

Scenario A – Share Buy-backs with the Shares Held as Treasury Shares

	Group			Company		
As at 31 December 2023	**Before Share Buy-back (S$'000)**	**After Market Purchase (S$'000)**	**After Off-Market Purchase (S$'000)**	**Before Share Buy-back (S$'000)**	**After Market Purchase (S$'000)**	**After Off-Market Purchase (S$'000)**
Profit Attributable to Owners of the Company	8,568	8,568	8,568	8,686	8,686	8,686
Share Capital	35,216	35,216	35,216	35,216	35,216	35,216
Reserve	(9,995)	(9,995)	(9,995)	35	35	35
Treasury Shares	-	(9,123)	(10,426)	-	(9,123)	(10,426)
Retained Earnings	37,765	37,765	37,765	2,837	2,837	2,837
Shareholders' Funds	62,986	53,863	52,560	38,088	28,965	27,662
NTA (1)	39,411	30,288	28,985	38,088	28,965	27,662
Current Assets	92,154	83,031	81,728	19,274	10,151	8,848
Current Liabilities	49,244	49,244	49,244	1,081	1,081	1,081
Working Capital	42,910	33,787	32,484	18,193	9,070	7,767
Total Borrowings	3,229	3,229	3,229	-	-	-
Cash and Cash Equivalents	23,369	14,246	12,943	356	(8,767) (5)	(10,070) (5)
Number of Shares Including Treasury Shares (In Thousands)	309,198	309,198	309,198	309,198	309,198	309,198
Number of Treasury Shares (In Thousands)	-	30,920	30,920	-	30,920	30,920
Number of Shares Excluding Treasury Shares (In Thousands)	309,198	278,278	278,278	309,198	278,278	278,278
Weighted Average Number of Shares (In Thousands)	309,063	278,143	278,143	309,063	278,143	278,143
Financial Ratios						
NTA per Share (cents) (1)	12.75	10.88	10.42	12.32	10.41	9.94
Gearing Ratio (times) (2)	0.05	0.06	0.06	Nil	Nil	Nil
Current Ratio (times) (3)	1.87	1.69	1.66	17.83	9.39	8.19
Basic EPS (cents) (4)	2.77	3.08	3.08	2.81	3.12	3.12

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Notes:

(1) NTA equals total equity less intangible assets and non-controlling interests. NTA per Share equals NTA divided by the number of Shares (excluding Treasury Shares) as at 31 December 2023.

(2) Gearing Ratio equals total borrowings divided by total equity.

(3) Current Ratio equals current assets divided by current liabilities.

(4) Basic EPS equals profit attributable to owners of the Group and Company divided by the weighted average number of Shares (excluding Treasury Shares) as at 31 December 2023.

(5) The Company assumes that it will have sufficient cash to conduct the Share Buy-backs through dividends from subsidiaries or inter-company loans.

Scenario B – Share Buy-backs with the Shares Cancelled Thereafter

	Group			Company		
As at 31 December 2023	**Before Share Buy-back (S$'000)**	**After Market Purchase (S$'000)**	**After Off-Market Purchase (S$'000)**	**Before Share Buy-back (S$'000)**	**After Market Purchase (S$'000)**	**After Off-Market Purchase (S$'000)**
Profit Attributable to Owners of the Company	8,568	8,568	8,568	8,686	8,686	8,686
Share Capital	35,216	26,093	24,790	35,216	26,093	24,790
Reserve	(9,995)	(9,995)	(9,995)	35	35	35
Treasury Shares	-	-	-	-	-	-
Retained Earnings	37,765	37,765	37,765	2,837	2,837	2,837
Shareholders' Funds	62,986	53,863	52,560	38,088	28,965	27,662
NTA(1)	39,411	30,288	28,985	38,088	28,965	27,662
Current Assets	92,154	83,031	81,728	19,274	10,151	8,848
Current Liabilities	49,244	49,244	49,244	1,081	1,081	1,081
Working Capital	42,910	33,787	32,484	18,193	9,070	7,767
Total Borrowings	3,229	3,229	3,229	-	-	-
Cash and Cash Equivalents	23,369	14,246	12,943	356	(8,767) (5)	(10,070) (5)
Number of Shares Including Treasury Shares (In Thousands)	309,198	278,278	278,278	309,198	278,278	278,278
Number of Treasury Shares (In Thousands)	-	-	-	-	-	-
Number of Shares Excluding Treasury Shares (In Thousands)	309,198	278,278	278,278	309,198	278,278	278,278
Weighted Average Number of Shares (In Thousands)	309,063	278,143	278,143	309,063	278,143	278,143
Financial Ratios						
NTA per Share (cents) (1)	12.75	10.88	10.42	12.32	10.41	9.94
Gearing Ratio (times) (2)	0.05	0.06	0.06	Nil	Nil	Nil
Current Ratio (times) (3)	1.87	1.69	1.66	17.83	9.39	8.19
Basic EPS (cents) (4)	2.77	3.08	3.08	2.81	3.12	3.12

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Notes:

(1) NTA equals total equity less intangible assets and non-controlling interests. NTA per Share equals NTA divided by the number of Shares (excluding Treasury Shares) as at 31 December 2023.

(2) Gearing Ratio equals total borrowings divided by total equity.

(3) Current Ratio equals current assets divided by current liabilities.

(4) Basic EPS equals profit attributable to owners of the Group and Company divided by the weighted average number of Shares (excluding Treasury Shares) as at 31 December 2023.

(5) The Company assumes that it will have sufficient cash to conduct the Share Buy-backs through dividends from subsidiaries or inter-company loans.

2.8 Catalist Rules

Under the Catalist Rules, a listed company may only purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average closing market price, being the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-day period and the day on which the purchases are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 2.3(e) of this Appendix, conforms to this restriction.

Although the Catalist Rules do not prescribe a maximum price in relation to purchases of shares by way of Off-Market Purchases, the Company has set a cap of 20% above the Average Closing Price of a Share as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase.

Rule 871 of the Catalist Rules specifies that a listed company shall notify all purchases or acquisitions of its shares to the SGX-ST not later than 9:00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement (which must be in the form of Appendix 8D to the Catalist Rules) shall include, amongst others, details of the total number of shares authorised for purchase, the date of purchase, the total number of shares purchased, the purchase price per share (or the highest price and lowest price per share in the case of Market Purchases), the total consideration (including stamp duties and clearing charges) paid for the shares and the number of issued shares (excluding treasury shares) after purchase.

While the Catalist Rules do not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase of Shares pursuant to the Share Buy-back Mandate at any time after any matter or development of a price- or trade-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price- or trade-sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares during the period of one (1) month before the announcement of the Company's half year and full year financial statements or, where the Company is required to announce quarterly financial statements, during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements.

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2.9 Listing Status on the SGX-ST

The Catalist Rules require a listed company to ensure that at least 10% of equity securities (excluding preference shares, convertible equity securities, Treasury Shares and Subsidiary Holdings) in any class that is listed is at all times held by the public. Where such percentage falls below 10%, the SGX-ST may at any time suspend trading of the shares of the listed company. The "public", as defined under the Catalist Rules, are persons other than Directors, chief executive officer and Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Catalist Rules) of such persons.

As at the Latest Practicable Date, there are 74,142,000 Shares in the hands of the public (as defined above), representing 23.98% of the issued and paid-up share capital of the Company. Assuming that the Company purchases 30,919,820 Shares through Market Purchases up to the full 10% limit pursuant to the Share Buy-back Mandate and held as Treasury Shares, the number of Shares in the hands of the public would be reduced to 43,222,180 Shares, representing 15.53% of the issued and paid-up share capital of the Company, excluding Treasury Shares.

In undertaking any purchases or acquisitions of its Shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the Share Buy-back(s) will not: (a) adversely affect the listing status of the Shares on the SGX-ST; (b) cause market illiquidity; or (c) adversely affect the orderly trading of the Shares.

2.10. Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share Buy-backs by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.11. Implications of Take-over Code

(a) Requirement to Make General Offer

Rule 14.1 of the Take-over Code requires, amongst others, that, except with the consent of the SIC, where:

(i) any person acquires, whether by a series of transactions over a period of time or not shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or

(ii) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the following persons will, amongst others, be presumed to be acting in concert under the Take-over Code:

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(i) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;

(ii) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;

(vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

The offer required to be made under the provisions of Rule 14.1 of the Take-over Code shall, in respect of each class of shares in the capital involved, be in cash or be accompanied by a cash alternative at the required price.

(c) Application of the Take-Over Code

The details of the shareholdings of the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date are set out in Section 3 below.

As at the Latest Practicable Date, Mr. Lim See Wah, the Chairman, Executive Director & CEO of the Company who is deemed interested in Inomed's Shares in the Company held by Inomed through DBS Nominees (Private) Limited by virtue of section 4 of the SFA, and Dr. Tan Kia King, the Non-Executive Director of the Company, owns 47.75% and 28.01% of the shareholdings in the Company, respectively.

In the event the Company undertakes Shares Buy-backs of up to 10% of the issued Shares of the Company as permitted by the Share Buy-back Mandate and assuming that the voting rights remain unchanged, the shareholding and voting rights of the following Directors will increase as follows:

(i) Mr. Lim See Wah's shareholding and voting rights may be increased from approximately 47.75% to approximately 53.06%; and

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(ii) Dr. Tan Kia King's shareholding and voting rights may be increased from approximately 28.01% to approximately 31.12%.

Mr. Lim See Wah and Dr. Tan Kia King (the "**Concert Parties**") are deemed to be acting in concert for the following reasons:

(1) the Concert Parties were previously the shareholders of Inomed, the Controlling Shareholder of the Company, since September 1998, prior to the listing of the Company on the Catalist in 2018;

(2) following the listing of the Company on the Catalist, further to an agreement between the Concert Parties, Mr. Lim See Wah became the sole shareholder of Inomed and continues to hold his interest in the Company through the same, while Dr. Tan Kia King holds his interest in the Company directly in his name and indirectly through DBS Nominees (Private) Limited and Citibank Nominees Singapore Pte Ltd;

(3) notwithstanding the above, as the Take-over Code defines "acting in concert" as "persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company", the Concert Parties are of the view that they are persons acting in concert.

As at the Latest Practicable Date, the Concert Parties collectively hold an aggregate interest (direct and deemed) of 234,260,200 Shares representing 75.76% of the total number of the issued and paid-up share capital of the Company.

As the Concert Parties already have an aggregate interest of more than 50.0% in the Company, they would not be obliged to make a general offer under Rule 14 of the Take-over Code in the event of any Share Buy-backs.

Save as disclosed above and to the best of their knowledge, the Directors are not aware of any fact(s) or factor(s) which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under Rule 14 of the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Buy-back Mandate.

Shareholders should note that the statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Buy-back Mandate are advised to consult their professional advisers and/or the SIC at the earliest opportunity before they acquire any Shares in the Company during the period when the Share Buy-back Mandate is in force.

2.12. Reporting Requirements

In accordance with Section 76B(9)(a) of the Companies Act, within 30 days of the passing of the Shareholders' resolution to approve the proposed renewal of Share Buy-back Mandate, the Directors shall lodge a copy of such resolution with the Registrar of Companies (the "**Registrar**").

In accordance with Section 76B(9)(b) of the Companies Act, the Directors shall lodge with the Registrar a notice of Share Buy-backs within 30 days of a share purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase and such other particulars as may be required in the prescribed form.

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In accordance with Section 76K(1D) of the Companies Act, within 30 days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of Treasury Shares in the prescribed form.

2.13. Share Buy-backs in the Previous 12 Months

The Company had not made any Share Buy-backs in the last 12 months immediately preceding the Latest Practicable Date.

2.14. Limits on Shareholdings

The Company does not have any limits on the shareholdings of any Shareholder.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Based on the Register of Directors and Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholdings of the Directors, and Substantial Shareholders in the Shares are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	**%** (1)	**No. of Shares**	**%** (1)	**No. of Shares**	**%** (1)
Directors						
Lim See Wah (2)	–	–	147,656,441	47.75	147,656,441	47.75
Tan Kia King (3)	58,003,759	18.76	28,600,000	9.25	86,603,759	28.01
Heng Wee Koon	–	–	–	–	–	–
Ng Eng Leng	–	–	–	–	–	–
Tan Seok Hoong @ Audrey Liow	–	–	–	–	–	–
Chan Kiat	55,000	0.02	–	–	55,000	0.02
Substantial Shareholders (other than Directors)						
Inomed (4)	–	–	147,656,441	47.75	147,656,441	47.75

Notes:

(1) Based on the total issued and paid-up share capital of the Company of 309,198,200 Shares (excluding Treasury Shares and Subsidiary Holdings) as at the Latest Practicable Date.

(2) Mr. Lim See Wah ("**Mr. Lim**") holds 100% of the shares in Inomed. Accordingly, Mr. Lim is deemed interested in the 147,656,441 Shares in the Company held by Inomed through DBS Nominees (Private) Limited by virtue of Section 4 of the SFA.

(3) Dr. Tan Kia King's deemed interest arises from his 17,800,000 ordinary shares held through DBS Nominees (Private) Limited and 10,800,000 ordinary shares held through Citibank Nominees Singapore Pte Ltd.

(4) Inomed's deemed interest arises from their Shares held through DBS Nominees (Private) Limited.

Save as disclosed, none of the Directors or their Associates or, as far as the Company is aware, Substantial Shareholders or their Associates, has any interest, direct or indirect, in the proposed resolutions set out in the Notice of AGM, other than through their respective shareholding interest (if any) in the Company.

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4. DIRECTORS' RECOMMENDATION

The Directors having reviewed and considered the rationale and benefit of the proposed renewal of the Share Buy-back Mandate, are of the view that the proposed renewal of the Share Buy-back Mandate is in the best interests of the Company. They accordingly recommend that Shareholders vote in favour of Ordinary Resolution 13 for the proposed renewal of the Share Buy-back Mandate as set out in the Notice of AGM.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 16 Tai Seng Street Level 4 Singapore 534138 during normal office hours from the date of this Appendix up to the forthcoming AGM scheduled to be held on 25 April 2024:

(a) Annual Report of the Company for the financial year ended 31 December 2023; and

(b) the Constitution.

Yours faithfully

For and on behalf of
the Board of Directors of
HYPHENS PHARMA INTERNATIONAL LIMITED

Lim See Wah
Chairman, Executive Director & CEO

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**") (as may be applicable) may attend 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			

and/or (delete as appropriate)

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

or failing which, the Chairman ("**Chairman**") of the 6th Annual General Meeting of the Company (the "**AGM**"), as my/our proxy to attend, speak and to vote for *me/us on *my/our behalf at the AGM of the Company to be held at 750A Chai Chee Road, ESR BizPark @ Chai Chee, #06-02/03, Singapore 469001 on 25 April 2024 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 0.86 Singapore cents per ordinary share			
3.	To re-elect Mr Heng Wee Koon as Director			
4.	To re-elect Mr Ng Eng Leng as Director			
5.	To re-elect Mr Chan Kiat as Director			
6.	To approve the Directors' fees payable by the Company			
7.	To re-appoint RSM SG Assurance LLP as Auditors			
SPECIAL BUSINESS				
8.	To authorise the Directors to allot and issue new shares			
9.	To authorise the Directors to grant awards and issue shares in accordance with the Hyphens Performance Share Plan			
10.	To approve the proposed participation of Mr Lim See Wah in the Hyphens Performance Share Plan			
11.	To authorise the Directors to grant share awards to Mr Lim See Wah			
12.	To authorise the Directors to grant options and issue shares in accordance with the Hyphens Share Option Scheme			
13.	To authorise the Directors to purchase shares in accordance with the Share Buy-back Mandate			

* 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 ____________________ 2024

Total number of Shares held

____
Signature(s) of member(s) or common seal
IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM

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 named 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 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. In the absence of specific direction as to the voting is 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 at 10:00 a.m. on 16 April 2024 (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 at srs.proxy@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 22 April 2024. 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 srs.proxy@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 appointing the Chairman of the AGM as the 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 9 April 2024.

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