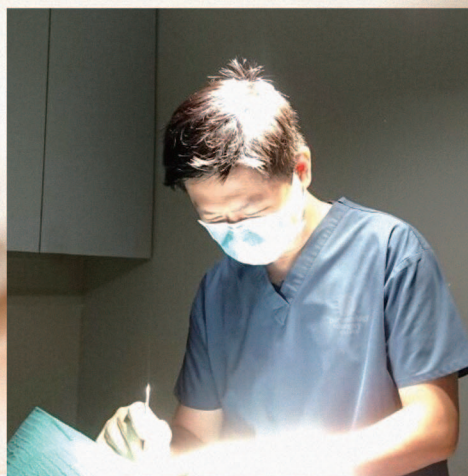


RMH Holdings Limited

德斯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8437



SHARE OFFER

Sole Sponsor



LY CAPITAL LIMITED
絡繹資本有限公司

Sole Lead Manager and Sole Bookrunner



Pacific
Foundation

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

RMH Holdings Limited 德斯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING BY WAY OF SHARE OFFER ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Number of Offer Shares : 150,000,000 Shares
Number of Placing Shares : 135,000,000 Shares (subject to reallocation)
Number of Public Offer Shares : 15,000,000 Shares (subject to reallocation)
Offer Price : Not more than HK\$0.48 per Offer Share and expected to be not less than HK\$0.40 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value : HK\$0.01 per Share
Stock code : 8437

Sole Sponsor



Sole Lead Manager and Sole Bookrunner



Pacific Foundation Securities Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified under the section headed "Appendix V — Documents Delivered to the Registrar of Companies and Available for Inspection" of this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or around Monday, 9 October 2017. The Offer Price will not be more than HK\$0.48 per Offer Share and is currently expected to be not less than HK\$0.40 per Offer Share. If, for any reason, the Offer Price is not agreed by Monday, 9 October 2017 between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company, the Share Offer will not proceed and will lapse. In the case of such event, a notice will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.dermclinic.com.sg. The Sole Bookrunner (for itself and on behalf of the Underwriters), with the consent of our Company, may reduce the indicative Offer Price range and/or the number of Offer Shares stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. Further details are set out in the sections headed "Structure and Conditions of the Share Offer" and "How to Apply for Public Offer Shares" of this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk Factors" of this prospectus.

The obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Public Offer Shares, are subject to termination by the Sole Bookrunner (for itself and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Offer Shares commences on the Stock Exchange. Such grounds are set out in the section headed "Underwriting — Underwriting arrangement and expenses — Grounds for termination" of this prospectus. If the Sole Bookrunner (for itself and on behalf of the Underwriters) terminates the Public Offer Underwriting Agreement, the Share Offer will not proceed and will lapse. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

29 September 2017

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Share Offer, we will issue a separate announcement in Hong Kong to be posted on the website of our Company at www.dermclinic.com.sg and the website of the Stock Exchange at www.hkexnews.hk.

	Date (Note 1)
Public Offer commences and WHITE and YELLOW Application Forms available from.....	9:00 a.m. on Friday, 29 September 2017
Application lists of the Public Offer open ^(Note 2)	11:45 a.m. on Friday, 6 October 2017
Latest time for lodging WHITE and YELLOW Application Forms and to give electronic application instructions to HKSCC ^(Note 3)	12:00 noon on Friday, 6 October 2017
Latest time to give electronic application instructions to HKSCC ^(Note3)	12:00 noon on Friday, 6 October 2017
Application lists of the Public Offer close ^(Note 2)	12:00 noon on Friday, 6 October 2017
Expected Price Determination Date ^(Note 4)	on or around Monday, 9 October 2017
Announcement of (i) the final Offer Price; (ii) the level of indications of interest in the Placing; (iii) the level of applications in the Public Offer; (iv) the basis of allocation of the Public Offer Shares under the Public Offer; and (v) the number of Offer Shares reallocated, if any, to be published on the website of our Company at www.dermclinic.com.sg and the website of the Stock Exchange at www.hkexnews.hk	on or before Thursday, 12 October 2017
Announcement of results of allotment of the Public Offer (with successful applicants' identification document numbers, where applicable) available through a variety of channels as described in the paragraph headed "How to Apply for Public Offer Shares — 10. Publication of results" in this prospectus from	Thursday, 12 October 2017
Results of allocation in the Public Offer will be available at www.tricor.com.hk/ipo/result with a "search by ID Number/Business Registration Number" on.....	Thursday, 12 October 2017
Despatch/collection of share certificates and/or deposit of the share certificate into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before ^(Notes 5, 6)	Thursday, 12 October 2017
Despatch/collection of refund cheques in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Public Offer	on or before ^(Notes 5, 6) Thursday, 12 October 2017
Dealings in the Shares on GEM expected to commence	at 9:00 a.m. on Friday, 13 October 2017

EXPECTED TIMETABLE

Notes:

1. All times and dates refer to Hong Kong local times and dates, except as otherwise stated in this prospectus. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and Conditions of the Share Offer” of this prospectus.
2. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 6 October 2017, the application lists will not open or close on that day. Further information is set forth in the paragraph headed “How to Apply for Public Offer Shares — 9. Effect of bad weather on the opening of the application lists” in this prospectus.
3. Applicants who apply for the Public Offer Shares by giving electronic application instructions to HKSCC *via* CCASS should refer to the paragraph headed “How to Apply for Public Offer Shares — 5. Applying by giving electronic application instructions to HKSCC *via* CCASS” in this prospectus.
4. Please note that the Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Monday, 9 October 2017. If, for any reason, the final Offer Price is not agreed between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters), the Share Offer will not proceed and will lapse. Notwithstanding that the Offer Price may be less than the maximum Offer Price of HK\$0.48 per Offer Share, applicants must pay the maximum Offer Price of HK\$0.48 per Offer Share at the time of application, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, but will be refunded the surplus application monies, without interest, as provided in the section headed “How to Apply for Public Offer Shares” of this prospectus.
5. Refund cheques will be issued in respect of wholly or partially unsuccessful applications, and in respect of successful applications if the Offer Price as finally determined is less than the price payable on application. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.
6. Applicants who apply on **WHITE** Application Forms for 1,000,000 Shares or more under the Public Offer and have provided all information required by their Application Forms, they may collect their refund cheques and (where applicable) share certificates in person from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 12 October 2017. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing a letter of authorisation from their corporation stamped with the corporation’s chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, identification and (where applicable) authorisation documents acceptable to the Hong Kong Branch Share Registrar.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 Shares or more Public Offer Shares under the Public Offer and have provided all information required by Application Forms, they may collect their refund cheques (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants’ stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who apply on **YELLOW** Application Forms is the same as that for **WHITE** Application Form applicants.

Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post (at the applicants’ own risk) to the addresses specified in the relevant Application Forms shortly after the expiry of the time for collection at the date of despatch of refund cheque as described in the section headed “How to Apply for Public Offer Shares — 13. Despatch/collection of share certificates and refund monies” of this prospectus.

EXPECTED TIMETABLE

Share certificates for the Offer Shares will only become valid certificates of title to which they relate at 8:00 a.m. (Hong Kong time) on the Listing Date provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in the section headed “Underwriting — Underwriting arrangements and expenses — Grounds for termination” of this prospectus has not been exercised and has lapsed. Investors who trade our Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

Our Company has issued this prospectus solely in connection with the Share Offer, and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. No person may use this prospectus for the purpose of, and it does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. Our Company has taken no action to permit an offer of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other party involved in the Share Offer.

The contents on our Company's website at www.dermclinic.com.sg do not form part of this prospectus.

	<i>Page</i>
Characteristics of GEM	i
Expected Timetable	ii
Contents	v
Summary	1
Definitions	15
Glossary of Technical Terms	25
Forward-looking Statements	28
Risk Factors	29
Information about this Prospectus and the Share Offer	48
Directors and Parties Involved in the Share Offer	53

CONTENTS

	<i>Page</i>
Corporate Information	56
Industry Overview	58
Regulatory Overview	68
History, Reorganisation and Development	80
Business	92
Directors and Senior Management	155
Relationship with Controlling Shareholders	165
Substantial Shareholders	169
Financial Information	171
Share Capital	210
Future Plans and Use of Proceeds	213
Underwriting	221
Structure and Conditions of the Share Offer	230
How to Apply for Public Offer Shares	235
Appendix I — Accountants' Report	I-1
Appendix II — Unaudited Pro Forma Financial Information	II-1
Appendix III — Summary of the Constitution of the Company and the Cayman Islands Company Law	III-1
Appendix IV — Statutory and General Information	IV-1
Appendix V — Documents Delivered to the Registrar of Companies and Available for Inspection	V-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus, including our financial statements and the accompanying notes, before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set forth in the section headed “Risk Factors” of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading specialist dermatological and surgical practice accredited by the MOH in Singapore. We provide accessible, comprehensive, quality and specialty care services for a variety of dermatological conditions affecting skin, hair and nails by utilising a wide range of advanced and sophisticated medical, surgical, laser and aesthetic treatments. We have three clinics, namely our East Coast Clinic, Orchard Clinic and Raffles Place Clinic. Our East Coast Clinic commenced operations in November 2013, and our Orchard Clinic and Raffles Place Clinic began their operations in May 2014. Our private dermatology practice comprises primarily Doctors, and trained personnel with specialised skill sets equipped to handle complex dermatological conditions. We intend to further strengthen our professional team by recruiting two resident dermatologists by the end of 2017.

Our Group is a medical and surgical service provider for different customer groups in the field of dermatology. We provide an all-round treatment solution that is tailored to our patients' individual needs. Services are provided to our patients for the treatment of, among others, skin cancer, skin diseases such as eczema, psoriasis, acne, pigmentation, adverse drug reactions and warts. We also perform aesthetic treatments to enhance the overall appearance of patients. These are achieved through our provision of personalised services including: (a) Consultation Service: Doctors provide medical consultation to, and assessment of, patients at our Clinics; (b) Prescription and Dispensing Service: following consultation with our Doctors, our Doctors may prescribe medication and/or recommend skincare products (which include our DS brand skincare products or over-the-counter skincare products) to our patients which are then dispensed at our Clinics; and (c) Treatment: following consultation with our Doctors and assessment of the specific condition of our patients, our patients may undergo certain treatments as recommended by our Doctors, which may be broadly categorised into surgical treatments, minimally invasive/non-invasive treatments and other treatment services.

Please also refer to the section headed “Business — Our business model, services, products and treatment — Pricing policy” of this prospectus for details of our pricing policy of our services.

SUMMARY

The following table sets forth the revenue of our Group by services for the Track Record Period:

	For the year ended 31 December				For the three months ended 31 March			
	2015		2016		2016		2017	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%	<i>S\$'000</i>	%	<i>S\$'000</i>	%
	(Unaudited)							
Consultation Services	1,333	23.8	1,557	25.3	380	24.0	416	25.9
Prescription and Dispensing Services	1,524	27.2	1,690	27.4	437	27.6	435	27.0
Treatment Services	2,384	42.6	2,492	40.5	645	40.7	642	39.9
Other Services ^(Note)	<u>355</u>	<u>6.4</u>	<u>421</u>	<u>6.8</u>	<u>122</u>	<u>7.7</u>	<u>116</u>	<u>7.2</u>
Total Revenue	<u>5,596</u>	<u>100.0</u>	<u>6,160</u>	<u>100.0</u>	<u>1,584</u>	<u>100.0</u>	<u>1,609</u>	<u>100.0</u>

Note: Other Services mainly represent income from services provided to patients in relation to laboratory test carried out during treatment.

The following table sets forth the revenue of our Group by treatment for the Track Record Period:

	For the year ended 31 December				For the three months ended 31 March			
	2015		2016		2016		2017	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%	<i>S\$'000</i>	%	<i>S\$'000</i>	%
	(Unaudited)							
Surgical treatment	973	40.8	909	36.5	250	38.8	233	36.3
Minimally invasive	539	22.6	721	28.9	184	28.5	204	31.8
Non-invasive	<u>872</u>	<u>36.6</u>	<u>862</u>	<u>34.6</u>	<u>211</u>	<u>32.7</u>	<u>205</u>	<u>31.9</u>
	<u>2,384</u>	<u>100.0</u>	<u>2,492</u>	<u>100.0</u>	<u>645</u>	<u>100.0</u>	<u>642</u>	<u>100.0</u>

SUMMARY

OUR CUSTOMERS

We generate our revenue from individual patients and Corporate Customers during the Track Record Period. A majority of our revenue was generated from individual patients. For FY2015, FY2016 and 1Q2017, revenue generated from our individual patients amounted to S\$4,046,000, S\$4,077,000 and S\$1,047,000, representing 72.3%, 66.2% and 65.1% of our total revenue respectively. The following table sets forth the breakdown of our revenue by customer type for the Track Record Period:

	Year ended 31 December				Three months ended	
	2015		2016		31 March	
	S\$'000	%	S\$'000	%	S\$'000	%
Individual patients						
Patients with coverage under our Corporate Customers ^(*)	124	2.2	359	5.8	144	9.0
Patients without coverage under our Corporate Customers	3,922	70.1	3,718	60.4	903	56.1
Corporate Customers	1,550	27.7	2,083	33.8	562	34.9
Total	5,596	100.0	6,160	100.0	1,609	100.0

Note:

^(*) Includes all revenue from individual patients who have coverage with our Corporate Customers but who have made payments directly to our Clinics as a result of (i) co-payment arrangements between such individual patient and the Corporate Customer, and (ii) additional Services received by the patient not within the scope of their coverage with the Corporate Customer.

For FY2015, FY2016 and 1Q2017, our revenue attributable to Corporate Customers amounted to approximately S\$1,550,000, S\$2,083,000 and S\$562,000 respectively, representing approximately 27.7%, 33.8% and 34.9% of our total revenue respectively. Revenue generated from Corporate Customers include medical scheme management companies and insurance companies which settle medical payments for their policy members or staff members who are patients of our Group. For FY2015, FY2016 and 1Q2017, the aggregate revenue earned from our five largest customers amounted to S\$1,239,000, S\$1,656,000 and S\$466,000 respectively, representing 22.1%, 26.9% and 29.0% of our total revenue. During the same periods, the revenue earned from our largest customer amounted to S\$453,000, S\$654,000 and S\$228,000 respectively, accounting for 8.1%, 10.6% and 14.2% of our total revenue, respectively. We have established business relationships with our five largest customers for the Track Record Period for an average of 3.2 years. We have a service agreement with one of the customers concerned in relation to various services including the use of the premises of our Raffles Place Clinic. For further details of the service agreement, please refer to the section headed “Business — Properties” of this prospectus.

SUMMARY

None of our Directors, their respective close associates or any Shareholders who or which, to the knowledge of our Directors, owns more than 5% of the issued Shares of our Company had any interest in any of our five largest customers during the Track Record Period. For details, please refer to the section headed “Business — Our customers” of this prospectus.

OUR SUPPLIERS

Our major purchases of consumables and medical supplies used are treatment consumables (including treatment medications and injectables), skincare products and medications from recognised distributors and trading companies. The cost of our total purchases amounted to S\$878,000 and S\$1,032,000 and S\$299,000 for FY2015, FY2016 and 1Q2017 respectively. We have engaged two pharmaceutical companies, which are Independent Third Parties, for the manufacturing of our own DS brand skincare products. For details of such contractual arrangements, please refer to the section headed “Business — Our business model, services, products and treatment — Our products” of this prospectus.

For FY2015, FY2016 and 1Q2017, the aggregate purchases from our five largest suppliers amounted to S\$587,000, S\$740,000 and S\$212,000 respectively, representing 66.9%, 71.7% and 70.9% of our respective total purchases. During the same periods, the purchases from our largest supplier amounted to S\$388,000, S\$539,000 and S\$139,000 respectively, accounting for 44.2%, 52.2% and 46.5% of our total purchases, respectively. We do not have long-term supply agreements for the purchase of treatment consumables, skincare products and medications. We have established business relationships for an average of 2.6 years with our five largest suppliers for the Track Record Period.

None of our Directors, their respective close associates or any Shareholder who or which, to the knowledge of our Directors, owns more than 5% of the issued Shares of our Company had any interest in any of our five largest suppliers during the Track Record Period. For details, please refer to the section headed “Business — Our suppliers” of this prospectus.

SUMMARY

SUMMARY OF FINANCIAL INFORMATION

The following table sets out a summary of the audited combined statements of profit or loss and other comprehensive income of our Group for FY2015, FY2016, 1Q2016 and 1Q2017, and should be read in conjunction with our financial information included in the Accountant's Report set forth in Appendix I to this prospectus, including the notes thereto.

Highlights of our combined statements of profit or loss and other comprehensive income

	For the year ended		For the three months ended	
	31 December		31 March	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
			(Unaudited)	
Revenue	5,596	6,160	1,584	1,609
Other operating income	33	168	68	19
Consumables and medical supplies used	(730)	(940)	(326)	(256)
Other direct costs	(86)	(100)	(26)	(21)
Employee benefits expense	(1,058)	(1,012)	(229)	(297)
Depreciation of plant and equipment	(215)	(221)	(54)	(56)
Other operating expenses	(954)	(1,003)	(195)	(266)
Finance costs	(7)	(8)	(2)	(2)
Listing expenses	—	—	—	(493)
Profit before tax	2,579	3,044	820	237
Income tax expense	(328)	(363)	(43)	(43)
Profits and total comprehensive income for the year/period attributable to owners of our Company	<u>2,251</u>	<u>2,681</u>	<u>777</u>	<u>194</u>

Revenue

We derive our revenue from the provision of dermatological and surgical services to our customers. The key factors driving the demand for our Group's dermatological and surgical services include demand for natural and high-tech skincare products and services, growing income level and popularity of medical tourism.

Profit for the year/period

Our Group's profit for FY2016 was approximately S\$2,681,000, representing an increase of approximately 19.1% on a year-on-year basis, and was mainly due to the increase in revenue during the year. Our Group's profit for 1Q2017 was approximately S\$194,000, representing a decrease of approximately 75.0% compared to 1Q2016, mainly due to the Listing expenses incurred during the quarter.

SUMMARY

Highlight of certain items of our combined statements of financial position

	As at 31 December		As at
	2015	2016	31 March
	<i>S\$'000</i>	<i>S\$'000</i>	<i>2017</i>
			<i>S\$'000</i>
Non-current assets	619	451	395
Current assets	1,324	1,239	2,651
Current liabilities	873	1,050	2,240
Net current assets	451	189	411
Net assets	764	436	630

Highlights of combined statements of cash flows

	For the year ended		For the
	31 December		three months
	2015	2016	ended
			31 March
			<i>S\$'000</i>
Operating cash flows before working capital changes	2,881	3,273	295
Net cash generated from operating activities	3,194	2,838	312
Net cash used in investing activities	(124)	(48)	—
Net cash (used in)/generated from financing activities	(3,012)	(3,128)	875
Net increase/(decrease) in cash and cash equivalents	58	(338)	1,187
Cash and cash equivalents at beginning of the year/period	758	816	478
Cash and cash equivalents at end of the year/period	816	478	1,665

SUMMARY

Key Financial Ratios

	As at/Year ended		As at/Three months ended
	31 December 2015	2016	31 March 2017
Net profit margin <i>(Note 1)</i>	40.2%	43.5%	12.1%
Current ratio <i>(Note 2)</i>	1.5	1.2	1.2
Quick ratio <i>(Note 2)</i>	1.3	1.0	1.1
Gearing ratio <i>(Note 3)</i>	51.3%	64.4%	40.1%
Return on equity <i>(Note 4)</i>	294.6%	614.9%	30.7%
Return on total assets <i>(Note 5)</i>	115.9%	158.6%	6.4%

Notes:

- (1) Net profit margin equals our net profit for the year/period divided by revenue for the year/period. Our net profit margin is approximately 40.2%, 43.5% and 12.1% for years ended 31 December 2015 and 31 December 2016 and three months ended 31 March 2017 respectively. For the three months ended 31 March 2017, our net profit margin decreased to 12.1% mainly due to the listing expenses of S\$493,000 recognised during the period.
- (2) Current ratio is calculated based on total current assets divided by total current liabilities as at the respective year/period end. Quick ratio is calculated based on the total current assets minus inventories divided by total current liabilities as at respective year/period end.
- (3) Gearing ratio equals total debt divided by total equity as at the end of the year/period. Total debt of our Group is represented by obligations under finance lease only. The increase in our gearing ratio from 51.3% for year ended 31 December 2015 to 64.4% for year ended 31 December 2016 is mainly due to decrease in equity which resulted from payment of more dividends during the year ended 31 December 2016. As at 31 March 2017, our gearing ratio decreased to 40.1% mainly due to increase in equity which resulted from a deposit of S\$905,000 from a Pre-IPO Investor as at 31 March 2017.
- (4) Return on equity is calculated by net profit for the year/period divided by the total equity as at the end of the year/period. Our return on equity increased from approximately 294.6% for year ended 31 December 2015 to 614.9% for year ended 31 December 2016 mainly due to combined effects of increase in net profit before tax and decrease in equity which resulted from payment of more dividends during the year ended 31 December 2016. For the three months ended 31 March 2017, our return on equity decreased to 30.7% mainly due to sharp decrease in profit after tax driven by listing expenses of S\$493,000 recognised during the period.
- (5) Return on total assets is calculated by net profit for the year/period divided by the total assets as at the end of the year/period. Our return on total assets increased from approximately 115.9% for year ended 31 December 2015 to approximately 158.6% for year ended 31 December 2016 mainly due to increase in net profit after tax of approximately 19.1% for the year ended 31 December 2016 driven by an increase in our revenue from the provision of dermatological and surgical services. For the three months ended 31 March 2017, our return on total assets decreased to 6.4% mainly due to the listing expenses of S\$493,000 recognised during the period.

For further analysis, please refer to the section headed “Financial Information — Financial ratios” of this prospectus.

SUMMARY

LISTING EXPENSES

We estimate the total amount of non-recurring expenses that will be incurred in connection with the Listing, which includes fee to various professional parties, underwriting commission and miscellaneous expenses, etc, to be approximately S\$4,587,000 (based on the mid-point of our indicative Offer Price range being HK\$0.44 per Offer Share). The Listing expenses, fees and underwriting commission of approximately S\$4,587,000 shall be borne by our Company, of which approximately S\$1,724,000 is expected to be capitalised after the Listing and the remaining amount of Listing expenses of approximately S\$2,863,000 have been or are expected to be charged to the consolidated statements of profit or loss and other comprehensive income, of which S\$493,000 was charged for 1Q2017, and S\$2,370,000 will be recognised as expenses during the remaining period of the year ending 31 December 2017. The professional fees and/or other expenses relating to the preparation of Listing subsequent to 31 March 2017 are current estimates for reference only and the actual amount to be recognised is subject to adjustment based on audit and the then changes in variables and assumptions. Our financial performance for the year ending 31 December 2017 is expected to be adversely affected by the Listing expenses to be charged to our combined statements of profit or loss to a material extent.

SHAREHOLDER INFORMATION

Immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account the allotment and issue of Shares upon the exercise of options to be granted under the Share Option Scheme), Brisk Success will beneficially own 67.5% of the entire issued share capital of our Company. Brisk Success is owned by Dr. Loh, Dr. Ee and Dr. Kwah in equal shares. Please refer to the section headed “History, Reorganisation and Development” of this prospectus for further details.

DIVIDENDS

For each of FY2015 and FY2016, our Group declared dividends of S\$2,893,000 and S\$3,009,000 respectively, out of the distributable profit and all these dividends had been paid as at the Latest Practicable Date. We currently do not have a dividend policy. The declaration and payment of dividends and the amount of dividends in the future will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant. Please refer to the section headed “Financial Information — Dividend” of this prospectus for further details.

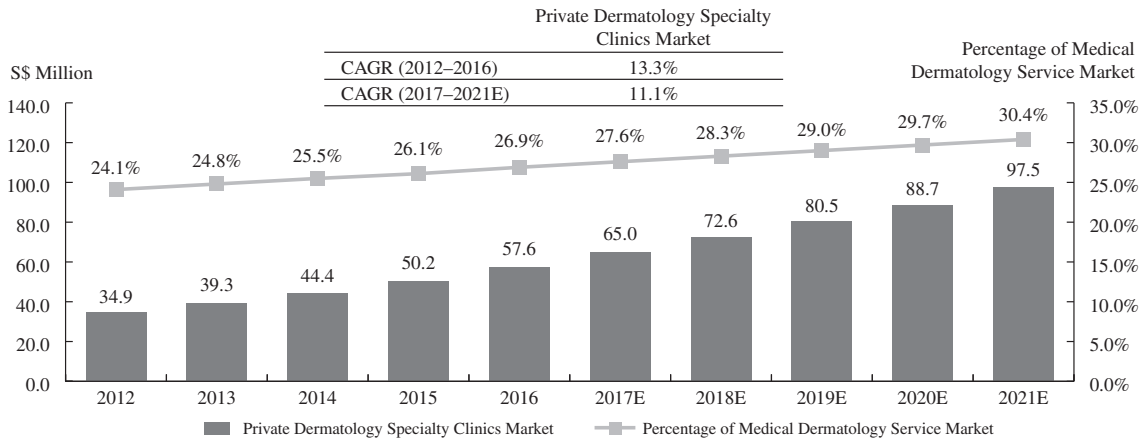
COMPETITIVE LANDSCAPE

In Singapore, the private dermatology specialty clinics market is slightly decentralised, with the top five market participants accounting for 28.4%, in terms of their revenue of the medical dermatology industry. In 2016, the total market size of private dermatology specialty clinics in Singapore is S\$57,600,000.

SUMMARY

Due to diverse customised medical services with the good environment, private dermatology specialty clinics are playing an important role in the medical dermatology service market in Singapore. From 2012 to 2016, the private dermatology specialty clinics market has grown from S\$34.9 million to S\$57.6 million, representing a CAGR of 13.3% during this period. By 2021, the private dermatology specialty clinics market in Singapore is forecasted to increase to S\$97.5 million, with a CAGR of 11.1% from 2016 to 2021. From 2012 to 2016, private dermatology specialty clinics market as a percentage of medical dermatology service market has grown from 24.1% to 26.9%, and is expected to increase to 30.4% by the end of 2021.

Private Dermatology Specialty Clinics Market in Singapore, 2012–2021E



Our Group ranked first among private dermatology specialty clinics in terms of both revenue and patient volume, with a market share of approximately 10.7% in terms of revenue, as indicated by the Industry Report. We believe that the key factors contributing to our success and competitiveness include, among others, our professional and customer-oriented services, reputed brand image in Singapore, experienced and dedicated professional and management teams and being the only private clinic to provide Mohs surgery in Southeast Asia.

COMPETITIVE STRENGTHS

We believe the following competitive strengths will position us to achieve sustainable growth: (i) we are the leading private dermatology practice in Singapore which provides comprehensive services for skin cancer treatment; (ii) we offer a comprehensive range of services to treat a variety of dermatological conditions; (iii) our Clinics are strategically located in Singapore; (iv) we are managed by a team of highly qualified and experienced specialist Doctors; and (v) we have a well-established specialty paediatric dermatological practice. You may refer to the section headed “Business — Our competitive strengths” of this prospectus for more details.

SUMMARY

BUSINESS OBJECTIVES AND STRATEGIES

We intend to pursue the following business strategies: (i) strategically expand and strengthen our network of clinics in Singapore, (ii) enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics, (iii) establish a logistics centre for centralised operations, (iv) continue to attract and retain talent pool of specialist doctors and staff, (v) purchase additional new devices and broaden the variety of treatments and products offered and (vi) improve our information technology infrastructure and systems. You may refer to the section headed “Business — Our business strategies” of this prospectus for further details.

USE OF PROCEEDS

Our Directors consider that the net proceeds from the Share Offer are crucial for financing our Group’s business strategies. Details of our corporate strategies and business plans are set forth in the section headed “Future Plans and Use of Proceeds — Implementation plans” of this prospectus. Our Directors estimate that the net proceeds from the Share Offer due to our Company (after deducting estimated expenses payable by our Group in connection with the Listing) will be approximately HK\$40,772,000 based on an Offer Price of HK\$0.44 per Offer Share (being the mid-point of the Offer Price range between HK\$0.40 and HK\$0.48 per Offer Share). It is at present intended that the net proceeds will be applied as follows:

Business strategies	Approximate amount of net proceeds or %
Strategically expand and strengthen our network of clinics in Singapore	HK\$12,870,000 or 31.6%
Enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics	HK\$12,392,000 or 30.4%
Purchase additional new devices and broaden the variety of treatments and products offered	HK\$8,729,000 or 21.4%
Establish a logistics centre for centralised operations	HK\$2,085,000 or 5.1%
Improve our information technology infrastructure and systems	HK\$2,200,000 or 5.4%
General working capital	HK\$2,496,000 or 6.1%

SUMMARY

REASONS FOR THE SHARE OFFER

Our Group's profit after tax amounted to S\$2,251,000 and S\$2,681,000 in FY2015 and FY2016, respectively, and our Group has a cash balance of S\$2,321,000 as at 31 July 2017. As such, this amount is insufficient to finance our Group's expansion plans and future proceeds, of which the total capital expenditure is expected to be S\$6,597,000.

Further, our executive Directors believe that the Listing would benefit our Group in terms of our expansion strategy to attract new customers within and outside of Singapore as well as enhancing our financial position and raising public awareness of our brand and reputation on an international level. According to the Industry Report, our Group is the only private dermatology clinic in South-East Asia to offer Mohs surgery and currently relies on patient referrals by word of mouth, particularly from Hong Kong and PRC expatriates living in Singapore. Given that our Group proposes to identify potential patients from Hong Kong and the PRC for expansion, our executive Directors are therefore of the opinion that Hong Kong would be a suitable listing venue for our Group. Please refer to the section headed "Future Plans and Use of Proceeds — Reasons for the Share Offer" of this prospectus for further details.

RISK FACTORS

Our Group believes that there are certain risks and uncertainties involved in its operations, some of which are beyond our Group's control. Some of the more particular risk factors include the following: (i) we are dependent on Dr. Loh, Dr. Ee and Dr. Kwah who are our executive Directors and key specialists, (ii) we rely on our reputation in the industry that may be adversely affected by negative publicity, (iii) newly opened clinics may not achieve our anticipated operating results, which could materially and adversely affect our business, results of operations, financial condition and prospects, (iv) our business may be affected if our Clinics are removed from the panel of preferred healthcare providers of insurance companies and medical corporations or if there are any changes to the policies and regulations affecting the public insurance and healthcare schemes, (v) our Doctors could become the subject of claims, regulatory or professional investigations and litigations regarding any medical dispute brought by our customers, which may harm our reputation and business, (vi) we are subject to regulations and licensing requirements for our operations and (vii) we are subject to risks of medical and legal claims, regulatory actions and professional liability arising from the provision of our healthcare services. For details, please refer to the section headed "Risk Factors" of this prospectus.

SUMMARY

THE OFFER STATISTICS

	Based on the Offer Price of HK\$0.40 per Offer Share	Based on the Offer Price of HK\$0.48 per Offer Share
Market capitalisation on Listing (HK\$) ^(Note 1)	240,000,000	288,000,000
Unaudited pro forma adjusted combined net tangible assets value per Share (HK\$) ^(Note 2)	0.07	0.09

Notes:

- (1) The calculation of market capitalisation is based on 600,000,000 Shares expected to be in issue immediately upon completion of the Share Offer and the Capitalisation Issue.
- (2) The unaudited pro forma net tangible assets per Share includes adjustments referred to in the paragraph headed “Appendix II — Unaudited Pro Forma Financial Information — A. Statement of Unaudited Pro Forma Adjusted Combined Net Tangible Assets of the Group Attributable to the Owners of the Company” in this prospectus and on the basis of 600,000,000 Shares in issue at the indicative Offer Price range of HK\$0.40 and HK\$0.48 per Offer Share immediately following the completion of the Share Offer and the Capitalisation Issue.

RECENT DEVELOPMENT

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have continued to focus on providing comprehensive medical and surgical services for different customer groups in the field of dermatology. In connection with this, we have recruited two General Practitioners in May 2017. Our General Practitioners currently work as employees on a part-time basis at our existing Clinics for two hours once a week to receive training from the resident Doctors and are paid a fixed fee of S\$150 per hour. Our cost of operations for the year ending 31 December 2017 is expected to increase due to:

- (a) the increase in headcount by virtue of (i) the employment of two Doctors, four trained therapists and two clinic executives in the 4th quarter of 2017 for the expansion of the Orchard Clinic and establishment of the Holland Village Clinic; and (ii) the appointment of our three independent non-executive Directors in September 2017;
- (b) the increase in the monthly salary of our existing Directors from S\$15,000 to S\$20,000 for each Director commencing October 2017;
- (c) the increase in rental cost by approximately S\$129,000 (representing a 35.2% increase from S\$366,000 for the FY2016 to S\$495,000 for the year ending 31 December 2017) due to the expansion of our Orchard Clinic and the establishment of the Holland Village Clinic (which are expected to commence operations in December 2017) and the setting up of our compounding facility located at Tai Seng area; and
- (d) fees payable to professionals in relation to the Listing comprising fees payable to compliance adviser, auditors, legal advisors, financial printer, share registrar, as well as Listing fees and other professional fees.

SUMMARY

Based on the unaudited management accounts for our Group, our revenue for the seven months ended 31 July 2017 was higher than that for the seven months ended 31 July 2016 which was mainly due to an increase in the number of patient visits of approximately 828 visits to our Clinics for the seven months ended 31 July 2017 compared to that of the same period in 2016.

Our executive Directors are not aware of any material and adverse factors that will reverse the growing trend of the medical dermatology service market in Singapore of 10.1% and 9.0% in 2017 and 2018 respectively (based on the industry report by Frost & Sullivan). As such, if the trend continues, our revenue for the year ending 31 December 2017 is expected to increase which is mainly attributable to the revenue growth of our three existing Clinics. Upon completion of the expansion of our Orchard Clinic and establishment of our Holland Village Clinic in December 2017, our revenue may further increase as a result of the increase in the number of patient visits of such newly established or refurbished clinics, but it is anticipated that such growth would be of a lesser extent due to the short operating period of about one month in 2017. Notwithstanding that, prospective investors should note that our financial results for the year ending 31 December 2017 may be adversely affected by the increase in our costs of our operations as mentioned above, which may outweigh the increase in revenue and our profit margin may be adversely affected. For details of our expansion plan, please refer to the section headed “Future Plan and Use of Proceeds” of this prospectus.

As far as we are aware, our industry remained relatively stable and there was no material adverse change in the economic and market condition that had affected or would affect our business operations or financial condition materially and adversely after the Track Record Period and up to the Latest Practicable Date.

Subsequent to the Track Record Period and up to the Latest Practicable Date, there was no material change to our relationships with our major customers and suppliers and there was no change to the number of clinics operated by us.

NO MATERIAL ADVERSE CHANGE

Save as disclosed above and in the section headed “Financial Information — Listing expenses” of this prospectus and the increase in costs of operations as mentioned in the paragraph headed “Recent development” in this section, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 March 2017, being the date to which our latest audited financial statements were prepared and there is no event since 31 March 2017 which would materially affect the information shown in our combined financial statements included in the Accountant’s Report set forth in Appendix I to this prospectus.

LITIGATION AND REGULATORY COMPLIANCE

Our Directors confirm during the Track Record Period and up to the Latest Practicable Date, our Group has obtained all material licences, permits and approvals required for carrying on our business activities. Our Directors also confirm that (i) we had not been involved in any incidents of material non-compliance with the applicable laws and regulations in Singapore and (ii) none of the members of our Group had been subject to any proceedings brought under, or received any written complaints or warnings in relation to, any of the laws or regulations applicable to our business during the Track Record Period and up to the Latest Practicable Date. Please refer to the section headed “Business — Licences, regulatory compliance and proceedings” of this prospectus for further details.

SUMMARY

MISCELLANEOUS

Unless otherwise specified, for the purpose of this prospectus and for the purpose of illustration only, amounts denominated in Singapore dollars have been translated into Hong Kong dollars using the following rates:

S\$1.00: HK\$5.50

No representation is made that any S\$ amounts were or could have been or could be converted into HK\$, at such rate or any other rate on any date.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:

“1Q2016”	the three months ended 31 March 2016
“1Q2017”	the three months ended 31 March 2017
“affiliate”	in relation to a body corporate, any subsidiary undertaking or parent undertaking of such body corporate, and any subsidiary undertaking of any such parent undertaking for the time being
“Accountants’ Report”	the accountants’ report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus
“Acting in Concert Confirmation”	the confirmation dated 30 May 2017 executed by Dr. Loh, Dr. Ee and Dr. Kwah, our Controlling Shareholders, whereby they confirmed their acting in concert arrangements as further detailed in the section headed “Relationship with Controlling Shareholders” of this prospectus
“Application Form(s)”	WHITE Application Form(s) and YELLOW Application Form(s), or where the context so requires, any of them
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on 22 September 2017 with effect from the Listing Date and as amended from time to time, a summary of which is contained in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board” or “Board of Directors”	the board of Directors of our Company
“Brisk Success”	Brisk Success Holdings Limited, a company incorporated in BVI with limited liability on 23 November 2016, a Controlling Shareholder and wholly-owned by Dr. Loh, Dr. Ee and Dr. Kwah in equal share
“business day”	a day (excluding Saturday and Sunday and public holiday) on which licensed banks in Hong Kong are open for general banking transactions to the public
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate, a method of assessing the average growth of a value over a certain time period

DEFINITIONS

“Capitalisation Issue”	the issue of 449,999,900 new Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of our Company upon completion of the Share Offer as referred to in the section headed “Statutory and General Information — A. Further information about our Company — 3. Resolutions in writing of all the Shareholders passed on 22 September 2017” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Clinic”	each of our three (3) clinics, namely the East Coast Clinic, the Orchard Clinic and the Raffles Place Clinic
“close associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“COD”	payment of cash on delivery
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on 3 March 2014 as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance” or “CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	RMH Holdings Limited (德斯控股有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 22 March 2017 and references to “we”, “us” or “our” refer to our Group or, where the context requires, our Company

DEFINITIONS

“Companies Registry”	the Companies Registry of Hong Kong
“Complaints Committee”	the Complaints Committee established under the Medical Registration Act and appointed to inquire into complaints against doctors and to determine how the complaint should be dealt with
“Compliance Adviser”	LY Capital Limited, a licensed corporation to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) of regulated activities under the SFO
“Connected Person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consultation Service”	medical consultation provided by our Doctors and General Practitioners
“Corporate Customers”	customers which enter into contractual arrangements with our Group, such as medical scheme management companies and insurance companies which settle medical payments for their policy members or staff members who are patients of our Group
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules, and in the context of this prospectus, means collectively Brisk Success, Dr. Loh, Dr. Ee and Dr. Kwah
“core connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Corporate Governance Code”	Appendix 15 of the GEM Listing Rules (as amended, supplemented or otherwise modified from time to time)
“CPF”	Central Provident Fund of Singapore
“Deed of Indemnity”	the deed of indemnity dated 22 September 2017 and executed by the Controlling Shareholders as indemnifiers in favour of our Company (for ourselves and as trustee for each of our subsidiaries), particulars of which are set out in the sub-section headed “Statutory and General Information — E. Other information — 1. Estate duty/other indemnity” in Appendix IV of this prospectus
“Deed of Non-Competition”	the deed of non-competition dated 22 September 2017 and executed by the Controlling Shareholders as covenantors in favour of our Company (for ourselves and as trustee for each of our subsidiaries), particulars of which are set out in the section headed “Relationship with Controlling Shareholders — Independence from Controlling Shareholders — Non-Competition Undertaking” of this prospectus

DEFINITIONS

“Director(s)”	the director(s) of our Company
“Disciplinary Committee”	the Disciplinary Committee established under the Medical Registration Act and appointed to formally inquire into complaints against doctors and to conduct disciplinary hearings
“DMS”	Director of Medical Services, Singapore
“Doctors”	each of our four (4) medical practitioners who are registered specialists with the MOH in accordance with the MRA
“Dr. Ee”	Dr. Ee Hock Leong, our executive Director, a co-founder and one of our Controlling Shareholders
“Dr. Kwah”	Dr. Kwah Yung Chien Raymond, our executive Director, a co-founder and one of our Controlling Shareholders
“Dr. Loh”	Dr. Loh Teck Hiong, our executive Director, a co-founder and one of our Controlling Shareholders
“DS brand skincare products”	our in-house brand of skincare products
“D&S Clinic”	Dermatology & Surgery Clinic Pte. Ltd., a company incorporated in Singapore with limited liability on 5 September 2013 and an indirect wholly-owned subsidiary of our Group
“D&S Clinic (Orchard)”	Dermatology & Surgery Clinic (Orchard) Pte. Ltd., a company incorporated in Singapore with limited liability on 20 January 2014 and an indirect wholly-owned subsidiary of our Group
“D&S Clinic (Shenton)”	Dermatology & Surgery Clinic (Shenton) Pte. Ltd., a company incorporated in Singapore with limited liability on 6 February 2014 and an indirect wholly-owned subsidiary of our Group
“East Coast Clinic”	D&S Clinic, being our clinic located at #05-01, Parkway East Medical Centre, Parkway East Hospital, 319 Joo Chiat Place, Singapore 427989
“Frost & Sullivan”	Frost & Sullivan International Limited, an independent market research agency
“FY2015”	the financial year ended 31 December 2015
“FY2016”	the financial year ended 31 December 2016
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM (as amended, supplemented or otherwise modified from time to time)

DEFINITIONS

“General Practitioner(s)”	each of our two (2) medical practitioners who are registered with the MOH in accordance with the MRA
“Group”, “our Group”, “we”, “us” or “our”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were our Company’s subsidiaries at that time
“HKFRS”	Hong Kong Financial Reporting Standards, which includes Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Holland Village Clinic”	our proposed new “Family and Skin” clinic to be established in Holland Village, Singapore
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	person(s) or company(ies) which is/are independent of and not connected with our Company and any Directors, chief executive or Substantial Shareholders of our Company or its subsidiaries or any of their respective associates within the meaning of the GEM Listing Rules
“Industry Report”	the industry report prepared by Frost & Sullivan International Limited which was commissioned by us in relation to, among others, the dermatological and surgical industry in Singapore
“Jurong Clinic”	our proposed new “Family and Skin” clinic to be established in Jurong, Singapore
“Latest Practicable Date”	21 September 2017, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	listing of our Shares on GEM

DEFINITIONS

“Listing Division”	the Listing Division of the Stock Exchange
“Listing Date”	the date on which dealings in our Shares first commence on GEM, which is expected to be on or about Friday, 13 October 2017
“MPS”	The Medical Protection Society Limited
“Medical Registration Act” or “MRA”	Medical Registration Act, Chapter 174 of Singapore
“Medisave”	a Singapore national medical savings scheme which helps members of the Central Provident Fund of Singapore set aside part of their income into their Medisave Accounts to meet their future personal or immediate family’s hospitalisation, day surgery and certain outpatient expenses
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company as amended from time to time
“MOH”	the Ministry of Health, Government of Singapore
“NEA”	the National Environment Agency, Singapore
“NSC”	National Skin Centre, Singapore
“Offer Price”	the final price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$0.48 per Offer Share and expected to be not less than HK\$0.40 per Offer Share, at which the Offer Shares are to be offered under the Share Offer, to be determined in the manner as set out in the section headed “Structure and Conditions of the Share Offer” of this prospectus
“Offer Share(s)”	collectively, the Public Offer Shares and the Placing Shares
“Orchard Clinic”	D&S Clinic (Orchard), being our clinic located at #15-09 Paragon, 290 Orchard Road, Singapore 238859
“Placing”	the conditional placing of the Placing Shares at the Offer Price for and on behalf of our Company to professional, institutional and other investors as described under the section headed “Structure and Conditions of the Share Offer” of this prospectus
“Placing Shares”	the 135,000,000 new Shares initially offered by our Company for subscription under the Placing, subject to reallocation, as described under the section headed “Structure and Conditions of the Share Offer” of this prospectus

DEFINITIONS

“Placing Underwriters”	the underwriters that are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
“Placing Underwriting Agreement”	the conditional underwriting agreement relating to the Placing expected to be entered into on or about 9 October 2017 by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Placing Underwriters relating to the Placing
“Prescription and Dispensing Service”	prescription of medication and/or skincare products (which may be our DS brand skincare products or over-the-counter skincare products) by our Doctors, General Practitioners and the dispensing of medication and/or skincare products to our patients at our Clinics
“Pre-IPO Investment”	the investment made by the Pre-IPO Investor pursuant to the Pre-IPO Subscription Agreement dated 3 March 2017
“Pre-IPO Investor”	Magic Wave Holdings Limited (妙濤控股有限公司), a company incorporated in the BVI wholly-owned by Dr. Wong Chun Yu, an Independent Third Party
“Pre-IPO Subscription Agreement”	the agreement entered by the Pre-IPO Investor, Dr. Loh, Dr. Ee, Dr. Kwah and Unified Front in relation to the subscription of 10 shares in Unified Front on 3 March 2017 by the Pre-IPO Investor for HK\$12,000,000
“Price Determination Agreement”	the agreement to be entered into by the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or around Monday, 9 October 2017, on which the Offer Price will be determined for the purposes of the Share Offer
“Public Offer”	the issue and offer of the Public Offer Shares for subscription by the members of the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), payable in full on application, and subject to the terms and conditions described in this prospectus and the Application Forms
“Public Offer Shares”	the 15,000,000 Shares (subject to reallocation) initially offered by our Company for subscription in the Public Offer as described under the section headed “Structure and Conditions of the Share Offer” of this prospectus

DEFINITIONS

“Public Offer Underwriters”	the underwriters of the Public Offer, whose names are set out under the section headed “Underwriting — Public Offer Underwriters” of this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated 28 September 2017 relating to the Public Offer entered into by our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Public Offer Underwriters relating to the Public Offer
“Raffles Place Clinic”	D&S Clinic (Shenton), being our clinic located at #03-08/09 Ocean Financial Centre, No. 10, Collyer Quay, Singapore 049315
“Regulation S”	Regulation S under the US Securities Act
“Reorganisation”	the reorganisation of the corporate structure of our Group, further details of which are described under the section headed “History, Reorganisation and Development — Reorganisation” of this prospectus
“Serangoon Clinic”	our proposed new “Family and Skin” clinic to be established in Serangoon, Singapore
“Service(s)”	a collective term for (i) Consultation Service, (ii) Prescription and Dispensing Service and (iii) Treatment
“S\$” or “Singapore dollars”	Singapore dollars, the lawful currency of Singapore
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of our Share(s)
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 22 September 2017, further details of which are described in the section headed “D. Share Option Scheme” in Appendix IV of this prospectus
“Singapore”	the Republic of Singapore

DEFINITIONS

“SMC”	Singapore Medical Council, a statutory board under MOH
“Sole Bookrunner” and “Sole Lead Manager”	Pacific Foundation Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 9 (asset management) regulated activities under the SFO, being the sole bookrunner and sole lead manager to the Share Offer
“Sole Sponsor” or “LY Capital”	LY Capital Limited, a licensed corporation for carrying out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“sq.ft.”	square feet
“Stock Exchange” or “HKEx”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	the shares of Unified Front acquired by the Pre-IPO Investor pursuant to the Pre-IPO Subscription Agreement
“Subsidiary” or “Subsidiaries”	has the meaning ascribed to it under the GEM Listing Rules
“Substantial Shareholders”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers, as amended, modified and supplemented from time to time
“Tampines Clinic”	our proposed new “Family and Skin” clinic to be established in Tampines, Singapore
“Track Record Period”	the two financial years of our Group ended 31 December 2015 and 2016 and the three months ended 31 March 2017
“Treatment” or “Treatment Service”	surgical treatments and minimally invasive/non-invasive treatment performed at our Clinics
“Underwriters”	the Public Offer Underwriter(s) and the Placing Underwriter(s), details of which are set out under the section headed “Underwriting” of this prospectus
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“Unified Front”	Unified Front Limited, a company incorporated in BVI with limited liability on 8 December 2016 and legally and beneficially wholly-owned by our Company
“United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, modified and supplemented from time to time

DEFINITIONS

“ WHITE Application Form(s)”	the application form(s) for the Public Offer Shares for use by the public who require such Public Offer Shares to be issued in the applicant’s own name
“ YELLOW Application Form(s)”	the application form(s) for the Public Offer Shares for use by the public who require such Public Offer Shares to be deposited directly into CCASS
“%”	per cent.

Unless otherwise specified, all references to any shareholding in our Company in this prospectus assume no Share which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations and definitions of certain terms used in this prospectus in connection with our Group and our business. These terms and their meanings may or may not correspond to standard industry meaning or usage of these terms.

“ablative laser”	a wounding laser which removes thin layers of the skin
“anaesthesia induction”	the process of causing local anaesthesia by the administration of pharmaceuticals
“Botulinum toxin type A”	a natural protein produced by the bacterium — clostridium botulinum, Botulinum toxin results in less wrinkling of the skin in the areas treated by blocking the signals from nerves to muscles, ensuring weaker muscle contraction or complete cessation of muscle movement
“controlled drug”	any substance or product which is for the time being specified in Part I, II or III of the First Schedule of the Misuse of Drugs Act (Chapter 185) of Singapore, or anything that contains any such substance or product
“cryosurgery”	description of a surgery using the local application of intense cold to destroy unwanted tissue
“debridement”	description of a treatment for the removal of damaged tissue or foreign objects from a wound
“evidence-based”	the use of medicines, treatments, products or devices which (or the effectiveness or ingredients or technology of which) that are device are supported by clinical trials published by peer-review medical journals as well as internationally established guidelines by recognised authorities in the field
“excision”	description of a surgical treatment for the removal of tissue
“exilis”	non-invasive radiofrequency treatment for skin-tightening
“filler injection”	a soft tissue filler injected into the skin to help fill in facial wrinkles, restoring a smoother appearance
“incision”	description of a treatment involving a surgical cut made in the skin
“intense Pulsed Light or IPL”	a technology making use of intense pulses of non-coherent light distributed over a range of wavelengths to treat pigmentation and easy flushing, etc.
“intralesional steroid injection”	involves an injection of a corticosteroid directly into a lesion on or immediately below the skin

GLOSSARY OF TECHNICAL TERMS

“iontophoresis”	the introduction of ions of soluble salts into the skin by an electric current
“laser”	Light Amplification by Stimulated Emission of Radiation
“medical aesthetics treatment”	treatments done by a doctor or a trained therapist at a medical clinic to improve the physical appearance of the patient
“microdermabrasion”	description of a cosmetic painless, non-invasive skin rejuvenation treatment that uses a mechanical medium to gently exfoliate the outermost layer of dead skin cells from the epidermis
“minimally invasive”	description of a treatment which produces minimal damage of body tissue and does not involve entering the body through cutting surgical incisions into the skin with an operative treatment and the closure with sutures
“Mohs surgery”	Mohs micrographic surgery, a form of surgery to remove certain skin cancers
“non-ablative laser”	a non-wounding laser, which stimulates collagen growth and tightens underlying skin
“non-invasive”	description of a treatment that does not involve entering the body through cutting surgical incisions into the skin with an operative treatment and the closure with sutures
“phototherapy”	the use of specific wavelengths of light for the treatment of certain skin conditions
“pulse dye laser”	a system of highly selective laser destruction of skin blemishes using various dyes at wavelengths at the longer oxygenated haemoglobin absorption peaks to overcome interference from overlying melanin
“radiofrequency”	a technology used in a device, with the oscillation of alternating currents at a frequency of around 3kHz to 300 GHz, which may be used for skin rejuvenation
“sclerotherapy”	treatment of spider veins by the injection of sclerosant
“subcision”	a minor surgical treatment used for treating depressed cutaneous scars and wrinkles
“surgical treatment”	description of a medical treatment involving an incision with instruments
“ultrasound”	sound or other vibrations having an ultrasonic frequency, which may be used for skin rejuvenation

GLOSSARY OF TECHNICAL TERMS

“YAG laser”

the use of a YAG (yttrium-aluminum-garnet) laser for surgery to treat various skin diseases, such as spider veins, pigmentation and hair removal

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, including, without limitation, words and expressions such as “expect”, “believe”, “plan”, “intend”, “project”, “anticipate”, “seek”, “may”, “will”, “would” and “could” or similar words or statements, in particular, in the sections headed “Business” and “Financial Information” of this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including but not limited to the risk factors described in this prospectus, and the following:

- our business and prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, business objectives and goals;
- general economic conditions;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our ability to control or reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- certain statements in the section headed “Financial Information” of this prospectus with respect to trend in prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

We caution you that, subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

In this prospectus, statements of or references to the intentions of our Company or any of our Directors are made as at the date of this prospectus. Any such intentions may potentially change in light of future developments.

RISK FACTORS

Potential investors of the Offer Shares should carefully consider all of the information set out in this prospectus and, in particular, the following risks, uncertainties and special considerations associated with an investment in our Company before making any investment decisions in relation to our Company. If any of the possible events as described below materialises, our Group's business, financial position and prospects could be materially and adversely affected, the market price of the Offer Shares could fall significantly and you may lose all or part of your investment.

This prospectus contains certain forward-looking statements relating to our Group's plans, objectives, expectations and intentions which involve risks and uncertainties. Factors that could cause or contribute to such differences are set out below as well as in other parts in this prospectus.

RISKS RELATING TO THE BUSINESS OF OUR GROUP

We are dependent on Dr. Loh, Dr. Ee and Dr. Kwah who are our executive Directors and key specialists

Our Group was founded by Dr. Loh, Dr. Ee and Dr. Kwah, our executive Directors, who each play an instrumental role in the development of our Group. The loss of the services of any of Dr. Loh, Dr. Ee and Dr. Kwah may have a material adverse effect on our Group's management, business operations, financial condition and prospects.

Each of Dr. Loh, Dr. Ee and Dr. Kwah possesses, on average, medical practising experience in the provision of the Services of over 16 years. Our Group's success and performance, and the implementation of our Group's business plan is, to a significant extent, attributable to Dr. Loh, Dr. Ee and Dr. Kwah's expertise and extensive experience, reputation and network in the industry, as well as their business vision, management skills and working relationships with employees, customers and suppliers. Income generated by the Services provided by our executive Directors contributed approximately 74.2%, 74.4% and 72.0% to our Group's revenue for each of FY2015 and FY2016, and 1Q2017 respectively.

Our continued performance and success is, to a significant extent, attributable to the contributions from Dr. Loh, Dr. Ee and Dr. Kwah and other key members of senior management and our ability to retain key members of our senior management who have extensive experience in management and the medical skincare services industry, all of whom have been instrumental in spearheading our growth, corporate development and overall business strategies. Since there is an intense competition for competent candidates in the industry and the pool of competent candidates is limited, we may be unable to retain the services of Dr. Loh, Dr. Ee and Dr. Kwah, and other key members of senior management. In addition, we cannot ensure that we will be able to attract and retain high-quality personnel in the future. Should Dr. Loh, Dr. Ee and Dr. Kwah, or other key members of senior management cease to be involved in our Group's management and operations, and if we fail to find suitable and timely replacements, our business and growth prospects may be severely disrupted and our Group's profitability may be materially and adversely affected.

RISK FACTORS

We rely on our reputation in the industry that may be adversely affected by negative publicity

Our Directors consider that our Group's success depends to a significant extent on the recognition of our brand and reputation in the industry as a reliable dermatological service provider. Any litigation claims or complaints from our customers in relation to the quality of services or products provided by our Clinics may adversely affect the reputation and image of our Group, and may in turn, materially and adversely affect the demand for our Services.

In relation to our Prescription and Dispensing Service, our Doctors may prescribe medication and/or recommend skincare products to our patients. We cannot guarantee the quality or effectiveness of the medication and skincare products that are not manufactured by us.

In relation to our Treatment Service, we cannot guarantee the results of the treatments performed by our Doctors as the results may vary depending on factors including, among others, patients' medical background and skin type, their adherence to pre-treatment and post-treatment instructions and distinct response to treatments.

Where undesirable complications or harm are caused by our Services and products or where the relevant treatment or product does not fully meet the expectation of our patients, the patient may express negative sentiments on the internet, to the media and/or lodge complaints with the SMC. They may even claim against our Group or our Doctors. These complaints may result in reviews, investigations or disciplinary actions by regulatory and professional bodies and may affect the reputation of the relevant Doctor and our Group.

Should the provision of our Services produce an undesirable outcome for a patient or if we receive a complaint from a customer, we may need to divert a significant amount of resources and incur extra expenses to handle such outcome or complaint which could affect our corporate image and reputation in the industry if it is widely published by the media. In the event that any complaint results in disciplinary actions or legal proceedings against our Group and/or our Doctors, there may be an adverse effect on our reputation and hence financial performance. Please refer to the sections headed "Business — Quality assurance — Customer feedback" and "Business — Licences, regulatory compliance and proceedings — Legal proceedings" of this prospectus for further details.

Newly opened clinics may not achieve our anticipated operating results, which could materially and adversely affect our business, results of operations, financial condition and prospects

It typically takes a period of time for newly opened clinics to achieve a utilisation rate comparable to our existing Clinics, due to factors such as time needed to build customer awareness and to integrate such clinics' operations into our existing infrastructure. Furthermore, we may be unable to utilise a new clinic immediately after its establishment, such as our proposed "Family and Skin" Clinics or new medical aesthetic clinics, as anticipated, due to factors such as our inability to obtain or material delay in obtaining the required approvals, permits or licences from the relevant authorities. Any substantial increase in costs for operations and substantial decrease in utilisation due to unforeseen market or industry conditions may also affect the anticipated operating results of our new clinics to be opened in the near future. In addition, the operating results generated at any of our new clinics may not be comparable to the operating results generated at any of our existing Clinics. We will incur depreciating expenses each year going forward due to capital expenditure required to establish our new "Family and Skin" Clinics, medical aesthetics clinics and to upgrade our existing Clinics. The table below sets out

RISK FACTORS

our estimate of the depreciating expenses for each of our new “Family and Skin” clinics, medical aesthetics clinics and upgrade of our existing Clinics. The new “Family and Skin” Clinics and medical aesthetic clinics may even operate at a loss, which could materially and adversely affect our results of operations.

Location	For the year ending 31 December		
	2017	2018	2019
“Family and Skin” clinics			
Holland Village	S\$11,000	S\$129,000	S\$129,000
Jurong	—	S\$87,000	S\$87,000
Tampines	—	S\$32,000	S\$32,000
Serangoon	—	—	S\$100,000
Medical aesthetic clinics			
East Coast	—	—	S\$90,000
Orchard	—	S\$43,000	S\$101,000
Raffles Place	—	S\$25,000	S\$101,000
Upgrade for our existing Clinics			
East Coast	—	S\$61,000	S\$145,000
Orchard	S\$9,000	S\$110,000	S\$110,000
Raffles Place	—	S\$24,000	S\$145,000

Our business may be affected if our Clinics are removed from the panel of preferred healthcare providers of insurance companies and medical corporations or if there are any changes to the policies and regulations affecting the public insurance and healthcare schemes

Our Clinics are currently on the panel of preferred healthcare providers of various insurance companies and medical corporations.

Patients who have taken up insurance policies with the relevant insurance companies may conveniently direct the payment of our fees for medical services provided at our Clinics to their insurers. In addition, some medical corporations may from time to time refer their patients to our Doctors to provide dermatological and perform surgical treatment, which their doctors may not have expertise in. Our business and results of business operations may be materially and adversely affected in the event that the relevant clinics are removed from such panels of preferred healthcare providers of insurance companies and medical corporations.

Many of our patients rely on public insurance and healthcare schemes. If there are any changes to these schemes that affect the amount of subsidies to patients, they may then choose to go to public clinics or hospitals instead. We cannot assure that our financial condition and results of operations of our Group would not be affected as a result of any such changes to the policies and laws relating to the healthcare system.

RISK FACTORS

Our Doctors could become the subject of claims, regulatory or professional investigations and litigation regarding any medical dispute brought by our customers, which may harm our reputation and business

Our customers who are dissatisfied with the services of our Doctors may express negative sentiments through the media and/or lodge complaints with the SMC. Such complaints may substantiate into claims against our Doctors who will then claim against their respective MPS memberships.

Under the Medical Registration Act, the Complaints Committee and the Disciplinary Committee may investigate complaints made against medical practitioners in relation to any alleged professional misconduct and may impose sanctions including, among others, issuing a letter of advice or warning, referring the matter for mediation between the doctor and the patient, ordering the doctor to undergo further education or training or medical or psychiatric treatment or counselling, or removing or suspending his registration from the register if he is found guilty of professional misconduct.

Where our Doctors are involved in medical disputes and/or are subject to complaints or professional investigations, we may have to allocate our resources in handling such disputes, complaints or investigations which may affect our operations. In addition, should any of our Doctors be convicted of professional misconduct, it is possible that he/she may be restricted from practising in our Clinics. This may have a material adverse effect on our operations and/or profitability if we are unable to find substitute doctors promptly.

For further details on any past claims, regulatory or professional investigations and litigation relating to our Group, please refer to the section headed “Business — Licences, regulatory compliance and proceedings — Legal proceedings” of this prospectus.

We may be liable for the professional misconduct or negligence of our Doctors

As our Doctors are practising in our Clinics under our Group’s brand, we may also be subject to claims for professional misconduct or negligence arising from the acts or conducts of our Doctors. Such claims would typically be brought against the relevant Doctor. Our Group may also be liable if the negligent diagnosis or treatment were conducted at our Clinics. Legal actions against us or our Doctors may have a material adverse impact on our financial position due to the resources involved in dealing with such legal actions and any possible judgment made against us. Furthermore, even if our Group is not involved in such professional misconduct investigation or litigation, our reputation may nevertheless be adversely affected by our association with the relevant Doctor.

Professional indemnity coverage may not completely cover risks arising from our course of operation

Our Doctors are required to maintain their own professional indemnity coverage covering, among other things, all claims and liabilities in relation to death or injuries to any person which are attributable to the wilful or negligent acts, defaults or omissions on their parts in relation to the services provided by them, and subject to certain limitations including criminal proceedings arising outside the provision of clinical care to patients, which are excluded from the scope of such indemnity.

RISK FACTORS

Although our Group has purchased insurance including, among others, insurance for potential business interruption and public liability, we do not maintain professional indemnity coverage for our Doctors. If our Group (in its own capacity or together with our Doctors) experiences any situation where we are sued by our customers for damages caused by the acts or negligence of our Doctors, we cannot guarantee that our Doctors would have the financial capability to honour their obligation to indemnify us against all claims and damages in case the MPS membership policies maintained by them are not sufficient to cover the cost of the claims. Any costs arising therefrom could have a material adverse effect on our business results of operations, financial condition and prospects.

Additionally, our Group's financial position may be adversely affected in the event that the claims from our patients exceeds the professional indemnity coverage or such claims do not fall within the scope of the coverage. Further, we may have difficulty in claiming compensation from insurance companies in full or at all, and sometimes there may be delays in receiving such compensation. If we suffer losses which are not covered by our insurance policies or the amount of compensation we receive from our insurers for our losses is significantly less than the actual losses suffered by us, our financial position and our operations may be materially and adversely affected.

We are dependent on skilled and competent professional staff and we may be unable to attract suitable doctors to join our Group as the supply of doctors is limited

Our business is dependent on our ability to attract and retain skilled and competent professional staff. Our Group currently employs a total of 13 skilled professionals, comprising six doctors, one laboratory technician and six trained therapists and the total costs incurred by our Group for our staff (including costs incurred for our executive Directors) were S\$1,058,000, S\$1,012,000 and S\$297,000 for FY2015, FY2016 and 1Q2017, respectively. Our ability to provide our Services is reliant on the services provided by these professionals. The ability to attract and retain them is dependent on several factors such as our continued reputation, financial remuneration and job satisfaction. As we engage in a service-related industry, in the event that we are unable to find suitable and timely replacements should a significant number of our skilled professional staff resign, our financial position and results, business operations as well as future growth and prospects may be adversely affected.

The number of doctors with necessary experience and qualifications is limited in the market and we are competing for suitable candidates with other dermatological and surgical service providers. We may need to offer competitive terms and attractive remuneration package to attract and retain doctors to practise at our clinics. We cannot assure that we will be able to attract and retain sufficient doctors with similar expertise, experience or network to enter into or maintain employment agreements with our Group to keep pace with our growth while maintaining consistent service quality across our clinics. Our business, financial condition and results of operations could accordingly be materially and adversely affected.

We have limitations in promoting and/or marketing our business

Our Doctors and our Clinics have to comply with the Private Hospitals and Medical Clinics (Publicity) Regulations which sets out (i) restrictions on the promotion or dissemination of information about the professional services and practice carried out by medical practitioners or their group practice and (ii) restrictions on publication or marketing efforts for the predominant purpose of promoting the products or services of doctors to customers or potential customers. The restrictions in promoting our Group's business may affect our ability to further enhance our brand recognition or secure new business

RISK FACTORS

opportunities in the future. Moreover, there is no guarantee that our existing practices of monitoring our information dissemination process and publication can continue to be effective. Should there be any change in the relevant regulations, or change of interpretation thereof, our Doctors and Clinics may be regarded as breaching the Private Hospitals and Medical Clinics (Publicity) Regulations. They may be subject to relevant disciplinary actions such as fines. Should there be any disciplinary actions against our Doctors and our Clinics, our reputation, business and results of operations could be materially and adversely affected.

An inability to keep abreast of advances in technology will affect our competitive edge and hence may adversely affect our financial performance

We need to continually keep up with the technological advancement in relation to the treatment of skin conditions of our patients. Changes in the dermatological and surgical services industry require sourcing for and investing in new treatment devices and technology as well as the development of more effective medication and/or skincare products. From time to time, we also need to purchase additional new treatment devices and upgrade our existing facilities. This may require significant capital expenditure. Our Group incurred investment costs of approximately S\$619,000 and S\$69,000 in respect of acquiring major new treatment devices and technology in the financial year ended 31 December 2014 and FY2015, respectively (excluding costs incurred in acquiring ancillary items such as surgical trolleys and lights, which amounted to S\$13,000 and S\$3,000 in the financial year ended 31 December 2014 and FY2015, respectively). No equivalent investment costs were incurred in FY2016 and 1Q2017. For further details on our estimated capital expenditure going forward, please refer to the section headed “Future Plans and Use of Proceeds” of this prospectus.

If we are unable to adapt to and/or to acquire such latest dermatological and surgical treatment devices and technology, demand for our Services may decline. There is no assurance that we will be able to recover the financial outlay for these treatment devices and technology should patients’ expectations for these services not be met. As a result, our operations and financial performance may be adversely affected.

Our Group does not have a long operating history and our future expansion plans are subject to uncertainties and risks

Our Clinics were initially established with the incorporation of our East Coast Clinic in September 2013 and the commencement of its operations in November 2013. Our Orchard Clinic was incorporated in January 2014 and commenced operations in May 2014, and our Raffles Place Clinic was incorporated in February 2014 and commenced operations in May 2014. Although our Doctors and professional staff have extensive medical experience, our Group does not have a long operating history on which our past performance may be judged.

We intend to expand our business operations through, among others, the establishment of our new Jurong, Tampines, Serangoon and Holland Village Clinics and medical aesthetic clinics and enhancing our existing operations.

Our growth depends on the implementation of our future plans in connection with our business. It is intended that the net proceeds from the Share Offer will be used for the establishment of new “Family and Skin” Clinics in Jurong, Tampines, Serangoon and Holland Village and medical aesthetic clinics. The new Jurong, Tampines, Serangoon and Holland Village Clinics and medical aesthetic clinics will

RISK FACTORS

adopt our business philosophy and operating model as well as the proven and scalable infrastructure developed by our Group. Please refer to the section headed “Future Plans and Use of Proceeds” of this prospectus for further information of our future plans.

The continued expansion of our business may place significant strain on our managerial, operational and financial resources. We may be unable to successfully manage the growth of our business despite adopting various measures and strategies to do so including, among others, the need to raise working capital, to identify, recruit, train and integrate additional doctors and employees and to oversee the coordination of our Clinics. Therefore, there is no assurance that the intended growth of our business can be achieved or will become profitable.

Whether our future plans can be implemented successfully is determined by various factors which are beyond our control, such as increase in costs related to establishment, furnishing and other capital outlays for our new Jurong, Tampines, Serangoon and Holland Village Clinics and medical aesthetic clinics as well as our ability to employ sufficient doctors and other competent professional staff to staff these new clinics.

There is no assurance or guarantee that such expansion plans may be implemented successfully. If we fail to project accurately the time, labour and costs required for implementing our expansion plans, or if we fail to secure sufficient new businesses or recruit and retain doctors and other competent professional staff following the establishment of our new Jurong, Tampines, Serangoon and Holland Village Clinics and medical aesthetic clinics, our business and results of operations may be adversely affected.

We may be unable to implement our business strategies on schedule or within our budget and our expansion plans may not be materialised due to uncertainties and risks

The growth of our business depends on the implementation of our business strategies to a large extent. The successful implementation of our business strategies are subject to significant business, economic and competitive uncertainties and contingencies, including, among others, continued growth of healthcare services in Singapore.

Whether we can successfully implement our business strategies depends on various factors including, among others, delivery of pharmaceutical drugs or installation of medical equipment, setting up of new dermatology and surgical clinics including the availability of suitable locations, securing requisite governmental approvals, compliance with applicable laws and regulations, and changes in economic and market conditions. Delay or failure to successfully implement our business strategies could result in the loss or delayed receipt of turnover, any increase in financing costs, and failure to meet profit and earnings projections, any of which may adversely affect our business, operational results and financial conditions.

Any non-renewal of leases or service agreement or substantial increase in rent or service retainer fees may affect our business and financial performance

As we operate two out of our three Clinics on leased properties and at the premises of our Raffles Place Clinic under a service agreement, we are exposed to fluctuations in the commercial rental market. During the Track Record Period, rental expenses and service retainer fees amounted to approximately S\$373,000, S\$367,000 and S\$99,000, representing approximately 6.7%, 6.0% and 6.2% of our revenue

RISK FACTORS

for each of FY2015, FY2016 and 1Q2017 respectively. Upon the expiry of each of the two leases and service agreement of our existing Clinics, we have to negotiate terms of renewal with our respective lessors and/or service provider in relation to East Coast Clinic, Orchard Clinic and Raffles Place Clinic on 31 October 2019, 28 April 2020 and 31 December 2019, respectively. There is no assurance that the leases and/or service agreement of our Clinics would be renewed on similar or favourable terms (including, without limitation, on similar tenure and on similar rental charges) and/or service retainer fees. There is also no guarantee that the leases or service agreement of our existing Clinics will not be terminated early by the lessors and/or service provider before the expiry of the relevant term.

In the event that we are required to relocate our Clinics to other locations, there is no guarantee that we will be able to secure comparable locations at comparable terms. We may also incur substantial expenses in renovation costs if we have to move our Clinics to new locations. This may have an adverse impact upon our business, financial position and our future potential growth.

Professional responsibilities of our Doctors to patients may override the interest of our Shareholders

Our Doctors, being registered medical practitioners, are required to comply with the SMC Ethical Code and SMC Ethical Guidelines 2016, failing which the SMC may commence disciplinary action against them. The SMC Ethical Code and SMC Ethical Guidelines 2016 set out the duties of a registered medical practitioner including, among others:

- always placing the patients' best interests above any business or financial considerations;
- not letting the business or financial considerations influence the objectivity of clinical judgment in the management of patients; and
- not participating in "fee splitting" or "fee sharing" by offering gratuitous payments, gifts or other rewards for patients referred to him from any source.

Such professional duties and obligations of our Doctors may not at all times be in line with our Shareholders' commercial interest, which is primarily to maximise the profit of our Group. As a result, our Group's ability to maximise its profit may be limited by the professional duties and obligations of our Doctors owed to our patients.

We rely on a single geographical market and any adverse economic, social and/or political conditions affecting the market may adversely affect our business

Currently, the business operations of our Group are based in Singapore. Our business operations and the demand for our Services are therefore exposed to any deterioration in the economic, social and/or political conditions as well as any incidence of social unrest, civil disturbance or disobedience in Singapore (in particular where any such activity causes inconvenience to patients who visit, and our staff who attend, our Clinics). The aforesaid circumstances may materially disrupt and adversely affect the operations of our Clinics, and consequently, our results of operations.

RISK FACTORS

We have not entered into any long-term supply agreements with our suppliers

We have not entered into any long-term supply agreements with our suppliers and there is no assurance that our suppliers will continue to supply the products to us on commercially reasonable terms, or at all, which could affect our ability to secure future supply of products for our patients. Further, we may be unable to find suitable alternative suppliers within a short period of time, and as such, any shortage of or delay in the supply of the products to us may materially and adversely affect the operations of our Clinics. As a result, our financial condition and results of operations could be materially and adversely affected.

We face possible infringement of our intellectual property rights, which could weaken our competitive position and affect our operations

Our principal intellectual property rights are our trademarks, and our know-how in our business operations and provision of personalised services. We are susceptible to infringement of our intellectual property rights by third parties. There is no assurance that third parties will not copy or otherwise obtain and use our intellectual property rights without our prior authorisation. Infringement of our intellectual property rights could adversely affect the perception that our customers have of us as to our credibility, creditworthiness and abilities, which in turn may have a material adverse effect on our business, financial condition, results of operations and prospects. If we were to enforce our intellectual property rights through litigation, such litigation, whether successful or unsuccessful, could result in the incurrence of substantial costs and the diversion of resources. In the event that we are unable to adequately protect or safeguard our intellectual property rights, our reputation, business, financial condition and results of operations and prospects may be materially and adversely affected.

As at the Latest Practicable Date, our Group has applied for the registration of two trademarks in Singapore, details of which are set out in the section headed “Statutory and General Information — B. Further Information about the business of our Group — 2. Intellectual Property” in Appendix IV to this prospectus. It is possible that we may be unable to register trademarks in markets that we may operate in the future or to renew the registrations of our trademarks. Further, there is no guarantee that the registrations of our trademarks can completely protect us against any infringement or keep us away from any potential challenges raised by our competitors or other third parties.

Our past performance may not be indicative of future revenue and profit margin

Although our revenue has increased during the Track Record Period, such financial data only reflects our past performance. Our past performance does not have any positive implication or may not necessarily reflect of future financial performance. The effects of the changing regulatory, economic and other unpredictable factors may have a material effect on our business and hence may affect our future financial performance.

Moreover, our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. Our revenue, expenses and operating results may vary from period to period in response to a variety of factors beyond our control. There is no assurance that our profit margin will remain at a level comparable to those recorded during the Track Record Period.

RISK FACTORS

We may be unable to protect our patients' information from leakage or improper use, which could expose our Group and/or Doctors to claims or litigation

We understand that a patient's right to privacy is particularly essential in the medical service context and our patients expect us to keep their information strictly confidential. Our Doctors are required by the SMC Ethical Code and SMC Ethical Guidelines 2016 not to disclose medical information of patients to any third party without the patient's consent except in certain specific circumstances. We are also subject to the Personal Data and Protection Act which restricts the use of personal data of our patients collected by us for such purposes which they were collected or for a directly related purpose. However, we cannot guarantee that our confidentiality policies and measures can completely prevent our patients' information from leakage or being used for an improper purpose. Any breach of our confidentiality obligations towards our patients could expose our Group and/or our Doctors to potential liabilities, such as claims or litigation, which may have an adverse impact on our Group's reputation.

We operate in a highly competitive industry

Due to continuous technological upgrades and advancements, the dermatological and surgical industry is characterised by rapidly changing market trends. Our patients are constantly looking for innovative and high performance medical treatment with minimal risks or side effects and skincare products at reasonable prices. As a result, we are in constant competition with other dermatological and surgical service providers in aspects such as quality and scope of services and products, comprehensiveness and diversity of treatment devices as well as pricing. Some of our competitors have longer operating histories and greater brand recognition in the market. Our competitors may provide a wider range of services, and have more financial resources to acquire more advanced technologies and equipment. Furthermore, they may be able to foresee the upcoming market trends more accurately or may be more responsive to new technologies or changing customer preferences. They may also have more financial and other resources than we do, thus allowing them to provide similar services or products at a lower price. If we are unable to compete successfully with our competitors, we may experience a reduction of market share, which may have a material adverse effect on our business performance, results of operations and financial condition.

A lack of growth in the consumer market or a general economic slowdown or downturn may materially and adversely affect our business performance and results of operations

Our business performance depends on the sustainable growth of consumer spending on dermatological and surgical services and skincare products. However, there is no assurance that the local economy in Singapore can sustain a continuous stable growth in consumer spending. In addition, any economic slowdown, recession or downturn may result in a decrease in consumer spending on dermatological and surgical services and skincare products as well as weaken consumer spending willingness, thus reducing the overall demand for our Services and products. Any of the foregoing circumstances may materially and adversely affect our business, results of operations, financial condition and prospects.

RISK FACTORS

We are subject to credit risks in relation to trade receivables

We offer credit terms of 30 to 180 days from the date of invoice to our Corporate Customers. There is no guarantee that all our Corporate Customers will settle payment in full as it falls due. Our trade receivables amounted to S\$321,000, S\$561,000 and S\$607,000 for FY2015, FY2016 and 1Q2017, respectively. In the event we fail to receive payments from our Corporate Customers on a timely basis, our cash flows and financial performance could be adversely and materially affected. As at the Latest Practicable Date, approximately 87% of our Group's trade receivables as at 31 March 2017 had been settled.

In addition there may be an adverse impact on our operation as it diverts our management resources, time and attention to pursue any unsettled invoices.

Any potential improper conduct by our Group or our staff in relation to receiving kick-backs from our suppliers could damage our reputation and have a material adverse effect on our results of business and operations

We are subject to risks from actions that may be taken by us or our staff in relation to receipt of kickbacks from our suppliers. Such acts may constitute violations of the SMC Ethical Code and Guidelines 2016, the Prevention of Corruption Act (Chapter 241 of Singapore) and other relevant laws and regulations. Our failure to effectively manage our staff could result in disciplinary action or other legal proceedings being instituted against us. Any of such events could therefore materially and adversely affect our business, financial condition and results of operations. Our reputation and prospects could be adversely affected if we become the target of any negative publicity as a result of any potential involvement in corrupt practices or other improper conduct by our Group or our staff.

RISKS RELATING TO OUR INDUSTRY

We are subject to regulations and licensing requirements for our operations

The medical healthcare industry is highly regulated. We and our healthcare professionals are subject to laws and regulations governing, among others, the conduct of our business operations, adequacy of medical care, quality of medical facilities, equipment and services, purchase of pharmaceutical drugs and medications, qualifications of healthcare professionals, and confidentiality and use of health-related information and medical records.

While we have not experienced any issues with obtaining or renewing the requisite approvals, licences and/or permits under the required regulations and laws as at the Latest Practicable Date, there is no assurance that we will be able to do so upon their expiration. In addition, certain of our licences are held in the individual capacity of our executive Directors, Dr. Loh, Dr. Ee and Dr. Kwah. Should we be unable to renew these licences under our Group, our operations could be affected in the event that any of Dr. Loh, Dr. Ee or Dr. Kwah leaves our Group. Any changes to the existing laws and regulations may require us to apply for new approvals, licences and/or permits and there is no assurance that we will be able to obtain these new approvals, licences and/or permits. In the event that we are unable to obtain or renew the requisite approvals, licences and/or permits, or such approvals, licences and/or permits are withdrawn, we may be required by the relevant governmental agencies to cease operations and the business, financial condition and results of operations of our Group may be adversely affected.

RISK FACTORS

Any adverse changes in laws and regulations or the introduction of new applicable laws and regulations could result in, among others, more stringent requirements and/or an increase in compliance costs, which could materially and adversely affect our business, financial condition and results of operations.

If our Group or our healthcare professionals breach any requisite regulatory requirements or laws, including conditions in the permits required for our business operations, we may also be subject to fines or penalties. The relevant governmental agencies may also suspend or deny renewal of licences in respect of our business operations and healthcare professionals if they determine that we or our healthcare professionals do not meet the applicable professional standards and this could materially and adversely affect our Group's reputation and the business, financial condition and results of operations of our Group. Further details are set out in the section headed "Regulatory Overview — Singapore regulatory overview" of this prospectus.

We are subject to risks of medical and legal claims, regulatory actions and professional liability arising from the provision of our healthcare services

The provision of professional healthcare services entails inherent risks of liability. Our Group provides specialist dermatological and surgical services including, among others, surgery, skin tests or diagnosis, medical consultation and treatment for dermatological conditions and skin cancer, which do not have guaranteed positive outcomes. As such, we are susceptible to complaints, allegations and legal actions, with or without merit, which may be made or taken against us and/or our Doctors in relation to, among others, our Services, pricing, marketing activities, negligence or medical malpractice. Thus, we may from time to time be involved in material disputes with various parties in the ordinary course of our business. Such complaints, allegations and legal actions, regardless of their merit, may harm the professional standing and market reputation of our Group and our Doctors, and this may have a negative impact on the number of patients visiting our Clinics.

Any complaint against us or our Doctors or professional staff may also result in investigations and/or disciplinary actions by the relevant governing authorities (including SMC and MOH) which could in turn result in fines, suspension and/or revocation of licences. The occurrence of any of the foregoing events may have a material adverse impact on the staff morale, business, financial condition and results of operations of our Group.

In addition, medical malpractice litigation initiated by patients or disciplinary actions taken by governing authorities may be brought against our Doctors. Our Group's financial performance may be materially and adversely affected if the damages assessed and the legal costs incurred are substantial.

Further, the doctors and professional staff that we have hired or may hire, may have unknown or contingent liabilities. We may become liable for the past activities of such doctors and professional staff.

RISK FACTORS

Our business operations may be affected by the challenges affecting the healthcare industry

Our business, financial position, results of operations and prospects may be affected by the challenges currently faced by the healthcare industry such as:

- general economic, business and demographic conditions at local, regional, national and international levels;
- an increase in the threat of terrorism or armed conflict and the occurrence of natural and man-made disasters that affect travel security which could reduce the volume of medical travellers;
- improvements in the quality of healthcare services in neighbouring countries that may affect the stream of medical travellers coming to our Clinics;
- technological and pharmaceutical improvements that reduce the demand for our Services;
- rising costs of medicines and pharmaceutical drugs;
- stricter regulations governing the purchase of medications and pharmaceutical drugs, which are highly regulated;
- stricter regulations governing the protection of sensitive or confidential patient information from unauthorised disclosure;
- changes in the supply distribution chain or other factors that increase the cost of supplies, as well as increased cost of rental and staff salaries and benefits;
- potential reputational and financial risk affecting our operations caused by the independent actions of doctors, including the prices they charge patients for their services; and
- credit and collection risks due to difficulties in collecting payments from patients for treatments performed and services rendered.

Any failure by us to effectively manage these challenges may have a material adverse effect on our business, financial position, results of operations and prospects.

We may be affected by the spread or outbreak of any infectious diseases

A resurgence of the outbreak of the Middle East Respiratory Syndrome or any other contagious or virulent diseases like influenza such as H5N1 and H7N9, the avian influenza, the Ebola virus or the Zika virus in Singapore or the region could have a material adverse impact on our operations. In the event such outbreaks occur at any of our Clinics, greater infection control measures will have to be implemented with the possibility of temporary closure of the affected facility and quarantine of all affected doctors.

In addition, occurrences of epidemics and pandemics could also result in negative public opinion of medical institutions, which will materially and adversely affect our operations and financial performance.

RISK FACTORS

We may be exposed to risks in relation to the disposal of medical waste and the use of certain medical equipment

Our Group's operations involve the disposal of medical waste such as needles, used surgical items and other common by-products of clinics and day surgery centres, which we dispose of through accredited contractors. We are required to dispose of medical waste and use our medical equipment in accordance with the procedures prescribed by law. Failure to comply with these procedures may expose us to fines or suspension by the relevant authorities. Any injury or damage caused by the wrongful disposal of medical waste or misuse of medical equipment may expose us to civil claims from the injured parties. If the above were to occur, our financial performance, financial condition, professional standing and market reputation would be materially and adversely affected.

Our insurance coverage and indemnities may not cover all our damages and losses

Our Clinics and medical equipment face the risk of being physically damaged as a result of fire, natural disasters, or other causes, as well as potential public liability claims, which could disrupt our business operations. While we believe that we have insured our business operations and Clinics in line with industry practice in Singapore, there is no assurance that there will not be any such damage or that liability claims will not be in excess of the amount covered by our insurance policies or that such insurance policies are comprehensive and cover all types of damage suffered or public liability claims. As such, should there be adverse developments such as terrorist attacks and other natural or man-made disasters such as earthquakes and floods, fire hazards and other events beyond our control in Singapore or any other regions where we have operations, we may not have adequate insurance coverage to cover these liabilities and risks. Our business, financial condition, results of operations and prospects may be materially and adversely affected. We renew our insurance policies on an annual basis and there is no assurance that we will be able to renew all of our policies or obtain new policies on similar terms.

Further, any material change in the terms of our Doctors' MPS membership may have a disproportionate and material adverse effect on our business, financial position, results of operations and prospects. While our Doctors currently have occurrence-based and claims-made indemnity coverage under their MPS memberships, such coverage is discretionary in nature. Should the MPS choose not to indemnify our Doctors or should there be any material changes in the terms of their membership with MPS, this may result in claims for which we may not be compensated under such membership and/or contractual indemnities (if any). In the event that there are any such material changes, we may have to make provisions in our accounts and this may have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO THE SHARE OFFER AND OUR SHARES

Investors will experience immediate dilution

Since the Offer Price of our Shares is higher than the net tangible assets value per Share as at 31 March 2017, subscribers of our Shares in the Share Offer will experience an immediate dilution in the unaudited pro forma adjusted net tangible assets value to HK\$0.07 per Share, based on the minimum Offer Price of HK\$0.40 per Offer Share, or HK\$0.09 per Offer Share, based on the maximum Offer Price of HK\$0.48 per Offer Share.

RISK FACTORS

Volatility of Share Price

There has been no prior public market for our Shares and an active trading market for our Shares may not develop prior to the Share Offer, there has been no public market for our Shares. The initial Offer Price range for our Shares as disclosed in this prospectus was the result of negotiations between us and the Sole Bookrunner (for itself on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our Shares following the Share Offer. While we have applied for the Listing of, and permission to deal in, our Shares on the Stock Exchange, there is no guarantee that an active and liquid trading market for our Shares will develop, or if it does develop, will be sustained following the Share Offer or that the market price of our Shares will not decline following the Share Offer. We give no assurance that these developments will not occur in the future.

The trading price and the trading volume of our Shares may be highly volatile. The trading price and the trading volume of our Shares may be volatile and may be affected by the following factors:

- actual or anticipated fluctuations in our results of operations;
- recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- changes in investors' perception of our Group and the investment environment generally;
- the liquidity of the market for the Shares;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or the industry in which we operate;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control;
- political, social and economic conditions in Singapore;
- developments in information technology; and
- release of lock-up or other transfer restrictions on our Shareholders.

Moreover, in recent years, the securities markets have experienced significant price and volume fluctuations, some of which may not relate to the operating performance of particular companies. These market fluctuations may adversely affect the market price of our Shares.

Future sales of substantial amounts of the Shares in the public market could adversely affect the prevailing market price of the Shares. Our Controlling Shareholders have given a non-disposal undertakings to our Company, the Stock Exchange, the Sole Sponsor, the Sole Lead Manager and the

RISK FACTORS

Sole Bookrunner (for itself and on behalf of the Underwriters) in respect of their Shares and our Company will not be allowed to issue Shares or securities convertible into equity securities of our Company within six months from the Listing Date. Please refer to the section headed “Underwriting” of this prospectus for a more detailed discussion of the restrictions that may apply to future issues and sales of the Shares. After these restrictions lapse, the market price of the Shares could decline as a result of future sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, the issuance of new Shares or other securities relating to the Shares, or the perception that such sales or issuances may occur. This could also materially and adversely affect our Group’s ability to raise capital in the future at a time and at a price it deems appropriate.

Shareholders’ interests in our Company may be diluted in the future

Our Group may issue additional Shares upon exercise of options to be granted under the Share Option Scheme. In addition, our Group may need to raise additional funds in the future to finance a business expansion, which may relate to existing operations, new business developments and/or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company, other than on a pro rata basis to existing Shareholders, then (i) the percentage owned by the existing Shareholders may be reduced and they may experience dilution of their proportionate interest in our Company; and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders.

Under the HKFRSs, the costs of share options to be granted under the Share Option Scheme will be charged to our Group’s income statement over the vesting period by reference to the fair value at the date of granting of the share options. Our Group’s profitability of our Group may be adversely affected during the vesting period over the life of any outstanding share options granted or to be granted under the Share Option Scheme. Upon exercise of the outstanding share options, our Company shall allot and issue further new Shares to the holders of such outstanding share options which will result in dilution of Shareholders’ interests in our Company.

There may be difficulties in protecting your interests because our Company is incorporated under the Companies Law

Our corporate affairs are governed by our memorandum of association and articles of association and by the Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those established under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. Such differences may mean that our minority shareholders may have different protections than they would have under the laws of Hong Kong and other jurisdictions. For more details, please see the section headed “Summary of the Constitution of the Company and the Cayman Islands Company Law” in Appendix III of this prospectus.

RISK FACTORS

The interests of our Controlling Shareholders may not always coincide with our interests and those of our other Shareholders

Upon completion of the Share Offer and the Capitalisation Issue, our Controlling Shareholders will own, in aggregate, 67.5% of our Shares and among them, Dr. Loh, Dr. Ee and Dr. Kwah will together indirectly own approximately 67.5% of our Shares. Our Controlling Shareholders will be in a position which has significant influence over the operations and business strategy of our Company, and may have the ability to require us to execute corporate plans according to their own desires.

The interests of our Controlling Shareholders may not always coincide with our or your best interests

If the Controlling Shareholders choose to pursue strategic business objectives that conflict with our and/or your interests, our Company or other Shareholders, may be adversely affected as a result.

Prospective investors should carefully consider and evaluate the above considerations and all the other information contained in this prospectus before deciding to invest in our Shares. Some of the risk factors in this section of the prospectus relate principally to the industry in which our Group operates and the business of our Group in general. Other considerations relate principally to general economic and political conditions, the securities market and ownership of the Shares, including possible future sales of Shares.

If any of such considerations and uncertainties develop into actual events, our business, results of operations and financial condition could be materially and adversely affected. In such cases, the trading price of our Shares could decline due to any of these considerations and uncertainties, and you may lose all or part of your investment in our Shares.

To the best of our knowledge and belief of our Directors, all risk factors which are material to investors in making an informed judgment in our Company have been set out above.

OTHER RISK FACTORS

Natural disasters, acts of war, terrorist attacks, political unrest and other events may have negative impact on our business

Natural disasters and other acts of god which are beyond our control may materially and adversely affect the economy and livelihood of the people in Singapore. Our operations and financial condition may be adversely affected, especially when such events occur in regions in which our operations, independent manufacturers and raw material suppliers are located.

Acts of war, terrorists' attacks and political unrest may cause damage or disruption to our facilities, our employees, raw material suppliers and our markets, any of which could materially and adversely affect our overall results of operations and financial condition.

RISK FACTORS

Risks relating to statements in this prospectus

Certain facts and statistics included in this prospectus may not be relied upon

Certain information and other statistics contained in the section headed “Industry Overview” of this prospectus are derived from the Industry Report compiled by Frost & Sullivan and other publicly available sources. While reasonable care has been exercised in the reproduction of such information, it has not been independently verified by us, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters or any of their respective affiliates or advisers and may not be accurate, complete or up-to-date. Our Directors make no representation as to the correctness or accuracy of such information and, accordingly, such information should not be unduly relied upon.

In addition, certain information and data contained in this prospectus are derived from market data provided by Frost & Sullivan and other publicly available sources. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, the information has not been independently verified by us, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters or their respective directors, affiliates or advisers or any other party involved in the Share Offer and no representation is given as to its accuracy.

The current market condition may not be reflected in the statistical information included in this prospectus

The historical information set out in this prospectus relating to market conditions and valuation may not reflect the current market situation due to rapid changes in the global and the Singapore economy. In order to provide context to the industries in which we operate, and greater understanding of our market presence and performance, various statistics and facts have been provided throughout this prospectus. However, this information may not reflect current market condition as the recent economic upturn may not be fully factored into these statistics, and the availability of the latest data may lag behind this prospectus. As such, any information relating to market shares, sizes and growth, or performance in these markets and other similar industry data should be viewed as historical figures that may have little value in determining future trends and results.

Investors should note that one or more of these risks or uncertainties may materialise, or one or more of the underlying assumptions may prove incorrect. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

Investors should read this entire prospectus carefully and we strongly caution you not to place any reliance on any information (if any) contained in press articles or other media regarding us and the Share Offer including, in particular, any financial projections, valuations or other forward-looking statement

Prior to the publication of this prospectus, there may be press or other media, which contains certain information referring to us and the Share Offer that is not set out in this prospectus. We wish to emphasise to potential investors that neither we nor any of the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, our Directors, officers, employees, advisers, agents or

RISK FACTORS

representatives of any of them, or any other parties (collectively, the “**Professional Parties**”) involved in the Share Offer has authorised the disclosure of such information in any press or media, and neither the press reports, any future press reports nor any repetition, elaboration or derivative work were prepared by, sourced from, or authorised by us or any of the Professional Parties. Neither we nor any Professional Parties accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is not contained in this prospectus or is inconsistent or conflicts with the information contained in this prospectus, we disclaim any responsibility, liability whatsoever in connection therewith or resulting therefrom. Accordingly, you should rely solely upon the information in this prospectus in making your investment decisions regarding the Shares but note that undue reliance should not be placed on any forward looking statements contained in this prospectus which may not occur in the way we expect or may not materialise at all as set out in the section headed “Forward-looking Statements” of this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

Printed copies of this prospectus are available, for information purpose only, during normal office hours from 9:30 a.m. to 5:00 p.m. from Friday, 29 September 2017 up to Friday, 6 October 2017 (both days inclusive and for business days only) at the office of the Sole Bookrunner and Sole Lead Manager.

INFORMATION ON THE SHARE OFFER

This prospectus is published solely in connection with the Share Offer and the listing of the Shares on GEM, which is sponsored by the Sole Sponsor and managed by the Sole Bookrunner.

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, officers, agents, employees or any other persons or parties involved in the Share Offer.

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" of this prospectus, and the procedures for applying for the Public Offer Shares are set out in the section headed "How to Apply For Public Offer Shares" of this prospectus and in the relevant Application Forms.

ABOUT THE SHARE OFFER

We have not authorised anyone to provide any information or to make any representation not contained in this prospectus. You should not rely on any information or representation not contained in this prospectus as having been authorised by us, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters or any of our or their respective directors, officers or representatives or any other persons involved in the Share Offer.

The delivery of this prospectus should not, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply the information contained in this prospectus is correct as at the date subsequent to the date of this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

UNDERWRITING

This prospectus is published solely in connection with the Share Offer, comprising the Placing and the Public Offer. Details of the structure of the Share Offer, including conditions of the Share Offer, are set out in section headed “Structure and Conditions of the Share Offer” of this prospectus. The Listing is sponsored by the Sole Sponsor and managed by the Sole Bookrunner. The Public Offer will be fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to the agreement to the Offer Price between our Company and the Sole Bookrunner (for itself and on behalf of the other Underwriters). The Placing will be fully underwritten by the Placing Underwriters under the terms of the Placing Underwriting Agreement, which is expected to be entered on or around the Price Determination Date. For further details about the Underwriters and the Underwriting Agreements, please refer to the section headed “Underwriting” of this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Sole Bookrunner (for itself and on behalf of the other Underwriters) and our Company on the Price Determination Date, or such later date or time as may be agreed by the Sole Bookrunner (for itself and on behalf of the other Underwriters) and our Company. The Offer Price is currently expected to be not more than HK\$0.48 per Offer Share and not less than HK\$0.40 per Offer Share. Investors applying for the Public Offer Shares must pay, on application, the maximum Offer Price of HK\$0.48 per Offer Share, together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$0.48 per Offer Share. The Sole Bookrunner (for itself and on behalf of the other Underwriters) with the consent of our Company may reduce the indicative Offer Price range and/or the number of Offer Shares stated in this prospectus at any time prior to the Price Determination Date. In such case, a notice of the reduction of the indicative Offer Price range will be published on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.dermclinic.com.sg.

If the Sole Bookrunner (for itself and on behalf of the other Underwriters) and our Company are unable to reach an agreement on the Offer Price on the Price Determination Date, or such later date or time as may be agreed between the Sole Bookrunner (for itself and on behalf of the other Underwriters) and our Company, the Share Offer will not proceed.

SELLING RESTRICTIONS OF OFFER SHARES

No action has been taken to permit any public offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the related Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and/or the related Application Forms and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or as an exemption therefrom.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Share Offer.

Each person acquiring the Offer Shares will be required to confirm, or by his/her acquisition of the Offer Shares be deemed to confirm, that he/she is aware of the restrictions on the offer of the Offer Shares described in this prospectus and/or the related Application Forms and that he/she is not acquiring, and has not been offered any such Offer Shares in circumstance that contravenes any such restrictions.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective investors for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON GEM

The Sole Sponsor has applied on behalf of our Company to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and which are to be issued or may be issued pursuant to the Share Offer, the Capitalisation Issue and as otherwise described herein on GEM (including any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme of up to 10% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer).

No part of the Shares or the loan capital of our Company is listed, traded or dealt in on any other stock exchange. Save as disclosed herein, no such listing or permission to deal in, any part of the Shares or loan capital on any other Stock Exchange, is being or proposed to be sought.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and the permission to deal in, the Offer Shares on GEM is refused before the expiration of three weeks from the date of the closing of the Share Offer or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Listing Division of the Stock Exchange.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, upon Listing and all times thereafter, our Company must maintain the “minimum prescribed percentage” of at least 25% of the issued share capital of our Company in the hands of the public. Accordingly, a total of 150,000,000 Offer Shares, which currently represents 25% of the enlarged issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of options to be granted under the Share Option Scheme) will be made available under the Share Offer.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and our Company's compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional advisers.

DEALINGS AND SETTLEMENT

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on or about Friday, 13 October 2017. Shares will be traded in board lots of 8,000 Shares each and are freely transferrable. The GEM stock code for the Shares is 8437.

No temporary documents or evidence of title will be issued.

HONG KONG SHARE REGISTER AND STAMP DUTY

All of the Shares will be registered in our Company's branch register of members to be maintained in Hong Kong by the branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Only Shares registered on our Company's branch register of members maintained in Hong Kong may be traded on GEM.

Our Company's principal register of members will be maintained by the principal share registrar and transfer office, Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Dealings in the Shares registered in the branch register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of the Shares will be paid to the Shareholders listed on our Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named therein in accordance with the Articles.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to taxation implications of the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to, the Offer Shares. None of our Company, our Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives (where applicable) or any

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

other persons involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to, the Offer Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in US\$, S\$ and HK\$. No representation is made and none should be construed as being made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all on such date or any other date. Unless otherwise specified, for the purpose of this prospectus and for the purpose of illustration only, Hong Kong dollar amounts have been translated using the following rate:

US\$1.00: HK\$7.78
S\$1.00: HK\$5.50

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total individual items. When information is presented in thousands or millions of units, amounts may have been rounded up or down.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese version of this prospectus, the English version of this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

OTHER

Any discrepancy in any table or chart between the totals and the sums of the amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER
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DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Dr. Loh Teck Hiong	532 Sixth Avenue Singapore 276616	Malaysian
Dr. Ee Hock Leong	11 Greenleaf Lane Singapore 279470	Singaporean
Dr. Kwah Yung Chien, Raymond (柯永坚)	37 Amber Road #07-18 The Seaview Singapore 439946	Singaporean
<i>Independent non-executive Directors</i>		
Mr. Cheung Kiu Cho Vincent (張翹楚)	Flat 25, 51/F, Celestial Heights 80 Sheung Shing Street Homantin, Kowloon Hong Kong	Chinese
Mr. Ong Kian Guan (王建源)	30 Sturdee Road #30-04, Singapore 207852	Singaporean
Mr. Wong Siu Ki (黃兆麒)	Room 1005 Yuk Lun House Choi Wan Estate Kowloon Hong Kong	Chinese

Further information on our Directors is disclosed in the section headed “Directors and Senior Management” of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor

LY Capital Limited

Rooms 1901-02
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Sole Bookrunner and Sole Lead Manager

Pacific Foundation Securities Limited

11/F, New World Tower II
16-18 Queen's Road Central
Hong Kong

A licensed corporation to carry out type 1 (dealing in securities) and type 9 (asset management) regulated activities under the SFO

**Legal advisers to our Company as to
Hong Kong law**

Robertsons

57th Floor
The Center
99 Queen's Road Central
Hong Kong

**Legal advisers to our Company as to
Singapore law**

Rajah & Tann Singapore LLP

9 Battery Road
#25-01
Singapore 049910

**Legal advisers to our Company as to
Cayman Islands law**

Conyers Dill & Pearman

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

**Legal advisers to the Sole Sponsor and
the Underwriters as to Hong Kong law**

D. S. Cheung & Co.

29/F, Bank of East Asia Harbour View Centre
56 Gloucester Road, Wanchai
Hong Kong

Reporting accountants

Deloitte Touche Tohmatsu

Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER
--

Internal control consultant

Moore Stephens Advisory Services Limited
812 Silvercord, Tower 1
30 Canton Road
Tsimshatsui
Kowloon
Hong Kong

Industry consultant

Frost & Sullivan International Limited
1706, 1 Exchange Square
No.8 Connaught Place
Central
Hong Kong

Receiving bank

DBS Bank (Hong Kong) Limited
11/F, The Center
99 Queen's Road Central
Hong Kong

CORPORATE INFORMATION

Registered office in the Cayman Islands	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in Singapore	#15-09 Paragon (Office Tower) 290 Orchard Road Singapore 238859
Principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Room 5705, 57th Floor, The Center 99 Queen's Road Central Hong Kong
Company's website	www.dermclinic.com.sg <i>(Note: The information contained in this website does not form part of this prospectus)</i>
Company secretary	Mr. Man Yun Wah Rooms 2105-06, 21/F Office Tower Langham Place 8 Argyle Street Mongkok, Kowloon Hong Kong
Compliance officer	Dr. Loh Teck Hiong
Authorised representatives	Dr. Loh Teck Hiong 532 Sixth Avenue Singapore 276616 Dr. Ee Hock Leong 11 Greenleaf Lane Singapore 279470
Audit committee	Mr. Ong Kian Guan (<i>Chairman</i>) Mr. Cheung Kiu Cho Vincent Mr. Wong Siu Ki
Remuneration committee	Mr. Wong Siu Ki (<i>Chairman</i>) Mr. Ong Kian Guan Dr. Kwah Yung Chien Raymond
Nomination committee	Dr. Loh Teck Hiong (<i>Chairman</i>) Mr. Cheung Kiu Cho Vincent Mr. Ong Kian Guan

CORPORATE INFORMATION

Compliance adviser

LY Capital Limited

Rooms 1901-02
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

**Cayman Islands principal share registrar
and transfer office**

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

**Hong Kong Branch Share Registrar and
transfer office**

Tricor Investor Services Limited
Level 22 Hopewell Centre
183 Queen's Road East
Hong Kong

Principal bankers

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 0486211

Oversea-Chinese Banking Corporation Limited
63 Chulia Street #10-00
OCBC Centre East
Singapore 049514

Auditors

Deloitte & Touche LLP

Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809

INDUSTRY OVERVIEW

Certain information and statistics set out in this section and elsewhere in the prospectus have been derived from various government publications, publicly available sources and the Industry Report, a market research report prepared by Frost & Sullivan and commissioned by our Group. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false and misleading. None of our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of our or their respective directors, officers, employees, agents or advisers, or any other person or party involved in the Share Offer (except Frost & Sullivan) makes any representation as to the accuracy, fairness and completeness of such information and statistics. Accordingly, the information from official and non-official sources contained herein may not be accurate and should not be unduly relied upon. Our Directors confirm that there has been no material adverse change in the market information since the date of the Industry Report that may qualify, contradict or have an impact on the information in this section.

SOURCE AND RELIABILITY OF INFORMATION

Our Group commissioned Frost & Sullivan, an independent market research company, to conduct an analysis of, and to produce a report on the medical dermatology service market in Singapore. Except as otherwise noted, the information from Frost & Sullivan disclosed in the prospectus is extracted from the Industry Report, a report commissioned by us for a fee of HK\$450,000, and is disclosed with the consent of Frost & Sullivan.

In compiling and preparing the research report, Frost & Sullivan conducted primary research including interviews with industry experts and participants and secondary research which involved reviewing the statistics published by the government official statistics, industry publications, annual reports and data based on its own database. Frost & Sullivan also adopted the following primary assumptions while making projections on the macroeconomic environment, the overall medical dermatology service market and various segment markets in Singapore: (i) Singapore's economy is expected to grow at a steady rate supported by favourable government policies as well as global economic recovery, among other factors; (ii) Singapore's total population is likely to remain stable and the proportion of elderly population will increase steadily; and (iii) the social, economic and political environments of Singapore is likely to remain stable during the forecast period, which will ensure a sustainable and steady development of the medical dermatology service market in Singapore.

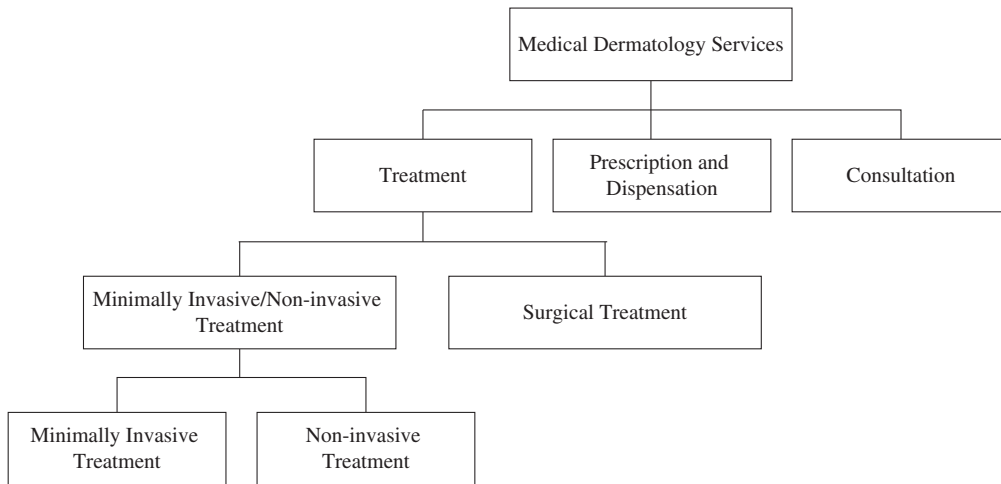
Our Directors confirm that after taking reasonable care, the sources of information used in this section, which are extracted from the Industry Report, are reliable and not misleading as Frost & Sullivan is an independent professional market research agency with extensive experience, and there is no material adverse change in the overall market information since the date of the Industry Report that would materially qualify, contradict or have an impact on such information.

OVERVIEW OF MEDICAL DERMATOLOGY SERVICE INDUSTRY

Medical dermatology services comprise mainly treatment, prescription and dispensation, and consultation.

INDUSTRY OVERVIEW

The diagram below illustrates the different segments of the medical dermatology service industry:



Source: *Industry Report*

Consultation services are provided by registered medical practitioners who examine as well as assess and/or diagnose the patients' skin conditions, and recommend appropriate management plans to patients after consultation, including prescription and dispensation, and treatment.

Based on patients' skin conditions and medical needs, medical practitioners may provide prescription and dispensation of medication and/or skincare products to patients. With doctor's prescription, patients can obtain the medication in the doctor's clinic or other pharmacies. In some cases, patients who do not require doctor's prescription can directly purchase over-the-counter medication and/or skincare products.

Treatment can be divided into surgical treatment, and minimally invasive/non-invasive treatment. Surgical treatments are invasive and performed by registered doctors, including treatments which require the administration of general anaesthesia on the patients. Such treatments can enhance a person's appearance through facial restructuring and skin alterations. Typical facial surgeries include skin surgery (such as acne scar revision, Mohs surgery), facial contouring (such as rhinoplasty, double eyelid, chin or cheek enhancement), and facial rejuvenation (such as facelift, eyelid lift, brow lift).

Minimally invasive/non-invasive treatments do not involve incision of the skin. Minimally invasive treatments consist of injection therapy and superficial ablative therapy such as botulinum toxin, filler injections, sclerotherapy for treatment of spider veins, chemical peels and carbon dioxide laser treatment for skin resurfacing. Non-invasive treatments mainly comprise superficial non-ablative therapy, hair removal laser treatment, non-ablative laser therapy, pulse dye laser and YAG laser treatments.

OVERVIEW OF MEDICAL DERMATOLOGY SERVICE MARKET IN SINGAPORE

Categorisation of Medical Dermatology Service Providers in Singapore

Medical dermatology service providers in Singapore may be categorised as follows:

Private Sector **Medical dermatology departments of private hospitals:** These hospitals have in-house dermatologists to provide comprehensive services, covering skin diseases as well as medical aesthetic treatments to meet mid-to-high end medical demand of patients.

Dermatology specialty clinics: These clinics are usually set up and run by dermatologists who practice individually or in group. Dermatology specialty clinics can provide one-stop customised services for different customers, including treatment of skin diseases, surgical services and non-surgical services.

Public Sector **Medical dermatology departments of public hospitals:** The subsidised public hospitals focus on a wide range of common skin conditions, and provide outpatient and inpatient services for the diagnosis and management of patients with dermatologic problems, and offer patients with long-term treatment for some diseases.

Dermatology specialty centres: In Singapore, the NSC is the only public dermatology specialty centre with a team of dermatologists who have the experience and expertise to treat skin condition. As a public tertiary healthcare institution, NSC can provide medical services at relatively low price but with long-waiting time.

Medical Dermatology Service Market in Singapore

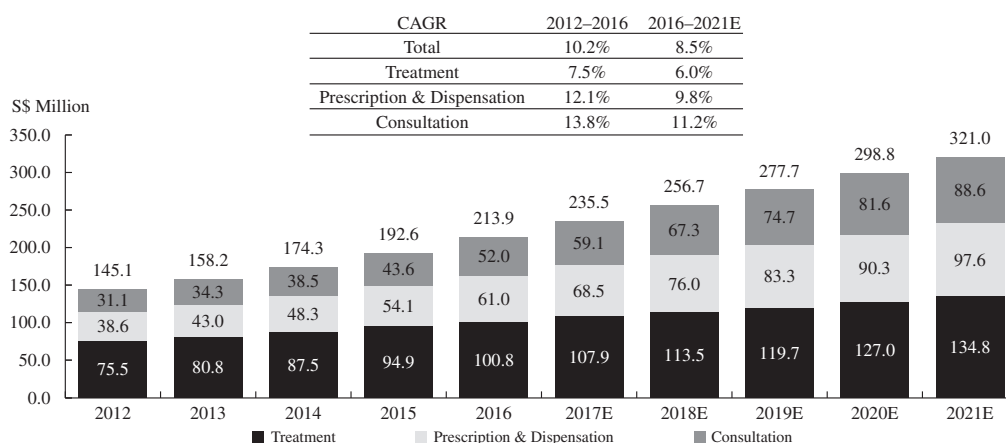
In 2016, the total medical dermatology service market in Singapore reached S\$213.9 million, with a CAGR of 10.2% starting from S\$145.1 million in 2012. Due to the increasing awareness and medical demand for dermatology service in Singapore, the medical dermatology service market is forecasted to reach S\$321.0 million in 2021, with a CAGR of 8.5% starting from 2016.

In Singapore, treatment service is the major business sector of medical dermatology service. In 2016, treatment service market accounted for approximately 47.1% of total medical dermatology service market, or reached S\$100.8 million, growing with a CAGR of 7.5% starting from S\$75.5 million in 2012. In the next five years, treatment service market will continue to grow steadily, and the market is projected to reach S\$134.8 million in 2021.

Prescription and dispensation service, as well as consultation service are the two fast-growing business sectors in Singapore medical dermatology service market, growing at CAGRs of 12.1% and 13.8% during 2012 to 2016, respectively. By 2021, prescription and dispensation service market, and consultation service market are projected to reach S\$97.6 million and S\$88.6 million, respectively.

INDUSTRY OVERVIEW

Medical Dermatology Service Market in Singapore, 2012–2021E



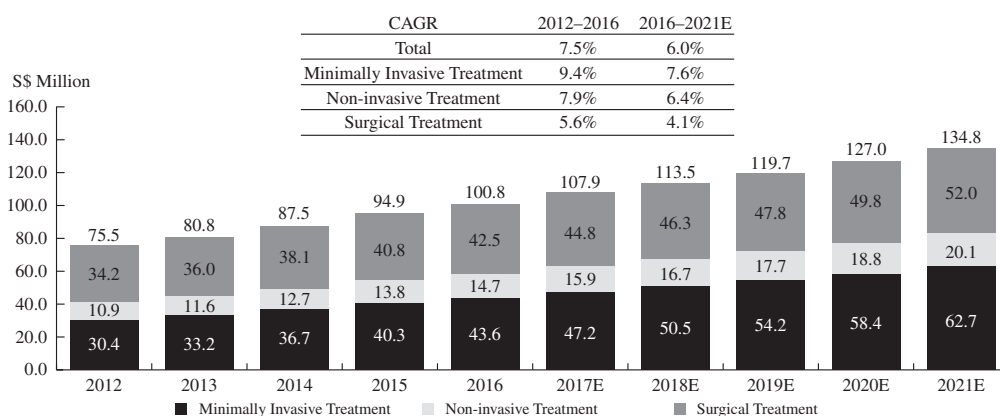
Source: Industry Report

Medical Dermatology Treatment Service Market in Singapore

In Singapore, medical dermatology treatment includes minimally invasive treatment, non-invasive treatment and surgical treatment. In 2016, surgical treatment service market accounted for approximately 42.2% of medical dermatology treatment service market, or reached S\$42.5 million, growing with a CAGR of 5.6% starting from S\$34.2 million in 2012. In the next five years, surgical treatment service market will continue to grow steadily, and the market is projected to reach S\$52.0 million in 2021.

Due to less pain and shorter recovery time, the minimally invasive treatment service market, as well as the non-invasive treatment service market are growing rapidly in Singapore, with CAGRs of 9.4% and 7.9% during 2012 to 2016, respectively. In 2016, the minimally invasive treatment service market, and the non-invasive treatment service market reached S\$43.6 million and S\$14.7 million, occupying approximately 43.2% and 14.6% of the medical dermatology service market, respectively. By 2021, the minimally invasive treatment service market, and the non-invasive treatment service market are projected to reach S\$62.7 million and S\$20.1 million, respectively.

Medical Dermatology Treatment Service Market in Singapore, 2012–2021E



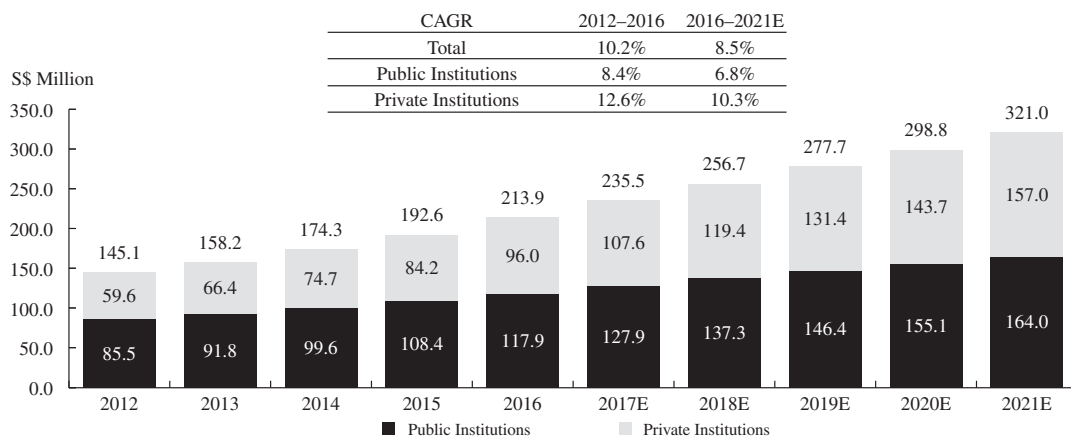
Source: Industry Report

INDUSTRY OVERVIEW

Medical Dermatology Service Market in Singapore Breakdown by Public and Private Institutions

In Singapore, medical dermatology service market of public institutions accounted for around 55.1% of total market in 2016, or reached S\$117.9 million, growing with a CAGR of 8.4% starting from S\$85.5 million in 2012. Driven by mid-to-high end medical needs and overloaded service capacity of public institutions, medical dermatology service market of private institutions has increased from S\$59.6 million in 2012 to S\$96.0 million in 2016, with a CAGR of 12.6%, accounted for around 44.9% of total market in 2016, which grows more rapidly than that of public institutions during the same period. Medical dermatology service market of private institutions is projected to reach S\$157.0 million by 2021, representing a CAGR of 10.3% from 2016 to 2021.

**Medical Dermatology Service Market in Singapore
Breakdown by Public and Private Institutions, 2012–2021E**



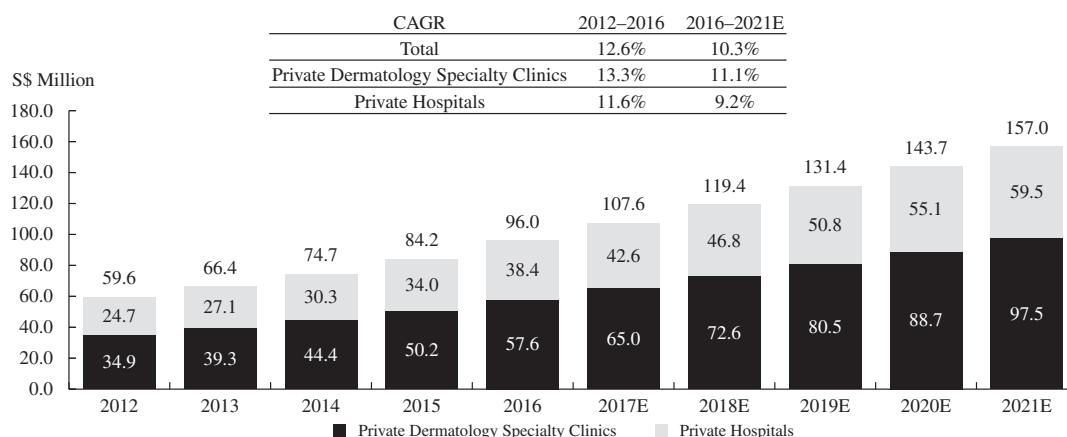
Source: Industry Report

Private Medical Dermatology Service Market in Singapore Breakdown by Private Dermatology Specialty Clinics and Private Hospitals

In Singapore, the private medical dermatology services market include private dermatology specialty clinics and private hospitals. Private dermatology specialty clinics accounted for around 60.0% of private medical dermatology service market in 2016, or reached S\$57.6 million, growing with a CAGR of 13.3% starting from S\$34.9 million in 2012. Private hospitals market reached S\$38.4 million in 2016, with a CAGR of 11.6% during 2012 to 2016. By 2021, private dermatology specialty clinics market in Singapore is projected to reach S\$97.5 million.

INDUSTRY OVERVIEW

Private Medical Dermatology Service Market in Singapore Breakdown by Private Dermatology Specialty Clinics and Private Hospitals, 2012–2021E

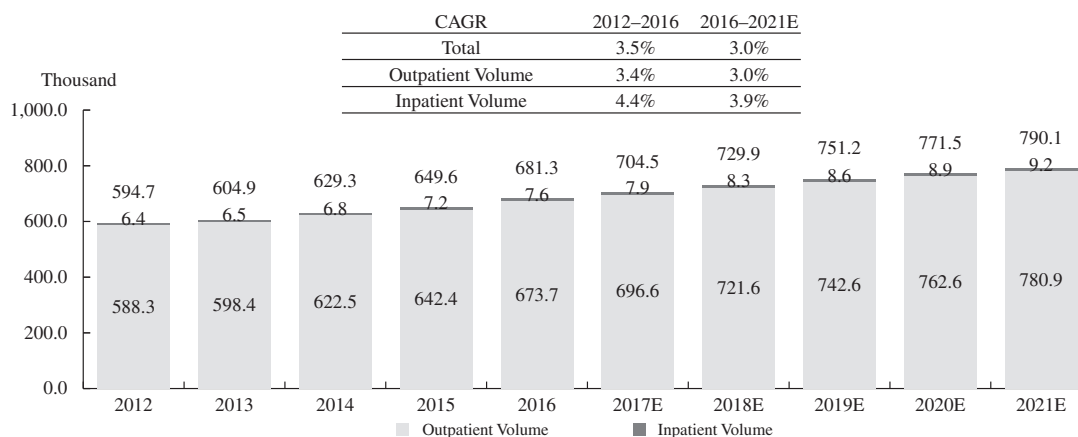


Source: Industry Report

Dermatology Patient Volume and Average Expenditure Per Visit on Medical Dermatology Services in Singapore

In Singapore, number of dermatology outpatient volume has increased from 588,300 in 2012 to 673,700 in 2016, with a CAGR of 3.4%, whereas outpatient volume is expected to reach almost 780,900 in 2021, representing a CAGR of 3.0% from 2016 to 2021. Furthermore, inpatient volume of dermatology in Singapore has grown at a CAGR of 4.4% during 2012 to 2016, and the number of inpatients is projected to reach 9,200 by 2021, representing a CAGR of 3.9% from 2016 to 2021.

Number of Dermatology Outpatient/Inpatient Volume in Singapore, 2012–2021E



Source: Industry Report

Average expenditure per visit on medical dermatology services refers to the total medical dermatology service market divided by total dermatology patient volume in Singapore. Average expenditure per visit on medical dermatology services in Singapore has reached S\$314.0 in 2016, with a CAGR of 6.5% from S\$244.0 in 2012 and will grow to S\$406.2 in 2021, with a CAGR of 5.3% from 2016 to 2021. The growing trend is expected to continue in the next five years. With the development of the economy and the increasing per capita income in Singapore, consumers are willing to spend more on medical dermatology services.

INDUSTRY OVERVIEW

COMPETITIVE ANALYSIS

Competitive Landscape of Private Dermatology Specialty Clinics Market in Singapore

According to Ministry of Health of Singapore, in 2016, there were approximately 52 private dermatology specialty clinics in Singapore. The total market size of private dermatology specialty clinics in Singapore reached S\$57.6 million in 2016. In Singapore, the private dermatology specialty clinics market is slightly decentralized, with top 5 market players accounting for 28.4% of the total private dermatology specialty clinics market. Among all the players, our Group ranked first in terms of revenue of medical dermatology service, occupying 10.7% of the market in 2016. Our Group also ranked first in terms of patient volume in the private dermatology specialty clinics market. Currently, our Group is the only private Mohs Surgery centre for skin cancer in South East Asia. The table below sets forth the information of the top 5 market players in the private dermatology specialty clinics market in Singapore, and illustrates their ranking in terms of revenue of medical dermatology service in 2016.

Rank	Company	Market Share in 2016 (%)	Number of Clinics in 2016	Number of Dermatologists in 2016	Dermatology Services Provided
1	Our Group	10.7	3	3	Medical services, surgical services (Mohs Surgery), cosmetic services, skin care products
2	Company A	5.9	1	2	Medical services, aesthetic services, skin care products
3	Company B	5.6	1	3	Medical services, cosmetic services, skin care products
4	Company C	3.9	1	2	Medical services, aesthetic services, lasers and procedures services, skin care products
5	Company D	2.3	2	1	Medical services, cosmetic services, skin care products

Source: Industry Report

Key Growth Drivers of Medical Dermatology Service Market in Singapore

- Keeping up appearance:** Influenced by more developed medical dermatology service market, especially in South Korea and Taiwan, people in Singapore have paid more attention on keeping up their appearance over the past few years, which will create ample demand for medical dermatology service in the near future.
- Greater demand for natural and high-tech skin care products:** Consumers nowadays pursue a healthy and natural lifestyle with higher expectations on safety, quality and effectiveness of skin care products. Characteristic of natural, mild, no-additive, and active ingredient products can meet such demand. This trend allows the growth of developing natural and high-tech skin care products, such as hydration, anti-aging and skin whitening facial care.

INDUSTRY OVERVIEW

- **Growing income level:** In recent years, the income level of Singapore residents has grown continuously. During 2012 to 2016, the average monthly household income from work per household member among resident employed households in Singapore has increased from S\$3,142 to S\$3,688. The growing income level has raised the purchasing power of Singapore residents who are willing to spend more on medical dermatology services.
- **Medical tourism:** In recent years, medical tourism has become increasingly common. According to Singapore Tourism Board, international patients come to Singapore each year for a whole range of medical care services from health screenings to high-end surgical treatments in wide range of specialties including dermatology, driven by the development of medical technology in Singapore. In 2013, medical expenditure generated from travellers was S\$832 million. Singapore has a comprehensive healthcare system, as well as clean environment, and is regarded as one of the leading medical travel destinations for overseas consumers.

Future Trends of Medical Dermatology Service Market in Singapore

- **More male consumers:** Affected by the changing aesthetic standards, males in Singapore are paying much more attention on their appearance compared to the past. More male consumers in Singapore will seek for treatment services, which may provide potential development opportunity for medical dermatology service market in Singapore. In addition, according to the “Trends in Cancer Incidence in Singapore (2010–2014)” published by National Registry of Diseases Office (NRDO) of Singapore, during 2010–2014, there were 1,719 and 1,381 cases of skin cancer in men and women in Singapore, respectively.
- **Synergy of multiple services:** In recent years, additional medical services, such as massage service, ophthalmological, and dental services can potentially create synergy with medical dermatology services. The synergy of multiple services may not only enrich types of services offered in the market, but also provide one-stop integrated service experience for end consumers, which in turn may drive the growth of the medical dermatology service demand in Singapore.
- **Chain operation:** Given the relatively simple operating structure, dermatology specialty clinics are inclined to develop into medical chain group in Singapore, and expand business by setting up branches in different regions to achieve chain operation. Such chain operation can share medical resources as well as brand image within the group, which may improve the overall operation efficiency and create synergy for the dermatology specialty clinics.

Entry Barriers of Medical Dermatology Service Market in Singapore

- **Abundant capital:** To conduct medical dermatology service, new entrants usually need a large sum of initial capital to pay for rental fee and purchase essential medical equipment and medical products. Furthermore, registered dermatologists in Singapore are scarce medical resources, and the cost of employing registered doctors is relatively high. Therefore, new entrants have to prepare abundant capital to support the operation of medical dermatology business in the early stage.
- **Industrial qualifications:** The medical dermatology service industry is a medical field with high professionalisation in Singapore. According to the Ministry of Health of Singapore, medical dermatology service providers are required to apply for license under the Private Hospitals & Medical Clinics (PHMC) Act/Regulations, and they need to build a team of registered dermatologists to conduct the dermatological treatment. Given the limited supply of registered dermatologists in Singapore, new entrants will be confronted with difficulties in recruiting excellent medical talents in Singapore.
- **Reputation:** In Singapore, the players in the medical dermatology service industry usually rely on reputation to develop their business. Any dissatisfactory services may have a negative effect on the reputation of medical dermatology service providers. For new entrants, it could be difficult to establish a good reputation in short time.

INDUSTRY OVERVIEW

Opportunities and Challenges of Medical Dermatology Service Market in Singapore

With the change of aesthetic perception, people in Singapore become more interested in medical dermatology services. In addition, in suburb areas, such as Jurong, Tampines, Serangoon and Holland Village, limited medical resources cannot meet the increasing medical demand, which has created an enormous growing opportunity for the medical dermatology service industry. Furthermore, with technical innovation, many novel medical technology and products can be used to improve the quality of medical service, which will in turn stimulate the demand for treatment. In general, the medical dermatology service market in Singapore is still relatively fragmented and highly competitive. The existing market players may face multi-aspect challenges, including new entrants, limited medical talents, increasing cost (such as rental cost, labor cost and cost of medical equipment and medical products) and strict industry regulations. Players with good reputation and excellent dermatologists can become more competitive in the market, and any complaints from clients or medical lawsuits may impair the reputation and business of players in the medical dermatology service industry.

Cost Analysis of Medical Dermatology Service Market in Singapore

In Singapore, the cost of medical dermatology service providers includes fixed cost and variable cost. Fixed cost is composed of rental cost and medical equipment cost for technological enhancement. Rental cost of medical dermatology service providers will grow steadily in future because of the gap between rapid increased demand for medical dermatology services in Singapore and limited supply of venue. During 2012 to 2016, average monthly rental fee per square feet for medical dermatology venue in Singapore has increased from S\$14.7 to S\$15.4, with a CAGR of 1.2%, and is projected to reach S\$15.9 in 2021. Medical equipment cost will grow as well due to application of novel medical equipment and medical technology in dermatology. No historical and forecasted data of medical equipment cost of the medical dermatology service industry is available since (i) there are large variety of medical equipment with difference price therefore no average cost available; and (ii) different medical dermatology institutions have different choices to procure medical equipment. Variable cost mainly includes wage cost and is projected to grow in future as the gap between rapid increased demand for medical dermatology services in Singapore and limited supply of medical dermatology talents. During the period between 2012 and 2016, the average annual wage of dermatologists in Singapore has grown from S\$148,400 to S\$180,000, with a CAGR of 4.9%, and is estimated to reach S\$217,100 in 2021.

Competitive Advantages

Our competitive advantages include the followings:

- **One of the leading private dermatology specialty clinics in Singapore:** Among all the players in the Singapore private dermatology specialty clinics market, our Group ranked first in terms of revenue of medical dermatology service, accounting for 10.7% of the market in 2016, which established the leading market position in Singapore private dermatology specialty clinics market.
- **One of the trustworthy, reliable and quality dermatology service providers:** Our Group has three Clinics with strategic locations at East Coast, Orchard and Raffles Place, all of which are conveniently and easily accessible by public transport. Each Clinic has well-designed decoration and enthusiastic medical staff, which creates a welcoming and soothing atmosphere for clients. In addition, our high-quality client-oriented services enhances the brand awareness and reputation.
- **Professionalism in the delivery of medical dermatology service:** We are led by registered dermatologists to provide medical dermatology service, including consultation, prescription and dispensation, and treatment. We also have a strong paediatric dermatological practice to offer medical service for children. Furthermore, currently, our Group is the only private Mohs Surgery centre for skin cancer in South East Asia. With the popularity of medical tourism, our Group will meet the mid-to-high end medical demand in Southeast Asian countries in the near future.
- **Experienced and dedicated medical and management team:** Our medical and management team is highly experienced and dedicated, and has good capabilities of communication, cooperation and execution. In addition, the three founders of our Group are professional dermatologists with good reputation in the industry, which may raise the our brand image among the public, and attract potential clients as well.

INDUSTRY OVERVIEW

OVERVIEW OF MEDICAL AESTHETIC SERVICE MARKET IN SINGAPORE

Competitive Landscape of Medical Aesthetic Service Market in Singapore

During the period between 2012 and 2016, the total medical aesthetics service market in Singapore has increased from S\$123.7 million to S\$200.0 million, with a CAGR of 12.8%. Due to the increasing awareness and medical demand for aesthetic service in Singapore, the medical aesthetic service market is forecasted to reach S\$339.7 million in 2021, with a CAGR of 11.2% starting from 2016. In Singapore, the medical aesthetic service market is slightly decentralized. The top 5 market players, Company E, Company F, Company G, Company H and Company I accounted for 5.8%, 5.1%, 3.8%, 2.7% and 2.4% of the total market share in 2016, respectively.

Entry Barriers of Medical Aesthetic Service Market in Singapore

- **Trained medical talents:** In Singapore, medical aesthetic services are highly specialized. In order to attract consumers for treatment, medical aesthetic institutions need to have a team of trained medical talents to improve quality of service. Therefore, new entrants should recruit trained medical talents to provide medical aesthetic services.
- **Adequate funds:** As for medical aesthetic service providers, abundant capital is quite important since the equipment and some advanced devices are very expensive, and new entrants need adequate funds to purchase cutting-edge equipment. In addition, the salary of trained medical talents are usually high, and market players need to employ excellent medical talents to ensure the quality of medical aesthetic services.
- **Good reputation:** The service providers in medical aesthetic industry significantly rely on reputation. In Singapore, any dissatisfaction from the clients in connection with the results of services provided may result in potential lawsuits or negative publicity against the service providers. Therefore, medical talents' expertise, experience, reputation and network in the medical aesthetic services industry are quite important for gaining customers' trust.

Future Opportunities of Medical Aesthetic Service Market in Singapore

- **More demands for medical aesthetic services:** In Singapore, due to rising living standards of Singapore, both female and male consumers are expected to pay more attention to appearance, and they are willing to spend more on products and services that help them to maintain youth, beauty and health. Therefore, medical aesthetic service demands in Singapore will keep growing.
- **Technical innovation:** With the continuous development of the medical aesthetic service market, fierce competition is expected to drive more leading market players and pioneers to devote to the innovation on new medical aesthetic products, procedures and equipment. The continuous technical innovation will not only drive the increase of level of expertise of the medical aesthetic industry, but also stimulate the growth of market demand.
- **Industry consolidation:** The consolidation among market players in Singapore is expected to accelerate along with the medical aesthetic industry getting more mature. Leading market players, with technological superiority, brand strength, and customer resource advantages, are expected to experience rapid expansion in the near future, and middle to small scale players are expected to withdraw from the market.

Threats and Challenges of Medical Aesthetic Service Market in Singapore

In the next few years, more people in Singapore will tend to pay more attention to their appearance and receive medical aesthetic services to preserve their youth, which may promote the development of medical aesthetic service market. Therefore, more new players will attempt to enter this market, and existing market players may be confronted multi-aspect competition, such as professionalism, medical services and brand image. In order to attract more customers, players will introduce advanced technology as well as medical talents, and improve the quality of medical services to reduce medical incidents, which may enhance their competitiveness in the medical aesthetic service market.

REGULATORY OVERVIEW

SINGAPORE REGULATORY OVERVIEW

Our business operations are subject to various laws, rules, regulations and policies in Singapore where we operate. This section summarises material aspects of Singapore laws, rules, regulations and policies which are relevant to our Group's operation and business.

As at the Latest Practicable Date, our Directors believed that save as disclosed in the section headed "Business — Licences, regulatory compliance and proceeding — Licenses" of this prospectus, we did not require any other material licences, registrations, permits or approvals in respect of our operations and that we were not in breach of any laws or regulations applicable to our business operations that would materially affect our business operations.

Private Hospitals and Medical Clinics Act, Chapter 248 of Singapore (the "Private Hospitals and Medical Clinics Act")

Private hospitals, medical clinics, clinical laboratories and healthcare establishments in Singapore are regulated by the Private Hospitals and Medical Clinics Act and relevant subsidiary legislation, primarily the Private Hospitals and Medical Clinics Regulations and the Private Hospitals and Medical Clinics (Publicity) Regulations.

Section 5 of the Private Hospitals and Medical Clinics Act requires that a licence issued by the DMS be obtained before any premises or conveyance is used as a private hospital, medical clinic, clinical laboratory or healthcare establishment.

In determining whether to issue or refuse to issue a licence, the DMS shall have regard to, among others, the following:

- (a) the character and fitness of the applicant to be issued with a licence or, where the applicant is a body corporate, the character and fitness of the members of the board of directors or committee or board of trustees or other governing body of the body corporate;
- (b) the ability of the applicant to operate and maintain a private hospital, medical clinic, clinical laboratory or healthcare establishment, as the case may be, in accordance with the prescribed standards;
- (c) the suitability of the premises or conveyance (including the facilities and equipment therein) to be licensed for use as a private hospital, medical clinic, clinical laboratory or healthcare establishment, as the case may be; and
- (d) the adequacy of the nursing and other staff that are to be employed at the premises or conveyance to be licensed.

The DMS may, at any time, vary or revoke existing terms and conditions imposed under subsisting licences or impose new terms and conditions. The licence may also be suspended or revoked if there is, amongst others, a breach of any of the provisions of the Private Hospitals and Medical Clinics Act. If a private hospital, medical clinic, clinical laboratory or healthcare establishment is not licensed or is used

REGULATORY OVERVIEW

otherwise than in accordance with the terms and conditions of its licence, every person having the management or control thereof shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding two years or to both.

All our Clinics in Singapore hold the necessary licences issued by the DMS. As at the Latest Practicable Date, none of such licences had been suspended or revoked.

Private Hospitals and Medical Clinics Regulations

In addition, pursuant to Regulation 37 of the Private Hospitals and Medical Clinics Regulations, where the licensee of a medical clinic intends to establish any special care service specified in the Third Schedule of the Private Hospitals and Medical Clinics Regulations, he shall obtain the prior approval of the DMS. All surgical operations or endoscopic treatment, other than those which would normally be carried out by a medical practitioner or a dentist in his consultation room, shall be performed in an operating theatre.

Where a medical clinic provides laboratory or radiology services, the licensee has to ensure that the medical clinic is provided with adequate and appropriate equipment for the service to be carried out accurately and safely, and that the laboratory is staffed by at least one person trained in the disciplines he is licensed to practice. The licensee of a clinical laboratory is also to ensure that there is an effective and documented quality control programme, and medical clinics which provide specialised diagnostic radiology are to establish one or more quality assurance committees.

Every licensee of a private hospital, medical clinic or healthcare establishment shall keep and maintain proper medical records. Licensees are required under Regulation 12 of the Private Hospitals and Medical Clinics Regulations to take all reasonable steps, including implementing such processes as are necessary, to ensure that the medical records are as accurate, complete and up-to-date as are necessary for the purposes for which they are to be used, and to implement adequate safeguards (whether administrative, technical or physical) to protect the medical records against accidental or unlawful loss, modification or destruction, or unauthorised access, disclosure, copying, use or modification. Licensees are also required to periodically monitor and evaluate the safeguards to ensure that they are effectively being complied with by the persons involved in handling the medical records. In addition, reasonable care should be taken in the disposal or destruction of the medical records so as to prevent unauthorised access to the records. As at the Latest Practicable Date, our Directors believe that we are in compliance with Regulation 12 of the Private Hospitals and Medical Clinics Regulations.

The person managing a private hospital, medical clinic, clinical laboratory or healthcare establishment must be a medical practitioner, have the specified qualifications, or be a qualified person approved by the DMS, respectively. Any changes in the appointment of any person as the manager or deputy manager of a licensee of a private hospital, medical clinic or clinical laboratory or any intention by a licensee to cease operating or to let, sell or in any way dispose of a private hospital, medical clinic, clinical laboratory or healthcare establishment shall require notification to be made to the DMS. The relevant Doctor managing our Clinics is as follows:

- (a) For our East Coast Clinic — Dr. Loh
- (b) For our Orchard Clinic — Dr. Ee

REGULATORY OVERVIEW

- (c) For our Raffles Place Clinic — Dr. Kwah

For our new “Family and Skin” Clinics, any one of the Doctors will be the managing person of each new “Family and Skin” Clinic.

As at the Latest Practicable Date, our Directors believed that we were in compliance with the requirements under the Private Hospitals and Medical Clinics Regulations.

Private Hospitals and Medical Clinics (Publicity) Regulations

The publicity of healthcare institutions is regulated under the Private Hospitals and Medical Clinics (Publicity) Regulations.

Regulation 4 of the Private Hospitals and Medical Clinics (Publicity) Regulations provides that a licensee of a healthcare institution, defined as private hospitals, medical clinics, clinical laboratories and healthcare establishments, shall ensure that any publicity of the services of the healthcare institution conducted by him or any other person on his behalf in Singapore complies with the following requirements:

- (a) the information contained in the publicity must be factually accurate and capable of being substantiated, and must not be exaggerated, false, misleading or deceptive;
- (b) the publicity must not be offensive, ostentatious or in bad taste such as to undermine the honour and dignity of the medical, dental or nursing profession;
- (c) the publicity must not contain any information that implies that the healthcare institution can obtain results from treatment not achievable by other healthcare institutions or create an unjustified expectation from the treatment provided, or compares and contrasts the quality of the services of the healthcare institution with those provided by other healthcare institutions or deprecate the services of other healthcare institutions;
- (d) the publicity must not contain any laudatory statements (including statements of prominence or uniqueness) or superlatives to describe the services of the healthcare institution;
- (e) the information contained in the publicity must not contain any testimonial or endorsement of the services, including the services of any employee of the healthcare institution; and
- (f) the publicity must not provide information to the public in such a manner as to amount to soliciting or encouraging the use of the services provided by or at any healthcare institution.

The licensee of a healthcare institution shall also ensure that any publicity of the services of the healthcare institution appears only in newspapers, directories, medical journals, magazines, brochures, leaflets, pamphlets and the Internet. Where the publicity of the services of a healthcare institution appears on the Internet, the licensee of the healthcare institution shall ensure that the Internet is not used for patient consultation with any employee of the healthcare institution if the patient is not an existing patient of the healthcare institution. Where the publicity of the services of a healthcare institution appears in brochures, leaflets or pamphlets, the licensee of the healthcare institution shall ensure that the brochures, leaflets or pamphlets contain the date of publication.

REGULATORY OVERVIEW

As at the Latest Practicable Date, our Directors believed that we were in compliance with the requirements under the Private Hospitals and Medical Clinics (Publicity) Regulations.

Medical Registration Act, Chapter 174 of Singapore (the “Medical Registration Act”)

The Medical Registration Act provides for, among others, the establishment of the SMC and the registration of medical practitioners in Singapore.

Some of the important functions of SMC are:

- (a) to keep and maintain registers of registered medical practitioners;
- (b) to approve or reject applications for registration under the Medical Registration Act or to approve any such application subject to such restrictions as it may think fit;
- (c) to issue practising certificates to registered medical practitioners;
- (d) to make recommendations to the appropriate authorities for the training and education of registered medical practitioners; and
- (e) to determine and regulate the conduct and ethics of registered medical practitioners.

Section 13 of the Medical Registration Act further provides that no person shall practice as a medical practitioner or do any act as a medical practitioner unless he is registered under the Medical Registration Act and has a valid practising certificate. Any person who is not qualified and, among others, (a) practises medicine; (b) wilfully and falsely pretends to be a duly qualified medical practitioner; (c) practises medicine or any branch of medicine under the style or title of physician, surgeon or doctor; or (d) advertises or holds himself out as a medical practitioner, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000 or to imprisonment for a term not exceeding 12 months or to both. In the case of a second or subsequent conviction, a fine not exceeding S\$200,000 or imprisonment for a term not exceeding two years or both will be imposed.

As at the Latest Practicable Date, all of our Doctors were registered with the SMC and held valid practising certificates.

Radiation Protection Act, Chapter 262 of Singapore (the “Radiation Protection Act”) and the Radiation Protection (Ionising Radiation) Regulations (the “Radiation Protection Regulations”)

The Radiation Protection Act regulates, among others, the import, export, manufacture, sale, disposal, transport, storage, use and possession of radioactive materials and irradiating apparatus. Sections 5 and 6 of the Radiation Protection Act provide that no person shall, except under and in accordance with a licence:

- (a) import into, or export out of, Singapore any radioactive material;
- (b) keep, have in his possession or under his control, or use any radioactive material;
- (c) manufacture, sell or otherwise deal in any radioactive material;

REGULATORY OVERVIEW

- (d) transport any radioactive material;
- (e) import into, or export out of, Singapore any irradiating apparatus;
- (f) keep, have in his possession or under his control, or use any irradiating apparatus;
- (g) manufacture, or otherwise produce, any irradiating apparatus; or
- (h) sell, deal with or otherwise deal in any irradiating apparatus.

Any person who contravenes subsection (a) to (h) above shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000 or to imprisonment for a term not exceeding five years or to both.

The Radiation Protection Act also provides that:

- (i) every person who sells any irradiating apparatus shall immediately give notice of the sale to the Director-General of Environmental Protection (“**Director-General**”), together with the name, address and prescribed particulars of the person to whom it was sold, in such form and manner as may be prescribed;
- (ii) every person who purchases any irradiating apparatus shall immediately give notice of the purchase to the Director-General, together with the name, address and prescribed particulars of the person from whom it was purchased, in such form and manner as may be prescribed; and
- (iii) no person shall dispose of any irradiating apparatus, whether in a working condition or otherwise, without the prior approval in writing of the Director-General.

Any person who contravenes subsection (i) to (iii) above shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$50,000 or to imprisonment for a term not exceeding twelve months or to both.

The Radiation Protection Regulations provide for, among others, the various purposes a licence can be granted for, the control of radiation exposure, medical and radiological supervision, labelling of irradiating apparatus and radioactive materials, storage of radioactive materials and the use of irradiating apparatus for medical, dental and veterinary diagnostic purposes.

Certain of our Clinics utilise radioactive materials and/or irradiating apparatus and are subject to the Radiation Protect Act and Radiation Protection Regulations. As at the Latest Practicable Date, we held the necessary licences issued by the NEA.

Nurses and Midwives Act, Chapter 209 of Singapore (the “Nurses and Midwives Act”)

The Nurses and Midwives Act provides for, among others, the establishment of the Singapore Nursing Board and the registration of nurses in Singapore as well as other related matters.

REGULATORY OVERVIEW

Some of the important functions of the Singapore Nursing Board are:

- (a) to approve or reject applications for registration and enrolment of nurses and for registration of midwives;
- (b) to issue practising certificates;
- (c) to regulate standards for the training and education of, among others, registered nurses and enrolled nurses; and
- (d) to regulate the professional conduct and ethics of, among others, registered nurses and enrolled nurses.

Section 28 of the Nurses and Midwives Act provides that no person shall employ or engage a person who is not a qualified nurse to carry out any act of nursing. An act of nursing includes (i) the observation, care and counsel of the ill, injured or infirm, (ii) the maintenance of health or prevention of illness of others or (iii) the supervision or teaching of nursing. A qualified nurse is defined as a registered or enrolled nurse who holds a valid practising certificate authorising him to practice nursing. Any person who contravenes Section 28 as above shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 and, in the case of a second or subsequent conviction, to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding six months or to both. In any proceeding for such an offence, it shall be a defence for a defendant to prove that (a) he did not know that the person concerned was not a qualified nurse; and (b) he had exercised due diligence to ascertain if that person was a qualified nurse.

As at the Latest Practicable Date, we had one nurse registered with the Singapore Nursing Board and who held a valid practising certificate.

Medicines Act, Chapter 176 of Singapore (the “Medicines Act”)

The Medicines Act stipulates, among others, general provisions for the manufacturing of and dealing in medicinal products, the considerations of the licensing authority for granting licences, including wholesale dealer’s licences, regulation of pharmacies, the labelling of medicines, the packaging of medicines and the content of materials advertising and/or promoting the sale of medical products.

Save as provided for in the Medicines Act, all persons and corporations must obtain licences to sell, supply, export, procure the sale of, procure the supply or exportation of, procure the manufacture or assembly for sale, supply or exportation of, or import any medicinal product.

The MOH has also set forth regulations that prescribe the conditions and requirements to be complied by a person carrying on a retail pharmacy business.

Any person who contravenes the aforesaid provisions in relation to, among others, the dealing, manufacture and wholesale dealing of medicinal products shall be guilty of an offence. The licensing authority also has the right to revoke a licence as it deems appropriate.

REGULATORY OVERVIEW

Ancillary laws and regulations

The operation of our healthcare business and clinics in Singapore is also subject to other ancillary laws and regulations, including:

- (a) Guidelines on Aesthetic Practices for Doctors, which includes guidelines on the types of treatments which certain specialists such as Dermatologists can perform;
- (b) the Poisons Act, which regulates and licences the importation, possession, manufacture, compounding, storage, transport and sale of poisons;
- (c) the Sale of Drugs Act, which makes provisions for the sale of drugs in a pure state so that consumers are supplied with the quantity and quality of drugs demanded by them, explicitly or implicitly;
- (d) the Health Products Act, which regulates the manufacture, import, supply, presentation and advertisement of health products and of active ingredients used in the manufacture of health products;
- (e) the Pharmacists Registration Act, which stipulates the qualification requirements and application processes for registration of pharmacists, and regulates the practice of pharmacy in Singapore; and
- (f) the Infectious Diseases Act, which relates to the quarantine and the prevention of infectious diseases.

Singapore Medical Council Ethical Code and Ethical Guidelines 2016 (“SMC Ethical Code” and “SMC Ethical Guidelines 2016”)

The SMC Ethical Code sets out the fundamental tenets of conduct and behaviour expected of doctors practising in Singapore. Under the SMC Ethical Code, a doctor is generally expected, among others to:

- (a) be dedicated to providing competent, compassionate and appropriate medical care to patients;
- (b) provide access to and treat patients without prejudice of race, religion, creed, social standing, disability or financial status;
- (c) maintain the highest standards of moral integrity and intellectual honesty;
- (d) keep confidential all medical information about patients; and
- (e) keep abreast of medical knowledge relevant to practice and ensure that clinical and technical skills are maintained.

REGULATORY OVERVIEW

The SMC Ethical Guidelines 2016 elaborate on the application of the SMC Ethical Code and are intended as a guide to all medical practitioners as to what SMC regards as the minimum standards required of all practitioners in the discharge of their professional duties and responsibilities in the context of practice in Singapore. Some of the relevant guidelines provided are:

- (a) doctors who have any financial or professional relationship with organisations offering medical services have responsibility for the organisation's standard of information output about themselves and must therefore acquaint themselves with the nature and content of the organisation's information output as well as their press and media output; and
- (b) doctors may provide information about their qualifications, areas of practice, practice arrangements and contact details. Such information, where permitted, shall be factual, accurate, verifiable and shall not be an extravagant claim, misleading, sensational, persuasive, laudatory, comparative or disparaging.

Environmental Public Health (Toxic Industrial Waste) Regulations (“Environmental Public Health Regulations”)

The handling, transportation, treatment and disposal of toxic industrial waste in Singapore are controlled under the Environmental Public Health Regulations. A list of controlled toxic industrial wastes can be found in the schedule of the regulations and includes, among others, (i) pharmaceutical wastes comprising antineoplastic agents, antibiotics, vaccines and other immunological products, controlled drugs under the Misuse of Drugs Act, Chapter 185 of Singapore and pharmaceutical wastes containing arsenics, cyanides and heavy metals and their salts and (ii) pathogenic wastes from healthcare and research institutions, clinics and laboratories.

Under the Environmental Public Health Regulations, all toxic industrial waste collectors must be licensed. Licences for the collection of toxic waste will be issued on the condition that:—

- (a) the toxic waste treatment, storage and disposal facility owned by the collector is located in a suitable industrial area outside water catchment;
- (b) the types and quantities of toxic wastes are commensurate with the treatment process and disposal facilities;
- (c) adequate measures such as containment areas, leak detection and warning devices, proper emergency action plans, neutralising agents, handling gear, absorbent material, etc. are provided to prevent and mitigate any accidental release of the toxic wastes; and
- (d) the incinerator complies with the NEA's Guidelines for a Special Waste Incinerators.

Further, holders of toxic waste collector's licences are required to keep records of toxic wastes they collect, store, treat and dispose of. Storage, process, treatment and disposal of toxic wastes must only take place at approved premises and in accordance with standards and practices acceptable to the NEA. Licensees are also required to submit an emergency response plan for dealing with any accidental release of toxic wastes if large quantities of wastes are stored in their premises. The transport of toxic industrial waste in quantities exceeding those stipulated in the schedule requires a separate transport approval.

REGULATORY OVERVIEW

The handling, transportation, treatment and disposal of our waste is outsourced to a licensed independent service provider.

Workplace Safety and Health Act, Chapter 354A of Singapore (the “Workplace Safety and Health Act”) and Workplace Safety and Health Guidelines — Healthcare, 2015 Revised Edition (“Workplace Safety and Health Guidelines 2015”)

Workplace Safety Compliance

The Workplace Safety and Health Act provides that every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include (i) providing and maintaining for employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, (ii) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, (iii) ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, (iv) developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and (v) ensuring that the employees at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

Under the Workplace Safety and Health Act, the Commissioner for Workplace Safety and Health (“**Commissioner**”) may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or articles in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of the persons at work, (ii) any person has contravened any duty imposed by the Workplace Safety and Health Act or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the Commissioner, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The remedial order will direct the person served with the order to take such measures, to the satisfaction of the Commissioner, to, amongst others, remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, while the stop-work order will direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the Commissioner have been taken to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The Workplace Safety and Health Guidelines 2015 supplement the Workplace Safety and Health Act with specific requirements targeted at ensuring the proper management of workplace safety and health risks in healthcare facilities. Each healthcare facility is expected to have in place some form of safety and health management system that covers the safety, health and wellbeing of all employees in the workplace. Such safety and health management system should include, among others, the following:

- (a) a workplace safety and health policy;
- (b) a plan with clear objectives and standards;

REGULATORY OVERVIEW

- (c) established procedures for the identification of hazards, assessment of risks, and implementation of necessary control measures;
- (d) record keeping and notifications (includes incidents, accidents and dangerous occurrences, illnesses, risk assessments and training records);
- (e) emergency response plans (includes fires, chemical spills, airborne release of hazardous substances and natural disaster emergencies, etc.);
- (f) regular review of the workplace safety and health programmes;
- (g) management of change through modification or introduction of new work methods, materials, processes or machinery;
- (h) exposure monitoring (includes monitoring of workplace levels of chemical, noise hazards and/or medical surveillance and action plans);
- (i) preventive maintenance programmes (includes critical equipment and systems);
- (j) workplace safety and health training for employees (includes induction and periodic training and assessment for competency);
- (k) regular workplace safety and health inspections or workplace visits; and
- (l) management of contractual, outsourced and insourced work, medical students, temporary staff and volunteer work.

Environmental Compliance

The Workplace Safety and Health Guidelines 2015 require that the management of all healthcare facilities develop a hazardous waste management programme suitable for the size of the facility and the types of waste generated. Such a programme should form part of the relevant healthcare facility's safety and health management system. Each healthcare facility's management is also expected to appoint person(s) within each facility to be responsible for maintenance and management of waste transfer and the disposal documentation on the generation, collection, treatment and safe disposal of hazardous waste, in accordance with the Singapore Standard CP100: 2004 Practice for Hazardous Waste Management.

Personal Data Protection Act 2012 (No. 26 of 2012) (the "Personal Data Protection Act")

Singapore's Personal Data Protection Act governs the collection, use and disclosure of individuals' personal data by organisations. An organisation is required to comply with the following obligations:

- (a) obtain the consent of the individual before collecting, using or disclosing his personal data, save in situations required and authorised under the Personal Data Protection Act or any other written law;
- (b) may collect, use or disclose personal data about an individual only for purposes that a reasonable person would consider appropriate in the circumstances and, if applicable, have been notified to the individual concerned;

REGULATORY OVERVIEW

- (c) notify the individual of the purpose(s) for which it intends to collect, use or disclose the individual's personal data on or before such collection, use or disclosure of the personal data;
- (d) upon request, (i) provide an individual with his or her personal data in the possession or under the control of the organisation and information about the ways in which the personal data may have been used or disclosed during the past year; and (ii) correct an error or omission in an individual's personal data that is in the possession or under the control of the organisation;
- (e) make a reasonable effort to ensure that personal data collected by or on behalf of the organisation is accurate and complete if the personal data is likely to be used by the organisation to make a decision that affects the individual concerned or disclosed by the organisation to another organisation;
- (f) protect personal data in its possession or under its control by making reasonable security arrangements to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks;
- (g) cease to retain documents containing personal data, or remove the means by which the personal data can be associated with particular individuals as soon as it is reasonable to assume that (i) the purpose for which the personal data was collected is no longer being served by retention of the personal data; and (ii) retention is no longer necessary for legal or business purposes;
- (h) not transfer personal data to a country or territory outside Singapore except in accordance with the requirements prescribed under Singapore's Personal Data Protection Act; and
- (i) develop and implement the necessary policies and practices in order to meet its obligations under Singapore's Personal Data Protection Act and make information about its policies and practices available on request.

If an organisation is found to be in breach of the Singapore's Personal Data Protection Act, the Personal Data Protection Commission may require the organisation to (i) stop collecting, using or disclosing personal data in contravention of the Singapore's Personal Data Protection Act; (ii) destroy personal data collected in contravention of the Singapore's Personal Data Protection Act; (iii) provide access to or correct the personal data; and/or (iv) pay a financial penalty of an amount not exceeding S\$1,000,000.

Employment Act, Chapter 91 of Singapore (“Employment Act”)

The Employment Act of Singapore is administered by the Ministry of Manpower and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the Employment Act (“**Relevant Employees**”). In particular, Part IV of the Employment Act sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S\$2,500 a month and employees (other than workmen) who receive salaries not exceeding S\$2,500 a month. Section 38(8) of the Employment Act provides that a Relevant Employee is not allowed to work for more than 12 hours in any one day except

REGULATORY OVERVIEW

in specified circumstances, such as where the work is essential to the life of the community, defense or security. In addition, Section 38(5) of the Employment Act limits the extent of overtime work that a Relevant Employee can perform to 72 hours a month.

Employees must seek the prior approval of the Commissioner for Labour for an exemption if they require a Relevant Employee or class of Relevant Employees to work more than 12 hours a day or work overtime for more than 72 hours a month. The Commissioner for Labour may, after considering the operational needs of the employer and the health and safety of the Relevant Employee or class of Relevant Employees, by order in writing exempt such Relevant Employees from the overtime limits subject to such conditions as the Commissioner for Labour thinks fit. Where such exemptions have been granted, the employer must display the order or a copy thereof conspicuously in the place where such employees are employed.

Central Provident Fund Act, Chapter 36 of Singapore (“CPF Act”)

The Central Provident Fund (“CPF”) system is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to the CPF Act, an employer is obliged to make CPF contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore under a contract of service (save for employees who are employed as a master, a seaman or an apprentice in any vessel, subject to an exception for non-exempted owners). CPF contributions are not applicable for foreigners who hold employment passes, S Passes or work permits.

CPF contributions are required for both ordinary wages and additional wages (subject to a yearly additional wage ceiling) of employees at the applicable prescribed rates which is dependent on, among others, the amount of monthly wages and the age of the employee. An employer must pay both the employer’s and employee’s share of the monthly CPF contribution. However, an employer can recover the employee’s share of CPF contributions by deducting it from their wages when the contributions are paid for that month.

HISTORY AND DEVELOPMENT

Dr. Loh, Dr. Ee and Dr. Kwah have known each other for more than 10 years, beginning when they were practising at NSC. In 2013, the three executive Directors decided to come together to form the “Dermatology and Surgery” clinics and they began to implement their vision and strategy to grow and expand the business. The executive Directors believed that their collaboration would allow them to corporatise the business quickly and that it would also allow them to focus the branding of our Group and institutionalise the medical practice instead of relying on individual Doctors and their personal reputation. This is reflected in the growing trend of the revenue of the three executive Directors since the commencement of business of our Group. Particularly, with the coming together of our three executive Directors, the combined customer network would become stronger than the sum of the parts and the same brand was marketed at three different locations at East Coast, Orchard Road and Raffles Place. With a bigger market share, our executive Directors believed that our Group would enjoy economies of scale and be in a better negotiating position with suppliers and benefit from industry recognition among our Corporate Customers. It was intended that the different sub-specialties of our executive Directors would allow us to attract and manage patients with a wide range of dermatological conditions without the need to refer them to other specialists. Our Clinics would subsequently also be able to develop and sell our own brand of products to our combined customer network. Part of our vision was to consistently upgrade and professionalise our support services (such as procurement, patient management, accounting and administration) with various technologies. Ultimately, our executive Directors aimed to be a comprehensive medical and surgical service provider for all customer groups in the field of dermatology.

Accordingly, in September 2013 Dr. Loh established our East Coast Clinic, and it commenced operations in November 2013. Our East Coast Clinic was established to target and serve the suburban customer base. When operations first began, our East Coast Clinic provided dermatological and surgical services which we continued to provide as at the Latest Practicable Date.

In January 2014, we incorporated D&S Clinic (Orchard), our Orchard Clinic, and it commenced operations in May 2014. Our Orchard Clinic was located in the premier and popular shopping area in Singapore, with the intent to establish it as the central treatment centre of our Group. With that in mind, our Orchard Clinic is fitted with day surgery facilities and is equipped with various comprehensive devices to deal with complex skin diseases and conditions.

In February 2014, we incorporated D&S Clinic (Shenton), our Raffles Place Clinic, and it commenced operations in May 2014. We located our Raffles Place Clinic in the central business district of Singapore with the primary intent to provide convenient and accessible dermatological and surgical services to our corporate white-collar executive customers.

The establishment of our existing Clinics were funded by funds from Dr. Loh, Dr. Ee and Dr. Kwah. During the period from the commencement of operations of our three Clinics to the Latest Practicable Date, we had focused our resources in growing the practice of our Group, and institutionalising our business as well as growing and strengthening the branding, reputation and capabilities of our three Clinics with the aim of becoming a one-stop comprehensive medical and surgical service provider for all client groups in the field of dermatology.

HISTORY, REORGANISATION AND DEVELOPMENT

The following table sets forth a summary of the key milestones in the development of our Group up to the Latest Practicable Date:

Year	Event
2013	D&S Clinic, our East Coast Clinic, was incorporated in September 2013 and began operations in November 2013. Our East Coast Clinic primarily provides Consultation Service and Prescription and Dispensing Service, as well as certain minimally invasive and non-invasive treatments.
2014	D&S Clinic (Orchard), our Orchard Clinic was incorporated in January 2014 and commenced operations in May 2014 in the premier and popular shopping area in Singapore as central treatment centre of our Group. Our Orchard Clinic has the largest floor area of our three Clinics, measuring approximately 1,346 square feet. Our Orchard Clinic has two treatment rooms and is equipped with comprehensive devices to treat complex skin diseases/conditions.
2014	D&S Clinic (Shenton), our Raffles Place Clinic, was incorporated in February 2014 and began operations in May 2014, in the central business district of Singapore with the primary intent to provide convenient and accessible dermatological and surgical services to our Corporate Customers.
2014	Our Orchard Clinic commenced provision of Mohs micrographic surgery treatments in September 2014.
2015	Our Orchard Clinic commenced provision of Exilis radiofrequency tightening treatment in April 2015.
2016	We introduced our in-house brand of skincare products under the “D&S” name.
2017	From a team of three dermatologists, we have expanded our professional team to include one additional dermatologist and two General Practitioners

As at the Latest Practicable Date, our professional team comprised four resident Doctors, two General Practitioners, six trained therapists, one laboratory technician and five clinic executives, serving our customers at three Clinics. At our three existing Clinics, we have a total of four consultation rooms, four treatment rooms and one day surgery centre. As part of our expansion plan, we intend to further recruit two resident dermatologists by the end of 2017.

HISTORY, REORGANISATION AND DEVELOPMENT

OUR CORPORATE HISTORY

The following sets forth the corporate development of each member of our Group since their respective dates of incorporation.

Our Company

Our Company was incorporated in the Cayman Islands on 22 March 2017 and, as part of the Reorganisation, became the holding company of our subsidiaries. On its incorporation, the initial one nil-paid subscriber Share was allotted and issued to our initial subscriber. On the same day, the said initial one nil-paid subscriber Share was transferred to Brisk Success at the direction of Dr. Loh, Dr. Ee and Dr. Kwah, nil paid.

On 11 May 2017, as part of the Reorganisation, our Company allotted and issued (i) 89 Shares to Brisk Success (at the direction of Dr. Loh, Dr. Ee and Dr. Kwah) credited as fully-paid as part of the consideration for the transfer by Dr. Loh, Dr. Ee and Dr. Kwah of their 90% shareholding interests in Unified Front to our Company and credited as fully paid the initial one nil-paid Share held by Brisk Success and (ii) 10 Shares to the Pre-IPO Investor credited as fully paid as part of the consideration for the transfer by the Pre-IPO Investor of its 10% shareholding interest in Unified Front to our Company. Following the Reorganisation, but before the Share Offer and Capitalisation Issue (without taking into account any Shares to be allotted and issued upon the exercise of options which may be granted pursuant to the Share Option Scheme), the entire issued share capital of our Company was held as to 90% by Brisk Success and 10% by the Pre-IPO Investor.

Our Company had an authorised issued share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each and an issued share capital of HK\$1.00 divided into 100 shares of HK\$0.01 each as at the Latest Practicable Date. As at the Latest Practicable Date, our Company was the holding company of our subsidiaries.

Brisk Success

Brisk Success was incorporated in BVI on 23 November 2016. On incorporation, Brisk Success was authorised to issue a maximum of 50,000 no par value shares of a single class and had issued 99 no par value shares of which 33 shares of Brisk Success were allotted and issued to each of Dr. Loh, Dr. Ee and Dr. Kwah for cash at US\$99 in total, respectively. As a result, Brisk Success was owned by each of Dr. Loh, Dr. Ee and Dr. Kwah as initial subscribers in equal shares.

Unified Front

Unified Front was incorporated in the BVI on 8 December 2016. Unified Front is authorised to issue a maximum of 50,000 no par value shares of a single class. On 1 February 2017, Brisk Success subscribed and paid for 81 shares at a consideration of US\$81 in total. As a result, Unified Front was owned 100% by Brisk Success with 81 shares in issue.

HISTORY, REORGANISATION AND DEVELOPMENT

On 27 March 2017, as part of the Reorganisation, each of Dr. Loh, Dr. Ee and Dr. Kwah transferred the entire issued and paid-up share capital of each of D&S Clinic, D&S Clinic (Orchard) and D&S Clinic (Shenton) to Unified Front in consideration of Unified Front allotting and issuing in aggregate nine shares in Unified Front credited as fully paid to Brisk Success, at the directions of Dr. Loh, Dr. Ee and Dr. Kwah, respectively.

On 18 April 2017, pursuant to the Pre-IPO Subscription Agreement, 10 Shares of Unified Front were allotted and issued to the Pre-IPO Investor for cash consideration of HK\$12,000,000.

On 11 May 2017, as part of the Reorganisation, Brisk Success and the Pre-IPO Investor transferred their entire shareholding interest in Unified Front to our Company in consideration of our Company (i) allotting and issuing 89 and 10 Shares to Brisk Success and the Pre-IPO Investor, respectively credited as fully paid and (ii) crediting as fully paid the initial one nil-paid share held by Brisk Success. As at the Latest Practicable Date, our Company held all the issued shares of Unified Front.

East Coast Clinic

D&S Clinic was incorporated as a private company limited by shares on 5 September 2013. On incorporation, the East Coast Clinic had an issued and paid-up share capital of S\$300, divided into 300 ordinary shares which were allotted to Dr. Loh. Dr. Ee and Dr. Kwah were thereafter allotted and issued 300 ordinary shares each in the capital of our East Coast Clinic at a consideration of S\$1 per ordinary share on 5 February 2014, increasing the paid-up share capital to S\$900, divided into 900 ordinary shares. On 26 December 2014, the 900 ordinary shares were classified into four classes of ordinary shares. Post-classification, Dr. Loh held 150 class “A” ordinary shares and 150 class “B” ordinary shares, Dr. Ee held 150 class “A” ordinary shares and 150 class “C” ordinary shares and Dr. Kwah held 150 class “A” ordinary shares and 150 class “D” ordinary shares, respectively, and each class of shares carried the same voting rights but different dividend rights.

On 27 March 2017, as part of the Reorganisation, Dr. Loh, Dr. Ee and Dr. Kwah transferred all of their shares in the capital of D&S Clinic to Unified Front, respectively, in consideration of Unified Front allotting and issuing three shares of Unified Front credited as fully paid to Brisk Success at the directions of Dr. Loh, Dr. Ee and Dr. Kwah, respectively. After the transfer of shares, a resolution was passed to classify the 900 shares in the capital of D&S Clinic as a single class of ordinary shares carrying the same voting rights and dividend rights. Following the Reorganisation and as at the Latest Practicable Date, the D&S Clinic was a wholly-owned indirect subsidiary of our Company.

Orchard Clinic

D&S Clinic (Orchard) was incorporated as a private company limited by shares on 20 January 2014. On incorporation, the Orchard Clinic had an issued and paid-up share capital of S\$300, divided into 300 ordinary shares. 100 ordinary shares in the capital of our Orchard Clinic were allotted and issued to each of Dr. Loh, Dr. Ee and Dr. Kwah as initial subscribers’ shares at a consideration of S\$1 per ordinary share, respectively. On 26 December 2014, the 300 ordinary shares were classified into four classes of ordinary shares. Post-classification, Dr. Loh held 50 class “A” ordinary shares and 50 class “B” ordinary shares, Dr. Ee held 50 class “A” ordinary shares and 50 class “C” ordinary shares and Dr. Kwah held 50 class “A” ordinary shares and class “D” ordinary shares, respectively, and each class of shares carried the same voting rights but different dividend rights.

HISTORY, REORGANISATION AND DEVELOPMENT

On 27 March 2017, as part of the Reorganisation, Dr. Loh, Dr. Ee and Dr. Kwah transferred all of their shares in the capital of D&S Clinic (Orchard) to Unified Front in consideration of Unified Front allotting and issuing three shares of Unified Front credited as fully paid to Brisk Success at the directions of Dr. Loh, Dr. Ee and Dr. Kwah. After the transfer of shares, a resolution was passed to classify the 300 shares in the capital of D&S Clinic (Orchard) as a single class of ordinary shares carrying the same voting rights and dividend rights. Following the Reorganisation and as at the Latest Practicable Date, the D&S Clinic (Orchard) was a wholly-owned indirect subsidiary of our Company.

Raffles Place Clinic

D&S Clinic (Shenton) was incorporated as a private company limited by shares on 6 February 2014. On incorporation, our Raffles Place Clinic had an issued and paid-up share capital of S\$300, divided into 300 ordinary shares. 100 ordinary shares in the capital of our Raffles Place Clinic were allotted and issued to each of Dr. Loh, Dr. Ee and Dr. Kwah as initial subscribers' shares at a consideration of S\$1 per ordinary share. On 26 December 2014, the 300 ordinary shares were classified into four classes of ordinary shares. Post-classification, Dr. Loh held 50 class "A" ordinary shares and 50 class "B" ordinary shares, Dr. Ee held 50 class "A" ordinary shares and 50 class "C" ordinary shares and Dr. Kwah held 50 class "A" ordinary shares and 50 class "D" ordinary shares, and each class of shares carried the same voting rights but different dividend rights.

On 27 March 2017, as part of the Reorganisation, Dr. Loh, Dr. Ee and Dr. Kwah transferred all of their shares in the capital of the D&S Clinic (Shenton) to Unified Front in consideration of Unified Front allotting and issuing three shares of Unified Front credited as fully paid to Brisk Success at the directions of Dr. Loh, Dr. Ee and Dr. Kwah, respectively. After the transfer of shares, a resolution was passed to classify the 300 shares in the capital of D&S Clinic (Shenton) as a single class of ordinary shares carrying the same voting rights and dividend rights. Following the Reorganisation and as at the Latest Practicable Date, the D&S Clinic (Shenton) was a wholly-owned indirect subsidiary of our Company.

HISTORY, REORGANISATION AND DEVELOPMENT

PRE-IPO INVESTMENT

Overview

On 3 March 2017, Unified Front entered into the Pre-IPO Subscription Agreement with Dr. Loh, Dr. Ee and Dr. Kwah as guarantors and the Pre-IPO Investor as subscriber, pursuant to which the Pre-IPO Investor agreed to subscribe for and Unified Front agreed to allot and issue 10 shares of Unified Front, representing 10% of all the enlarged issued share capital of Unified Front, to the Pre-IPO Investor for a total cash consideration of HK\$12,000,000.

Details of Pre-IPO Investment

Date of the relevant agreement	3 March 2017
Pre-IPO Investor	Magic Wave Holdings Limited
Aggregate consideration paid under the Pre-IPO Investment	HK\$12,000,000
Basis of consideration	Based upon the net asset value of the Clinics as set out in their management accounts for the 12 months ended 31 December 2016 and anticipated future earnings of the Clinics
Date of completion (and settlement of full payment) of the Pre-IPO Investment	18 April 2017
Percentage of shareholdings in Unified Front after Pre-IPO Investment	10%
Percentage of interests in our Company upon Listing (without taking into account any Shares that may be allotted and issued upon exercise of the options to be granted under the Share Option Scheme)	7.5%
Approximate cost of investment per Share upon Listing	0.27
Approximate percentage of discount to the mid-point Offer Price of HK\$0.44 per Share	39%

Beneficial owners of Pre-IPO Investment

To the best of our Directors' knowledge, information and belief having made all reasonable enquiries, the Pre-IPO Investor is wholly and beneficially owned by Dr. Wong Chun Yu ("Dr. Wong"), who is a passive investor initially acquainted with Dr. Loh in the United Kingdom in 1996 during the time when Dr. Loh was a house officer at Northampton General Hospital, United Kingdom and Dr. Wong was a research fellow in the United Kingdom. Dr. Wong graduated with a Bachelor of Medicine and Bachelor of Surgery from the University of Hong Kong in 1989 and obtained a Doctorate degree of Medicine in 2000 and was awarded the Doctor of Philosophy in 2005. He has been practising as a medical doctor for over 25 years and has been registered and practising as a specialist in

HISTORY, REORGANISATION AND DEVELOPMENT

gastroenterology and hepatology since 1998. He is currently an honorary clinical professor of the department of medicine at The University of Hong Kong. When our Directors contemplated the Listing, Dr. Loh enquired with Dr. Wong on the general market condition of the medical industry in Hong Kong and the possibility of future co-operation. Upon the Listing plan materialising, Dr. Wong decided to invest in our Group via the entering into of the Pre-IPO Subscription Agreement as he saw opportunities in the dermatology medical field in Singapore and elsewhere and believed that such an investment would bring commercially sound returns to him as a passive investor. Save for the Pre-IPO Investment, the Pre-IPO Investor and Dr. Wong are independent of and not connected with our Group and/or any connected person(s) of our Company.

Benefits of the introduction of the Pre-IPO Investor

In light of our Group's needs for additional capital to finance our growing business and the expenses to be incurred during the preparation of the Listing, we are of the view that the investment made by the Pre-IPO Investor serves the purpose of paying for part of the Listing expenses and our general working capital. In addition, we believe that as Dr. Wong is also a doctor and is based in Hong Kong, he can give us guidance and objective views on our business going forward, information on the local medical market as well as the possibility to refer patients to us for our services.

Basis of consideration

The terms of the Pre-IPO Subscription Agreement were arrived at after arm's length negotiations among Unified Front, the Pre-IPO Investor, Dr. Loh, Dr. Ee and Dr. Kwah and the consideration paid by the Pre-IPO Investor thereunder was determined with reference to the net asset value of the Clinics based on their management accounts for the 12 months ended 31 December 2016 and anticipated future earnings of the Clinics. The proceeds from the Pre-IPO Subscription Agreement will be used to partially finance our Listing expenses and for general working capital of our Group.

As at the Latest Practicable Date, all of the proceeds from the Pre-IPO Subscription Agreement had been utilised.

Rights of the Pre-IPO Investment

Call Option under the Pre-IPO Subscription Agreement

Under the Pre-IPO Subscription Agreement, the Pre-IPO Investor granted Dr. Loh, Dr. Ee and Dr. Kwah the right (the "**Call Option**") to require the Pre-IPO Investor to sell the shares in Unified Front (the "**Option Share(s)**") to Dr. Loh, Dr. Ee and Dr. Kwah at the option price of HK\$1.00 in aggregate.

The Option may be exercised in whole but not in part by Dr. Loh, Dr. Ee and Dr. Kwah at any time after 30 June 2018 for the sole reason that the Listing does not materialise other than as a result of a Default Event.

For the purpose of the Call Option, a default event means, among others, the inability to conduct the Listing due to reasons of (i) unsuitability of controlling shareholders and/or the directors as a result of events/actions, regulatory sanctions or reprimands leading to such person unsuitable to be a director or controlling shareholder of a listed company; or (ii) material breaches of D&S Clinic, D&S Clinic (Orchard) and D&S Clinic (Shenton) or any member of our Group of laws and regulations during the relevant Track Record Period; or (iii) Dr. Loh, Dr. Ee and Dr. Kwah and/or their associates ceases to proceed with the Listing for whatever reason (a "**Default Event**").

HISTORY, REORGANISATION AND DEVELOPMENT

To the best of our Directors' knowledge, information and belief having made all reasonable enquiries, no Default Event had occurred since the entering into of the Pre-IPO Subscription Agreement and up to the Latest Practicable Date.

Exit right under the Pre-IPO Subscription Agreement

Pursuant to the Pre-IPO Subscription Agreement, Unified Front, Dr. Loh, Dr. Ee and Dr. Kwah agreed to undertake to the Pre-IPO Investor that for the sole reason that if the Listing does not materialise by 30 June 2018 as a result of a Default Event, then either Dr. Loh, Dr. Ee and Dr. Kwah shall acquire the Subscription Shares from the Pre-IPO Investor pro rata for an amount equal to the consideration paid by the Pre-IPO Investor under the Pre-IPO Subscription Agreement (the “**Consideration**”) or Unified Front, Dr. Loh, Dr. Ee and Dr. Kwah shall, subject to compliance with the relevant laws and requirements, repurchase the Subscription Shares at the Consideration. Such acquisition or repurchase (provided that the Listing does not materialise by 30 June 2018) shall take place as soon as possible after 30 June 2018. Dr. Loh, Dr. Ee and Dr. Kwah have agreed with the Pre-IPO Investor that they will repurchase the Subscription Shares when required in priority to Unified Front.

For the avoidance of doubt, neither the Call Option nor the exit right may be exercised in any other event other than as stated above.

Lock-up

The Pre-IPO Investor has undertaken to our Company that the Shares held by it will be subject to a lock-up period of six months from the Listing Date.

On the above basis, the Sole Sponsor is not aware of any terms of the Pre-IPO Investment which are not in compliance with Guidance Letter HKEx-GL43-12 and it is of the view that the Pre-IPO Investment is in compliance with (i) the “Interim Guidance on Pre-IPO Investments” issued by the Listing Committee since the consideration under the Pre-IPO Investment was settled on 18 April 2017, which was more than 28 clear days before the date of the first submission of the listing application form to the Listing Committee of the Stock Exchange in relation to the Listing; and (ii) the “Guidance on Pre-IPO investments” (HKEx-GL43-12) issued by the Stock Exchange as the special rights enjoyed by the Pre-IPO Investor will terminate upon Listing.

REORGANISATION

In preparation for the Listing, our Group has undergone the Reorganisation and the steps taken were as follows:

1. On 8 December 2016, Unified Front was incorporated in the BVI and 81 shares of Unified Front were allotted and issued to Brisk Success at a consideration of US\$81 in total on 1 February 2017.
2. On 22 March 2017, our Company was incorporated in the Cayman Islands with an authorised capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. On its incorporation, the initial one nil-paid subscriber Share was allotted and issued to its subscriber, Sharon Pierson, an Independent Third Party. On the same day, Sharon Pierson transferred the one initial share to Brisk Success at the direction of Dr. Loh, Dr. Ee and Dr. Kwah.

HISTORY, REORGANISATION AND DEVELOPMENT

3. On 27 March 2017, Dr. Loh, Dr. Ee and Dr. Kwah transferred their entire shareholding interest in our D&S Clinic (Orchard) to Unified Front, in consideration of Unified Front allotting and issuing in aggregate three shares to Brisk Success at the directions of Dr. Loh, Dr. Ee and Dr. Kwah credited as fully paid.
4. On 27 March 2017, Dr. Loh, Dr. Ee and Dr. Kwah transferred their entire shareholding interest in our D&S Clinic (Shenton) to Unified Front, in consideration of Unified Front allotting and issuing in aggregate three shares to Brisk Success at the directions of Dr. Loh, Dr. Ee and Dr. Kwah credited as fully paid.
5. On 27 March 2017, Dr. Loh, Dr. Ee and Dr. Kwah transferred their entire shareholding interest in our D&S Clinic to Unified Front, in consideration of Unified Front allotting and issuing in aggregate three shares to Brisk Success at the directions of Dr. Loh, Dr. Ee and Dr. Kwah credited as fully paid.
6. On 18 April 2017, 10 shares in Unified Front, representing 10% of the enlarged issued shares of Unified Front, were allotted and issued to the Pre-IPO Investor at a cash consideration of HK\$12,000,000 pursuant to the Pre-IPO Subscription Agreement.
7. On 11 May 2017, Dr. Loh, Dr. Ee and Dr. Kwah and the Pre-IPO Investor transferred their entire shareholding interest in Unified Front to our Company, in consideration of which, (i) the initial one nil-paid Share in the capital of the Company held by Brisk Success was credited as fully paid; (ii) our Company allotted and issued 89 Shares to Brisk Success credited as fully paid; and (iii) our Company allotted and issued 10 Shares to the Pre-IPO Investor credited as fully paid.

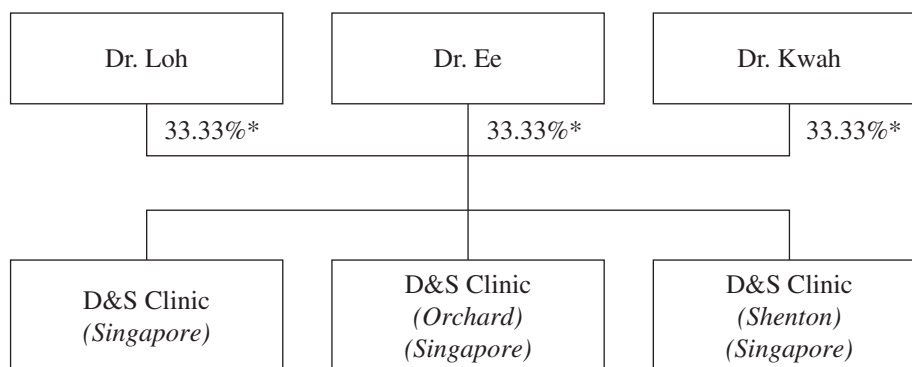
Upon completion of the Reorganisation but before the Share Offer and the Capitalisation Issue (without taking into account any Shares to be allotted and issued upon the exercise of any options which may be granted pursuant to the Share Option Scheme), the entire issued share capital of our Company will be held as to 90% by Brisk Success and 10% by the Pre-IPO Investor.

HISTORY, REORGANISATION AND DEVELOPMENT

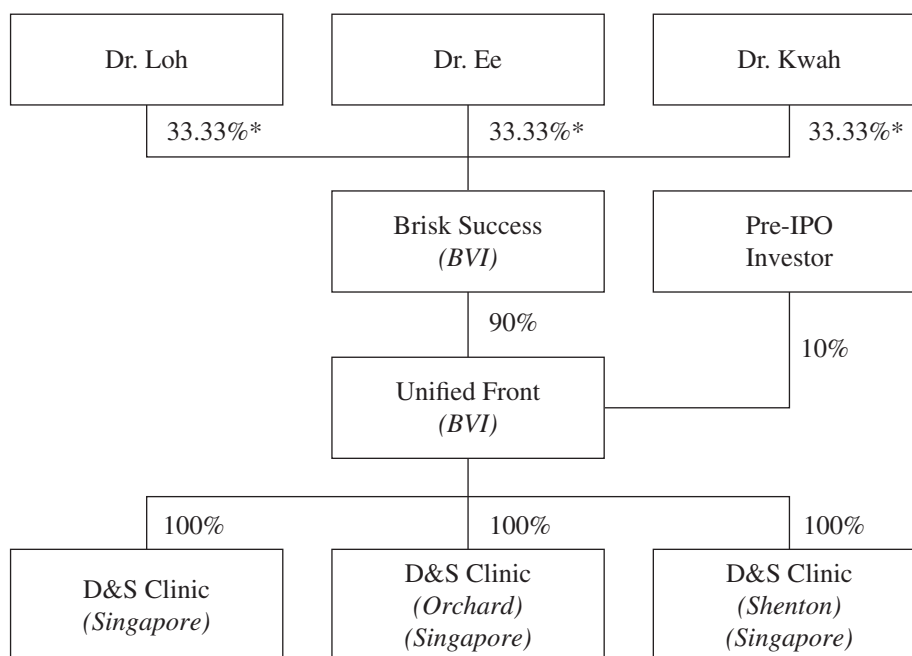
CORPORATE STRUCTURE OF THE GROUP

The following charts illustrate our Group's corporate structure (i) immediately before the Pre-IPO Investment; (ii) immediately following the completion of the Pre-IPO Investment; (iii) immediately after the Reorganisation, but before the Share Offer and the Capitalisation Issue; and (iv) immediately after the Share Offer and the Capitalisation Issue (but taking no account of any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme):

(i) Immediately before the Pre-IPO Investment



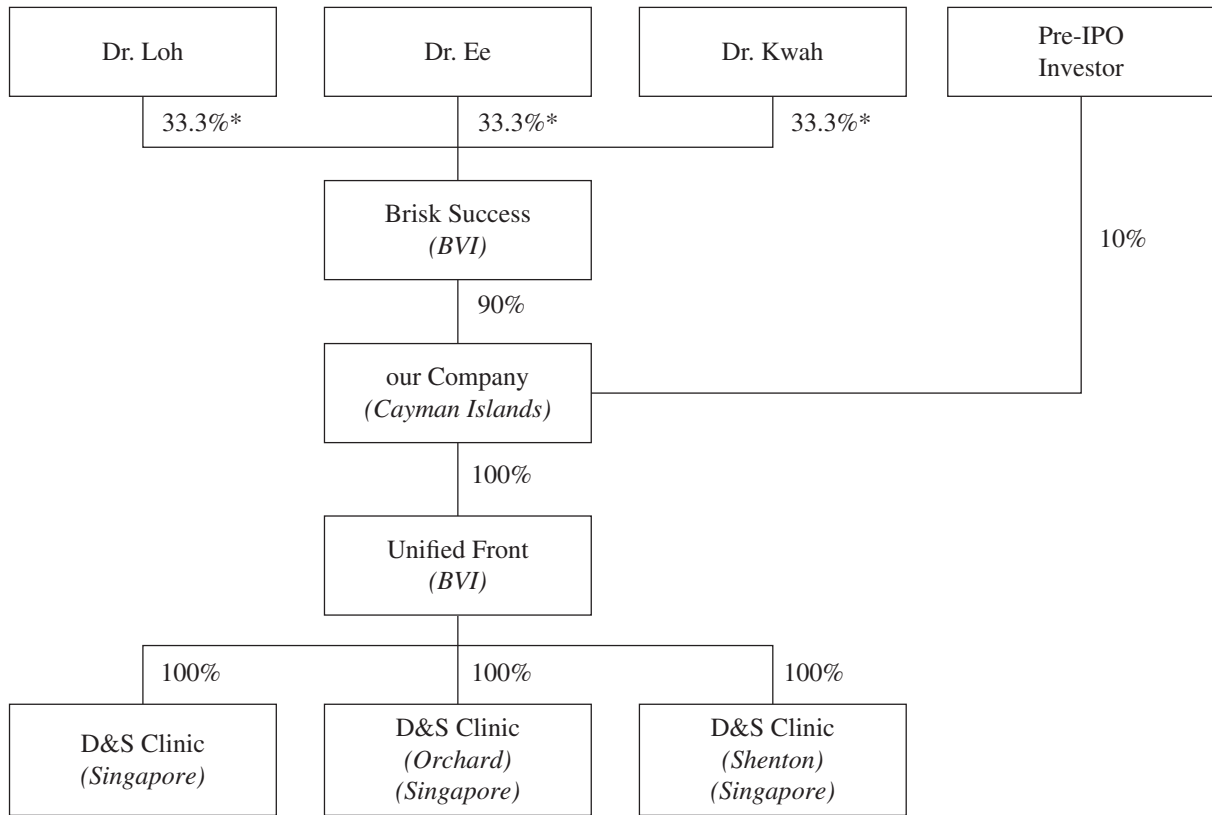
(ii) Immediately after completion of the Pre-IPO Investment



* Does not add up to 100% due to rounding.

HISTORY, REORGANISATION AND DEVELOPMENT

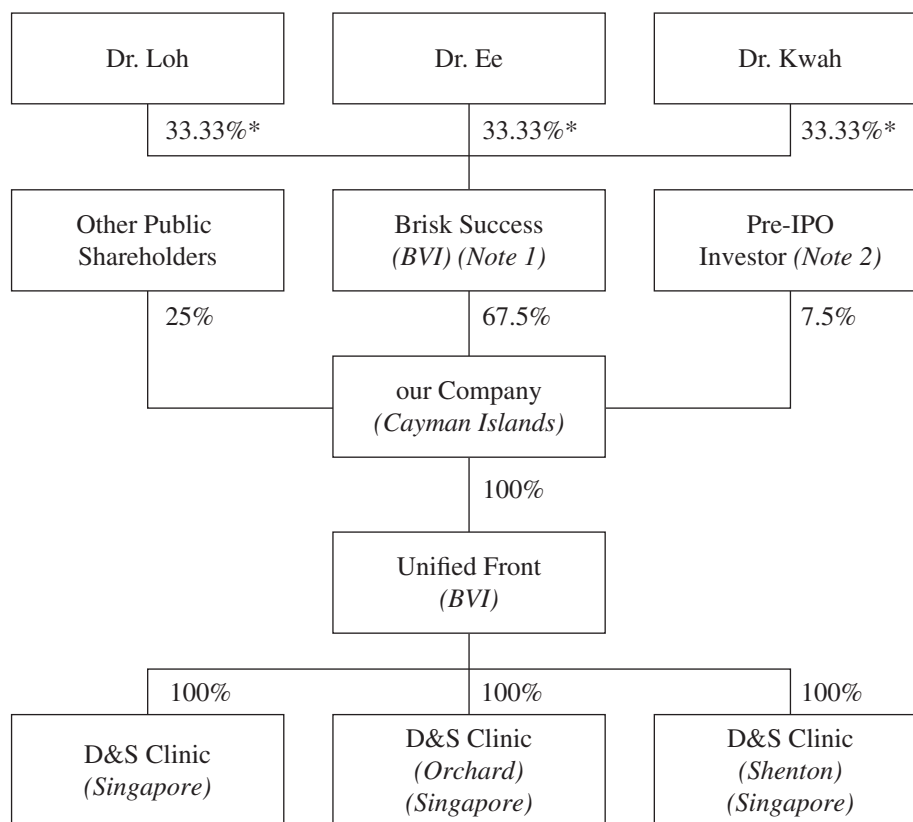
(iii) Immediately after the Reorganisation, but before the Share Offer and the Capitalisation Issue



* Does not add up to 100% due to rounding.

HISTORY, REORGANISATION AND DEVELOPMENT

(iv) Immediately after the Share Offer and the Capitalisation Issue



* Does not add up to 100% due to rounding.

Notes:

- (1) Brisk Success is wholly-owned by Dr. Loh, Dr. Ee and Dr. Kwah in equal shares. Dr. Loh, Dr. Ee and Dr. Kwah have acted in concert as regards our Group during the Track Record Period and will continue to act as such upon Listing until the Acting in Concert Confirmation is terminated in writing.
- (2) The shareholding held by the Pre-IPO Investor will be regarded as part of the public float for purpose of Rule 11.23(7) of the GEM Listing Rules.

OVERVIEW

We are a leading specialist dermatological and surgical practice accredited by the MOH based in Singapore that offers accessible, comprehensive, quality and specialty care services for a variety of dermatological conditions affecting skin, hair and nails by utilising a wide range of advanced and sophisticated medical, surgical, laser and aesthetic treatments. According to the Industry Report, we are the leading private dermatology clinic in Singapore in terms of revenue for FY2016. Our dermatology practice comprises primarily Doctors and trained personnel with specialised skill sets equipped to handle and treat a myriad of and complex dermatological conditions specialising in the treatment of skin cancer.

We are a medical and surgical service provider for different customer groups in the field of dermatology. We provide an all-round treatment solution that is tailored to our patients' individual needs. Services are provided to our patients for the treatment of, among others, skin cancer, skin diseases such as eczema, psoriasis, acne, pigmentation, adverse drug reactions and warts, as well as aesthetic treatments intended to enhance the overall appearance of patients. These are achieved through our provision of personalised services as follows:

- (a) Consultation Service, where our Doctors provide medical consultation to, and assessment of, patients at our Clinics;
- (b) Prescription and Dispensing Service, where, following consultation with our Doctors, our Doctors may prescribe medication and/or recommend skincare products (which include our DS brand skincare products or over-the-counter skincare products) to our patients which are then dispensed at our Clinics; and
- (c) Treatment, where following consultation with our Doctors and assessment of the specific condition of our patients, our patients may undergo certain treatments as recommended by our Doctors, which may be broadly categorised into surgical treatments, minimally invasive/non-invasive treatments and other treatment services.

All three Services are offered at our Clinics. The variety of treatments offered at each of our Clinics varies depending on the facilities and treatment devices available. However, treatments which are normally for more complicated dermatological conditions and which require surgery would take place at our day surgery centre at our Orchard Clinic. For surgeries which cannot be completed within our day surgery centre (i.e. treatments requiring general anaesthesia), we would make arrangements with our affiliated hospitals to perform such surgical treatments there.

Our three Clinics, which are strategically located at East Coast, Orchard Road and Raffles Place, operate under the name "Dermatology & Surgery Clinic". All our resident Doctors are registered specialists with the MOH in accordance with the MRA. As at the Latest Practicable Date, our patients were served by our four resident Doctors, including our executive Directors, with, on average, medical practising experience of over 16 years. We also have two General Practitioners who joined us in May 2017, each with medical experience of more than 16 years. As part of our expansion plan, we intend to recruit two resident dermatologists by the end of 2017. Please see the paragraph headed "Our Business Strategies — Continue to attract and retain talent pool of specialist doctors and staff" in this section for more details.

BUSINESS

All treatment devices utilised by us are critically selected and chosen by our Doctors based on medical journals and reports, their clinical knowledge and experience to ensure that they are safe and capable of producing the desired results for our patients. Such devices enable our Doctors and our trained therapists to provide a wide range of treatment to cater to the individual needs of each patient. As at the Latest Practicable Date, we could perform various treatments involving the use of microdermabrasion (chemical peel treatment), electrocautery (hyfrecator), laser (carbon dioxide surgical laser system and C6 dermatological laser system), phototherapy, radiofrequency (Exilis system), Mohs surgery (Cryostat) and iontophoresis.

Apart from our medical aesthetic services at our Orchard and East Coast Clinics, we also offer skincare products to our patients to improve their skin condition and enhance results of the treatments. As at the Latest Practicable Date, we offered various skincare products, including our own brand, “DS”, and other branded products, comprising cleanser, lightening cream, vitamin C serum and moisturiser at all three Clinics. We outsource the manufacturing of our DS brand skincare products to two pharmaceutical companies, which are Independent Third Parties, in Singapore.

We believe that we have built up our reputation in the field of dermatology in Singapore. Combining our Doctors’ sub-specialities in dermatology, we are able to tap into each others’ customer network, and put ourselves in a better position to offer comprehensive professional services and an all-round treatment solution to our patients resulting in customer satisfaction and referrals.

Our total revenue maintained a steady growth during the Track Record Period, which increased from S\$5,596,000 for FY2015 to S\$6,160,000 for FY2016. The following table sets out a breakdown of our revenue by Service type during the Track Record Period:

	For the year ended 31 December				For the three months ended 31 March			
	2015 S\$'000	%	2016 S\$'000	%	2016 S\$'000	%	2017 S\$'000	%
					(Unaudited)			
Consultation Services	1,333	23.8	1,557	25.3	380	24.0	416	25.9
Prescription and Dispensing Services	1,524	27.2	1,690	27.4	437	27.6	435	27.0
Treatment Services	2,384	42.6	2,492	40.5	645	40.7	642	39.9
Other Services ^(Note)	355	6.4	421	6.8	122	7.7	116	7.2
Total Revenue	<u>5,596</u>	<u>100.0</u>	<u>6,160</u>	<u>100.0</u>	<u>1,584</u>	<u>100.0</u>	<u>1,609</u>	<u>100.0</u>

Note: Other Services mainly represent service income from patients in relation to laboratory tests carried out during the treatment.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths are crucial and essential to our success and future growth.

We are the leading private dermatology practice in Singapore which provides comprehensive services for skin cancer treatment

According to the Industry Report, we are the leading private dermatology clinic in Singapore in terms of revenue and patient volume for the FY2016. In particular, we are strong in the field of skin cancer management, offering Mohs surgery. Unlike certain other types of surgery for the treatment of skin cancer where it is likely that a large amount of tissue may be removed or that too little tissue may be removed such that skin cancer returns, Mohs surgery maximises the chances of a complete removal of the skin cancer tumour while minimising the amount of surrounding normal skin needing to be removed for this purpose. Our Clinics offer a convenient solution to our patients as we provide an integrated service to our patients for skin cancer treatment. This typically includes consultation with our Doctors, assessment of the skin cancer condition by our Doctors requiring in many instances a full body skin check with our dermatoscope, performance of skin biopsy for diagnostic testing in selected cases, followed by an explanation by our Doctors of the subsequent skin cancer treatment as well as the potential risks involved. Skin cancer will then be treated through, among others, surgical means by the performance of Mohs surgery or standard wide local excision. We then provide aftercare services such as dressing of the wound and post-treatment care advice with follow-up consultation thereafter. Based on the Industry Report, we are the only private dermatology clinic in Southeast Asia to offer Mohs surgery.

We believe that our ability in providing comprehensive services for skin cancer treatment puts us in an advantageous position vis-a-vis other providers as we are equipped to handle the complete skin cancer treatment of our patients at our Clinics without referring them to other providers.

We offer a comprehensive range of services to treat a variety of dermatological conditions

Apart from the integrated service we offer for skin cancer treatment, our Clinics also offer a comprehensive range of services for the treatment of a myriad of dermatological conditions which include diagnosis and management of skin allergies (including in-house skin allergy patch testing in our Clinics), as well as laser aesthetic treatment. We also provide a broad range of treatment utilising various treatment devices.

To complement our treatments, we also provide prescription and dispensing of medication and skincare products to treat various skin conditions, including the use of customised creams.

As at the Latest Practicable Date, we had a wide repertoire of treatment devices involving the use of microdermabrasion, electrocautery, laser, radiofrequency and iontophoresis. Our treatment devices are selected on an evidence-based approach, being evidence published in peer-review medical journals as well as international established guidelines by recognised authorities in the field to ensure that they are reliable and are capable of delivering desired outcomes and results for our patients.

BUSINESS

We believe that our ability in providing a comprehensive range of services to our patients for the treatment of dermatological conditions places us in an advantageous position to compete with other players in the same or similar industry as we are able to address our patients' needs thoroughly, thereby reducing the need for us to refer our patients to other clinics or specialists.

Our Clinics are strategically located in Singapore

We are strategically located in prime and/or accessible locations in Singapore. As at the Latest Practicable Date, our Clinics were located at East Coast, Orchard Road and Raffles Place. According to the Industry Report, all of our Clinics are conveniently located and easily accessible by public transport. Our Orchard Clinic is located in a prominent building at a premier and popular shopping area in Singapore. This allows us to serve patients in the area which is accessed by many medical tourists and/or expatriates in Singapore. Our Raffles Place Clinic is located in the central business district of Singapore, which allows us to tap the corporate white-collar executives in the area, while our East Coast Clinic is located in an accessible location within a residential enclave in Singapore, thereby allowing us to serve and tap into the suburban customer base. Patients visiting our East Coast Clinic or our Raffles Place Clinic with complex skin conditions requiring the use of comprehensive treatment devices or day surgery facilities will be sent to our central treatment clinic at our Orchard Clinic. The combined customer network of our three Clinics allows for the same brand to be marketed at our three different locations, which will grow our branding and institutionalise our business.

We are managed by a team of qualified and experienced specialist Doctors

We are managed by executive Directors who specialise in dermatology and possess, on average, medical practising experience of over 16 years. Our Doctors take a leading role in devising and carrying out tailored treatments for our patients. All of our Doctors have multiple postgraduate medical qualifications and have completed their respective specialty training as well as sub-specialty training. They are also recognised medical professionals in their fields of specialty.

Dr. Loh has extensive experience in medical, surgical and laser dermatology. He has special interest in atopic eczema, skin allergy, paediatric dermatology, moles or birthmarks and skin cancers. Dr. Loh has published three medical articles.

Dr. Ee specialises in aesthetic dermatology, treatment and diagnosis of skin cancers, Mohs surgery and laser surgery in addition to general dermatology. He was appointed as a consultant at NSC in Singapore. In addition to his clinical work, Dr. Ee has published 16 medical articles and was awarded the Best Paper during the Skin of Color Society Scientific Symposium & Summit 2006 at San Francisco, the United States.

Dr. Kwah specialises in skin cancer screening and management, including Mohs surgery in Singapore, in addition to general dermatology, aesthetic dermatology, dermatology surgery and laser treatment. Dr. Kwah was formerly a visiting consultant at the NSC. Dr. Kwah has published articles, focusing on Mohs surgery.

All three of our executive Directors are members of the SMC and a number of well-recognised organisations including Royal College of Physicians (United Kingdom), Academy of Medicine, Singapore, American Society of Dermatologic Surgery, Dermatological Society of Singapore, Royal

BUSINESS

College of Physicians and Surgeons (Glasgow) and Royal College of Physicians (Edinburgh). For detailed biographies of our executive Directors, please refer to the section headed “Directors and Senior Management” of this prospectus.

In order to retain the services of our executive Directors as specialists, we have entered into exclusive three years’ fixed term contracts with each of them terminable thereafter subject to three months’ prior notice in writing.

Working along with our Doctors are our trained therapists who are capable of performing various treatment as directed by our Doctors. As at the Latest Practicable Date, we had six trained therapists with the relevant industry experience. We require our newly recruited therapists to undergo an in-house training programme formulated by our executive Directors. Such in-house training programme consists of theoretical, practical and hands-on training under our Doctors’ supervision and direction.

We have a well-established specialty paediatric dermatological practice

According to the Industry Report, we are the largest private medical dermatology specialty clinic by revenue and patient volume in Singapore for the FY2016. In particular, we are strong in the field of paediatric dermatological practice. We offer in-house skin allergy patch testing, the analysis and diagnosis of numerous paediatric dermatological conditions can be conducted in our Clinics. This has led to the growth in the number of paediatric dermatology cases that we see throughout the years. We also receive a number of referrals from general practitioners and paediatricians to our Clinics for treatment of dermatological conditions relating to infants, children and adolescents below the age of 16. Our paediatric dermatological practice contributed to 6.4% of our total revenue in FY2015 and 7.6% of our total revenue in FY2016.

OUR BUSINESS STRATEGIES

Our business objective is to enhance our market share in dermatological and surgical service in Singapore and grow the “Dermatology & Surgery Clinic” brand and business by adopting the following business strategies.

BUSINESS

The table below summarises the differences between our existing Clinics, and the proposed “Family and Skin” clinics and new medical aesthetic clinics which our Group intends to establish as part of the following business strategies:

	Treatment services provided	Target customers	Location	Key Staff	Commentary
Existing Clinics	Our full range of dermatological and surgical services comprising: — Consultation — Prescription and Dispensing — Treatment (including surgical treatments, minimally invasive/non-invasive treatments and other treatment services)	Patients with more complex dermatological problems, requiring special intervention and/or requiring more complex medical aesthetic treatments including referrals from our “Family and Skin” clinics in the future	Strategically located in prime and/or accessible locations in Singapore, being: — East Coast — Orchard Road — Raffles Place	— resident Doctors (who are registered specialist dermatologists with the MOH in accordance with the MRA) — trained therapists	With our Group’s expansion to establish “Family and Skin” clinics and new medical aesthetic clinics, our existing Clinics will enjoy a scalability of its operations and focus on treatments for more complex dermatological conditions and intricate medical aesthetic treatments (such as addressing more resistant facial pigmentation and detailed facial contouring with filler and Botulinum Toxin injections) which will be carried out by our resident Doctors (who are registered dermatology specialists with the MOH) or by trained therapists under supervision of our resident Doctors
“Family and Skin” clinics	Community dermatological services for treatment of less complicated dermatological conditions (such as skin infections, eczema, and acne, which will respond to standard medication) and medical aesthetic treatments	Patients with common dermatological problems comprising young middle-income couples and families	— Jurong — Tampines — Serangoon — Holland Village These are suburban locations with residential, commercial and corporate concentration at or near public transportation facilities in the future	— General Practitioners ¹ — trained therapists ¹	Our “Family and Skin” clinics will be a gateway to access a larger pool of customers and our General Practitioners located at each “Family and Skin” clinic will focus on treatments on the top 10 most common dermatological conditions. With wider access to more customers, customers with more complicated dermatological conditions or medical aesthetic treatments that require special intervention will be referred to our existing Clinics, which are staffed by our resident Doctors and are fully equipped to perform intricate treatments
Medical aesthetic clinics	Medical aesthetic treatments focusing on simple non-invasive treatments (including chemical peel, microdermabrasion, radiofrequency and liquid nitrogen therapy)	Patients who seek a premier experience for their medical aesthetic treatments	Each medical aesthetic clinic will be located in close proximity to our existing Clinics, being: — East Coast — Orchard Road — Raffles Place	— trained therapists ¹	The new medical aesthetic clinics will focus on the provision of medical aesthetic services with a more relaxed ambience. Such services can be carried out by our trained therapists independently The establishment of new medical aesthetic clinics in close proximity to each of our three existing Clinics not only provides us with an opportunity to grow our medical aesthetic practice, it also allows for the expansion of operations at our existing Clinics to optimise the time and skills of our resident Doctors by focusing on treatments of more complex dermatological conditions

¹ Our General Practitioners and trained therapists at the “Family and Skin” clinics and our trained therapists at the new medical aesthetic clinics would be trained at our existing Clinics and transferred to the respective clinics upon their establishment.

Strategically expand and strengthen our network of clinics in Singapore

As at the Latest Practicable Date, we operated three Clinics, namely, our East Coast Clinic, Orchard Clinic, and Raffles Place Clinic, all of which are strategically located in Singapore and staffed by our resident Doctors who are registered specialist dermatologists with the MOH in accordance with the MRA. Our East Coast Clinic is located in a residential enclave in the eastern part of Singapore, while our Orchard Clinic is located at a premier and popular shopping district in Singapore and our Raffles Place Clinic is located in the central business district of Singapore.

According to the Industry Report, the total revenue of the medical dermatology service market in Singapore reached S\$213.9 million in 2016, and is expected to increase to S\$321.0 million in 2021, representing a CAGR of 8.5% starting from 2016. In this regard, we believe that the market for comprehensive dermatological and surgical services in Singapore will continue to thrive. Going forward, we intend to capitalise on business opportunities arising from the continued demand for our Services in Singapore, by seeking suitable and strategic locations to expand our growing business. With the net proceeds from the Share Offer, we intend to expand our operations to more areas to widen our customer pool and to establish dedicated clinics providing specialty dermatological services.

Our management endeavours to develop our network as a dermatological and surgical service provider capable of delivering our Services to the broader community in Singapore. We intend to extend our success by establishing our new “Family and Skin” clinics in densely populated and up-and-coming neighbourhoods in Singapore. This is also in line with the growth rate of the private medical dermatology service market in Singapore which has experienced stable growth in recent years.

We continuously search for potential opportunities in the area of community dermatological healthcare by identifying up-and-coming residential areas with commercial appeal to set up our proposed “Family and Skin” clinics in suburban areas that may give us access to a large number of residents who require affordable high-quality community dermatological services. These clinics, in addition to providing community dermatological services, can also act as feeders to our existing Clinics which are staffed by our resident Doctors, through referrals of complex dermatological conditions or medical aesthetic treatments that require special intervention. Further, our in-house trained General Practitioners would be able to treat common dermatology issues and carry out medical aesthetic treatments. This would allow us to access a much larger pool of clients in the community for less complicated dermatological conditions. Our “Family and Skin” clinics can also provide medical aesthetic services which will serve as a base for our eventual further expansion into stand-alone medical aesthetic clinics to be located near these “Family and Skin” clinics for business synergies.

Our selection criteria includes average income of potential patients, the number of existing dermatological and surgical service providers in the neighbourhood, geographical overlap with our existing Clinics, accessibility of location and suitability of location for our patients and potential patients, growth potential, concentration of younger middle-income couples and families, price of rental, population at the location and quality of the premises and facilities. As accessibility and convenience for our customers is one of the main considerations for selecting the location of our new clinics, we plan to

BUSINESS

extend our reach at these suburban locations and will continue to open new “Family and Skin” clinics at or near public transportation facilities in the future. We plan to establish a total of four new “Family and Skin” clinics between the 4th quarter of 2017 and the 1st quarter of 2019.



In this regard, we intend to commence expansion of our network of clinics to include “Family and Skin” clinics in Jurong, Tampines, Serangoon and Holland Village which are situated in neighbourhoods in Singapore in areas with residential, commercial and corporate concentration. The locations of these clinics will allow us to have coverage across Singapore. Please see the section headed “Future Plans and Use of Proceeds” of this prospectus for further details of our expansion plan.

The following table sets forth the details of our expansion plan in relation to the establishment of our new “Family and Skin” clinics under the “Dermatology & Surgery Clinic” brand in the near future:

Location	Expected commencement of operation	Facilities and equipment	Types of services	Medical staff	Current status	Estimated scale area	Estimated amount of proceeds used
Holland Village	4th quarter of 2017	2 consultation rooms 2 treatment rooms 1 laser (fractional ablative and long pulse NdYAG and IPL) 1 radiofrequency 1 electrocautery 1 microdermabrasion	Consultation Service Prescription and Dispensing Service Treatment ⁽¹⁾	1 doctor 2 trained therapists 1 clinic executive	Location selection stage. Expected to be determined by end of October 2017	1,000 sq.ft.	Approximately HK\$3,608,000 (S\$656,000)
Jurong	1st quarter of 2018	1 consultation room 1 treatment room 1 laser (fractional ablative and long pulse NdYAG and IPL) 1 radiofrequency 1 electrocautery 1 microdermabrasion	Consultation Service Prescription and Dispensing Service Treatment ⁽¹⁾	1 doctor 2 trained therapists 1 clinic executive	Location selection stage. Expected to be determined by end of December 2017	500 sq.ft.	Approximately HK\$2,563,000 (S\$466,000)
Tampines	4th quarter of 2018	2 consultation rooms 2 treatment rooms 1 laser (fractional ablative and long pulse NdYAG and IPL) 1 radiofrequency 1 electrocautery 1 microdermabrasion	Consultation Service Prescription and Dispensing Service Treatment ⁽¹⁾	1 doctor 2 trained therapists 1 clinic executive	Location selection stage. Expected to be determined by end of August 2018	1,000 sq.ft.	Approximately HK\$3,745,000 (S\$681,000)

BUSINESS

Location	Expected commencement of operation	Facilities and equipment	Types of services	Medical staff	Current status	Estimated scale area	Estimated amount of proceeds used
Serangoon	1st quarter of 2019	1 consultation room 1 treatment room 1 laser (fractional ablative and long pulse NdYAG and IPL) 1 radiofrequency 1 electrocautery 1 microdermabrasion	Consultation Service Prescription and Dispensing Service Treatment ⁽¹⁾	1 doctor 2 trained therapists 1 clinic executive	Location selection stage. Expected to be determined by 4th quarter of 2018	500 sq.ft.	Approximately HK\$2,954,000 (S\$537,000)

Note:

- (1) The treatments to be provided at our new “Family and Skin” clinics will include minimally invasive treatments such as cryosurgery, botulinum toxin type A, kenacort injection and filler injection as well as non-invasive treatments such as laser treatments to treat spider veins, rosacea, removal of birthmarks, hair removal, rejuvenation, acne scar, IPL, microdermabrasion and phototherapy, radiofrequency and iontophoresis.

The main differences between our Clinics and the new “Family and Skin” clinics are that for our Clinics, we have specialist dermatologists who analyse and treat complicated skin conditions including referrals from our “Family and Skin” Clinics. Our Orchard Clinic will be the tertiary centre (with dermatology sub-specialty) for complicated procedures and the treatment centre to receive referrals from our East Coast Clinic, Raffles Place Clinic and “Family and Skin” clinics. Our East Coast Clinic and Raffles Place Clinic will continue to act as a secondary centre where our dermatologists will be based and will also receive referrals from “Family and Skin” clinics. The “Family and Skin” clinics focus on primary healthcare services relating to dermatology and will be the first point of contact for most patients located in the nearby neighbourhoods. It will be co-managed by one of our Doctors and general practitioners, and will focus on treatments on the top 10 most common dermatological conditions, namely, eczema (sensitive skin, itchy rashes), acne (pimples), viral wart (skin infection), urticaria (hives), skin infection, moles, hair loss, pigmentation, wrinkles, skin growths (age spots, oil seeds, skin tag, cysts, etc.). Complicated skin conditions will be referred to our Clinics with dermatological specialists.

We estimate that the total costs and expenses for the expansion of our existing network by opening four new “Family and Skin” clinics will be approximately HK\$12,870,000 (S\$2,340,000), which mainly involve:

- (i) an estimated capital expenditure (including medical equipment, furniture and fixtures, IT, set-up and renovation costs) of approximately HK\$11,940,000 (S\$2,171,000); and
- (ii) rental deposits amounting to approximately HK\$930,000 (S\$169,000) for the first three months of each of our four new “Family and Skin” clinics.

We intend to fund the establishment of our new “Family and Skin” clinics with the net proceeds from the Share Offer and we do not expect that such expansion plan will have a material impact on our liquidity position.

BUSINESS

In addition, all of our clinics have additional working capital requirements, such as professional fees and staff salaries, procurement costs of pharmaceutical drugs and consumables and other daily expenses, for the day-to-day medical centre operations of approximately HK\$2,496,000 (S\$454,000) for the four new “Family and Skin” clinics, depending on the total number of staff.

The licences and permits required by our new “Family and Skin” clinics and medical aesthetics clinics (as applicable) are similar to those we have for our Clinics. Each new “Family and Skin” clinic and medical aesthetics clinics (as applicable) will require:

- a licence to operate medical clinics issued by the DMS under the Private Hospitals and Medical Clinics Act and the estimated time from application to issuance of licence is approximately two months; and
- licences to operate specific equipment. Please refer to the paragraph headed “Licences, regulatory compliance and proceedings” in this section for reference to the types of licences to operate certain equipment. The estimated time from application to issuance of such a licence is approximately one month.

Our Singapore legal advisors are of the view that there are no legal impediments for obtaining such licences for the purposes of our Group’s expansion plan.

Breakeven of a “Family and Skin” clinic is reached when its monthly gross profit is at least equal to the monthly expenses incurred (mainly including rental expenses, staff costs and utility expenses, but excluding tax and depreciation). Investment payback period for a new “Family and Skin” clinic represents the time that it takes for the accumulated profits to cover the accumulated expenses and initial set-up costs. The estimated average breakeven period and the estimated average investment payback period for a new “Family and Skin” clinic, based on our historical results of operations and experience, is one month and 17 months respectively.

Further details of our estimated monthly operating costs for our new “Family and Skin” clinics and the estimated breakeven time period are set out in the table below.

Location	Estimated monthly operating costs	Estimated breakeven period⁽¹⁾	Estimated investment payback period⁽¹⁾
Holland Village Clinic	S\$53,000	1 month	17 months
Jurong Clinic	S\$56,000	1 month	17 months
Tampines Clinic	S\$62,000	1 month	17 months
Serangoon Clinic	S\$50,000	1 month	17 months

Notes:

- (1) Estimated based on historical breakeven and investment payback of our Raffles Place Clinic due to the similar size and scale with our new “Family and Skin” clinics.

BUSINESS

As at the Latest Practicable Date, we are in the process of identifying suitable location for our new “Family and Skin” clinics and no lease agreement(s) has/have been entered into.

Enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics

We plan to expand our dermatological and surgical practice to involve the various sub-specialities of patients’ infectious diseases in paediatric dermatology, contact dermatitis, dermato-surgery, immunobullous, psoriasis and phototherapy, essentially covering treatments for both common and rare ailments. Currently, each of our Doctors specialises in different sub-specialities (with some overlap) which complement one another. We intend to further engage two dermatologists by the year ending 31 December 2017. In order to maintain the standard, the quality and competitiveness of our existing Clinics in the dermatological and surgical industry in Singapore, we are keen to ensure the successful branding of our Group as the leading private dermatological and surgical service provider in Singapore. We believe that the refurbishment and upgrading of our existing Clinics are vital for us to enhance the quality of our services and to continuously maintain a good impression to our existing customers and attract new customers as well as to differentiate ourselves from our competitors. We intend to refurbish our existing Clinics and optimise their maintenance to allow our East Coast Clinic and Raffles Place Clinic to provide the full scope of services. All three of our existing Clinics will have additional capacity following such refurbishment. We anticipate that the upgrading of our Clinics will commence in 4th quarter of 2017 and estimate that the total costs and expenses of the above refurbishment activities would be approximately HK\$3,889,000 (S\$707,000) which we intend to fund utilising part of the net proceeds from the Share Offer.

During the Track Record Period, we had experienced a continued growth in revenue contribution from our minimally invasive/non-invasive treatments, significant portion of which are medical aesthetics treatments. Notwithstanding that the revenue contribution from such medical aesthetics treatments do not form too significant a percentage of our total revenue as at the Latest Practicable Date, there is nonetheless potential for growth in revenue contribution from such treatments. In this regard, we believe that there is an increasing market demand for such services.

To this end, we intend to grow our medical aesthetic practice by establishing new medical aesthetic clinics in close proximity to each of our three existing Clinics. As our existing Clinics provide a myriad of treatments comprising both medical/surgical treatments, as well as aesthetics treatments, we believe that the establishment of dedicated clinics to provide medical aesthetic services will enable us to gain market penetration into the medical aesthetics field and increase our Group’s profitability. It is expected that establishing new medical aesthetics clinics which are distinct from our existing Clinics not only provides us with an opportunity to grow our medical aesthetics practice, it also allows us to expand the operations at our existing Clinics as our existing Clinics can now focus on other areas of dermatological and surgical services other than medical aesthetics. In addition, establishing our new medical aesthetics clinics in close proximity to our existing Clinics, allows us to tap into a pool of patients visiting our existing Clinics who may be considering certain medical aesthetics treatment. In line with our business strategy of expanding and growing our services, we intend to create a new branding for our medical aesthetic clinics which will comprise, among others, a new logo, standardised uniforms for personnel working at the medical aesthetics clinics, a different colour scheme, concept and layout for the medical aesthetic clinics. We believe that the selected colour scheme and standardised uniforms will contribute to a modern and minimalist interior layout and overall presentation of the medical aesthetic clinics, and

BUSINESS

aid in cultivating a luxurious atmosphere and sense of privacy for patients, all of which is geared towards providing them with a premier experience when they visit the clinic for our services. We also intend to expand the role of our trained therapists to become more involved in various aspects of patients' experience at our Clinics from aesthetic and skincare product counselling to certain non-invasive treatments. We expect to equip our new medical aesthetic clinics with one treatment room and one consultation room each. The total capital expenditure for the establishment of our new medical aesthetic clinics is estimated to be HK\$8,030,000 (S\$1,460,000) and the total rental deposits for the first three months of each of our medical aesthetic clinics is estimated to be HK\$473,000 (S\$86,000). We intend to fund the establishment of our new medical aesthetic clinics with the net proceeds from the Share Offer and we do not expect that such expansion plan will have a material impact on our liquidity position. We are in the process of identifying suitable locations that are in close proximity to each of our existing Clinics for our new medical aesthetic clinics and we expect that it will take approximately three months to complete all necessary work to put each of the premises in an operative mode. Please see the section headed "Future Plans and Use of Proceeds" for further details of our expansion plan. The expansion of our medical aesthetics practice is intended to take place from the 3rd quarter of 2018 to the 2nd quarter of 2019.

The main difference between the medical aesthetic treatments provided by our new medical aesthetic clinics and our existing Clinics after its upgrade is that our new medical aesthetic clinics will focus on simpler non-invasive treatments that can be carried out by our trained therapists independently such as IPL, radiofrequency, lipo-cryolysis and microdermabrasion. Whereas the medical aesthetic treatments to be provided at our existing Clinics after the upgrade will focus on more complicated treatments that will be carried out by our Doctors or by a trained therapist under the supervision of our Doctors, such as Botulinum Toxin injections, filler injections, laser treatments to treat spider veins, rosacea, removal of birthmarks, hair removal, rejuvenation, acne scar, removal of moles/warts, skin growths, etc. While the aesthetic services provided by our existing Clinics will focus on the foregoing complicated treatments, our existing Clinics will still offer the simpler non-invasive treatments such as phototherapy, IPL, microdermabrasion, radiofrequency and iontophoresis to facilitate our clients needs for both complicated and simpler medical aesthetic treatments. A summary of the facilities and equipment, and types of services available in each of the Clinics before and after our plans to upgrade is set out in the table below.

Location	Estimated scale area	Types of services		Facilities and equipment	
		Before upgrade	After upgrade	Before upgrade	After upgrade
East Coast Clinic	Before upgrade — 133 sq. ft.	Consultation Service	Consultation Service	1 consultation room 1 treatment room	2 consultation rooms 2 treatment rooms
	After upgrade — 833 sq. ft.	Prescription and Dispensing Service	Prescription and Dispensing Service	1 electrocautery 1 ViroVac 3-Port variable life filter Phototherapy	1 electrocautery 1 ViroVac 3-Port variable life filter Phototherapy
		Treatment comprising our surgical treatments and minimally invasive treatments. For our non- invasive treatments, our phototherapy and iontophoresis	Treatment comprising our surgical treatments and minimally invasive treatments. For our non- invasive treatments — phototherapy, laser treatments, IPL and iontophoresis	Iontophoresis unit	Iontophoresis unit 4 lasers (long pulse NdYAG, pulse dye, fractional ablative and CO ² , and QS NdYAG laser)

BUSINESS

Location	Estimated scale area	Types of services		Facilities and equipment	
		Before upgrade	After upgrade	Before upgrade	After upgrade
Orchard Clinic	Before upgrade — 1,346 sq. ft.	Consultation Service	Consultation Service	2 consultation rooms 2 treatment rooms 1 microdermabrasion	3 consultation rooms 3 treatment rooms 2 microdermabrasion
	After upgrade — 2,046 sq. ft.	Prescription and Dispensing Service	Prescription and Dispensing Service	1 electrocautery 1 intense pulse light 4 lasers (long pulse NdYAG, pulse dye, fractional ablative and Co ² , and QS NdYAG)	2 electrocautery 1 intense pulse light 5 lasers (long pulse NdYAG, pulse dye, fractional ablative and Co ² , QS NdYAG and IPL)
		Treatment comprising our surgical treatments, minimally invasive and non-invasive treatments	<i>Note:</i> Our Orchard Clinic currently provides the full suite of our services to our customers. With the upgrades to our Orchard Clinic, we are able to expand our capacity in the Orchard Clinic to serve more customers and thereby, generate more revenue for the Group	1 radiofrequency 1 Cryostat 1 Microscope frame 1 ViroVac 3-Port variable life filter 1 Elite high pressure sterilizer EAC-2200 Phototherapy Iontophoresis unit	2 radiofrequency 1 Cryostat 1 Microscope frame 1 ViroVac 3-Port variable life filter 1 Elite high pressure sterilizer EAC-2200 Phototherapy Iontophoresis unit
Raffles Place Clinic	Before upgrade — 500 sq. ft.	Consultation Service	Consultation Service	1 consultation room 1 treatment room 1 microdermabrasion	2 consultation rooms 2 treatment rooms 1 microdermabrasion
	After upgrade — 1,200 sq. ft.	Prescription and Dispensing Service	Prescription and Dispensing Service	1 electrocautery 1 ViroVac 3-Port variable life filter (air filter) Iontophoresis unit 1 laser (fractional ablative and Co ²)	1 electrocautery 1 ViroVac 3-Port variable life filter (air filter) Iontophoresis unit 5 lasers (long pulse NdYAG, pulse dye, fractional ablative and Co ² , QS NdYAG and IPL)
		Treatment comprising our surgical treatments and minimally invasive treatments. For our non-invasive treatments, our iontophoresis and microdermabrasion	Treatment comprising our surgical treatments and minimally invasive treatments. For our non-invasive treatments — laser treatments, IPL, microdermabrasion and iontophoresis		

The following table sets forth the details of our expansion plan for our medical aesthetics clinics.

Location	Expected commencement of operation	Facilities and equipment	Types of services	Medical staff	Estimated	Estimated
					scale area	amount of proceeds used
East Coast	1st quarter of 2019	1 consultation room 1 treatment room 1 radiofrequency 1 lipo-cryolysis 1 electrocautery (hyfreator) 1 microdermabrasion (hydrfacial) 1 laser (IPL)	Consultation service (aesthetics treatments only) Dispensing Service Treatment comprising only our simple non-invasive treatments, namely, IPL, microdermabrasion, lipo-cryolysis and radiofrequency, all of which can be performed by our trained therapist	2 trained therapists 1 clinic executive	700 sq.ft.	Approximately HK\$2,855,000 (S\$519,000)

BUSINESS

Location	Expected commencement of operation	Facilities and equipment	Types of services	Medical staff	Estimated scale area	Estimated amount of proceeds used
Orchard	3rd quarter of 2018	1 consultation room 1 treatment room 1 radiofrequency 1 lipo-cryolysis 1 electrocautery (hyfreicator) 1 microdermabrasion (hydrafacial) 1 laser (IPL)	Consultation service (aesthetics treatments only) Dispensing Service Treatment comprising only our simple non-invasive treatments, namely, IPL, microdermabrasion, lipo-cryolysis and radiofrequency, all of which can be performed by our trained therapist	2 trained therapists 1 clinic executive	700 sq.ft.	Approximately HK\$2,821,000 (S\$513,000)
Raffles Place	4th quarter of 2018	1 consultation room 1 treatment room 1 radiofrequency 1 lipo-cryolysis 1 electrocautery (hyfreicator) 1 microdermabrasion (hydrafacial) 1 laser (IPL)	Consultation service (aesthetics treatments only) Dispensing Service Treatment comprising only our simple non-invasive treatments, namely, IPL, microdermabrasion, lipo-cryolysis and radiofrequency, all of which can be performed by our trained therapist	2 trained therapists 1 clinic executive	700 sq.ft.	Approximately HK\$2,827,000 (S\$514,000)

The refurbishment of our Clinics will be done primarily on the additional space we will be renting as part of our expansion plan. Hence, such refurbishments may be done during business hours and/or outside business hours as it does not involve or interfere with our existing premises. As such, the refurbishment of our Clinics will not cause any material disruption to the operations and have any material financial impact (save for the investment cost as set out in the “Future Plans and Use of Proceeds” section of this prospectus) as there will be no downtime in patient visitation. There will be no changes to the layout of our Clinics and any increase in space will be by way of renting of new premises.

The estimated monthly operating costs for the medical aesthetic clinic are set out in the table below.

Location of medical aesthetics clinic	Estimated monthly operating costs	Estimated breakeven period ⁽¹⁾	Estimated investment payback period ⁽¹⁾
East Coast	S\$34,000	1 month	17 months
Orchard	S\$32,000	1 month	17 months
Raffles Place	S\$32,000	1 month	17 months

Note:

- (1) Estimated based on historical breakeven and investment payback of our Raffles Place Clinic due to the similar size and scale.

BUSINESS

As at the Latest Practicable Date, we were in the process of identifying suitable locations for our medical aesthetic clinics and no definitive lease agreement(s) has/have been entered into.

Establish a logistics centre for centralised operations

As our network of clinics and patients continues to grow, we intend to set up a centralised logistics centre for the purposes of storing our shared inventory and housing our Group's compounding facility for medicines and skincare products dispensed and sold at our Clinics. We also intend for the logistics centre to house our call centre service and IT database in our logistics centre to ensure the efficient and proper maintenance of the necessary infrastructure. To ensure maximum utilisation of the premises rented, our logistics centre will also serve as headquarters for our accounting and non-front line staff. The logistics centre is expected to be located outside of the central business district in the Tai Seng area. It is expected that renovation works of the logistics centre will likely commence in 4th quarter of 2017. We intend to use approximately HK\$2,085,000 (S\$380,000) of the net proceeds of the Share Offer to set up our logistics centre.

Continue to attract and retain talent pool of specialist doctors and staff

We intend to recruit and retain highly qualified and talented management and healthcare professionals to provide better services to our patients as well as to expand the breadth and depth of subspecialty services we provide. As part of our expansion plan, we further intend to recruit two resident dermatologists in the year ending 31 December 2017 by signing exclusive fixed term contracts with them with termination notices of not less than three months. Apart from our resident Doctors, we will be assisted by a panel of general practitioners of which two General Practitioners joined us in May 2017. Our General Practitioners are qualified doctors with the MOH, with medical practicing experience of over 16 years. For our General Practitioners, who currently work at our Clinics on a part-time basis for two hours once a week to receive training from our resident Doctors, we pay them a fixed fee of S\$150 per hour. Our General Practitioners will be trained and equipped to become resident doctors at our Jurong, Tampines, Serangoon and Holland Village Clinics. Upon their appointment as resident doctors at the "Family and Skin" clinics, their monthly salaries will be adjusted according to the prevailing market rate for general practitioners being approximately S\$7,000 to S\$13,000 with 7 to 14 years of experience, their years of experience and the responsibilities undertaken within our Group, and with reference to the salary scale of our executive Directors and the resident dermatologists of our Group.

In addition, we plan to provide our doctors with opportunities and time to further their professional development and expertise in their subspecialty areas. We believe this will be achieved through a long term rewarding career with opportunities to increase the individual subspecialties of our pool of specialist doctors as well as providing in-house training to our staff in relation to, among others, services-related knowledge, operational safety and handling of emergency and/or accident administrative matters. Our Directors consider that upon Listing, with the adoption of our Share Option Scheme, which will provide additional incentive for our doctors and employees, it is expected that this may make it easier for us to attract talented professionals to join us.

Purchase additional new devices and broaden the variety of treatments and products offered

The medical dermatology industry in Singapore in general is characterised by rapid technological advancements. We believe our ability to keep abreast of the latest treatment technology and equipment, and the trend in skincare products are crucial in maintaining our competitiveness.

BUSINESS

To this end, we intend to purchase additional devices for use in our Clinics. We believe that purchasing additional treatment devices for our Clinics, will allow us to provide our patients with treatments that may achieve better desired outcomes for our patients. With the expansion of the premises of our Clinics, we are able to purchase additional devices to enhance our services and extend the range of treatments available at certain Clinics. The purchase of additional devices for our Orchard Clinic would enable us to expand our capacity to serve more customers by, among others, minimizing the wait time typically required to conduct treatments or procedures for customers allocated consecutive time slots. Separately, for our East Coast Clinic and our Raffles Place Clinic, the purchase of additional devices will extend the range of treatments available at the respective Clinics. Please refer to the paragraph headed “Our Business Strategies — Enhance the quality and variety of our services at our existing Clinics and establish new medical aesthetics clinics” in this section for further details on the expansion of our range of treatments after the upgrade of our Clinics. Purchasing of new treatment devices that have been critically evaluated by our Doctors with reference to published medical journals, peer-review articles, guidelines and research material by internationally recognised authorities would enable us to provide a broader range of treatment to meet the growing needs of our patients. We intend to utilise HK\$7,582,000 (S\$1,378,600) from the net proceeds of the Share Offer to purchase new treatment devices.

We also intend to broaden the offering of our existing DS brand skincare products, by introducing new skincare products such as eye cream, acne cream, whitening cream, skin repair cream, anti-ageing lotion, anti-oxidant cream and pore-tightening serum. We also intend to introduce topical medicine (which is currently sourced from independent suppliers), such as topical steroids, in conjunction with the establishment of our compounding facility for the clinics’ use. As part of our business strategy to develop our medical aesthetics subspecialty as described under the paragraph headed “Enhance the quality and variety of our Services at our existing Clinics and establishment of new medical aesthetic clinics” above, we believe that the broadening of our product line will complement our expansion plan. We intend to utilise HK\$1,147,000 (S\$208,500) from the net proceeds of the Share Offer for the development of our new skincare products and other ancillary expenses such as rental of premises for in-house production of skincare products and renovation works.

Apart from the above, our doctors continue to keep abreast of the latest proven treatment technologies and skincare products with reference to published medical journals, peer-review articles, guidelines and research material by internationally recognised authorities to meet the growing needs of our patients. We will continue to organise internal meetings among our doctors from time to time to share their experience in dealing with our customers, discuss our customers’ feedback and exchange ideas on treatments and products and maintain close relationships with suppliers of treatment devices.

BUSINESS

The cost of each device to be purchased for each of our Clinics is set out in the table below.

Location	Equipment	Costs (S\$)	Costs (HK\$)
East Coast	1 laser (long pulse NdYAG)	110,000	605,000
	1 laser (pulse dye)	128,500	706,750
	1 laser (fractional ablative and CO ²)	65,000	357,500
	1 laser (QS NdYAG laser)	118,800	653,400
	1 IPL	<u>95,000</u>	<u>522,500</u>
	Subtotal:	<u>517,300</u>	<u>2,845,150</u>
Orchard	1 laser (fractional ablative and long pulse NdYAG and IPL)	255,000	1,402,500
	1 radiofrequency	69,000	379,500
	1 electorcautery	10,000	55,000
	1 microdermabrasion	<u>10,000</u>	<u>55,000</u>
		Subtotal:	<u>344,000</u>
Raffles Place	1 laser (long pulse)	110,000	605,000
	1 laser (pulse dye)	128,500	706,750
	1 laser (fractional ablative and CO ²)	65,000	357,500
	1 laser (QS NdYAG)	118,800	653,400
	1 IPL	<u>95,000</u>	<u>522,500</u>
	Subtotal:	<u>517,300</u>	<u>2,845,150</u>
	Total:	<u><u>1,378,600</u></u>	<u><u>7,582,300</u></u>

Improve our information technology infrastructure and systems

We place emphasis on information technology and systems to ensure that our business is carried on in an efficient and effective manner. We believe that professionalism of our support services (such as patient management, accounting and administration) is an important part of our business concept of being a one stop comprehensive medical and surgical service provider for all customer groups in the field of dermatology. As we continue to expand our business, we plan to continue to invest in our information technology infrastructure to achieve real-time monitoring of our daily operations, to centralise information exchange, and integrate different operational functions, collect, store and analyse operational data for formulating sound and more scientific business strategies and streamlined operational procedures.

We intend to improve our information technology and communication service by upgrading our information technology infrastructure to interconnect our three existing Clinics (and eventually our four new “Family and Skin” clinics, our new logistics centre and our medical aesthetic clinics), thereby

BUSINESS

providing our customers with an enhanced and more streamlined experience in their interaction with our doctors and staff as well as creating a more efficient communication system for our business operations. We may also upgrade our systems to create a centralised database or a personalised cloud service for the storage of our patients' records, appointments and inventory such as consumables, medication and skincare products as well as a centralised facility for customised compounded medication and skincare products. We believe this will optimise our operations and increase overall efficiency of our business operations. In addition, we plan to develop a mobile application for our patients to book appointments and personally monitor the progress of their treatment. We intend to utilise approximately HK\$2,200,000 (S\$400,000) from the net proceeds of the Share Offer to improve our information technology systems as described above.

For further information on our implementation plan and use of proceeds drawn up by our Directors for the period up to 30 June 2019, please refer to the section headed "Future Plans and Use of Proceeds" of this prospectus.

OUR BUSINESS MODEL, SERVICES, PRODUCTS AND TREATMENT

We are focused on the provision of dermatological and surgical services by our professional team. These include our Consultation, Prescription and Dispensing and Treatment services. All patients, other than patients with pre-scheduled treatment, will first attend medical consultation with our doctors, following which our doctors will diagnose our patients' skin condition and recommend appropriate management plans, to address our patients' specific needs which may include prescription and dispensing of medication and/or skincare products, treatment, or a combination thereof. We formulate treatments based on the requirements of our individual patients and such treatments are based on medical evidence. Depending on the treatment required, we would decide upon the team required to administer such treatments which could be by the doctors themselves or as team of doctors or our trained therapists or a combination of both doctors(s) and trained therapist(s). With the recruitment of our two General Practitioners in May 2017, we will also have access to the capabilities of such General Practitioners in treating more common dermatological conditions. While such decisions as to who should administer treatments are largely decided by our Doctors, the requests of our patients as to who attends to them continue to be taken into consideration. Such an approach is applied uniformly in the operations of our Group. Each of our three Clinics are collectively run by our executive Directors. Dr. Loh is based in both the East Coast and Orchard Clinics and Dr. Ee and Dr. Kwah are based in both the Orchard and Raffles Place Clinics. The variety of treatments offered at each of our clinics varies with among others, the facilities and treatment devices available and the size of each clinic and patients with more complex dermatological conditions will be sent to our central treatment clinic at our Orchard Clinic (which is equipped with specialised treatment devices and day surgery facilities). The day surgery centre and specialised treatment devices located at our Orchard Clinic is used by all our Doctors depending on individual patient requirements.

Our Services

We aim to provide accessible, comprehensive, quality and specialty care services for a variety of dermatological conditions. At all of our Clinics, we offer the following services:

(a) Consultation

All patients, other than patients with pre-scheduled treatment, will first attend medical consultation with our Doctors at our Clinics.

During consultations, our Doctors will examine as well as assess and/or diagnose our patients' skin condition with reference to their medical history, background and their specific needs and concerns.

Following such diagnosis, our Doctors will recommend appropriate management plans to our patients, which may either include prescription and dispensation of medication and/or skincare products, and/or treatment, or a combination thereof to address our patients' specific needs and concerns. Where our Doctors are of the view that further investigation of our patients' skin condition is required, our Doctors may request the carrying out of in-house allergy skin patch testings at our Clinics or certain laboratory tests by external laboratories in Singapore to further investigate and analyse the particular condition. The test results from external laboratories will be delivered to our Clinics after analysis. Thereafter, our Doctors will schedule follow up consultation for our patients to review the results of the test conducted, during which, our Doctors will, having regard to the test result, recommend a management plan that is suitable for the particular patient, being either a prescription and dispensation of medication and/or skincare products, and/or the performance of certain treatment(s).

Our Doctors, who have a professional understanding of the features and results of each medication, skincare product and treatment offered at our Clinics, can advise our patients in using the appropriate treatments, medications and/or skincare products and related side effects or risks, if any.

(b) Prescription and Dispensing

Following consultation with our Doctors, our Doctors may, based on our patients' specific needs, requirements and skin condition, prescribe medication and/or recommend skincare products to our patients which may be dispensed at our Clinics.

In some cases, patients who have previously consulted our Doctors at our Clinics may seek to purchase a refill of medication and/or skincare products which may include our DS brand skincare products and/or over-the-counter skincare products without further consultation with our Doctors. In such circumstances, our patients will be able to obtain the required medication and/or skincare products from our dispensary unit, unless the required medication and/or skincare product requires specific prescription from our Doctors. Please see the paragraph headed "Our business model, services, products and treatment — Our products" in this section for further details of our DS brand skincare products and over-the-counter skincare products.

BUSINESS

In respect of the dispensation of any medication and skincare products (including our own DS brand skincare products), it is our policy that the following procedures are adhered to:

- Handling only one single prescription at any one time;
- Checking our patient's drug allergy and medical history prior to the dispensation of any prescribed medication and/or skincare products to the particular patient;
- Checking the labels against the prescription containing the name of the patient, product name, dosage, frequency, intake and precautions, and whether it is the correct product and of correct quantity;
- Reviewing the best intake, application and/or treatment method in respect of the medication and/or skincare products to be dispensed;
- Selecting appropriate containers;
- Ensuring that the product to be dispensed will not expire within the period of treatment;
- Counter-checking the prescribed medications and/or skincare products by another staff prior to dispensation;
- When dispensing capsules or tablets, counting out the correct number of capsules or tablets and for creams, checking and counter-checking the correct volume and dosage by another staff;
- Advising our patients on how to use the skincare products or consume the medication; and
- Verifying the identity of our patients upon dispensation.

(c) Treatment

Following consultation with our Doctors, patients may undergo certain treatments as recommended by our Doctors. Treatments offered at our Clinics can be broadly categorised into two, namely, surgical treatments and minimally invasive/non-invasive treatments. For each of FY2015, FY2016, and 1Q2017, the revenue generated from surgical treatments amounted to approximately S\$973,000, S\$909,000 and S\$233,000, representing approximately 17.4%, 14.8% and 14.5% of the total revenue respectively and the revenue generated from minimally invasive/non-invasive treatments amounted to approximately S\$1,411,000, S\$1,583,000 and S\$409,000, representing approximately 25.2%, 25.7% and 25.4% of the total revenue respectively. While several different treatments may achieve similar results, our Doctors may recommend one or several treatments based on consideration of a variety of factors including, among others, our patients' particular skin condition and sensitivity, the treatment process involved, effectiveness of treatment, risks and/or possible side-effects of treatment and our patients' preference based on their budget, pain tolerance or duration and frequency of treatments.

BUSINESS

The table below summarises the types of Services which our Doctors may recommend to our patients to address the following skin conditions:

Skin condition	Typical recommended management plan	Type of Service(s)
Skin cancer (cancer that forms in the tissues of the skin)	<ul style="list-style-type: none"> ● Mohs surgery with reconstruction including flaps/skin graft ● Excision plus margin control and reconstruction with flaps/skin graft ● Cryosurgery ● Electrosurgery ● Laser surgery ● Pharmaceutical ● Full body skin cancer evaluation 	Prescription and Dispensing and Treatment
Eczema (a medical condition in which patches of skin become rough and inflamed with blisters which cause itching and bleeding)	<ul style="list-style-type: none"> ● Phototherapy ● Pharmaceutical — topical and oral medication ● Wet dressings ● Hospital admissions ● Allergy evaluation 	Prescription and Dispensing and Treatment
Psoriasis (a skin disease marked by red, itchy and scaly patches)	<ul style="list-style-type: none"> ● Phototherapy ● Pharmaceutical — topical and oral medication ● Biologics treatments ● Hospital admissions 	Prescription and dispensing and Treatment
Acne, acne vulgaris (a skin disease that occurs when hair follicles are clogged with dead skin cells and oil from the skin)	<ul style="list-style-type: none"> ● Pharmaceutical — topical and oral medication ● Chemical peeling ● Microdermabrasion ● Pulse dye laser ● Non-ablative laser ● Ablative/fractional ablative lasers ● Intralesional steroid injection ● Subcision ● Scar excision ● Filler injection ● In-house skincare regiment 	Prescription and Dispensing and Treatment
Urticaria (a rash of round, red weals on the skin which itch intensely, sometimes with dangerous swelling, caused by an allergic reaction, typically to specific foods)	<ul style="list-style-type: none"> ● Skin prick test ● Pharmaceutical ● Laboratory tests 	Prescription and Dispensing and Treatment

BUSINESS

Skin condition	Typical recommended management plan	Type of Service(s)
Verucca (a wart, a local growth of the outer layer of the skin (i.e. the epidermis caused by a virus)	<ul style="list-style-type: none"> ● Cryosurgery ● Electrosurgery ● Ablative laser ● Pulse dye laser ● Cantharidin ● Pharmaceutical intervention 	Prescription and Dispensing and Treatment
Pigmentation (the colouring of the skin, hair, mucous membranes, and retina of the eye. Pigmentation is due to the deposition of the pigment melanin, which is produced by specialised cells called melanocytes)	<ul style="list-style-type: none"> ● Pharmaceutical — topical and oral medication ● IPL ● Specialised in-house formulation ● Laser ● Chemical peels ● Microdermabrasion 	Prescription and Dispensing and Treatment
Hair loss or Alopecia (thinning of hair on the scalp)	<ul style="list-style-type: none"> ● Pharmaceutical — topical and oral medication ● Steroid injection ● Topical immuno therapy 	Prescription and Dispensing and Treatment
Skin infections (bacterial attacks on the skin)	<ul style="list-style-type: none"> ● Pharmaceutical — topical and oral medication ● Intralesional injections ● Incision and drainage ● Wound debridement 	Prescription and Dispensing and Treatment
Skin rejuvenation (a process that takes place to attempt the reversal of visible signs of ageing)	<ul style="list-style-type: none"> ● Pharmaceutical — topical and oral medication ● In-house specialised formulation ● Light therapy ● Chemical peeling ● Microdermabrasion ● Botulinum Toxin Type A injections ● Filler injections ● Ablative and non-ablative laser therapy 	Prescription and Dispensing and Treatment
Others (including skin growth, scars, keloid, syringoma, sebaceous, hyperplasia, elevated lesions, hyperhidrosis, stretch marks)	<ul style="list-style-type: none"> ● Pharmaceutical — topical and oral medication ● Excision ● Electrosurgery ● Cryosurgery ● Ablative and non-ablative laser therapy 	Prescription and Dispensing and Treatment

Our Products

Products available at our Clinics can be divided into two categories, namely, medication and skincare products.

Our Doctors may prescribe medication for the use by our patients depending on their specific requirements and skin diseases or problems, including prescribing oral medication and topical drugs, sourced from licensed and qualified international medical pharmaceutical manufacturers and/or distributors. Medication prescribed to our patients comprise mainly topical and oral anti-inflammatory, topical and oral anti-microbial, anti-histamine and topical and oral immune-modulator medication for the treatment of medical dermatological conditions affecting skin, hair and nails.

We carry over-the-counter skincare products, as well as our own DS brand skincare products. Skincare products that we typically provide to our patients include cleanser, moisturiser, sun-block and aesthetic skincare products. Our Doctors may also recommend the use of our own DS brand skincare products or over-the-counter skincare products at our Clinics to meet the needs and concerns of our patients. Skincare products are carefully chosen and sourced by our Doctors based on factors such as the suppliers' reputation, products quality, products strength and cost of products. As at the Latest Practicable Date, we carried more than 20 types of over-the-counter skincare products and 10 types of our DS brand skincare products, which are designed to target a range of skin conditions and are dispensed and sold to our combined customer network at our Clinics.

Our Directors believe that our DS brand skincare products differ from the over-the-counter skincare products in the following ways:

- Our DS brand skincare products may contain ingredients custom formulated by our Doctors to achieve certain desired effects. Our DS brand skincare products are formulated by our Doctors and our appointed pharmaceutical company will source for the component ingredients, compound them and provide us with the completed and packaged product; and
- The composition of ingredients in our DS brand skincare products is adjusted from time to time based on the clinic experience of our Doctors and our individual patients' responses and feedback.

Over the years, our DS brand skincare products have been calibrated by our Doctors who have gained insight as to which ingredients and what dosage of DS brand skincare products are best suited to patients we serve.

We entered into contracts to purchase batches of pre-formulated skincare products under the DS brand name from an independent pharmaceutical company. Our contract with such pharmaceutical company will state the product and quantity ordered and contains the following key terms:

- (i) Notification fees: Notification fees for applications to submit notification of products to the Health Sciences Authority of Singapore will be borne by us.
- (ii) Compliance with Guidelines: We are aware that all cosmetic products are required to comply with the Health Sciences Authority's Guidelines on the Control of Cosmetic Products.

BUSINESS

- (iii) Payment terms: A deposit of 50% of the products' order value shall be paid on confirmation of each order. Balance payment shall be due on collection of goods.

We have also engaged another independent pharmaceutical company to compound our DS brand skincare products based on formulas provided by our Doctors on an order-by-order basis, who will then provide us with an invoice in relation to the amount payable by us for each order upon delivery of the products. To allow for our Clinics to better cope with customer demand for our DS brand skincare products, we intend to set up our own compounding facility to be located at our logistics centre, details of which are set out in the paragraph headed "Our business strategies — Establish a logistics centre for centralised operations" in this section.

During the Track Record Period, we did not experience any product recalls or receive any product liability claims in respect of the medication and skincare products available at our Clinics.

Our Treatments

Treatments offered at our Clinics can be broadly categorised into two, namely, surgical/invasive treatments and minimally invasive/non-invasive treatments. Surgical treatments would require the administration of anaesthesia on the patient and the types of surgical treatments we conduct include skin cancer surgery, Mohs surgery, incision, debridement, and electrosurgery. Minimally invasive/non-invasive treatments usually have little recovery time needed to heal. The types of minimally invasive/non-invasive treatments we offer include energy-based treatments, injection treatments and others.

All of our patients who undergo our treatment are required to attend medical consultations with our Doctors so that our Doctors can assess and/or diagnose their skin condition with reference to their medical history and background prior to recommending an appropriate management plan.

All of our treatment devices used to perform treatments on our patients are carefully selected and evaluated by our Doctors using their clinical knowledge and experience as well as our selection criteria ensuring that the particular device is evidence-based, i.e. whether the effectiveness or technology of the device is supported by clinical trials published by peer-review medical journals as well as internationally established guidelines by recognised authorities in the field that they are reliable and are capable of delivering desired outcomes and results for our patients.

BUSINESS

The number of treatments performed and some of the treatments which generated the most revenue at our Clinics over the Track Record Period are set out below.

Treatment/Device	No. of treatment performed			Average revenue per treatment (\$\$)		
				Three months ended		
	2015	2016	31 March 2017	2015	2016	31 March 2017
Surgical						
Excision (performed by our Doctors)	1,100	1,060	286	679	704	687
Mohs surgery (performed by our Doctors)	54	42	10	4,181	3,862	3,670
Minimally invasive						
Cryosurgery (performed by our trained therapists)	1,982	2,390	611	111	120	129
Botulinum Toxin injection (performed by our Doctors)	165	161	39	519	501	583
Kenacort injection (performed by our trained therapists)	659	774	219	108	123	138
Filler injections (performed by our Doctors)	43	49	9	755	847	644
Non-invasive						
Laser (performed by our Doctors)	784	702	130	412	394	410
Intense Pulsed Light (performed by our trained therapists)	316	237	53	356	354	343
Microdermabrasion (performed by our trained therapists)	460	433	83	200	158	164
Radiofrequency (performed by our trained therapists)	71	53	6	606	540	717

Surgical/Invasive Treatments

We offer surgical/invasive treatments to treat skin conditions such as removal of skin cancer and acne scar revision. Such surgical/invasive treatments would require the administration of anaesthesia on the patient and would require a team of trained persons to assist. The typical surgical treatments performed at our Clinics and a brief description of each of them are set out in the table below. Depending on the complexity of the skin condition, the type of surgical facilities and/or the type of anaesthesia required, we occasionally, at the request of patients due to personal insurance claims, conduct some of our surgical treatments at other private or public hospitals such as treatments that require the administration of general anaesthesia for excisions. We will make arrangements to see our patients as and when needed at external medical premises with providers which include certain private hospitals, where services or items chargeable (such as consumables, facility fee, theatre space and

BUSINESS

administrative fee, etc.) by the hospital will be charged to the patient directly. We are accredited with such hospitals where we can make arrangements to see our patients as and when needed at such external medical premises.

Our Orchard Clinic is equipped with built-in surgical day-care facilities to cater to our patients undergoing our recommended surgical/invasive treatments. Our surgical day-care facilities allow us to prepare our patients for surgery and for close monitoring of their condition by our staff after the surgery has been completed.

Surgical/Invasive Treatment/Device	Main target problems	Brief description of Treatment/Device
Excision	Skin cancer, benign skin growths, acne scars	The use of a surgical blade to cut and remove a lesion or growth from the skin and to repair the defect created.
Mohs surgery	Skin cancer	This is a treatment in which skin cancers are excised with complete, three-dimensional microscopic control of all surgical margins, allowing the detection and excision of all subclinical tumour extensions. The visible portion of the tumour and further tissue that may have cancer cells (one layer at a time) are removed. The tissue is examined under a microscope while our patient is still at the dermatology unit and if it contains cancer cells, another layer of tissue is removed and examined. This treatment is repeated until all the cancer cells have been removed.

Minimally invasive/non-invasive Treatments

While minimally invasive treatments involve minimal penetration of skin or superficial breakage of skin, non-invasive treatments do not involve the penetration or perforation of the skin. Our minimally invasive treatments consist of injection therapy such as Botulinum toxin type A, filler and sclerotherapy, and superficial ablative therapy such as chemical peels and carbon dioxide laser treatment for skin resurfacing; while our non-invasive treatments comprise superficial non-ablative therapy, hair removal laser treatment, IPL, pulse dye laser and YAG laser treatments. Some of the typical skin conditions and/or concerns that our patients have include, among others, those relating to skin tone (such as pigmentation and acne marks), skin surface (such as enlarged pores and dry skin), wrinkles (such as crow's feet), facial contouring (such as skin laxity) and improvement of general skin condition (such as skin allergy, rosacea and warts). We have geared our minimally invasive/non-invasive treatments to treat such conditions and/or concerns.

BUSINESS

Treatment/Device	Main target problems	Brief description of Treatment/Device
Minimally Invasive		
Cryosurgery	Keratoses, verrucae, skin cancer	The use of extreme cold produced by liquid nitrogen to freeze and destroy a lesion on the skin.
Botulinum Toxin injection	Expression lines, eye bags, facial contouring, hyperhidrosis	The injection of botulinum toxin into skin tissue to achieve desired aesthetic and medical effects.
Kenacort injection	Scar treatment, hair loss, allergies, connective tissue disorders	The localised use of injectable steroid injections to achieve medical therapeutic effects.
Filler injections	Facial contouring, eye bags, skin rejuvenation, improvement of skin tone	Cosmetic injection for soft tissue augmentation, scar/wrinkle improvement and shaping/modifying soft tissue.
Non-Invasive		
Laser	Skin rejuvenation, pigmentation, hair removal, rosacea, spider veins	Energy-based devices used for treatment of the main target problems, such as unwanted hair removal and skin rejuvenation.
Intense Pulsed Light	Pigmentation, rosacea, telangiectasia	Lightening of unwanted pigmentation, reduction in the symptom of red lines on the face from rosacea and hair removal.
Microdermabrasion	Aesthetic purposes	A superficial skin resurfacing treatment using physical means to exfoliate the skin resulting in smoother and more radiant skin.
Phototherapy	Eczema, psoriasis, vitiligo	The use of ultra-violet light to achieve medical therapeutic effect for a variety of inflammatory skin conditions and vitiligo.
Radiofrequency	Skin laxity on face, neck and abdomen	The use of radiofrequency waves at a calibrated intensity to stimulate the regeneration of collagen at a deeper layer of the skin.

BUSINESS

Our Clinics

We currently operate three Clinics, which are strategically located at East Coast, Orchard Road and Raffles Place. Our Orchard Clinic is located in a prominent building at a premier and popular shopping area in Singapore, thereby allowing us to serve patients in the area which is accessed by many foreigners and/or expatriates in Singapore. It is also the central treatment clinic of our Group and is fitted with day surgery facilities and equipped with various comprehensive devices to deal with complex skin diseases/conditions. Our East Coast Clinic and our Raffles Place Clinic were set up in a residential enclave in the eastern part of Singapore and in the central business district in Singapore respectively. They were established with the intention to provide convenient and accessible dermatological and surgical services to the suburban and corporate customer bases respectively. Where patients visiting our East Coast Clinic or our Raffles Place Clinic with complex skin conditions require the use of specialised treatment devices or day surgery facilities, they will be sent to our central treatment clinic at our Orchard Clinic for further treatment.

All three Services, namely, Consultation Service, Prescription and Dispensing Service as well as Treatment are offered at our Clinics. The variety of treatments offered at each of our Clinics varies with, among others, the facilities and treatment devices available and the size of each Clinic.

The following table provides details of the utilisation rate of each of our Clinics during FY2015 and FY2016 and the three months ended 31 March 2017:

Clinic	No. of Treatment Rooms	Year ended 31 December 2015			Year ended 31 December 2016			Three months ended 31 March 2017		
		Estimated Service Capacity ⁽¹⁾ <i>(room-period)</i>	Actual Service Provided ⁽²⁾ <i>(room-period)</i>	Utilisation Rate ⁽³⁾	Estimated Service Capacity ⁽¹⁾ <i>(room-period)</i>	Actual Service Provided ⁽²⁾ <i>(room-period)</i>	Utilisation Rate ⁽³⁾	Estimated Service Capacity ⁽¹⁾ <i>(room-period)</i>	Actual Service Provided ⁽²⁾ <i>(room-period)</i>	Utilisation Rate ⁽³⁾
East Coast										
Clinic	1	8,316	4,621	56%	8,330	4,830	58%	2,066	1,096	53%
Orchard Clinic	2	16,632	14,532	87%	16,660	15,701	94%	4,132	3,964	96%
Raffles Place										
Clinic	1	8,316	3,927	47%	8,330	5,512	66%	2,066	1,537	74%

Notes:

1. Service capacity refers to total capacity for provision of services which is calculated based on the product of the number of service rooms in the service centre(s), the number of room-periods available during business hour of each day when the service centre(s) are open and the number of days the service centre(s) is open in a financial period.
2. Actual service provided refers to the actual number of room-periods used to provide service sessions to patients in the financial period. Each room-period consists of a 15-minute block.
3. Utilisation rate is calculated by dividing actual service provided by service capacity.

BUSINESS

The following table sets forth the revenue contribution of each of our Clinics during the Track Record Period.

Location	Year ended 31 December						Three months ended 31 March					
	2015			2016			2017					
	Revenue S\$'000	%	Number of patient visits	Average spent (\$\$)	Revenue S\$'000	%	Number of patient visits	Average spent (\$\$)	Revenue S\$'000	%	Number of patient visits	Average spent (\$\$)
Orchard Clinic	3,986	71.2	10,000	399	4,195	68.1	11,363	369	1,053	65.4	2,897	363
East Coast Clinic	752	13.5	4,141	182	814	13.2	4,342	187	244	15.2	939	260
Raffles Place Clinic	858	15.3	2,829	303	1,151	18.7	3,989	289	312	19.4	1,133	275
	<u>5,596</u>	<u>100</u>	<u>16,970</u>	<u>330</u>	<u>6,160</u>	<u>100</u>	<u>19,694</u>	<u>313</u>	<u>1,609</u>	<u>100</u>	<u>4,969</u>	<u>324</u>

Pricing policy

The pricing of our services is determined as follows:

- (a) Consultation Service: price ranges from S\$120 to S\$250 for the first consultation and subsequent consultations are in the price range of S\$90 to S\$150.
- (b) Prescription and Dispensing Service: price is determined on a cost-plus basis (i.e. with a margin over the cost of purchase of the relevant medication and/or skincare products) with reference to the price of similar products in the market.
- (c) Treatment: price is determined based on several factors including, among others, (i) the complexity of the dermatological condition and treatment required; (ii) the risks involved in the treatment; (iii) the duration and skills typically required to administer the treatment; (iv) price of similar treatments on the market; (v) cost of treatment consumables; and (vi) the price range for medical and surgical treatments published by the MOH on their website.

The pricing of our Services is reviewed by our Doctors semi-annually. In addition, our pricing policy may also be reviewed in between the semi-annual reviews under the following circumstances:

- (a) new treatment or product being introduced to our Clinics (the pricing of existing similar treatments or products may have to be reviewed simultaneously);
- (b) change in the demand for our existing Services;
- (c) increase in the purchase cost of product or treatment consumable charged by our suppliers; and
- (d) change in the market price of similar products or treatments.

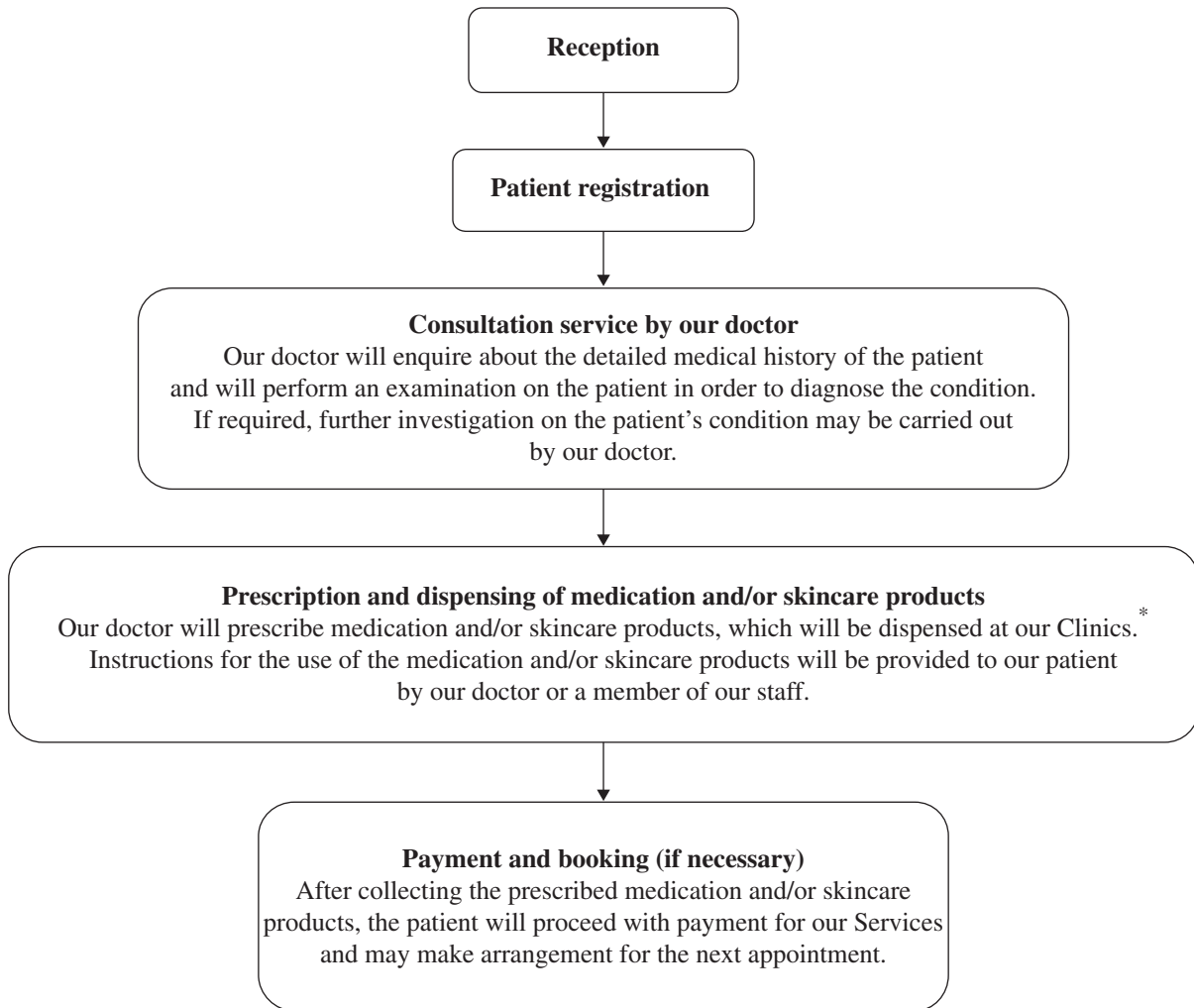
BUSINESS

Pricing of our Services may differ in accordance with agreements we may have with our Corporate Customers which may be reviewed periodically every one or two years. For details of our customers fee and/or insurance coverage, please refer to the paragraph headed “Our customers” in this section.

BUSINESS PROCESS

Process of consultation and prescription and dispensing

The following flowchart illustrates the different stages of the process of consultation and prescription and dispensing service for a patient of ours.



* On occasion, some patients could also choose to purchase such medication and/or skincare products from third party suppliers.

BUSINESS

Step 1: Reception and registration of patient

When a patient visits us for the first time, the patient is asked to fill out a personal information sheet that contains the patient's name, gender, age, nationality, address, referral source, drug allergy and contact number for registration. We also ask the patient to provide proof of identity for registration. Our patients are informed that such information obtained from them is kept confidential.

Step 2: Consultation service by our doctor

Our patient is required to consult one of our Doctors prior to receiving any medication and/or skincare products at our Clinics. During the face-to-face consultation, such Doctor performs an examination and/or assesses and diagnoses the patient's skin condition with reference to his/her medical history and background. Such diagnosis will have regard to the patient's specific condition, needs and concerns.

Depending on the skin condition of the patient, consultation will typically take 10 to 20 minutes.

Where necessary, further investigation may be carried out by our Doctors at their discretion including, among others, patch-tests, skin allergy tests or laboratory tests to conduct a more thorough examination and diagnosis of the patient's skin disease or condition.

Step 3: Prescription and dispensing service

After consultation and if no further investigation or examination is required, our doctor will then prescribe or dispense medication and/or skincare products to the patient. The responsible doctor and/or trained therapist then explains the medication and/or skincare product to the patient, including the purpose, nature, process, possible risks and potential complications, and answers any questions that the patient may have relating to the medication and/or skincare product.

If follow-up consultation and/or examination is required following the prescription and use of the medication and/or skincare products, a management plan will be recommended by our doctor to the patient.

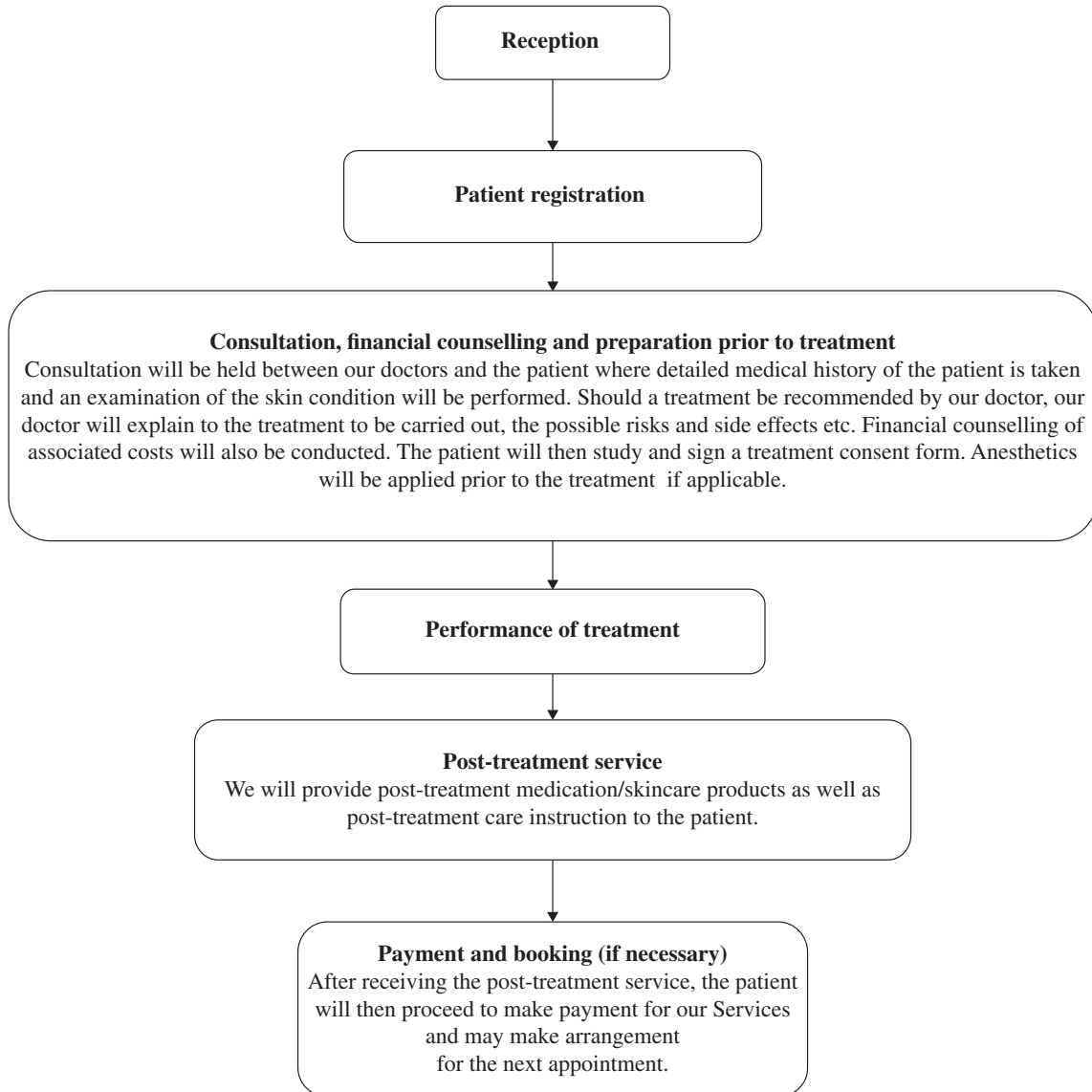
Step 4: Payment and booking

The patient will thereafter proceed to make payment, obtain the required medication and/or skincare products from our dispensary unit and arrange for the next appointment for a follow-up consultation and management of the outcome of the treatment, if necessary. For patients where all of their fees are covered by valid insurance policies, they would not be required to pay us at the conclusion of their visit, as we will seek payment directly from the relevant insurance companies. In the event that only part of a patient's fees is covered by insurance, such patient would have to pay the balance of the fees at the conclusion of his/her visit. For patients claiming under Medisave, they will first pay the fees to the Clinic and thereafter apply to Medisave for reimbursement.

BUSINESS

Process of consultation service and treatment

The following flowchart illustrates the key stages of our business process for consultation service and treatments:



BUSINESS

Step 1: Reception and registration

When a patient visits us for the first time, the patient is asked to fill out a personal information sheet that contains the patient's name, gender, age, nationality, address, referral source, drug allergy and contact number for registration. We also ask the patient to provide proof of identity for registration. Our patients are informed that such information obtained from them is kept confidential.

Step 2: Consultation, financial counselling and preparation prior to treatment

Our patient is required to consult our doctor prior to receiving any treatment service at our Clinics. During the face-to-face consultation, our Doctor performs an examination and assesses and diagnoses the patient's skin condition with reference to his/her medical history and background. Such diagnosis will have regard to the patient's specific condition, needs and concerns. Where necessary further investigation may be carried out by our Doctors at their discretion including, among others, patch-tests or skin allergy tests and/or laboratory tests to conduct a more thorough examination and diagnosis of the patient's skin disease or condition.

Following such diagnosis, suitable treatment plans may be recommended by our Doctors. Where a treatment is recommended by our Doctors, our Doctors will then explain to patient the treatment, the associated risks, the possible side-effects as well as answers the patient's questions and address his/her concerns. In addition, our Doctors may prescribe medication and/or recommend skincare products to our patients as appropriate.

During the consultation, for treatments which are not required to be carried out by Doctors, our Doctors may, taking into account the skin condition of the patient, decide whether the recommended treatment will be performed by any of our Doctors or trained therapists.

After consultation, should the patient decide to proceed with the treatment, our trained therapist or doctor will provide the patient with financial counselling and explain the process of the treatment as well as any associated risks and steps to be taken after the treatment has been completed. Before proceeding with the treatment, our patient is asked to study and sign a consent form, which, among others, requires the patient to acknowledge his/her understanding of the proposed treatment as explained by the Doctors, and the risks involved in the treatment and his/her consent to undergo such treatment.

Depending on the skin condition of the patient, consultation with our Doctor may typically take 10 to 20 minutes.

Step 3: Performance of treatment

Our Doctors or trained therapists will then prepare the patient for the treatment by administering local anaesthesia, if any. Thereafter, our Doctors will typically, together with the trained therapist, perform the treatment.

Certain treatments which are straightforward and non-invasive or not complicated in nature may be performed by our trained therapists without the necessity of our Doctors being present such as treatments involving the use of the radiofrequency device, wound dressing, microdermabrasion, IPL, phototherapy, skin tests or cantharidine. If the recommended treatment is to be performed by our trained therapist(s), our Doctors will set out the relevant treatment protocol, such as the treatment device to be

BUSINESS

used and the relevant parts of the face and/or body the treatment is to be applied to, for the trained therapist(s) to follow. Depending on the type of treatment to be conducted, a treatment may typically take 15 to 45 minutes. If the treatment requires a numbing cream to be applied, the treatment will take an additional 60 minutes to allow time for the cream to take effect. For Mohs surgery, the treatment will take generally five to seven hours.

Step 4: Post-treatment service

After completion of the treatment, the patient is then educated on the use of any medication and/or skincare products recommended by our Doctors and informed of any post-treatment care tips.

Step 5: Payment and booking

Upon completion of the treatment, the patient will proceed to pay the fees for the services provided. The patient will proceed to obtain the required medication and/or skincare products from our dispensary unit and arrange for the next appointment for a follow-up consultation and management of the outcome of the treatment. For patients where all of their fees are covered by valid insurance policies, they would not be required to pay us at the conclusion of their visit, as we will seek payment directly from the relevant insurance companies. In the event that only part of a patient's fees is covered by insurance, such patient would have to pay the balance of the fees at the conclusion of his/her visit. For patients claiming under Medisave, they will first pay the fees to the Clinic and thereafter apply to Medisave to claim for reimbursement.

OUR PROFESSIONAL TEAM

Our professional team comprises our resident Doctors, General Practitioners, trained therapists, laboratory technician and clinic executives.

Our Doctors

As at the Latest Practicable Date, we had four resident Doctors and two General Practitioners who participated in the provision of Services to our patients. All of our Doctors are registered as dermatology specialists with the MOH in accordance with the MRA with, on average, medical practising experience of over 16 years. For detailed biographies of three of our Doctors who are also our executive Directors, please refer to the section headed "Directors and Senior Management" of this prospectus. Among the said four resident Doctors, three of them are also acting as our executive Directors and currently earn a monthly salary of S\$15,000 and the remaining resident Doctor currently earns a monthly salary of S\$10,000. The monthly salary of our Doctors are within the prevailing market rate where the range of monthly salary for dermatologists with 15 to 20 years of experience is between S\$10,000 to S\$20,000.

The remaining resident Doctor graduated from the University of Glasgow, United Kingdom in 2001 with a Bachelor of Medicine and Bachelor of Surgery and is currently a Member of the Singapore Medical Association and is also a Member of the Royal College of Physicians of the United Kingdom. He is a member of the Dermatologic Society Singapore and has been a Member of the Royal College of Physicians and Surgeons Glasgow, United Kingdom since 2012. He is also currently a fellow of the Academy of Medicine Singapore and of the Royal College of Physicians Edinburgh, United Kingdom. He has over 15 years' medical practice specialising in dermatology primarily in public hospitals.

BUSINESS

Our Doctors each specialise in different sub-specialties (with some overlap) which complement one another. We intend to further engage two dermatologists by end of FY2017 and with sufficient scale and sub-specialties, we aim to eventually expand our dermatological and surgical practice to market each sub-specialty and provide a whole comprehensive suite of sub-specialty services, such as having a paediatric dermatology centre or skin cancer centre.

The following table sets forth a breakdown of revenue contributed by our Doctors and trained therapists during the Track Record Period:

Revenue	Year ended 31 December				Three months ended 31 March			
	2015		2016		2016		2017	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Executive Directors/ Resident Doctors								
Dr. Loh	1,247	22.3	1,420	23.0	377	23.8	356	22.1
Dr. Ee	1,959	35.0	1,942	31.5	495	31.2	455	28.3
Dr. Kwah	948	16.9	1,223	19.9	302	19.1	348	21.6
Resident Doctor	—	—	—	—	—	—	27	1.7
Trained Therapists	776	13.9	886	14.4	210	13.2	243	15.1
Others^(Note)								
Prescription	314	5.6	271	4.4	77	4.9	63	3.9
Miscellaneous	352	6.3	418	6.8	123	7.8	117	7.3
Total	5,596	100.0	6,160	100.0	1,584	100.0	1,609	100.0

Note: Others include revenue from others such as sale of medication and skincare products without prescription

As shown in the table above, the majority of our Group's revenue during the Track Record Period was generated through the Services provided by Dr. Loh, Dr. Ee and Dr. Kwah. In order to incentivise and increase revenue contribution from other doctors or any new doctors joining our Group, our Group has put in place the following measures:

- Dr. Loh, Dr. Ee and Dr. Kwah will continue to provide the necessary training and assistance to other doctors, including the two General Practitioners, who were appointed in May 2017, to develop their management, leadership, administration and/or medical skills which we believe are important to the contribution of the business;
- our Group will continue to review the remuneration packages of our existing Doctors and trained therapists and provide necessary incentive and rewards to retain our Doctors, such incentive and rewards may include monthly incentives, discretionary bonus or share options;
- our Group will provide competitive remuneration packages to recruit talented doctors according to the needs of our Group; and
- we will expand and equip our pool of doctors and trained therapists to perform certain aesthetic services and treatments which are not required to be performed by dermatologists.

BUSINESS

Further, it is intended that the proceeds from the Share Offer will be used for the establishment of our new “Family and Skin” clinics and medical aesthetic clinics in Singapore. Our Group will recruit new doctors for our expansion and such new doctors will increase the number of contributors to revenue and accordingly reduce the proportion of revenue contributed by Dr. Loh, Dr. Ee and Dr. Kwah. In selecting new doctors to join us, we will assess, among others, their academic and professional qualifications (including post-graduate qualifications relevant to the Services such as a diploma of dermatology), years of experience and good standing in the provision of Services, as well as their character, integrity and eagerness to learn.

While Consultation Service is provided solely by our Doctors, certain treatments may be performed by our trained therapists under the direction of our Doctors, such as treatments involving the use of the radiofrequency devices, wound dressing, microdermabrasion, IPL, phototherapy, skin tests or cantharidine. Going forward, we intend to train our trained therapists to perform more non-invasive treatments. As part of our expansion plan, we also intend to recruit trained therapists and clinic executives to support our new medical aesthetic clinics. Our trained therapists at the new medical aesthetic clinics will be expected to perform a wider range of treatments. In addition to the foregoing Services that may be provided in our new medical aesthetic clinics, we also expect to carry out sales and marketing of appropriate DS brand skincare products and over-the-counter skincare products through our sales personnel.

General Practitioners and resident dermatologists

We have recruited two General Practitioners in May 2017 and intend to further engage two resident dermatologists in the year ending 31 December 2017. Our existing General Practitioners are qualified doctors with relevant medical experience of over 16 years each and are registered with the MOH. Our General Practitioners, who currently work as employees at our existing Clinics on a part-time basis for two hours once a week to receive training from the resident Doctors, are paid a fixed fee of S\$150 per hour. Both General Practitioners will only treat patients independently upon their appointment as resident doctors at our new “Family and Skin” clinics as part of our Group’s expansion plan. Their employment agreements provide for non-competition and non-solicitation undertakings during and for a period of three and 12 months following the termination of such agreements with our Group respectively.

One of our General Practitioners graduated from the University College Dublin, Ireland with a Bachelor of Medicine in June 1995. She received a Graduate Diploma in Family Medicine (Singapore) in 2006 and has been practising as a Family Physician with the Singapore Medical Council since September 2013. She has over 16 years’ medical practice in both public polyclinics and hospitals and private clinics.

The second of our General Practitioners graduated from the University of Dublin, Ireland with a Bachelor of Medicine, Surgery and Obstetrics in 2000. He went on to obtain a Graduate Diploma in Family Medicine from the College of Family Physicians, Singapore in 2007 and a Postgraduate Diploma in Practical Dermatology from the University of Cardiff, United Kingdom in 2009. He has over 16 years’ medical practice in both public hospitals and private clinics.

Doctors' liability

Being registered medical practitioners, our Doctors are required to adhere to the SMC Ethical Code and SMC Ethical Guidelines 2016. Each of our Doctors has confirmed that, during the Track Record Period and up to the Latest Practicable Date, he has not been subject to any disciplinary actions, investigations or other similar actions by the SMC or other professional and regulatory bodies in Singapore. In addition, we have obtained certificates of good standing in respect of our executive Directors issued by the SMC certifying that each of them has not been found guilty of misconduct in a professional respect by the SMC and no disciplinary proceedings against them were in process.

Due to the nature of our business operations, the performance of treatment and/or the intake of medication may carry inherent health risks. As a result, our Doctors are inevitably exposed to potential liability arising from complaints, claims and possible litigation brought against them by patients alleging to have suffered adverse reactions from treatments performed and/or medication prescribed. Since the results of treatments depend on, among others, the patient's skin condition, allergies (if any), medical condition and daily skincare treatment and products used, there is no guarantee that our prescription, treatments may achieve the patient's most desired results, which may be subject to his/her subjective views. For details, please refer to the section headed "Risk Factors — Risks relating to the business of our Group — Our doctors could become the subject of claims, regulatory or professional investigations and litigations regarding any medical dispute brought by our customers, which may harm our reputation and business" of this prospectus. Prior to each treatment, our Doctors will explain to our patients, the process of the treatment, as well as the potential risks involved in such treatment. Our patients are asked to sign a consent form which, among others, requires them to acknowledge their understanding of the proposed treatment as explained by Doctors, the risks involved in the treatment and their consent to undergo such treatment.

There is also a risk that claims of medical negligence and malpractice may be brought against our Doctors. As such, as with any other registered medical practitioners, our Doctors are exposed to, among others, the following:

- complaints brought against them informally or formally through our Clinics in connection with treatment results, treatment errors and/or use of equipment or processes which caused harm to our patients;
- complaints or information brought to the SMC against them in respect of any case or matter concerning their suitability to practice and/or treatment-related matters;
- investigations brought by the SMC following any complaints and/or information supplied by patients;
- disciplinary orders made by the SMC following due inquiry, including an order of removal from the general register;
- litigation and court proceedings relating to allegations of medical malpractice or negligence or unsettled patient complaints; and
- reputational damage arising from one or more of the above.

BUSINESS

Under the Medical Registration Act, a Complaints Committee is to be appointed to inquire into complaints against doctors and to determine how the complaint should be dealt with. The Complaints Committee members are senior members of the medical profession and laypersons who volunteer their services. Subject to the provisions of the Medical Registration Act, the Complaints Committee has, among others, the power to dismiss an unmeritorious complaint, issue a letter of advice in a less serious case, in an appropriate case refer the matter for mediation between the doctor and the patient, or appoint an investigator to carry out investigation and report to it, and after considering the report, where appropriate, direct an inquiry to be held by a disciplinary tribunal. In addition, a Complaints Committee where appropriate, can seek a report on the status of the doctor's medical practice (from an investigator appointed to carry out the investigation), or seek a report on the status of his physical or mental fitness; order the doctor to seek and take advice in relation to the management of his medical practice; and/or undergo further education or training, or medical or psychiatric treatment or counselling.

The SMC may also conduct disciplinary proceedings under the Medical Registration Act and the Medical Registration Regulations. Disciplinary proceedings comprise two main stages: a review by the Complaints Committee, which may be followed by a formal inquiry by the Disciplinary Committee. The primary role of the Complaints Committee is to inquire into a complaint and determine if the matter should be formally inquired into by the Disciplinary Committee or in appropriate cases, the Health Committee (where the complaint touches on the physical or mental fitness of the practitioner). In the event that the Complaints Committee decides that no formal inquiry be made but that the practitioner be issued with a letter of advice or warned, the aggrieved practitioner has the right of appeal to the Minister of Health, whose decision shall be final. Separately, a practitioner facing a Disciplinary Committee will be liable for professional misconduct if he is either convicted of a heinous offence, or found to have been guilty of infamous conduct in a professional respect.

Further, the SMC Ethical Code of 2016 is a publication of the SMC which sets out what the SMC regards as the minimum standards applicable to practitioners in the discharge of their professional duties and responsibilities.

Our Doctors, as members of the Medical Protection Society, maintain professional malpractice liability coverage, which includes indemnity, advice and legal representation in relation to claims, investigations and proceedings arising from or in connection with their professional practices in accordance with all applicable laws and regulations and subject to the terms and conditions of their membership.

Our executive Directors have confirmed that no complaints which had a material adverse effect on our business, financials or reputation of our Doctors, had been filed against our Doctors during the Track Record Period.

Trained Therapists

As at the Latest Practicable Date, we had six trained therapists (including part time trained therapists) at our Clinics. They possess relevant experience in the medical industry.

Our trained therapists form an integral part of our professional team. They assist our Doctors in performing tasks such as, preparing our patients for treatments, applying local anaesthetic creams on our patients (as instructed by our Doctors) before the commencement of the treatments, performing certain selective treatments at our Clinics, such as radiofrequency therapy, microdermabrasion, phototherapy,

BUSINESS

allergy skin patch testings, paring of warts and wound dressings, amongst others, as well as dispensing of medication prescribed by our Doctors and/or skincare products and explaining post-treatment aftercare instructions to patients.

The tasks performed by our trained therapists do not constitute acts of nursing and they are accordingly not required to be registered with the Singapore Nursing Board, nor are they required to hold practising certificates. However, we require our newly recruited therapists to undergo an internal training programme prior to performing treatments as prescribed by our Doctors for our patients. As at the Latest Practicable Date, one of our trained therapists was a registered nurse with the Singapore Nursing Board.

Laboratory Technicians

As at the Latest Practicable Date, we had one laboratory technician at our Clinics. He possesses over four years of experience in the medical industry.

Our laboratory technician is a highly specialised trained staff member who is a registered international medical technologist. He assists us in performing tests on skin cancer specimen which our Doctors obtain from our patients undergoing Mohs surgery.

Clinic Executives

As at the Latest Practicable Date, we had three part time clinic executives and two full time clinic executives at our Clinics.

The work scope of our clinic executives include, among others, performing receptionists' duties, scheduling appointments, processing payments, attending to patients at our Clinics, assisting with laboratory tests, monitoring equipment maintenance, inventory, logistics processing and other administrative duties.

OUR EQUIPMENT

We offer a broad range of treatments utilising various evidence-based treatment devices that are equipped with evidence-based technologies, which enable our doctors and trained therapists (where applicable) to provide to each of our patients a comprehensive solution that is tailored to their individual needs. As at the Latest Practicable Date, we had various treatment devices for performing treatments, which are sourced from established international medical device manufacturers, distributors and healthcare companies, all of which are Independent Third Parties. We have procured four of such treatment devices on a hire-purchase basis and all four of the treatment devices have been fully paid for as at the Latest Practicable Date.

BUSINESS

A majority of our treatment devices are used in our minimally invasive/non-invasive treatments such as devices for microdermabrasion, laser, phototherapy, IPL, radiofrequency and iontophoresis. The table below summarises the estimated average useful lives of some of our key treatment devices:

Type of treatments performed by the device	Number of devices	Actual average age of device (years)	Actual average remaining useful lives (years)	Aggregate net book value of each type of equipment as at 31 March 2017	Procured by hire-purchase
Microdermabrasion	2	3	2	S\$9,000	N/A
Electrocautery	3	2	3	S\$4,125	1 device with net book value of approximately S\$800 as at 31 March 2017
Laser (pulse dye laser, fractional ablative laser, long pulse NdYAG laser, Qs NdYAG laser)	5	2	3	S\$150,021	4 devices with net book value of approximately S\$108,000 as at 31 March 2017
Radiofrequency	1	1	4	S\$32,450	N/A
Iontophoresis	5	2	3	S\$1,743	N/A
Mohs	2	2	3	S\$10,164	N/A
Phototherapy	8	2	3	S\$1,938	N/A
Others	3	2	3	<u>S\$522</u>	N/A
				<u>S\$209,963</u>	

Note: The actual length that we will use these devices may be different from the estimates due to reasons such as periodic maintenance and replacement of parts.

For details of our quality assurance and control measures in purchasing treatment devices, please see the paragraph headed “Quality assurance — Procurement — Treatment devices/treatment consumables” in this section.

The average useful lives of our treatment devices is approximately five years. We perform regular maintenance on our treatment devices in accordance with the relevant suggestions by the respective manufacturers. To carry out such maintenance, we engage external independent service providers on a yearly basis.

MARKETING AND BUSINESS DEVELOPMENT

We market our services in compliance with the applicable MOH guidelines, laws and regulations and develop our business through the following:

- (a) **Personal referrals.** Through the experience and reputation of our Doctors, we are able to attract new customers through our past and existing customers' referrals by "word of mouth". Through this marketing approach, we will be able to continue to cultivate brand loyalty and goodwill of our Group within the medical dermatology industry;
- (b) **Referrals from general practitioners and medical centres.** We are also referred patients who require our specialised services from general practitioners. In line with the guidelines prescribed by the SMC, we do not have any fee-sharing or commission arrangements for any of the referrals;
- (c) **Future participation in medical conferences, seminars and workshops, as well as publication in journals.** Our Group will actively participate in medical conferences, seminars and workshops in Singapore and overseas, by arranging for our Doctors to attend these events as guest speakers or participants, to raise the awareness of prevention and treatment of dermatological conditions. Our executive Directors have also contributed articles to medical journals, which increases the industry awareness of our Group; and
- (d) **Corporate website.** Our corporate website provides information on the primary dermatological and surgical as well as minimally invasive/non-invasive treatments we offer. This allows us to raise the potential customers' awareness of our Group and the services we provide in addition to traditional marketing methods.

OUR CUSTOMERS

Our customers can be categorised into two groups:

- (a) individual patients who settle their own medical payments by cash or cash equivalent, such as the Medisave plan, credit cards (for individual patients, payments include (i) where patients are not under any medical scheme plan, the fees incurred for the treatment received; (ii) where patients are under a medical scheme but the treatment received does not fall within the scope of the scheme, the uncovered fees incurred for the treatment received; or (iii) where patients are under a medical scheme, the co-payment amount for the treatment received as required under the scheme); and
- (b) Corporate Customers which enter into contractual arrangements with them, such as medical scheme management companies and insurance companies which settle medical payments for their policy members or staff members who are patients of our Group.

BUSINESS

The table below sets out the breakdown of revenue by individual patients and Corporate Customers for the Track Record Period:

	Year ended 31 December				Three months ended	
	2015		2016		31 March	
	S\$'000	%	S\$'000	%	S\$'000	%
Individual patients						
Patients with coverage under our Corporate Customers ^(*)	124	2.2	359	5.8	144	9.0
Patients without coverage under our Corporate Customers	3,922	70.1	3,718	60.4	903	56.1
Corporate Customers	<u>1,550</u>	<u>27.7</u>	<u>2,083</u>	<u>33.8</u>	<u>562</u>	<u>34.9</u>
Total	<u><u>5,596</u></u>	<u><u>100.0</u></u>	<u><u>6,160</u></u>	<u><u>100.0</u></u>	<u><u>1,609</u></u>	<u><u>100.0</u></u>

Note:

^(*) Includes all revenue from individual patients who have coverage with our Corporate Customers but who have made payments directly to our Clinics as a result of (i) co-payment arrangements between such individual patient and the Corporate Customer, and (ii) additional Services received by the patient not within the scope of their coverage with the Corporate Customer.

Our individual patients represent a significant portion of our customer base. For FY2015, FY2016 and 1Q2017, revenue generated from our individual patients amounted to S\$4,046,000, S\$4,077,000 and S\$1,047,000 of our total revenue respectively, representing 72.3%, 66.2% and 65.1% of our total revenue respectively, while the remaining patients were from our Corporate Customers.

Breakdown of our Patients

The table below sets out the breakdown of our patients by gender during the Track Record Period:

Patients	Year ended 31 December				Three months ended 31 March	
	2015		2016		2017	
		%		%		%
Male	3,266	45.7	3,863	46.6	1,456	47.2
Female	<u>3,882</u>	<u>54.3</u>	<u>4,430</u>	<u>53.4</u>	<u>1,627</u>	<u>52.8</u>
Total	<u><u>7,148</u></u>	<u><u>100.0</u></u>	<u><u>8,293</u></u>	<u><u>100.0</u></u>	<u><u>3,083</u></u>	<u><u>100.0</u></u>

BUSINESS

The table below sets out the breakdown of our patients by age group during the Track Record Period:

Age Group	Year ended 31 December				Three months ended 31 March	
	2015	2016	2015	2016	2017	
		%		%		%
Less than 16	1,087	15.2	1,251	15.1	463	15.0
16 to 20	373	5.2	379	4.6	140	4.5
21 to 30	925	12.9	1,219	14.7	514	16.7
31 to 40	1,958	27.4	2,357	28.4	865	28.1
41 to 50	1,598	22.4	1,811	21.8	652	21.1
51 to 60	733	10.3	816	9.8	286	9.3
Above 60	<u>474</u>	<u>6.6</u>	<u>460</u>	<u>5.6</u>	<u>163</u>	<u>5.3</u>
Total	<u><u>7,148</u></u>	<u><u>100.0</u></u>	<u><u>8,293</u></u>	<u><u>100.0</u></u>	<u><u>3,083</u></u>	<u><u>100.0</u></u>

The table below sets out the breakdown of our patients by repeat patients or new patients during the Track Record Period:

Patients	Year ended 31 December				Three months ended 31 March	
	2015	2016	2015	2016	2017	
		%		%		%
Repeat patients	4,346	60.8	5,387	65.0	2,147	69.6
New patients	<u>2,802</u>	<u>39.2</u>	<u>2,906</u>	<u>35.0</u>	<u>936</u>	<u>30.4</u>
Total	<u><u>7,148</u></u>	<u><u>100.0</u></u>	<u><u>8,293</u></u>	<u><u>100.0</u></u>	<u><u>3,083</u></u>	<u><u>100.0</u></u>

Note: Repeat patients are patients who have visited our Clinics more than once in the Track Record Period, whereas new patients are patients who only visited once (at the time of registration at our Clinics).

Individual Patients

Generally, our patients pay by way of cash or credit card at the conclusion of each visit to our Clinics. For patients where all of their fees are covered by insurance, they would not be required to pay us at the conclusion of their visit as we will seek payment directly from the relevant insurance companies. In the event that part of a patient's fees is covered by insurance, such customer would have to pay the balance of the fees at the conclusion of his/her visit. In relation to fees receivable from insurance companies payable by patients covered by insurance, such fees are usually settled within three to six months of the date of our invoice. For patients claiming under Medisave, they will first pay the fees to the Clinic and thereafter apply to Medisave to claim the amount of fees paid. Medisave will then remit the fees to our Clinic, and we will reimburse the patient. Claims by our patients under Medisave are usually settled within 30 days from the date of our invoice.

Corporate Customers

For FY2015, FY2016 and 1Q2017, revenue generated from our Corporate Customers amounted to S\$1,550,000, S\$2,083,000 and S\$562,000 of our total revenue respectively, representing 27.7%, 33.8% and 34.9% of our total revenue respectively.

Categories of our Corporate Customers:

Medical scheme management companies

Medical scheme management companies administer and structure corporate healthcare benefit plans to provide medical services to members of such healthcare benefit plans. Members are mainly policy holders of insurance companies and employees of corporations. We provide to the members of the medical scheme management companies a range of our Services. Moreover, depending on the needs of such members and the scope of services offered by our Group, tailor-made programmes as well as health education seminars will be offered to them directly by our Group. Under our service contracts with medical scheme management companies, we offer healthcare services to their members through our panel of doctors in return for a service fee based on number of visits and an agreed rate. Typically, a credit term ranging from 30 days to 180 days is granted to medical scheme management companies.

Insurance companies

We provide an agreed rate of each our Services to insurance companies. Under the arrangement with these insurance companies, we offer comprehensive dermatological and surgical services to their policy holders. Depending on the coverage of the insurance policy, members of insurance companies may be required to make a co-payment of an agreed percentage of the final medical bill amount (i.e. a portion of the payment at the end of consultation) and the rest of the payment will be collected from the relevant insurance companies. Typically, a credit term of 45 to 60 days is granted to insurance companies.

None of our contracts with our Corporate Customers were terminated during the Track Record Period.

Material terms of Contracts with our Corporate Customers

Our contracts entered into with Corporate Customers generally set out the scope of dermatological and surgical services to be provided to plan members or policy holders and the agreed fees for different types of services, the payment terms, details of the points of service to which the plan members or policy holders are entitled to have access, and the amount of co-payments (if any) required to be borne by the plan members or policy holders. Generally, the contracts we entered into contain the following key terms:

- (i) *Professional licenses of service providers:* We shall ensure that all our doctors, have, where applicable, obtained relevant registrations and/or licenses which are required for the provision of our services according to the laws of Singapore.

BUSINESS

- (ii) *Termination:* The agreements may normally be terminated by either party by giving 30 to 90 days advanced notice to the other party in writing.
- (iii) *Exclusions:* The agreements typically set out a list of general exclusions which are not covered by the relevant plans or policies.

Major Customers

The table below sets out the breakdown of our top five customers during the Track Record Period:

For the year ended 31 December 2015

Rank	Customer	Business nature	Products/Service(s) provided by the Group	Year(s) of relationship with the customer	Usual settlement period and method	Revenue derived from our customer in the year (\$'000)	%	
1.	Customer A	Medical scheme management company	Medicine, investigation of dermatological condition and treatment of insurees	3 years	45–60 days/Bank transfer	453	8.1	
2.	Customer B	Medical scheme management company	Medicine, investigation of dermatological condition and treatment of insurees	3.5 years	90 days/Bank transfer	278	5.0	
3.	Customer C	Medical scheme management company	Medicine, investigation of dermatological condition and treatment of insurees	3 years	90 days/Bank transfer	243	4.3	
4.	Customer D	Medical scheme management company	Medicine, investigation of dermatological condition and treatment of insurees	3 years	90 days/Bank transfer	161	2.9	
5.	Customer E	Medical scheme management company	Medicine, investigation of dermatological condition and treatment of insurees	3.5 years	60–90 days/Bank transfer	104	1.8	
						Five largest customers combined	1,239	22.1
						All other customers	4,357	77.9
						Total revenue	5,596	100

BUSINESS

For the year ended 31 December 2016

No.	Customer	Business nature	Products/Service(s) provided by the Group	Year(s) of relationship with the customer	Usual settlement period and method	Revenue derived from our customer in the year (S\$'000)	%	
1.	Customer A	Medical scheme management company	Medicine, investigation of dermatological condition and treatment of insurees	3 years	45–60 days/Bank transfer	654	10.6	
2.	Customer B	Medical scheme management company	Medicine, investigation of dermatological condition and treatment of insurees	3.5 years	90 days/Bank transfer	424	6.9	
3.	Customer C	Medical scheme management company	Medicine, investigation of dermatological condition and treatment of insurees	3 years	90 days/Bank transfer	288	4.7	
4.	Customer E	Medical scheme management company	Medicine, investigation of dermatological condition and treatment of insurees	3.5 years	60–90 days/Bank transfer	151	2.5	
5.	Customer D	Medical scheme management company	Medicine, investigation of dermatological condition and treatment of insurees	3 years	90 days/Bank transfer	139	2.2	
						<hr/>	<hr/>	
						Five largest customers combined	1,656	26.9
						All other customers	<u>4,504</u>	<u>73.1</u>
						Total revenue	<u><u>6,160</u></u>	<u><u>100.0</u></u>

BUSINESS

For the three months ended 31 March 2017

No.	Customer	Business nature	Products/Service(s) provided by the Group	Year(s) of relationship with the customer	Usual settlement period and method	Revenue derived from our customer in the year	
						(S\$'000)	% of total revenue
1.	Customer A	Medical scheme management company	Medicine, investigation of dermatological condition and treatment of insurees	3 years	45–60 days/Bank transfer	228	14.2
2.	Customer B	Medical scheme management company	Medicine, investigation of dermatological condition and treatment of insurees	3.5 years	90 days/Bank transfer	97	6.0
3.	Customer C	Medical scheme management company	Medicine, investigation of dermatological condition and treatment of insurees	3 years	90 days/Bank transfer	58	3.6
4.	Customer D	Medical scheme management company	Medicine, investigation of dermatological condition and treatment of insurees	3 years	90 days/Bank transfer	42	2.6
5.	Customer E	Medical scheme management company	Medicine, investigation of dermatological condition and treatment of insurees	3.5 years	60–90 days/Bank transfer	41	2.6
Five largest customers combined						466	29.0
All other customers						1,143	71.0
Total revenue						1,609	100.0

Customer A is our largest customer for FY2015, FY2016 and 1Q2017. For the FY2015, FY2016 and 1Q2017, our revenue with Customer A amounted to approximately S\$453,000, S\$654,000 and S\$228,000 representing 8.1%, 10.6% and 14.2% of our total revenue for the corresponding periods respectively.

During the Track Record Period, our Group entered into a service agreement with Customer A to grant our Group, the right to use the designated premises for our Raffles Place Clinic and to provide our Group with certain services which include, among others, a clinic management system, accounting systems and accounting administrative support, information technology insurance claims system, and telephony systems services, details of which are set out in the paragraph headed “Properties” in this section. For FY2015, FY2016 and 1Q2017, the service fees paid to Customer A amounted to approximately S\$78,000, S\$78,000 and S\$19,500.

BUSINESS

None of our Directors, their close associates or any Shareholder which to the knowledge of our Directors owns more than 5% of our share capital had any interest in any of our five largest customers during the Track Record Period.

OUR SUPPLIERS

Our major purchases of consumables and medical supplies used are treatment consumables, skincare products and medications. The cost of our total purchases amounted to S\$878,000, S\$1,032,000 and S\$299,000 for FY2015, FY2016 and 1Q2017, respectively. Our treatment consumables include some evidence-based treatment medications and injectables which are produced and marketed by international pharmaceutical companies, established brands of Botulinum toxin type A and injectable fillers, while our skincare products consist of products by third parties and our own DS brand skincare products.

During the Track Record Period, medications and skincare products which we dispense at our Clinics comprised our DS brand skincare products that are compounded by third party pharmaceutical companies under our directions, as well as medications from recognised distributors and trading companies, which are usually engaged by pharmaceutical companies to market and arrange delivery of products. We directly settle payments with these distributors and trading companies. We consider that such arrangements are common among pharmaceutical companies.

We do not enter into long-term supply agreements for the purchase of treatment consumables, skincare products and medications. We have established business relationships with our five largest suppliers during the Track Record Period since the inception of our Group. The average credit period on purchase of goods is 30 days. Settlements with suppliers are mainly in Singapore Dollars by way of payment of cheques for purchases in Singapore or credit card. During the Track Record Period, we had not experienced any material shortage or delay in the supply of inventories and consumables.

For FY2015, FY2016 and 1Q2017, the aggregate purchases from our five largest suppliers amounted to S\$587,000, S\$740,000 and S\$212,000 respectively, representing 66.9%, 71.7% and 70.9% of our respective total purchases. During the same periods, the purchases from our largest supplier amounted to S\$388,000, S\$539,000 and S\$139,000 respectively, accounting for 44.2%, 52.2% and 46.5% of our total purchases, respectively.

During the Track Record Period, we purchased several of our treatment consumables and skincare products from Supplier A, which is a multinational distributor of numerous healthcare products, pharmaceuticals, vaccines and medical devices. We have had an established relationship with Supplier A since 2015 and do not foresee any problems in continuing to obtain our treatment consumables and skincare products from Supplier A. In the unlikely event that our relationship with Supplier A ceases, we will be able to source alternative treatment consumables and skincare products from other suppliers.

BUSINESS

Major Suppliers

The table below sets out the breakdown of top five suppliers during the Track Record Period:

For the year ended 31 December 2015

No.	Supplier	Business nature	Service/Product supplied	Year of relationship with the supplier	Usual settlement period and method	Transaction amount in the year (\$'000)	% of total purchase
1.	Supplier A	Selling medicine, skin products and other medical consumables	medicine & consumables	2.5 years	COD/Corporate credit card or cheque	388	44.2
2.	Supplier B	Selling medicine, skin products and other medical consumables	medicine & consumables	2.5 years	COD/Corporate credit card or cheque	93	10.6
3.	Supplier C	Selling medicine, skin products and other medical consumables	medicine & consumables	3 years	30 days/Cheque	40	4.6
4.	Supplier D	Selling medicine, skin products and other medical consumables	medicine & consumables	2.5 years	30 days/Cheque	35	4.0
5.	Supplier E	Doing tests on specimen collected from patients	laboratory tests	2.5 years	30 days/Cheque	31	3.5
						Five largest suppliers combined	66.9
						All other suppliers	33.1
						Total purchases	100.0

BUSINESS

For the year ended 31 December 2016

No.	Supplier	Business nature	Service/Product supplied	Year of relationship with the supplier	Usual settlement period and method	Transaction amount in the year (S\$'000)	%
1.	Supplier A	Selling medicine, skin products and other medical consumables	medicine & consumables	2.5 years	COD/Corporate credit card or cheque	539	52.2
2.	Supplier B	Selling medicine, skin products and other medical consumables	medicine & consumables	2.5 years	COD/Corporate credit card or cheque	94	9.1
3.	Supplier F	Doing tests on patients	laboratory tests	2.5 years	30 days/Cheque	39	3.8
4.	Supplier G	Selling medicine, skin products and other medical consumables	medicine & consumables	2.5 years	COD/Corporate credit card or cheque	36	3.5
5.	Supplier C	Selling medicine, skin products and other medical consumables	medicine & consumables	3 years	30 days/Cheque	32	3.1
						<hr/>	<hr/>
Five largest suppliers combined						740	71.7
All other suppliers						<u>292</u>	<u>28.3</u>
Total purchases						<u><u>1,032</u></u>	<u><u>100.0</u></u>

BUSINESS

For the three months ended 31 March 2017

No.	Supplier	Business nature	Service/Product supplied	Year of relationship with the supplier	Usual settlement period and method	Transaction amount in the period (S\$'000)	%
1.	Supplier A	Selling medicine, skin products and other medical consumables.	medicine & consumables	2.5 years	COD/Corporate credit card or cheque	139	46.5
2.	Supplier B	Selling medicine, skin products and other medical consumables.	medicine & consumables	2.5 years	COD/Corporate credit card or cheque	30	10.0
3.	Supplier G	Selling medicine, skin products and other medical consumables.	medicine & consumables	2.5 years	30 days/Corporate credit card or cheque	16	5.4
4.	Supplier H	Selling medicine, skin products and other medical consumables.	medicine & consumables	2.5 years	30 days/Cheque	15	5.0
5.	Supplier C	Selling medicine, skin products and other medical consumables.	medicine & consumables	3 years	30 days/Cheque	12	4.0
Five largest suppliers combined						212	70.9
All other suppliers						87	29.1
Total purchases						299	100.0

None of our Directors, their close associates or any Shareholder which, to the knowledge of our Directors owns more than 5% of our share capital had any interest in any of our five largest suppliers during the Track Record Period.

Procurement

Our Doctors are primarily responsible for keeping abreast of the latest technologies and analysing the latest technologies and techniques based on medical journals by recognised or leading individuals, as well as conducting research on the latest and evidence-based treatment technologies, medication and skincare products. Upon identifying new and suitable treatment devices, medication or skincare products, our Doctors will consider the feasibility of the product or device using an evidence-based approach, being, whether the effectiveness or technology of the device are supported by clinical trials published by peer-review medical journals as well as international established guidelines by recognised authorities in the field, to ensure that they are reliable and are capable of delivering desired outcomes and results for our patients. The approval of our Doctors must be obtained before we procure a new treatment device, medication or product. Our Doctors will evaluate and assess the suitability of a new treatment device for our Clinics by considering medical journals and reports, their clinical knowledge and experience to ensure that they are safe and capable of producing the desired results for our patients.

We enter into arrangements with two independent pharmaceutical companies for the procurement of our DS brand skincare products. For details, please refer to the paragraph headed “Our business model, services, products and treatment — Our products” in this section.

BUSINESS

Our executive Directors collectively decide on the products to purchase and the suppliers that our Group engages on a quarterly basis and we require our staff to abide by certain ethical guidelines which consist of strict anti-bribery clauses. As such, our executive Directors are of the opinion that we have adequate safeguards in place so that none of our Group or any of our doctors and staff receive kick-backs from our suppliers, in particular, pharmaceutical companies.

During the Track Record Period, we neither encountered any quality issue on our purchases nor received any defective products that would have had a material impact on our business, financial condition or results of operations.

Inventory management

The inventory at our Clinics mainly comprises treatment consumables, skincare products and medications, which amounted to S\$158,000, S\$149,000 and S\$171,000 for each of FY2015, FY2016 and 1Q2017 respectively.

We carry out an overall inventory management review once every quarter, where we manually review, amongst others, the stock level of our inventory and past purchase records, to facilitate decisions on minimising storage costs and risk of obsolete inventory.

Our staff regularly monitors the level of our treatment consumables, skincare products and medications and ensures sufficient stock level for approximately three months. We also have policies and procedures in place for the safety storage of our inventories. We store our inventories in accordance with guidelines given to us by the manufacturer and/or distributors. For instance, where certain products are required to be stored in a temperature controlled environment, we will store such products in our in-house refrigerator where its temperature is regularly monitored.

SETTLEMENT AND CASH MANAGEMENT

We have implemented a check and balance system to ensure that our sales receipts are accurately received and recorded. Our staff is expected to check our daily sales records against all credit card slips and actual cash receipts, and rectify any discrepancies noted, on a daily basis. Each invoice that is issued to the customer is checked. Actual cash receipts for the day are deposited in a safe and arranged to be deposited to the bank every fortnight. Upon receiving bank statements, monthly bank reconciliation will be conducted to ensure the accuracy of the proceeds received. Any reconciliation reports will be reviewed and approved by our accounting department.

During the Track Record Period, we did not encounter any issues in connection with our sales receipt control and management policy which would have had material impact on our business, financial condition or results of operations.

QUALITY ASSURANCE

Providing quality and specialty care for a wide variety of dermatological and surgical services is one of our priorities in institutionalising our Group's reputation and brand. To this end, we have adopted stringent quality assurance and control measures that covers, among others, the following aspects:

Recruitment of professional staff

In selecting new doctors (who are accredited by the MOH), trained therapists and laboratory technicians for our Clinics, we assess, among others, their academic and professional qualifications, years of relevant hands-on experience as well as their character and integrity. In respect of recruitment of doctors, we generally take into consideration the new doctor's practising experience and expertise, particularly in the dermatological field, as well as the area(s) which our Clinics intend to grow and/or expand into. In respect of trained therapists, we generally seek candidates who have relevant hands-on experience in the dermatological field. In respect of our laboratory technicians, we select our laboratory technicians, having regard to their qualifications and their relevant experience in diagnostic testing. All our professional staff will undergo on-the-job assessments by our Doctors to ensure and maintain the quality and standard of our Services to patients.

Training

We require our newly recruited trained therapists to undergo an internal training programme prior to performing treatments as directed by our Doctors. Our trained therapists will also be given on-the-job training from time to time.

Our training course for our trained therapists covers topics such as introduction of medical devices, explanation of treatment protocol processes, provision of aftercare instructions to patients for each prescription, treatments as well as management of complications arising from treatments. Our trained therapists will undergo on-the-job training where the trained therapists observe, the manner in which our Doctors use certain equipment or the procedure in carrying out certain treatment. They will also perform the treatments under the close supervision of our Doctors. The trained therapists are also taught use of local anaesthetic drugs before treatment, microdermabrasion, IPL, phototherapy and iontophoresis and other treatments. For each phase of the training course, our trained therapists must pass a knowledge-based and a final practical hands-on assessment by our Doctors before they are allowed to perform the treatments covered in such phase on our patients.

Apart from the initial training course, our trained therapists undergo ongoing assessment by our Doctors and attend internal refresher training courses as well as training provided by medical device suppliers from time to time to keep abreast of the latest technology developments in the dermatological and surgical fields as well as to keep up with their service standards. Our Doctors and trained therapists also attend periodic departmental meetings to share their experience in dealing with our patients, discuss our patients' feedback and exchange ideas on treatments and products.

Procurement

Treatment devices/treatment consumables

We place great emphasis on ensuring that treatment devices to be introduced for use in our Clinics are reliable and capable of delivering desired results for our patients. To this end, we have established policies and procedures to evaluate and assess treatment devices to keep abreast of the latest technologies in the dermatological and medical fields and conduct market research on the latest and evidence-based treatment technologies and skincare products. Our Doctors discuss the latest technological developments in the dermatological field and skincare products that are available periodically. The efficacy and safety of treatment devices we use are reviewed by our Doctors based on their experience, latest medical journals and current trends vis-à-vis our current devices. None of our treatment devices are refurbished and we constantly ensure that the treatment devices are maintained and serviced in accordance with the recommendations stipulated by the distributor or manufacturer of the device.

When deciding whether to procure a new treatment device, we take into account factors such as (i) whether the particular device is evidence-based i.e. whether the effectiveness or technology of the device is supported by clinical trials published by peer-review medical journals as well as international established guidelines by recognised authorities in the field, to ensure that they are reliable and are capable of delivering desired outcomes and results for our patients, (ii) whether there are similar devices on the market; (iii) whether it is complementary to our existing treatment offerings; and (iv) if the outcome of the use of the device is better than existing devices and/or reduces complications or risks of the treatment. The approval of our Doctors must be obtained before we procure a new treatment device.

For treatment consumables, including prescription medicine, skincare products and injectables, we generally source them from reputable international pharmaceutical companies, their authorised distributors, and/or other reputable suppliers in Singapore.

Skincare products

The skincare products offered by us are either supplied by distributors or manufacturers, all of which are Independent Third Parties, or our in-house skincare products under our DS brand. We select and source skincare products carefully based on factors such as the suppliers' background, credentials and reputation, product quality and cost. The approval of our Doctors must be obtained before we take in any new over-the-counter skincare product for sale.

In addition to our procurement procedures discussed above, we also implement the following quality control procedures for our DS brand skincare products:

- before placing an order for a new type of skincare product, our Doctors will review medical journals, reports, commentaries and the ingredient list to ensure its contents and composition are safe for users and we may request a number of rounds of product samples for our inspection and testing to ensure its quality consistency;
- we generally place small order sizes for our DS brand skincare products to avoid excess inventory and ensure the quality preservation;

BUSINESS

- before accepting the product delivery, our staff would perform inspection on the packaging to ensure that it is not physically damaged or that the product is past its expiry date;
- our sales and operations staff would inspect whether the private labels applied to containers are clear, unambiguous and in our agreed format and product specification;
- proper recording of the delivery date or manufacturing date of products, and periodic monitoring of stock level on our inventory management system are performed to ensure inventories have not expired; and
- all our DS brand skincare products and treatment consumables are stored at our premises according to the recommended storage conditions and guidelines.

Standard operational procedures and clear division of labour

We implemented standard operational procedures at our Clinics and a clear division of labour to improve operational and administrative efficiency and enhance the quality of our services and with the aim of marketing the same brand at all three locations. Our frontline staff mainly comprise Doctors, trained therapists and clinic executives. Our Doctors and trained therapists are mainly responsible for performing treatments while our clinic executives are mainly responsible for patient registration, payment, appointment bookings and general administration work. Such internal structure and well-defined responsibilities are established for the purpose of clear segregation of duties and patient service to achieve check and balance.

Customer feedback

We consider customer feedback a valuable tool for improving our service. We take customer feedback seriously and complaints from customers are handled in a timely and appropriate manner. As we are principally engaged in the treatment of skin diseases/problems and/or the improvement of appearance of our patients, our Doctors understand that patients may have a high level of expectation on the effectiveness of the products and services provided. Due to the service nature of our Group's business, we consider the receiving and consideration of customer feedback critical for the improvement of our Services. Feedback from our customers is often provided by patients to our Doctors during consultation. Upon receipt of unfavourable feedback, the relevant Doctor will investigate and perform an assessment of the matter. Our Doctors endeavour to clarify any misunderstanding and alleviate any concerns of the customers through consultation. Unfavourable feedback from our customers will be discussed during regular management meetings for discussing measures to avoid the same issues from recurring. These include (i) the improvement on our Services and (ii) provision of suitable employee training, if desirable. Where required and/or applicable, our Doctors will take steps to manage the patient's expectations of a particular treatment or medication. In some circumstances, for example, where a patient has experienced side-effects or developed an allergy to a particular treatment and/or skincare product, where the relevant treatment and/or skincare product did not fully meet the patient's expectations, or where the skincare product was of unsatisfactory quality due to the fault of our suppliers, re-treatment and explanation of our Doctor's management plan and treatment performed may be offered to the patient.

Our Directors confirm that during the Track Record Period, we did not receive any complaint or unfavourable feedback which had a material impact on our business and operation.

RESEARCH AND DEVELOPMENT

We do not engage in any proprietary medical research and development. However, we work with an established independent pharmaceutical company for the specific formulation provided by our Doctors of certain prescription creams and skincare products. Such process allows us to uniquely formulate drug composition and dosage of prescription creams and skincare products for customised treatments of skin diseases/conditions. For details, please refer to the paragraph headed “Our business model, services, products and treatment — Our products” in this section.

In order to keep ourselves abreast of the latest market trends as well as technological developments in the field, our Doctors will attend and participate in medical conferences, seminars and workshops in Singapore and overseas from time to time.

LICENCES, REGULATORY COMPLIANCE AND PROCEEDINGS

Licences

During the Track Record Period and to the Latest Practicable Date, all three of our Clinics held valid licences to operate medical clinics issued by the DMS under the Private Hospitals and Medical Clinics Act.

Each of our executive Directors is registered as a dermatologist with the SMC. Our Group has also obtained seven licences in respect of the use of certain treatment devices. As at the Latest Practicable Date, such licences remain valid and were in full force and effect. A table showing the list of the relevant licences we had obtained as at the Latest Practicable Date are set out below:

Licence/Permit	Licence Holder	Validity Period	Issuing Authority
Licence to have in possession a non-ionising radiation irradiating apparatus (Licence No. N2/04926/0001)	Loh Teck Hiong/Melvin Ee at Dermatology & Surgery Clinic (Orchard) Pte. Ltd.	1 May 2016 to 30 April 2018	NEA
Licence to have in possession a non-ionising radiation irradiating apparatus (Licence No. N2/04926/0002)	Loh Teck Hiong/Melvin Ee at Dermatology & Surgery Clinic (Orchard) Pte. Ltd.	1 May 2016 to 30 April 2018	NEA
Licence to have in possession a non-ionising radiation irradiating apparatus (Licence No. N2/04926/0003)	Loh Teck Hiong/Melvin Ee at Dermatology & Surgery Clinic (Orchard) Pte. Ltd.	1 November 2016 to 31 October 2018	NEA
Licence to have in possession a non-ionising radiation irradiating apparatus (Licence No. N2/04926/0004)	Loh Teck Hiong/Melvin Ee at Dermatology & Surgery Clinic (Orchard) Pte. Ltd.	1 November 2016 to 31 October 2018	NEA

BUSINESS

Licence/Permit	Licence Holder	Validity Period	Issuing Authority
Licence to use lasers (Licence No. N3/04926/0005)	Ee Hock Leong at Dermatology & Surgery Clinic (Orchard) Pte. Ltd.	11 November 2015 to 31 October 2017 ⁽¹⁾	NEA
Licence to use lasers (Licence No. N3/04926/0006)	Loh Teck Hiong at Dermatology & Surgery Clinic (Orchard) Pte. Ltd.	16 March 2016 to 28 February 2018	NEA
Licence to use lasers (Licence No. N3/04869/0001)	Kwah Yung Chien Raymond at Dermatology & Surgery Clinic Pte. Ltd.	1 April 2016 to 31 March 2018	NEA
Certificate of Specialist Registration (Licence No. 003639)	Kwah Yung Chien Raymond (Ke YongJian Raymond)	N/A	SMC
Certificate of Specialist Registration (Licence No. 002519)	Loh Teck Hiong	N/A	SMC
Certificate of Specialist Registration (Licence No. 002920)	Ee Hock Leong	N/A	SMC

Note:

- (1) The renewal application for this licence will be submitted by our Group to the relevant regulatory authority on or before 30 September 2017.

As at the Latest Practicable Date, all of our Doctors had obtained the necessary qualifications required of them for their medical practice. Renewal applications for our licences will be submitted to the relevant authorities within the prescribed statutory time period or the relevant regulatory authority's recommended renewal time period, which is typically approximately one to three months prior to the expiry of any of our licences. Our Singapore legal advisers are of the view that there are no legal impediments to any of our doctors obtaining renewals for any of our licences.

As at the Latest Practicable Date, none of our Group's licences had been suspended or revoked in the past.

Regulatory compliance

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, (i) we had not been involved in any incidents of material non-compliance with the applicable laws and regulations in Singapore, and (ii) none of the members of our Group had been subject to any

BUSINESS

proceedings brought under, or received any written complaints or warnings in relation to, any of the laws or regulations applicable to our Group's business as summarised in the section headed "Regulatory Overview" of this prospectus.

Being registered medical practitioners, our Doctors are required to adhere to the Ethical Code and SMC Ethical Guidelines 2016. Each of our executive Directors has confirmed that during the Track Record Period and up to the Latest Practicable Date, he has not been subject to any disciplinary actions, investigations or other similar actions by the SMC or other professional and regulatory bodies in Singapore.

Legal proceedings

To the best knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, none of the members of our Group was engaged in any litigation, arbitration or claim of material importance, and our Directors were not aware of any pending or threatened litigation, arbitration or claim of material importance against our Group which, in the opinion of our Directors, would have a material adverse effect on our financial condition or results of operations.

INSURANCE

Insurance policies

We maintain insurance coverage for our assets, product liability, public liability, money in premises, employees' compensation, as well as medical insurance for our employees. The insurance policies taken by our Group are common policies taken by businesses in the industry and are generally not high risk insurance policies. As such, our Group's insurance coverage incurred low costs during the Track Record Period. In addition, our Doctors, as members of the Medical Protection Society, maintain professional malpractice liability coverage, which includes indemnity, advice and legal representation in relation to claims, investigations and proceedings arising from or in connection with their professional practices. As our Doctors maintain their own professional insurance indemnity pursuant to their membership with the Medical Protection Society, our Group does not maintain professional indemnity coverage. Under their membership with the Medical Protection Society, where a claim, investigation or proceeding is initiated against our Doctors, indemnity may be granted in respect of all losses (whether incidental or otherwise), damages, cost, charges, and expenses in connection with such claim, investigation or proceeding. The grant of such indemnity is entirely at the discretion of the council of the Medical Protection Society. As such, there is no assurance that such coverage will adequately protect us from the risks involved in our business operations. For details, please refer to the sections headed "Risk Factors — Risks relating to the business of our Group — Our insurance coverage may not be sufficient to cover all risks involved in our business operations" and "Risk Factors — Risks relating to the business of our Group — Our registered medical practitioners and other staff members may be subject to investigations, claims or legal proceedings relating to professional misconduct or negligence, which may subject us to substantial liabilities and harm our reputation" of this prospectus.

For FY2015, FY2016 and 1Q2017, our total insurance cost amounted to approximately S\$8,000, S\$9,000 and S\$3,000 respectively. Our Directors believe that our insurance coverage is sufficient, adequate and in line with the industry norm. We will continue to review and assess our risk portfolio and make necessary and appropriate adjustments to our insurance coverage.

BUSINESS

HEALTH, WORK SAFETY, SOCIAL RESPONSIBILITY AND ENVIRONMENTAL MATTERS

We believe that the health and safety of our employees are important to our business and have implemented certain procedures and guidelines in respect of the operation of treatment devices and the disposal of medical waste. We have entered into a service agreement dated 9 July 2015 with a Singapore government linked company duly licensed under the Singapore Environmental Public Health (Toxic Industrial Waste) Regulations as a toxic industrial waste collector for the collection and disposal of medical waste for a period of 2 years, which has been renewed for a further period of 2 years on 3 July 2017. The licensed service provider will collect the medical waste from each of our Clinics and dispose of it in any authorized incineration plants approved under the laws of Singapore. In addition, each of our Clinics has a designated biological waste bin for the disposal of medical waste such as used syringes and needles, which will be periodically collected by the licensed service provider.

We maintain records of all workplace accidents. During the Track Record Period, none of our employees was involved in any material workplace accident or suffered any material injury in the course of his/her employment, and we were not subject to any disciplinary action with respect to occupational safety.

We did not incur any material cost of compliance with applicable environmental protection rules and regulations during the Track Record Period and our Directors do not expect to incur any significant environmental compliance costs in the future. As at the Latest Practicable Date, our Group had not come across any material non-compliance issues in respect of any applicable laws and regulations on environmental protection.

EMPLOYEES

As at the Latest Practicable Date, we had 24 employees in Singapore, respectively. The following table shows a breakdown of our employees by function as at the Latest Practicable Date:

Function	Full time staff	Part time staff	Number of employees
Executive Directors and senior management	6	—	6 ⁽¹⁾
Other doctors	1	2	3
Trained therapists	5	1	6
Laboratory Technicians	1	—	1
Clinic executives	2	3	5
Operations and administration	3	1	4
Total			24

**Notes:*

(1) One of our trained therapists is also a member of our senior management.

The turnover of our employees during the Track Record Period is as follows:

- (i) our sole laboratory technician left our Group in May 2016. Our Group has in 2017 hired a laboratory technician in that place; and

BUSINESS

- (ii) two of our clinic executives left our Group between July 2015 and September 2015. Our Group has in 2017 hired two full-time clinic executives in their place.

The employment of our staff is determined based on, among others, our human resource requirements, the remuneration and compensation package of each staff member.

We assess and review the performance of our staff semi-annually by assessing the service skills and knowledge possessed by our staff.

We have maintained a good relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material dispute with our employees or disruption to our operations due to any labour dispute and we had not experienced any difficulty in the recruitment and retention of employees. Our employees are not part of any labour union.

PROPERTIES

As at the Latest Practicable Date, we had entered into contracts in relation to three properties in Singapore, which were used as our Clinics. The following table sets forth certain details of these properties as at the Latest Practicable Date:

No.	Location	Usage	Approximate Gross Floor Area (sq.ft.)	Duration of subsisting lease agreement
Lease Agreements				
1.	#15-09 Paragon, 290 Orchard Road, Singapore 238859	Clinic	1,346	3 years commencing from 29 April 2017
2.	#05-01, Parkway East Medical Centre, Parkway East Hospital 319 Joo Chiat Place, Singapore 427989	Clinic	133 (excluding the common areas which are permitted to be used under the terms of the licence agreement entered with the landlord)	3 years commencing from 1 November 2016
Service Agreement				
3.	#03-08/09 Ocean Financial Centre, No.10 Collyer Quay, Singapore 049315	Clinic	500	5 years commencing from 1 January 2015


BUSINESS

Under the terms of the service agreement with Customer A, D&S (Shenton) and our executive Directors have agreed to render their dermatological services as practising physicians on site at the Raffles Place Clinic (which customer A leased from an Independent Third Party for its own operation), which consists of one consultation room and two treatment rooms. Upon payment of a monthly service retainer fee, Customer A provides, among others, (i) the right to use the premises for our Raffles Place Clinic; (ii) a clinic management system, (iii) accounting systems and accounting administrative support, (iv) information technology insurance claims systems and (v) telephone systems services. Our Singapore Legal Advisors are of the view that the service agreement is not a tenancy or subleasing agreement. The terms of the service agreement refers to the Group providing dermatological services from a portion (being the designated premises of 500 sq. ft. for the Raffles Place Clinic) of the entire single unit space occupied by Customer A. In addition to the Group, there are other medical practitioners and/or Customer A itself who are situated at this unit and who utilise such central services. Our executive Directors are of the view that this arrangement does not carry an undue risk of eviction as the service agreement provides for D&S (Shenton)'s use of the premises for a term of 5 years and the termination clause provides for at least 12 months' notice in writing or the payment of a sum equivalent to 12 months of the monthly service retainer fee prior to termination of the agreement.

For FY2015, FY2016 and 1Q2017, our property rental and related expenses amounted to S\$373,000, S\$367,000 and S\$99,000, respectively, representing 6.7%, 6.0% and 6.2% of our revenue, respectively. During the Track Record Period, we did not experience any material difficulties in renewing either of our lease agreements or finding new premises of our business operations.

As at the Latest Practicable Date, we did not own any premises.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, our Group had applied to register two trademarks,  and **DS** which are material to our business, in Singapore. Please see “Statutory and General Information — B. Further Information about the business of our Group — 2. Intellectual Property” in Appendix IV to this prospectus for details of our material intellectual property rights.

During the Track Record Period, we were not aware of any infringement of our intellectual property rights. We believe that we have taken all reasonable measures to protect our intellectual property rights and deter any such infringement.

COMPETITION

Due to the regulatory restrictions on advertising or promotion of services by doctors, we believe the success of service providers in the industry depends on their reputation, track record and word-of-mouth passed on by satisfied customers. In Singapore, the private dermatology specialty clinics market is slightly decentralised, with the top five market participants accounting for 28.4%, in terms of their revenue of medical dermatology industry. In 2016, the total market size of private dermatology specialty clinics in Singapore is S\$57,600,000. Our Group is ranked first among private dermatology specialty clinics in terms of both revenue and patient volume, with a market share of approximately 10.7% in terms of revenue as indicated by the Industry Report. We believe that the key factors contributing to our success and competitiveness include, among others, our professional and customer-oriented services, reputed brand image in Singapore, experienced and dedicated professional and management teams and being the only private clinic to provide Mohs surgery in Southeast Asia.

RISK MANAGEMENT AND INTERNAL CONTROL

In the course of conducting our business, we are exposed to various types of risks, which are further elaborated in the section entitled “Risk Factors” of this prospectus. To ensure effective risk management, we have implemented procedures and policies such as the following:

Board and audit committee

Our Board oversees and manages the overall risks associated with our business. We have established an audit committee to review and supervise the financial reporting process and internal control system of our Group. The audit committee consists of three members namely Mr. Cheung Kiu Cho Vincent, Mr. Ong Kian Guan and Mr. Wong Siu Ki. For the qualifications and experience of the members of the audit committee, please refer to the section entitled “Directors and Senior Management” of this prospectus. We have also prepared written terms of reference in compliance with the GEM Listing Rules and the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

Internal Control

Our Group has established internal control systems covering corporate governance, financial reporting, revenue, expenditure management, human resources, treasury and general computer controls. In April 2017, we have procured a detailed evaluation and review of our internal control system and have enhanced our internal control system in accordance with the findings of such review. Our Directors believe that the current internal control system is appropriate for our business operations. Our Board will regularly review the administration and the adequacy of our internal system and develop and revise our internal control system to later for our expansion.

INTERNAL CONTROL MEASURES

In order to ensure future compliance with applicable laws, regulations and related policies, we have adopted an internal control policy and the following measures:

- (i) our Directors have attended trainings conducted by our Hong Kong legal advisers on the ongoing obligations, duties and responsibilities of directors of publicly listed companies under the Companies Ordinance, the SFO and the GEM Listing Rules and our Directors are fully aware of their duties and responsibilities as directors of a listed company in Hong Kong;
- (ii) our Group has appointed LY Capital Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the GEM Listing Rules and all other applicable laws, rules, codes and guidelines;
- (iii) our Group has established an audit committee with written terms of reference in accordance with Appendix 15 to the GEM Listing Rules to monitor ongoing corporate governance and to review the internal control system and procedures for compliance with the requirements of the GEM Listing Rules and other applicable laws, rules and regulations; and

BUSINESS

- (iv) our Group will from time to time, appoint external legal advisers, where applicable, to advise on compliance with and provide us with updates on the changes in the GEM Listing Rules and the applicable laws, regulations and rules from time to time to see if any change is required to be made with our operations and/or internal control policy.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Board of Directors currently consists of six Directors comprising three executive Directors and three independent non-executive Directors. The following table sets forth the information regarding our Directors and Senior Management:

Name	Age	Position	Date of appointment	Date of Joining our Group	Roles and Responsibilities	Relationship with other Directors and senior management
Executive Directors						
Dr. Loh Teck Hiong	47	Chairman, executive Director	22 March 2017	5 September 2013	Responsible for overall management, branding, compliance and business development of our Group and chairman of the nomination committee	None
Dr. Ee Hock Leong	44	Executive Director	22 March 2017	20 January 2014	Responsible for operations of our Group	None
Dr. Kwah Yung Chien Raymond (柯永坚)	42	Chief executive officer and executive Director	22 March 2017	20 January 2014	Responsible for overall execution of our Group's strategic planning and management and supervision of operations and member of the remuneration committee	None
Independent Non-Executive Directors						
Mr. Cheung Kiu Cho Vincent (張翹楚)	41	Independent non-executive Director	22 September 2017	22 September 2017	Member of the audit committee and nomination committee, providing independent judgment on strategy, policy, performance, accountability, internal control and corporate governance	None
Mr. Ong Kian Guan (王建源)	49	Independent non-executive Director	22 September 2017	22 September 2017	Chairman of the audit committee and member of the remuneration committee and nomination committee, providing independent judgment on strategy, policy, performance, accountability, internal control and corporate governance	None
Mr. Wong Siu Ki (黃兆麒)	41	Independent non-executive Director	22 September 2017	22 September 2017	Chairman of the remuneration committee and member of the audit committee, providing independent judgment on strategy, policy, performance, accountability, internal control and corporate governance	None
Senior Management						
Mr. Kwong Choong Kuen (Huang Zhongquan) (黃仲权)	44	Chief financial officer	1 October 2016	1 October 2016	Responsible for our Group's general financial management	None
Ms. Ang Yiam Bee (洪嫻鏇)	52	Purchasing manager	1 April 2017	2 May 2014	Responsible for formulation and implementation of purchasing strategies	None
Ms. Swee Yang Lin (Sun Yangling) (孫揚凌)	40	Operations manager	1 April 2017	19 May 2014	Responsible for our Group's operations and alignment of business processes	None

DIRECTORS AND SENIOR MANAGEMENT

Executive Director

Dr. Loh Teck Hiong (“**Dr. Loh**”), aged 47, is our executive Director, compliance officer, chairman of our Board and the chairman of the nomination committee. He is responsible for the overall management, branding, compliance and business development of our Group. Dr. Loh joined our Group in September 2013, was appointed as a Director on 22 March 2017 and was re-designated as an executive Director and appointed as the chairman on 18 May 2017.

Dr. Loh graduated from the University of Melbourne in Australia in December 1995 with a Bachelor of Medicine & Bachelor of Surgery and was admitted as a member of the Royal College of Physicians of the United Kingdom in 1998. He is currently a fellow of the Academy of Medicine in Dermatology in Singapore. Dr. Loh was the author of three published medical articles relating to urticarial vasculitis, unna thost palmar-plantar keratoderma and occupational dermatosis.

Dr. Loh has over 16 years medical practice specialising in dermatology and has extensive experience in medical, surgical and laser dermatology with special interest in atopic eczema, skin allergy, paediatric dermatology, moles or birthmarks and skin cancers. Prior to becoming a founder of our Group, from May 1996 to August 1996, Dr. Loh worked as a Pre-registration House Officer in the Department of Surgery at the Aberdeen Royal Infirmary, United Kingdom, where he was responsible for consultation and diagnostic of patients under supervision of a registrar and consultant. Between August 1996 and February 1997, Dr. Loh worked as a House Officer of General Medicine department at the Northampton General Hospital in United Kingdom. From February 1997 to February 1998, Dr. Loh worked as a senior house officer in General and Neonatal Paediatrics at St. Peter’s Hospital in the United Kingdom. From February 1998 to February 1999, Dr. Loh worked as a senior house officer at Guy’s Hospital in the United Kingdom. His main duties included caring for patients from neonatology, paediatric cardiology and paediatric nephrology departments under the guidance of registrar and consultant. From September 1999 to March 2000, Dr. Loh was a Registrar in the Department of Paediatric, National University Hospital, Singapore and from May 2000 to April 2003, a Registrar at the National Skin Center in Singapore conducting consultation and diagnostic services to patients. From May 2003 to July 2005, Dr. Loh was an associate consultant dermatologist at the NSC, an outpatient specialist dermatological center in Singapore, where he was responsible for consultation and diagnosing patients, prescription and conducting treatments. Dr. Loh then established Dermatology Associates Pte. Ltd. in Singapore in November 2004 where he provided dermatology consultation and treatment until June 2014.

Dr. Ee Hock Leong (“**Dr. Ee**”), aged 44, is our executive Director and is responsible for operations of our Group. Dr. Ee joined our Group in January 2014 and was appointed as a Director on 22 March 2017 and was re-designated as an executive Director on 18 May 2017.

Dr. Ee graduated from the University of Sheffield, United Kingdom in July 1998 with a Bachelor of Medicine and Bachelor of Surgery. Dr. Ee was admitted as a member of the Royal College of Physicians of the United Kingdom in 2001, awarded Fellowships of the Royal College of Physicians of Edinburgh in 2011. Dr. Ee has over 18 years medical practice specialising in dermatology focusing in aesthetic dermatology, skin cancers, Mohs surgery and laser surgery. Dr. Ee was the author of two published chapters relating to laser dermatology and skin diseases and has published over 16 medical articles.

DIRECTORS AND SENIOR MANAGEMENT

Prior to joining our Group, from August 1998 to November 1998, Dr. Ee worked as a house officer at the Royal Hallamshire Hospital, United Kingdom where he was principally responsible for caring of patients with infectious diseases, internal medicine, general surgery and urology. From August 1999 to February 2000, Dr. Ee was a senior house officer at the University Hospital Aintree, Liverpool, United Kingdom in gastroenterology in general medicine. From February 2000 to February 2001, Dr. Ee worked as a senior house officer in general medicine in the departments of renal medicine, emergency room, care of the elderly and cardiology at Hammersmith Hospital. From February 2001 to July 2001, Dr. Ee was a senior house officer at St. Mary's Hospital, United Kingdom where he was responsible for caring of patients with solid malignancies. From 2003 to 2005, Dr. Ee was a registrar at the NSC, Singapore where he was responsible for consultation, diagnosing patients, dispensation of prescriptions and conducting treatments. From March 2006 to December 2006, Dr. Ee was appointed as Honorary Clinical Fellow in the department of Dermatology, Specialist Medicine at the Guy's and St. Thomas Hospital NHS Trust, United Kingdom where he received training for treating patients with skin cancer with the use of Mohs surgery and treatment of aesthetic patients with injectable and laser treatments. From February 2006 to May 2011, Dr. Ee worked at the NSC in Singapore as an associate consultant and was later promoted to a consultant dermatologist in 2008 where he was principally responsible for procuring and establishing the first Mohs surgery in Singapore. From April 2011 to April 2014, Dr. Ee was a consultant at Specialist Skin Clinic and Associates in Singapore. From January 2014 to March 2015 Dr. Ee was appointed as visiting senior consultant at the Department of Medicine of Jurong Health Services Pte. Ltd.

Dr. Kwah Yung Chien Raymond (柯永坚) (“**Dr. Kwah**”), aged 42, is our executive Director, chief executive officer and a member of the remuneration committee. He is responsible for the overall execution of our Group's strategic planning and management and supervision of operations. Dr. Kwah joined our Group in January 2014 and was appointed as a Director on 22 March 2017. He was re-designated as an executive Director and appointed as our chief executive officer on 18 May 2017.

Dr. Kwah graduated from the National University of Singapore in August 1999 with a Bachelor of Medicine & Bachelor of Surgery. Dr. Kwah was admitted as a Member of the Royal College of Physician of the United Kingdom in November 2002 and Royal College of Physicians and Surgeons of Glasgow in 2007, respectively. He was admitted as a Fellow in the Academy of Medicine, Singapore in July 2011 and the Royal College of Physicians (Edinburgh) in 2014, respectively. Furthermore, Dr. Kwah has been the author of several published medical articles relating to skin cancer and dermatology since 2005.

Dr. Kwah has over 16 years of medical practice, specialising in dermatology with a focus on skin cancer management including Mohs surgery, general dermatology, aesthetic dermatology, dermatology surgery and laser treatment. From May 2001 to October 2002, he was a medical officer at Tan Tock Seng (Respiratory Medicine Department) Medical Hospital responsible for respiratory care, National Heart Centre (Singapore General Hospital) responsible for cardiology and Alexandra Hospital, Singapore doing general medicine. From May 2004 to October 2007, Dr. Kwah was a part time registrar at the NSC, Singapore. From November 2007 to September 2009, Dr. Kwah had been a Registrar and an Associate Consultant at the NSC. Dr. Kwah then spent a year as a Mohs micrographic surgery/dermatology fellow at the Royal Victoria Infirmary, Newcastle upon Tyne, United Kingdom from October 2009 to September 2010, where he was responsible for performing various skin related medical treatment and conducting training on dermatological procedures for registrars. He was also a visiting consultant at National Skin Centre and Khoo Teck Puat Hospital in Singapore where he was principally

DIRECTORS AND SENIOR MANAGEMENT

responsible for training dermatology trainees in dermatological treatments and review of workflow and equipping of the dermatological outpatient clinics from November 2010 to July 2012. Dr. Kwah was then a visiting consultant at Singapore General Hospital from October 2012 to March 2014.

Independent non-executive Directors

Mr. Cheung Kiu Cho Vincent (張翹楚) (“**Mr. Cheung**”), aged 41, was appointed as our independent non-executive director on 22 September 2017. Mr. Cheung is a member of the audit committee and nomination committee.

Mr. Cheung graduated from the Hong Kong Polytechnic University in November 1997 with a bachelor’s degree (Hons) in real estate. He further obtained a master of business administration in international management from the Royal Holloway and Bedford New College, University of London in December 2003. He was admitted as a member of the Hong Kong Institute of Surveyors in February 2002. Mr. Cheung further became a fellow member of the Royal Institution of Chartered Surveyors in August 2015. He has been a member of the Institute of Shopping Centre Management since May 2016. Mr. Cheung has also been a registered valuer of the Royal Institution of Chartered Surveyors since May 2013, a registered professional surveyor (general practice) under the Surveyors Registration Board in Hong Kong since July 2003 and a valuer on the “List of Property Valuers for undertaking Valuations for incorporation or reference in Listing Particulars and Circulars and Valuations in connection with Takeovers and Mergers” of the Hong Kong Institute of Surveyors since April 2005, respectively.

Mr. Cheung has over 20 years of experience in the real estate industry and assets valuations sector. Prior to joining our Group, Mr. Cheung was a manager at Francis Lau & Co (Surveyors) Limited which he was responsible for carrying out general practice surveying from July 1997 to January 2000. Mr. Cheung then joined DTZ Bebenham Tie Leung Limited as valuer in February 2001 and was promoted to senior valuer in the valuation & advisory services department where he was responsible for handling land matters and statutory valuations. Mr. Cheung joined Sallmanns (Far East) Limited in March 2003 and left as a senior manager in 2005. Mr. Cheung was also an Associate Director of RHL Appraisal Limited from June 2005 to July 2006, responsible for corporate valuation and advisory in Hong Kong and China. Mr. Cheung joined Cushman & Wakefield Valuation Advisory Services (HK) Limited in 2006 and was promoted as the head of valuation, Greater China in 2009. Since January 2016, Mr. Cheung joined Colliers International (Hong Kong) Limited and has been promoted as the deputy managing director of valuation and advisory services, Asia, responsible for providing valuation and corporate advisory services across Asia. Mr. Cheung has been appointed as an independent non-executive director of Lisi Group (Holdings) Limited, (a company listed on the Main Board of the Stock Exchange, stock code: 526, whose principal business involved manufacturing and trading of household products, operation of department stores and supermarkets, wholesale of wine and beverages and electrical appliances and investments holdings) since June 2006.

Mr. Ong Kian Guan (王建源) (“**Mr. Ong**”), aged 49, was appointed as our independent non-executive Director on 22 September 2017 and is responsible for providing our Group with independent judgment on strategy, policy, performance, internal control, accountability and corporate governance. Mr. Ong is the chairman of the audit committee and a member of the nomination committee and remuneration committee.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ong graduated from the Nanyang Technological University, Singapore in May 1992 with a bachelor degree in accountancy. He has been practising as a public accountant in Singapore since May 2005 and was awarded as a fellow member of the Institute of Certified Public Accountants of Singapore in January 2010.

Prior to joining our Group, Mr. Ong worked as an audit assistant with Deloitte & Touche from November 1993 to June 1994, and was promoted to audit senior from July 1994 to February 1995. Mr. Ong then joined Arthur Andersen LLP in February 1995 as senior in the assurance and business advisory division and was a manager from September 1997 to May 2002 where he was responsible for managing a portfolio of clients in audit of financial statements. He was appointed as the chief financial officer of Medtecs International Corporation Limited (a company listed on the Singapore Exchange Securities Trading Limited, stock code: 546, and on the Taiwan Stock Exchange Corporation, stock code: 9103, which principally engages in manufacturing and distributing medical consumables for the global healthcare industry) from September 2002 to November 2004. Mr. Ong has been a partner of Baker Tilly TFW LLP (formerly known as TeoFoongWongLCLoong, Singapore) since October 2005 and is now a director of Baker Tilly Consultancy (Singapore) Pte. Ltd.

Mr. Ong had been appointed as an independent non-executive director of China Animal Healthcare Ltd (a company listed on the Main Board of the Stock Exchange, stock code: 940, which carries on the business of manufacturing, sale and distribution of animal drugs) from December 2007 to June 2014 and an independent director of China Haida Ltd. (a company listed on the Singapore Exchange Securities Trading Limited, stock code: C92, which principally engages in manufacturing of aluminium panels) from October 2006 to April 2015. He has also been appointed as an independent non-executive director of China XLX Fertiliser Ltd (a company listed on the Main Board of the Stock Exchange, stock code: 1866, which principally engages in the manufacturing and sale of compound fertiliser and fertiliser and ammonia solution business) and Weiye Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1570, and on the Singapore Exchange Securities Trading Limited, Stock code BMA, which principally engages in property development business in the PRC) since May 2007 and March 2016, respectively and as an independent director of Alliance Mineral Assets Limited (a company listed on the Singapore Stock Exchange, stock code: 40F, which principally engages mining business) and Serrano Limited (a company listed on the Singapore Exchange Securities Trading Limited, stock code: 40R, which principally engages in providing interior fit-out solutions) since June 2014 and October 2014, respectively. Mr. Ong was a director of Tianfang Hospitality Trust Management Pte. Ltd., a company incorporated in Singapore which was struck off on 7 August 2017. The dissolution was due to its company becoming dormant and Mr. Ong confirmed that the company was solvent at the time of its dissolution and there was no wrongful act on his part leading to the dissolution and he was not aware of any claim which had been made or potential claim which will be made against him as a result of the dissolution.

Mr. Wong Siu Ki (黃兆麒) (“**Mr. Wong**”), aged 41, was appointed as our independent non-executive Director on 22 September 2017. Mr. Wong is the chairman of the remuneration committee and a member of the audit committee.

Mr. Wong graduated from the Hong Kong Polytechnic University in November 1998 with a bachelor of Arts in Accountancy with first class honours. He was admitted as a fellow member of the Association of Chartered Certified Accountants in September 2006. He was further admitted as an associate of the Institute of Chartered Accountants in England and Wales in October 2007. In May 2010, Mr. Wong was admitted as a fellow member of the Hong Kong Institute of Certified Public Accountants and is an authorised supervisor of the Hong Kong Institute of Certified Public Accountants.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong has more than 20 years of experience in capital markets, accounting and corporate management in the PRC and Hong Kong. Prior to joining our Group, Mr. Wong joined Arthur Andersen as a staff accountant in September 1998 and was promoted to senior in September 2000. He was then transferred to PricewaterhouseCoopers as a senior associate in July 2002 and was a manager from July 2003 to February 2004, where he was mainly responsible for auditing and accountancy. From February 2004 to February 2007, Mr. Wong was appointed as the designated finance director and company secretary of Eagle Brand Holdings Limited, (a company previously listed on the Singapore Exchange Securities Trading Limited, stock code: E04, now known as Nam Cheong Limited) where he was responsible for overseeing the finance, accounting and corporate secretarial matters. Mr. Wong served as the chief financial officer and company secretary in Xingfa Aluminium Holdings Limited (“Xingfa”), (a company listed on the Main Board of the Stock Exchange, stock code: 98, and principally carries on the business of manufacturing and sale of aluminium profiles) from August 2007 to April 2010, an non-executive director from April 2010 to December 2012, the board’s special adviser from December 2012 where he was responsible for providing advice to the board on matters relating to investors’ relations, strategic planning and capital market operations, and had been appointed as an alternate director and an alternate authorised representative to an executive director and the chairman of the board of Xingfa since December 2012 and has been the chief investment officer since April 2015. He was further appointed as the company secretary of Xingfa on 1 June 2017. Mr. Wong has been appointed as an independent non-executive director of Major Holdings limited, (a company listed on the Main Board of the Stock Exchange, stock code: 1389, and principally carries on the business of sale and distribution of premium wine and spirits products and wine accessory products in Hong Kong), and AMCO United Holding Limited, (a company listed on the Main Board of the Stock Exchange, stock code: 630, and principally carries on the business of manufacturing and sales of medical devices products and plastic moulding products), since December 2013 and May 2015, respectively.

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or Substantial Shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in public listed companies in the three years prior to the Latest Practicable Date. As at the Latest Practicable Date, save as disclosed in the section headed “Substantial Shareholders” of this prospectus and in the section headed “Statutory and General Information — C. Further information about Directors, management and substantial shareholders” in Appendix IV to this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

None of our Directors have any interests in any business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with business of our Group. Please refer to Appendix IV to this prospectus for further information about our Directors, including details of the interest of our Directors in the Shares and underlying shares of our Company (within the meaning of Part XV of the SFO) and particular of the service contract and remuneration.

Save as disclosed in this prospectus, each of our Directors has confirmed that there are no other matters relating to his or her appointment as a Director that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to Rule 17.51(2) of the GEM Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Kwong Choong Kuen (Huang Zhongquan) (黃仲權) (“Mr. Kwong”), aged 44, is our chief financial officer. He is responsible for overseeing the daily accounting and financial management of our Group. Mr. Kwong joined our Group in October 2016.

Mr. Kwong graduated from the Nanyang Technological University, Singapore in June 1996 with a Bachelor of Accountancy. He was admitted as a member of Institute of Certified Public Accountants of Singapore in September 1999 and qualified as a chartered accountant of Singapore of the Institute of Singapore Chartered Accountants in July 2013. Prior to joining our Group, Mr. Kwong had over 20 years of experience in finance and accounting. He was a senior auditor at Ernst and Young from July 1996 to September 1999 where he was responsible for reviewing auditing work of multi-national corporations and listed companies. Mr. Kwong then worked at Philips Electronics Singapore Pte Ltd. with his last position as financial controller from October 1999 to June 2013. From July 2013 to February 2016, Mr. Kwong worked as the financial controller, Leadership and Talent Consulting Group at Korn Ferry International Pte. Ltd., a company which principally provides organisational advisory and executive search services.

Ms. Ang Yiam Bee (洪嬌鏇) (“Ms. Ang”), aged 52, is our purchasing manager. She is responsible for our formulation and implementation of purchasing strategies. Ms. Ang joined our Group in May 2014.

Ms. Ang completed the General Certificate of Education ‘O’ level in December 1982. Prior to joining our Group, Ms. Ang joined the Post Office Savings Bank in Singapore as a bank assistant from August 1983 to February 1989 and worked for Cathay Pacific Airways Limited in the capacity of cabin attendant from July 1989 to March 1999 and was a clinic assistant of Leong Dental Surgeons, Singapore from March 2007 to December 2009, responsible for the assisting the daily operation of the dentist. She then worked in Dermatology Associates, a skin and laser specialist group in Singapore, as a clinic assistant of the treatment department from April 2013 to April 2014, responsible for assisting the doctors for treatments and surgical treatments.

Ms. Swee Yang Lin (Sun Yangling) (孫揚凌) (“Ms. Swee”), aged 40, is our operations manager and is responsible for our operations and alignment of business processes. Ms. Swee joined our Group in May 2014.

Prior to joining our Group, Ms. Swee joined Dermatology Associates, a skin and laser specialist group in Singapore from April 2011 to April 2014, responsible for attending to reception, dispensing and administrative works.

COMPANY SECRETARY

Mr. Man Yun Wah (文潤華先生) (“Mr. Man”), aged 34, was appointed as our company secretary on 18 May 2017.

Mr. Man is an associate member of The Hong Kong Institute of Chartered Secretaries. He graduated from the University of Huddersfield in England with a Bachelor of Arts in business administration and management in March 2010. He further obtained a degree of Master of Corporate Governance from the Open University of Hong Kong in November 2014.

DIRECTORS AND SENIOR MANAGEMENT

He has been appointed as a director of RHT Corporate Advisory (HK) Limited, a company which provides company secretarial services, since August 2013. His major responsibility is to assist listed companies in professional company secretarial work. Before joining RHT Corporate Advisory (HK) Limited, he worked in Dominic K.F. Chan & Co. from August 2008 to July 2015 where he was responsible for handling company secretarial matters.

Mr. Man has not been a director of any publicly listed company in the three years immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, none of the senior management holds, or in the past three years preceding the Latest Practicable Date, any other directorships in any public companies the securities of which are listed on any securities markets in Hong Kong or overseas.

NON-COMPETITION

Each of our executive Directors and independent non-executive Directors has confirmed that none of them is engaged in, or interested in any business which, directly or indirectly, competes or may compete with the business of our Group.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries in relation to the performance of our Group. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the business operations. Our Group regularly reviews and determines the remuneration and compensation packages of its Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group. After Listing, our Company's remuneration committee will review and determine the remuneration and compensation packages of our Directors with reference to their responsibilities, workload, the time devoted to our Group and the performance of our Group. Our Directors may also receive options to be granted under the Share Option Scheme.

OUR GROUP'S RELATIONSHIP WITH STAFF

Our Group recognises the importance of a good relationship with its employees. The remuneration payable to the employees includes salaries and allowances.

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Group will comply with the Corporate Governance Code and the GEM Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Audit committee

Our Company established an audit committee pursuant to a resolution of our Directors passed on 22 September 2017 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3.3 of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules has been adopted. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and to monitor ongoing corporate governance and oversee internal control procedures of our Company. At present, the audit committee of our Company consists of three members who are Mr. Wong Siu Ki, Mr. Cheung Kiu Cho Vincent and Mr. Ong Kian Guan. Mr. Ong Kian Guan is the chairperson of the audit committee.

Remuneration committee

Our Company established a remuneration committee on 22 September 2017 with written terms of reference in compliance with paragraph B.1.2 of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the remuneration committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review performance based remuneration; and ensure none of our Directors determine their own remuneration. The remuneration committee consists of three members who are Dr. Kwah, Mr. Wong Siu Ki and Mr. Ong Kian Guan. Mr. Wong is the chairperson of the remuneration committee.

Nomination committee

Our Company established a nomination committee on 22 September 2017 with written terms of reference in compliance will paragraph A.5.2 of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the nomination committee are to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors. The nomination committee consists of three members who are Dr. Loh, Mr. Ong Kian Guan and Mr. Cheung Kiu Cho Vincent. Dr. Loh is the chairperson of the nomination committee.

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Company has appointed LY Capital Limited to be the compliance adviser, who will have access to all relevant records and information relating to the Company that it may reasonably require to properly perform its duties. Pursuant to Rule 6A.23 of the GEM Listing Rules, our Company must consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;

DIRECTORS AND SENIOR MANAGEMENT

- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated by our Company, including share issues and share repurchases;
- (iii) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Company deviate from any forecast, estimate (if any) or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry of our Company under Rule 17.11 of the GEM Listing Rules.

The terms of appointment shall commence on the Listing Date and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is the earlier.

SHARE OPTION SCHEME

We conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised under the section headed “Statutory and General Information — D. Share Option Scheme” in Appendix IV to this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately upon completion of the Share Offer and the Capitalisation Issue, without taking into account any Shares which may be issued upon the exercise of any options to be granted under the Share Option Scheme, our current Controlling Shareholders will be interested in 67.5% of our Company's entire issued share capital.

During the Track Record Period, save as disclosed in this prospectus, our Group did not have any business dealings with the companies associated with or controlled by our Controlling Shareholders and there was no overlapping of business between our Group and our Controlling Shareholders.

Our Directors, to the best of their knowledge, information and belief, have confirmed that, none of the Controlling Shareholders, the Substantial Shareholders, our Directors and their respective close associates is interested in any business which competes, or may compete, directly or indirectly, with the business of our Company.

Acting in Concert Confirmation

In preparation for the Listing, on 30 May 2017, Dr. Loh, Dr. Ee and Dr. Kwah executed the Acting in Concert Confirmation, pursuant to which Dr. Loh, Dr. Ee and Dr. Kwah confirmed their acting in concert arrangements in the past, as well as their understanding, during the Track Record Period, and to continue to act in the above manner in our Group upon Listing until the Acting in Concert Confirmation is terminated in writing. Under the acting in concert arrangements, Dr. Loh, Dr. Ee and Dr. Kwah had exercised their voting rights unanimously in respect of each member of our Group relating to their management, development and operations.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors believe that our Group is capable of carrying on its business independently from our Controlling Shareholders after Listing.

Management independence

Our management and operational decisions are made by our Board and senior management. Our Board comprises three executive Directors and three independent non-executive Directors. The overlapping directors between our Group and the Controlling Shareholders are Dr. Loh, Dr. Ee and Dr. Kwah. Except for them, none of the other Directors or any of the members of our senior management hold(s) any directorships and positions in companies privately owned by Dr. Loh, Dr. Ee and Dr. Kwah and their associates. We consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (a) each Director is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions, and shall not be counted in forming quorum subject to the provision of the Articles of Association; and
- (c) all our senior management members are independent from our Controlling Shareholders. Our Group has established our own management, finance, human resources, administration, procurement and quality control which are responsible for the daily operations of our Group.

Operational independence

We do not share professional team members, facilities and equipment with our Controlling Shareholders and their associates. We have independent access to suppliers and customers and independent management to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our business and we have sufficient workforce to operate independently from our Controlling Shareholders and their associates. Our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders.

Financial independence

We have an independent financial system and make financial decisions according to our own business needs. As at the Latest Practicable Date, our Group had no banking facilities and/or guarantees. Our Directors confirm that we will not rely on our Controlling Shareholders for financing after the Share Offer as we expect that our working capital will be funded by our operating income and bank borrowings.

Non-Competition Undertaking

Our Controlling Shareholders (each a “**Covenantor**” and collectively, the “**Covenantors**”) entered into the Deed of Non-competition with our Company, under which each of the Covenantors has irrevocably and unconditionally, jointly and severally, warranted and undertaken to our Company (for ourselves and as trustee for each of our subsidiaries) that:

- (a) he/it will not, and will procure any Covenantor and his/its close associates (each a “**Controlled Person**” and collectively, the “**Controlled Persons**”) and any company directly or indirectly controlled by the Covenantor (which for the purpose of the Deed of Non-Competition, shall not include any member of our Group) (the “**Controlled Company**”) not to, except through any member of our Group, directly or indirectly (whether on its own account or with each other or in conjunction with or on behalf of any person or company, or as principal or agent, through any body corporate, partnership, joint venture, alliance, cooperation or other contractual arrangement and whether for profit or otherwise), carry on, engage in, invest or acquire or hold any rights or be interested or otherwise involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business that is similar to or in competition directly or indirectly with or is likely to be in competition with any business carried on by any member of our Group

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

currently and from time to time or in which any member of our Group is engaged is otherwise involved in any territory that our Group carries on our business or grants franchise from time to time (“**Restricted Business**”);

- (b) if any of the Covenantors is offered or becomes aware of any new project or any new business opportunity (“**New Business Opportunity**”) directly or indirectly to engage or become interested in a Restricted Business, he/it (i) shall promptly in event not later than seven (7) days notify the Company of such New Business Opportunity in writing, include all information in respect of the New Business Opportunity and provide such information as may be reasonably required by the Company to make an informed assessment of such New Business Opportunity; and (ii) shall not, and shall procure that the Covenantors, Controlled Persons and/or Controlled Company shall not, invest or participate in any such New Business Opportunity unless such New Business Opportunity shall have been declined by our Company or the Company does not proceed with such New Business Opportunity within one month from the date of the written notice.

The restrictions which each of the Covenantors has agreed to undertake pursuant to the Deed of Non-Competition will not apply to such Covenantors in the circumstances where he/it has:

- (a) the holding of or interests in shares or other securities by any of the Covenantors and/or his/its close associates in any company which conducts or is engaged in any Restricted Business, provided that, in the case of such shares, they are listed on a recognised stock exchange as specified under the SFO and either:
 - (i) the relevant Restricted Business (and assets relating thereto) accounts for less than 10% of the relevant consolidated turnover or consolidated assets of the company in question, as shown in the latest audited accounts of the company in question; or
 - (ii) the total number of the shares held by any of the Covenantors and his/its close associates or in which they are together interested does not amount to more than 5% of the issued shares of that class of the company in question, provided that any of the Covenantors and his/its close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors or management of that company and that at all times there is a holder of such shares holding (together, where appropriate, with his/its close associates) a larger percentage of the shares in question than the Covenantors and his/its close associates together hold.

The Deed of Non-Competition will take effect from the date on which dealings in the Shares first commence on GEM and will cease to have any effect upon the earliest of the date on which (i) such Covenantor, being a Controlling Shareholder, individually or collectively with any other Covenantor(s) ceases to be interested, directly or indirectly, in 30% or more of the issued Shares, or otherwise ceased to be regarded as Controlling Shareholder; or (ii) the Shares cease to be listed and traded on GEM or other recognised stock exchange.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of the Shareholders:

- (a) the Articles provide that a Director shall absent himself/itself from participating in Board meetings (nor shall he/it be counted in the quorum) and voting on any resolution of the Board approving any contract or arrangement or other proposal in which he/it or any of his/its close associates is materially interested unless a majority of the independent non-executive Directors expressly requested him/it to attend;
- (b) the independent non-executive Directors will review and will disclose decisions with basis, on an annual basis, the compliance with the Deed of Non-Competition by the Controlling Shareholders;
- (c) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-Competition;
- (d) our Company will disclose decisions with basis on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition of the Controlling Shareholders in the annual reports of our Company;
- (e) our Controlling Shareholders will make an annual declaration on compliance with the Deed of Non-Competition in the annual report of our Company;
- (f) our Company has appointed LY Capital Limited as the compliance adviser, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls;
- (g) the independent non-executive Directors will be responsible for deciding whether or not to allow our Controlling Shareholders and/or their respective close associates to involve or participate in a Restricted Business and if so, any condition to be imposed; and
- (h) the independent non-executive Directors may appoint an independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-Competition undertaking or connected transaction(s) at the cost of our Company.

Further, any transaction that is proposed between our Group and our Controlling Shareholders and their respective close associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

None of the members of our Group has experienced any dispute with its respective shareholders or among its shareholders, and our Directors believe that each member of our Group has maintained a positive relationship with its respective shareholders. With the corporate governance measures including the measures set out above, our Directors believe that the interest of the Shareholders will be protected.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), the following persons/entities will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name	Capacity/ Nature of interest	Immediately after the Share Offer and the Capitalisation Issue (without taking into account the exercise of options to be granted under the Share Option Scheme)	
		Number of Shares	Approximate percentage of shareholding in our Company (%)
Dr. Loh	Interest of controlled corporation ^(Note 2)	405,000,000 (L)	67.5
Dr. Ee	Interest of controlled corporation ^(Note 2)	405,000,000 (L)	67.5
Dr. Kwah	Interest of controlled corporation ^(Note 2)	405,000,000 (L)	67.5
Brisk Success	Beneficial owner ^(Note 2)	405,000,000 (L)	67.5
Ms. Fung Yuen Yee	Interest of spouse ^(Note 3)	405,000,000 (L)	67.5
Ms. Chou Mei	Interest of spouse ^(Note 4)	405,000,000 (L)	67.5
Ms. Grace Lim Wen Li	Interest of spouse ^(Note 5)	405,000,000 (L)	67.5
Magic Wave	Beneficial owner ^(Note 6)	45,000,000	7.5
Dr. Wong	Interest of controlled corporation ^(Note 6)	45,000,000	7.5
Ms. Wong Oi Yee Amy	Interest of spouse ^(Note 7)	45,000,000	7.5

SUBSTANTIAL SHAREHOLDERS

Notes:

1. The letter “L” denotes the person’s long position in the relevant Shares.
2. The entire issued share capital of Brisk Success is legally and beneficially owned as to approximately 33.33% by Dr. Loh, Dr. Ee and Dr. Kwah respectively. Accordingly, Dr. Loh, Dr. Ee and Dr. Kwah are deemed to be interested in 405,000,000 Shares held by Brisk Success by virtue of the SFO. Dr. Loh, Dr. Ee and Dr. Kwah are executive Directors and are persons acting in concert and accordingly each of them is deemed to be interested in the Shares held by the others.
3. Ms. Fung Yuen Yee, being the spouse of Dr. Loh, is deemed to be interested in all the Shares in which Dr. Loh is interested pursuant to the SFO.
4. Ms. Chou Mei, being the spouse of Dr. Ee, is deemed to be interested in all the Shares in which Dr. Ee is interested pursuant to the SFO.
5. Ms. Grace Lim Wen Li, being the spouse of Dr. Kwah, is deemed to be interested in all the Shares in which Dr. Kwah is interested pursuant to the SFO.
6. The entire issued share capital of Magic Wave is legally and beneficially owned as 100% by Dr. Wong. Accordingly, Dr. Wong is deemed to be interested in 45,000,000 Shares held by Magic Wave by virtue of the SFO.
7. Ms. Wong Oi Yee Amy is the spouse of Dr. Wong and is therefore deemed to be interested in all the Shares held/ owned by Dr. Wong (by himself or through Magic Wave) by virtue of SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the Share Offer and the Capitalisation Issue (without taking into account the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

SIGNIFICANT SHAREHOLDERS

So far as our Directors are aware, save for the persons disclosed under the paragraph headed “Substantial Shareholders” in this section, no persons individually and/or collectively will, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), be directly or indirectly interested in 5% or more of the voting power at the general meetings of our Company and are therefore regarded as significant Shareholders under the GEM Listing Rules.

UNDERTAKINGS

Each of Brisk Success, Dr. Loh, Dr. Ee and Dr. Kwah has given certain undertakings in respect of the Shares held by them to our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters, details of which are set out under the section headed “Underwriting — Undertakings pursuant to the Public Offer Underwriting Agreement — Undertakings by our Controlling Shareholders” of this prospectus. Each of the Controlling Shareholders has also given undertakings in respect of the Shares to the Company and the Stock Exchange as required by Rules 13.16A(1) and 13.19 of the GEM Listing Rules.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our results of operations and financial position in conjunction with our financial information as of and for the Track Record Period, including the notes thereto, included in Appendix I to this prospectus. Our financial information has been prepared in accordance with IFRSs. The following discussion contains forward-looking statements concerning events that involve risks and uncertainties. Our actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those set forth under “Risk Factors” and elsewhere in this prospectus.

Our financial year begins on 1 January and ends on 31 December. All references to “FY2015”, “FY2016”, “1Q2016” and “1Q2017” mean the financial years ended 31 December 2015 and 2016 and the three months ended 31 March 2016 and 2017, respectively.

OVERVIEW

We are a specialist dermatological and surgical practice accredited by the MOH, that offers accessible, comprehensive, quality and specialty care services for a variety of dermatological conditions affecting skin, hair and nails by utilising a wide range of advanced and sophisticated medical surgical, laser and aesthetic treatments to our individual patients (which refer to patients who visit our Clinics and pay out of their own expenses) as well as our Corporate Customers. We focus on the market in Singapore, which we believe is a highly attractive growth market (which generally comprise payments made via healthcare insurance companies).

As at the Latest Practicable Date, we had three Clinics strategically located at Orchard Road, Raffles Place and East Coast. All our Doctors are registered specialists by MOH in accordance with the MRA. Our broad spectrum of treatment devices, which are equipped with evidence-based technologies, enable our Doctors and our trained therapists to provide a wide range of treatments to cater to the individual needs of each patient, including various treatments involving the use of microdermabrasion (chemical peel treatment), electrocautery (hyfreator), laser (carbon dioxide surgical laser system and C6 dermatological laser system), phototherapy radiofrequency (Exilis system), Mohs surgery (Cryostat) and iontophoresis.

Our Group has achieved a high level of customer service and patient satisfaction and we have successfully developed our business through quality dermatological and surgical services. We believe this provides us with the ability to position and grow our assets and execute our operating plan, thus strengthening our operations and financial performance.

Singapore has been lauded as a multi-faceted medical hub and was ranked one of the most efficient healthcare systems globally. By leveraging on our market positions, we believe we will be able to capture a higher market share and thus enhance our profitability.

Our Group is committed to delivering innovative medical solutions to meet the needs of our customers and aim to provide a range of Consultation, Prescription and Dispensing and Treatment Services which are tailored to our patients’ individual needs. Services are provided to our patients for the treatment of, among others, skin cancer, skin diseases such as eczema, psoriasis, acne, pigmentation, adverse drug reactions as well as aesthetic treatments intended to enhance overall appearance of patients.

FINANCIAL INFORMATION

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL POSITION

Regulatory conditions

Our business and facilities are located in Singapore. Our operations are thus subject to various laws, rules, regulations and policies in Singapore. Compliance with applicable safety, health, environmental and other governmental regulations may be costly and may adversely affect our competitive position and results of operations.

Costs of operations

Our main costs of operations consist of employee benefits expense, consumables and medical supplies used, operating lease expenses and fees paid to the Doctors. Consumables and medical supplies include treatment consumables, skincare products and medication necessary for the Clinics' operations.

We obtain our treatment consumables and medication from reputable pharmaceutical suppliers based in Singapore. Our cost of treatment consumables and medication is largely dependent on our suppliers' quotations. Consumables and medical supplies dispensed from our Clinics includes controlled drugs, over-the-counter medication, and skincare products.

In respect of staff costs, it is our approach to offer competitive wages and other staff benefits to recruit and retain quality doctors and supporting staff. Our staff costs, which include salaries, bonuses, and other employee benefits, accounted for 34.7%, 30.8%, 27.5% and 33.1% of our total cost of operations (excluding the finance costs) for FY2015, FY2016, 1Q2016 and 1Q2017 respectively.

Staff costs includes salaries paid to our Doctors, three of whom are currently the Controlling Shareholders and executive Directors. The total remuneration package of our Doctors includes fixed monthly salaries, as well as bonuses.

The high rental rates in Singapore affect our Group as our Clinics are located in prime locations in Singapore including Orchard Road. The locations of our Clinics allow us access to a variety of customers, including foreigners and expatriates, corporate white-collar executives and suburban customers. Rental rates in these areas tend to be expensive and we expect rental expenses will continue to be a significant part of our cost of operations. Rental and related expense (including service retainer fees for the use of our Raffles Place Clinic) accounted for 12.2%, 11.2%, 11.2% and 11.0% of our total cost of operations (excluding finance costs) for FY2015, FY2016, 1Q2016 and 1Q2017 respectively.

Competition from other medical dermatology service providers

Our ability to compete with our competitors depends on numerous factors, such as reputation, customer service and patient satisfaction as well as other factors mentioned in the section headed "Business — Our competitive strengths" of this prospectus. Any significant competitive advantages that our competitors may lower our market share, which may result in lower profitability. Our revenue is dependent on the provision of dermatological and surgical services to the private medical dermatology market of which the patients could switch to our competitors due to variety of factors.

FINANCIAL INFORMATION

Dependence on key senior management

We are currently highly dependent on our executive Directors who are also our specialist dermatologists. Should our executive Directors or other key members of senior management cease to be involved in our Group's operations, our success will be dependent on our ability to continue to attract and retain high quality personnel, with extensive experience in the medical dermatology industry and a good understanding of our patients' requirements to ensure the growth and sustainability of our Group.

The stability of our provision of services and revenue depends largely on our ability to retain our front-line staff, in particular, our Doctors. For FY2015, FY2016, 1Q2016 and 1Q2017, our revenue from medical services provided by our Doctors were 74.2%, 74.4%, 74.1% and 73.7% respectively. During the Track Record Period, our Group did not experience any material adverse impact on our operations or fluctuation in revenue due to the departure of our Doctors. However, in the event our Doctors cease to be involved in the operations of our Group, and we are not able to find suitable and timely replacements at comparable remuneration, we may experience a decrease in revenue and/or increase in staff costs, which in turn may have an adverse impact on our results of operation.

Changes in technology to medical equipment

Rapid technological advancements, technological failures and other challenges related to our medical equipment and information technology systems could adversely affect our business. New medical technology may also pose safety problems if our staff are not trained to use them properly and would also result in higher training costs.

Ability to maintain an established industry reputation

We believe that an established brand and reputation as a reliable dermatological and surgical service provider is significant to our Group's success. Given that medical treatments entail inherent risks, patients and potential patients would only choose a service provider who they trust to perform the treatments safely and effectively.

In addition, owing to the personalised nature of dermatological and surgical services provided by our Group, it is important for us to strive to enhance patient satisfaction through enhancing our variety and quality of services to meet the specific needs of our patients. We believe that this will allow us to retain our existing patients and broaden our patient base through referrals and word-of-mouth. For FY2015, FY2016, 1Q2016 and 1Q2017, the number of repeat patient visits we received was 5,394, 7,135, 2,434 and 2,655 respectively, representing 31.8%, 36.2%, 50.8% and 53.4% of the number of patient visits we served in the respective years/periods. We believe that the ability to maintain an established reputation has and will continue to affect our revenue growth and results of operations.

Ability to enhance the variety and quality of our services

Medical aesthetics technology has been advancing quickly and it is expected that new devices and know-how will continuously emerge. In order to maintain our Group's competitiveness, we are keen to ensure that we keep abreast of the latest technology. Our Doctors also constantly refer to published medical journals, peer-review articles, guidelines and research material by internationally recognised authorities in order to ensure that our patients are provided with broad range of evidence-based treatment devices. On the other hand, the ability to maintain and enhance the quality of our Services is

FINANCIAL INFORMATION

also important and has a significant impact on our results of operations. We are of the view that the ability to keep abreast of the latest trends in dermatological and surgical services and to offer quality service will impact our customer traffic, revenue growth and financial performance.

BASIS OF PREPARATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law on 22 March 2017 and became the holding company of our Group upon completion of the Reorganisation, details of which are set out in the section headed “History, Reorganisation and Development” of this prospectus.

The financial information of our Group has been prepared as if our Company had been the holding company of our Group, on combined basis, throughout the Track Record Period.

CRITICAL ACCOUNTING POLICIES

Our financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) which comprise all standards and interpretations approved by the International Accounting Standards Board.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group’s activities, as described below:

Revenue from provision of consultation services (“**Consultation Services**”) is recognised when services are provided.

Revenue from provision of medical skincare treatments of surgical and non-invasive/minimally invasive in nature (“**Treatment Services**”) is recognised when services are provided.

Revenue from dispensing of medication and skincare products (“**Prescription and Dispensing Services**”) is recognised when the dispensing is made.

Other revenue mainly represents income from patients in relation to laboratory tests carried out during the treatment. Other revenue is recognised when the products are used or when the services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

FINANCIAL INFORMATION

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before tax” as reported in the combined statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the historical financial information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and the estimated cost of asset retirement. The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in the profit or loss as incurred.

FINANCIAL INFORMATION

Depreciation is recognised so as to write off the cost of items of plant and equipment, less their residual values over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful life on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful life.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Retirement benefits costs

Payments to the CPF in Singapore as defined contribution plan are recognised as an expense when employees have rendered services entitling them to such contributions.

Short-term benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period that related services is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS

The following is a summary of the combined statements of profit or loss and other comprehensive income of our Group during the Track Record Period, derived from the Accountants' Report set out in Appendix I to this prospectus.

	For the year ended		For the three months ended	
	31 December		31 March	
	2015	2016	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)			
Revenue	5,596	6,160	1,584	1,609
Other operating income	33	168	68	19
Consumables and medical supplies used	(730)	(940)	(326)	(256)
Other direct costs	(86)	(100)	(26)	(21)
Employee benefits expense	(1,058)	(1,012)	(229)	(297)
Depreciation of plant and equipment	(215)	(221)	(54)	(56)
Other operating expenses	(954)	(1,003)	(195)	(266)
Finance costs	(7)	(8)	(2)	(2)
Listing expenses	—	—	—	(493)
Profit before tax	2,579	3,044	820	237
Income tax expense	(328)	(363)	(43)	(43)
Profits and total comprehensive income for the year/period attributable to the owners of the Company	<u>2,251</u>	<u>2,681</u>	<u>777</u>	<u>194</u>

FINANCIAL INFORMATION

PRINCIPAL COMPONENTS OF COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our Group's revenue is principally generated from the provision of dermatological and surgical services to our customers. Our revenue amounted to approximately S\$5,596,000, S\$6,160,000, S\$1,584,000, and S\$1,609,000 for FY2015, FY2016, 1Q2016 and 1Q2017 respectively. Our major source of revenue is derived from a wide spectrum of dermatological and surgical services from surgical, laser and aesthetic services. Our highest revenue generating services are excision, cryosurgery, laser treatment, Mohs surgery, as well as anaesthesia induction. Our Group generates revenue through the Clinics relating to dermatological and surgical services from patients which are paid through Corporate Customers (medical scheme management companies and insurance companies) as well as directly from individual patients.

The following table sets forth a breakdown of our revenue by the types of Services we provided to our patients for the Track Record Period.

	For the year ended 31 December				For the three months ended 31 March			
	2015		2016		2016		2017	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(Unaudited)							
Consultation Services	1,333	23.8	1,557	25.3	380	24.0	416	25.9
Prescription and Dispensing Services	1,524	27.2	1,690	27.4	437	27.6	435	27.0
Treatment Services	2,384	42.6	2,492	40.5	645	40.7	642	39.9
Other Services	355	6.4	421	6.8	122	7.7	116	7.2
	<u>5,596</u>	<u>100.0</u>	<u>6,160</u>	<u>100.0</u>	<u>1,584</u>	<u>100.0</u>	<u>1,609</u>	<u>100.0</u>

(i) Revenue from Consultation Services

Revenue from Consultation Services amounted to S\$1,333,000 for FY2015, S\$1,557,000 for FY2016, S\$380,000 for 1Q2016 and S\$416,000 for 1Q2017, representing 23.8%, 25.3%, 24.0% and 25.9% of the total revenue of our Group for the respective years/periods.

Our first-time patients are required to attend medical consultation with our Doctors at our Clinics, where our Doctors will ask about their medical history and perform a medical examination in order to make a diagnosis on our patients based on their specific condition, needs and concerns, and recommend appropriate Services to the patients, be it Prescription and Dispensing Services and/or Treatment. After the first visit, follow up medical consultations will also be provided where appropriate so as to keep track of our patients' condition.

FINANCIAL INFORMATION

During the Track Record Period, the consultation fees charged were set at a range of S\$120 to S\$250 for first time consultations and S\$90 to S\$150 for follow-up consultations. Generally, consultation fees are charged based on the time needed for the consultation and the complexity of the patient's dermatological condition. Consultation fees exclude medication, skincare products, investigations of dermatological conditions, treatments, and applicable goods and services tax.

During the Track Record Period, average revenue from Consultation Services (per visit) was approximately S\$104, S\$101, S\$101 and S\$101 for FY2015, FY2016, 1Q2016 and 1Q2017 respectively.

(ii) Revenue from Prescription and Dispensing Services

Based on our patients' specific needs, requirements and skin conditions following consultations, our Doctors may prescribe medication and/or recommend skincare products (which may be our DS brand skincare products or over-the-counter skincare products) to our patients which are dispensed at our Clinics.

Revenue from Prescription and Dispensing Services amounted to S\$1,524,000 for FY2015, S\$1,690,000 for FY2016, S\$437,000 for 1Q2016 and S\$435,000 for 1Q2017 representing 27.2%, 27.4%, 27.6% and 27.0% of our total revenue for the respective years/periods.

	For the year ended				For the three months ended			
	31 December				31 March			
	2015		2016		2016		2017	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Prescription of medication	1,325	86.9	1,516	89.7	390	89.2	390	89.7
Sale of skincare products	<u>199</u>	<u>13.1</u>	<u>174</u>	<u>10.3</u>	<u>47</u>	<u>10.8</u>	<u>45</u>	<u>10.3</u>
	<u><u>1,524</u></u>	<u><u>100.0</u></u>	<u><u>1,690</u></u>	<u><u>100.0</u></u>	<u><u>437</u></u>	<u><u>100.0</u></u>	<u><u>435</u></u>	<u><u>100.0</u></u>

(Unaudited)

Our Doctors prescribe medication and/or recommend skincare products as appropriate to our patients seeking treatment of skin diseases and/or the problems of our patients.

Revenue derived from prescription of medication accounted for 86.9%, 89.7%, 89.2% and 89.7% of the revenue from Prescription and Dispensing Services, or 23.7%, 24.6%, 24.6% and 24.2% of the total revenue of our Group for FY2015, FY2016, 1Q2016 and 1Q2017 respectively.

Our skincare products include our DS brand skincare products that are available exclusively at our Clinics (of which DS brand skincare products accounted for approximately 5.0%, 3.9%, 3.7% and 3.2% of the revenue from Prescription and Dispensing Service for FY2015, FY2016, 1Q2016 and 1Q2017, respectively), and was supplemented by publicly available over-the-counter skincare products carefully chosen and sourced by our Doctors.

FINANCIAL INFORMATION

Revenue derived from skincare products accounted for 13.1%, 10.3%, 10.8% and 10.3% of the revenue from Prescription and Dispensing Service, or 3.6%, 2.8%, 3.0% and 2.8% of the total revenue of our Group for FY2015, FY2016, 1Q2016 and 1Q2017, respectively.

During the Track Record Period, average revenue from Prescription and Dispensing Services (per visit) was approximately S\$148, S\$146, S\$149 and S\$134 for FY2015, FY2016, 1Q2016 and 1Q2017, respectively.

(iii) Revenue from Treatment Services

During the Track Record Period, most of our revenue was derived from Treatment Services. Revenue from the Treatments amounted to S\$2,384,000 for FY2015, S\$2,492,000 for FY2016, S\$645,000 for 1Q2016 and S\$642,000 for 1Q2017 representing 42.6%, 40.5%, 40.7% and 39.9% of our total revenue for the respective years/periods.

	For the year ended				For the three months ended			
	31 December				31 March			
	2015		2016		2016		2017	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(Unaudited)							
Surgical treatment	973	40.8	909	36.5	250	38.8	233	36.3
Minimally invasive	539	22.6	721	28.9	184	28.5	204	31.8
Non-invasive	872	36.6	862	34.6	211	32.7	205	31.9
	2,384	100.0	2,492	100.0	645	100.0	642	100.0

Surgical treatment

Surgical treatments accounted for a majority of our revenue from the Treatment Services in the Track Record Period. Revenue from surgical treatments amounted to S\$973,000 for FY2015, S\$909,000 for FY2016, S\$250,000 for 1Q2016 and S\$233,000 for 1Q2017, representing 40.8%, 36.5%, 38.8% and 36.3% of our total revenue from Treatment Services for the respective years/periods.

Surgical treatments that generated most revenue for our Group are excision and Mohs surgery. Please refer to the section headed “Business — Our business model, services, products and treatment — Surgical/invasive treatments” of this prospectus for details of the description and intended effects of these treatments.

During the Track Record Period, average revenue from surgical treatments (per visit) was approximately S\$843, S\$825, S\$869 and S\$788 for FY2015, FY2016, 1Q2016 and 1Q2017, respectively.

FINANCIAL INFORMATION

Minimally invasive

Revenue from minimally invasive treatments amounted to S\$539,000 for FY2015, S\$721,000 for FY2016, S\$184,000 for 1Q2016 and S\$204,000 for 1Q2017, representing 22.6%, 28.9%, 28.5% and 31.8% of our total revenue from Treatment services for the respective years/periods.

Minimally invasive treatments that generated most revenue include treatments such as (i) cryosurgery, (ii) anaesthesia induction, (iii) Botulinum toxin type A treatment, and (iv) kenacort application. See the section headed “Business — Our business model, services, products and treatment — Minimally invasive/non-invasive treatments” of this prospectus for details of the description and intended effects of these treatments.

During the Track Record Period, average revenue from minimally invasive treatments (per visit) was approximately S\$144, S\$170, S\$177 and S\$176 for FY2015, FY2016, 1Q2016 and 1Q2017, respectively.

Non-invasive

Revenue from non-invasive treatments amounted to S\$872,000 for FY2015, S\$862,000 for FY2016, S\$211,000 for 1Q2016 and S\$205,000 for 1Q2017, representing 36.6%, 34.6%, 32.7% and 31.9% of our total revenue from treatment services for the respective years/periods. Non-invasive treatments include laser treatment, wound dressing, skin test, IPL therapy, application of cantharidine oil, and skin checks.

During the Track Record Period, average revenue from non-invasive treatments (per visit) was approximately S\$166, S\$133, S\$138 and S\$128 for FY2015, FY2016, 1Q2016 and 1Q2017, respectively.

(iv) Other Services

Other Services mainly represent income from patients in relation to laboratory tests carried out during the treatments. Revenue from these services amounted to S\$355,000 for FY2015, S\$421,000 for FY2016, S\$122,000 for 1Q2016 and S\$116,000 for 1Q2017, representing 6.4%, 6.8%, 7.7% and 7.2% of our total revenue for the respective years/periods.

Other operating income

The following table sets forth a breakdown of our other operating income during the Track Record Period:

	For the year ended		For the period ended	
	31 December		31 March	
	2015	2016	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
			(Unaudited)	
Government grants	28	157	67	19
Others	5	11	1	—
	<u>33</u>	<u>168</u>	<u>68</u>	<u>19</u>

FINANCIAL INFORMATION

Other income comprised mainly government grants and other income which comprised cash payout from Inland Revenue Authority of Singapore in relation to qualifying expenditure incurred during the Track Record Period, and other miscellaneous income. Government grants represent primarily government subsidies in form of cash payout from Inland Revenue Authority of Singapore under the Productivity and Innovation Credit Scheme which compensates our Group for expenditure incurred for qualifying activities such as acquisition of automation equipment and the training of employees. This scheme will expire by end of 2017.

Consumables and medical supplies used

Our consumables and medical supplies used amounted to S\$730,000 in FY2015 and S\$940,000 in FY2016. The equivalent costs amounted to S\$326,000 in 1Q2016 and S\$256,000 in 1Q2017.

Our consumables and medical supplies used during the Track Record Period comprised costs of treatment consumables, skincare products and medications necessary for the provision of our Services at our Clinics.

Our cost of medication and consumables is predominantly driven by the amounts of medication and consumables we use and our procurement costs. The amount of medication and consumables we use is primarily driven by the number of patients' visits, the number and complexity of treatments and other dermatological and surgical services provided. Furthermore, our procurement costs are principally driven by the terms with the suppliers, our purchasing power and other relevant market factors which might be out of our control. Our cost is also affected by the nature of the medication, skincare products and consumables as requested by the Doctors.

Other direct costs

Other direct costs are mainly attributable to laboratory charges, which are fees charged by laboratories engaged by us for blood, urine, and other testing services for our patients.

We generally outsource certain medical tests such as blood, urine, and other testing services where we believe that there is insufficient demand to warrant the necessary investment of development of the expertise and infrastructure in-house. Therefore, we have incurred laboratory charges for such services.

Depreciation of plant and equipment

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Our depreciation expenses primarily comprised:

- (a) professional equipment, mainly our medical equipment such as dermatological surgical laser system installed at our Clinics;
- (b) computer and office equipment at our various premises leased/used for our operations; and
- (c) leasehold improvements in relation to the leased premises for use in our operations.

FINANCIAL INFORMATION

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period. Our medical equipments and office equipments are generally depreciated over three to five years, which we considered as reasonable for the useful lives for assets of such nature.

Employee benefits expense

The table below sets forth a breakdown of our employee benefits expense during the Track Record Period:

	For the year ended		For the period ended	
	31 December		31 March	
	2015	2016	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	(Unaudited)			
Directors' remuneration	700	576	144	144
Salaries, bonuses and other benefits	311	373	69	129
Employer's contribution to CPF	<u>47</u>	<u>63</u>	<u>16</u>	<u>24</u>
	<u><u>1,058</u></u>	<u><u>1,012</u></u>	<u><u>229</u></u>	<u><u>297</u></u>

Employee benefits expense relate to directors' remuneration, salaries for other professional staff such as trained therapists, clinic executives and other administrative staff working at the Clinics, CPF contributions and bonuses.

Our total staff count for employees (including part time staff), excluding our Doctors, at the end of the respective financial years/periods is as follow:

	As at 31 December		As at 31 March	
	2015	2016	2016	2017
Total staff count	<u><u>13</u></u>	<u><u>14</u></u>	<u><u>15</u></u>	<u><u>16</u></u>

For illustration purpose only, we set out below a sensitivity analysis of our net profit for the years/ periods with reference to the fluctuation of employee benefits expense during the Track Record Period. The following table demonstrates the impact of hypothetical increase or decrease in employee benefits expense on our net profit for the years/periods, while all other factors remain unchanged. Fluctuations

FINANCIAL INFORMATION

are assumed to be 5%, 10% and 15% during each of FY2015, FY2016, 1Q2016 and 1Q2017, which correspond to the range of historical fluctuations of our employees benefits expense during the Track Record Period:

	Hypothetical increase/ decrease of 5% S\$'000	Hypothetical increase/ decrease of 10% S\$'000	Hypothetical increase/ decrease of 15% S\$'000
Decrease/Increase in our net profit for:			
FY2015	15.6	31.1	46.7
FY2016	18.7	37.3	56.0
1Q2016	3.5	6.9	10.4
1Q2017	6.5	12.9	19.4

Prospective investors should note that the above analysis on the historical financials is based on assumptions and is for reference only and should not be viewed as actual effect.

Finance costs

Our finance costs during the Track Record Period solely represented interest expenses on our finance lease obligations for the purchase of medical equipment for business operations.

Operating lease expenses

Operating lease expenses represent rental expenses and/or service retainer fees incurred for the various premises used as our Clinics. Our Clinics are located at prime locations where Singaporeans will go to for premium medical services. Operating lease expenses amounted to S\$373,000 for FY2015, S\$367,000 for FY2016, S\$93,000 for 1Q2016 and S\$99,000 for 1Q2017, representing 12.2%, 11.2%, 11.2% and 11.0% of our total cost of operations (excluding finance costs) for the respective years/periods.

For illustration purposes only, we set out below a sensitivity analysis of our net profit for the years/periods with reference to the fluctuation of operating lease expenses during the Track Record Period. The following table demonstrates the impact of hypothetical increase or decrease in operating lease expenses on our net profit for the years/periods, while all other factors remain unchanged. Fluctuations are assumed to be 5%, 10% and 15% during each of FY2015, FY2016 and 1Q2016 and 1Q2017, which correspond to the range of fluctuations in operating lease expenses of premises located at nearby areas of our Clinics.

FINANCIAL INFORMATION

	Hypothetical increase/ decrease of 5% S\$'000	Hypothetical increase/ decrease of 10% S\$'000	Hypothetical increase/ decrease of 15% S\$'000
Decrease/Increase in our net profit for:			
FY2015	18.7	37.3	56.0
FY2016	18.4	36.7	55.1
1Q2016	4.7	9.3	14.0
1Q2017	5.0	9.9	14.9

Other operating expenses

Our other operating expenses during the Track Record Period comprised primarily operating lease expenses, professional and legal fees, administrative fees, and credit card charges.

The table below sets forth a breakdown of our other operating expenses during the Track Record Period:

	Three months ended			
	Year ended 31 December		31 March	
	2015 S\$'000	2016 S\$'000	2016 S\$'000	2017 S\$'000
			(Unaudited)	
Operating lease expenses	373	367	93	99
Administrative fees	180	240	45	67
Professional and legal fees	164	217	17	14
Plant and equipment written off	80	—	—	—
Credit card charges	79	79	21	20
Office supplies	20	31	3	6
Auditors' remuneration	—	—	—	41
Other expenses	58	69	16	19
	954	1,003	195	266

Our other operating expenses accounted for approximately 17.0%, 16.3%, 12.3% and 16.5% of our total revenue in FY2015, FY2016, 1Q2016 and 1Q2017 respectively. In view of our Clinics falling into the exemption criteria, they were not required to prepare audited financial statements under the laws of Singapore in FY2015 and FY2016 and no auditor's remuneration was recorded in FY2015 and FY2016 accordingly.

FINANCIAL INFORMATION

Income tax expense

Since our business operations are based in Singapore, our Group is liable to pay corporate income tax in accordance with the tax laws and regulations of Singapore.

	Year ended 31		Three months ended	
	December		31 March	
	2015	2016	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
			(Unaudited)	
Tax expense comprises:				
Singapore corporate income tax ("CIT")				
— Current year	326	358	43	43
— Under/(over) provision of prior years	2	(4)	—	—
— Deferred tax expense	<u>—</u>	<u>9</u>	<u>—</u>	<u>—</u>
	<u>328</u>	<u>363</u>	<u>43</u>	<u>43</u>

The income tax expense can be reconciled to the profit before tax per the statements of profit or loss and other comprehensive income as follows:

	Year ended 31		Three months ended	
	December		31 March	
	2015	2016	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
			(Unaudited)	
Profit before income tax	<u>2,579</u>	<u>3,044</u>	<u>820</u>	<u>237</u>
Tax calculated at 17% for 2017 (2016:				
17%; 2015: 17%)	438	517	139	40
Effect of expenses that are not deductible	17	38	1	84
Effect of income that are not subject to tax	(2)	(17)	(11)	(3)
Effect of tax concessions and tax exemptions	(127)	(171)	(86)	(78)
Under/(over)provision in prior years	<u>2</u>	<u>(4)</u>	<u>—</u>	<u>—</u>
Income tax expense	<u>328</u>	<u>363</u>	<u>43</u>	<u>43</u>

Singapore CIT is calculated at 17% of the estimated assessable profit. The entities operating in Singapore with assessable profit are eligible for CIT rebate of 50%, capped at S\$20,000 and S\$25,000 for the years of assessment of 2016 and 2017 respectively. In addition, all the Singapore incorporated companies, can claim partial tax exemptions under which the companies can enjoy 75% tax exemption on the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$290,000 of normal chargeable income. The Singapore companies which meet the qualifying condition as start-up companies can enjoy 100% tax exemption on the first S\$100,000 of normal chargeable

FINANCIAL INFORMATION

income and a further 50% tax exemption on the next S\$200,000 of normal chargeable income at the relevant year of assessment. For a company to be qualified as a start-up company under Singapore's tax exemption scheme, it must be incorporated in Singapore, must be a tax resident in Singapore for a respective year of assessment ("YA"), and must not have more than 20 shareholders throughout the basis period for that YA where either all of the shareholders are individuals "beneficially and directly" holding the shares in their own names or at least one shareholder is an individual "beneficially and directly" holding at least 10% of the issued ordinary shares of the company. The tax exemption for a new start-up company is available for the company's first three consecutive YAs. The first YA relating to the basis period during which the company is incorporated. Our Clinics qualified for tax exemption for start-up companies during the Track Record Period. However, after the Listing, our Clinics will cease to qualify as start-up companies under Singapore's tax exemption scheme for the year ending 31 December 2017. Instead, our Clinics will still be able to claim aforementioned partial tax exemptions.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Comparison of 1Q2016 and 1Q2017

Revenue

Revenue of our Group increased by S\$25,000, or 1.6%, from S\$1,584,000 in 1Q2016 to S\$1,609,000 in 1Q2017. Details about the increase in revenue are set out in the analysis below:

Consultation Services

Revenue from Consultation Services increased by S\$36,000, or 9.5%, from S\$380,000 in 1Q2016 to S\$416,000 in 1Q2017. The increase was primarily attributable to the increase in volume of patient visits. During 1Q2016 and 1Q2017, our total number of patient visits increased 3.6% from 4,795 in 1Q2016 to 4,969 in 1Q2017 due to our increasing patient base as a result of our growing reputation.

Prescription and Dispensing Services

Revenue from Prescription and Dispensing Services decreased marginally from S\$437,000 in 1Q2016 to S\$435,000 in 1Q2017, representing a 0.5% decrease. The decrease was a result of the marginal decrease in the revenue from patients who purchased over-the-counter skincare products, or prescription medication without Doctor's consultation. Such revenue decreased by 4.3% from S\$47,000 in 1Q2016 to S\$45,000 in 1Q2017.

Treatment Services

Revenue from Treatment Services decreased marginally by S\$3,000, or 0.5%, from S\$645,000 in 1Q2016 to S\$642,000 in 1Q2017. The marginal decrease in revenue from Treatment Services was due to the marginal decrease in our revenue from Mohs surgery, which decreased from S\$52,000 in 1Q2016 to S\$37,000 in 1Q2017.

FINANCIAL INFORMATION

The number of our Mohs surgery decreased from 14 in 1Q2016 to 10 in 1Q2017. However, our excision surgical treatments increased from 274 in 1Q2016 to 286 in 1Q2017. Accordingly, our total number of invasive treatments increased from 288 in 1Q2016 to 296 in 1Q2017. As excision is a cheaper alternative to Mohs surgery, our revenue from Treatment Services decreased marginally when more patients chose excision over Mohs surgery, comparing 1Q2016 to 1Q2017.

Other Services

Revenue from Other Services remained fairly stable, and decreased only marginally by S\$6,000 or 4.9%, from S\$122,000 in 1Q2016 to S\$116,000 in 1Q2017. The decrease in revenue from Other Services was due to lower revenue from our charges for third party laboratory tests, which decreased 9.3% from S\$97,000 in 1Q2016 to S\$88,000 in 1Q2017. This decrease was partially offset by the increase in our revenue from charging our patients for consumables, which increased from S\$6,000 in 1Q2016 to S\$15,000 in 1Q2017.

Other operating income

Other operating income decreased approximately S\$49,000 from approximately S\$68,000 for 1Q2016 as compared to approximately S\$19,000 for 1Q2017. The decrease was mainly due to certain government grants, such as the Productivity and Innovation Credit Scheme administered by the Inland Revenue Authority of Singapore, which our Group obtained in 1Q2016, resulting in the difference when compared to 1Q2017.

Consumables and medical supplies used

Our consumables and medical supplies used decreased by approximately S\$70,000 from approximately S\$326,000 in 1Q2016 to approximately S\$256,000 in 1Q2017, mainly as a result of the decreased use of consumables due to lower volume of Mohs surgery performed. Our number of Mohs surgery performed decreased from 14 in 1Q2016 to 10 in 1Q2017.

Other direct costs

Other direct costs, represented by laboratory charges, decreased by approximately S\$5,000 from approximately S\$26,000 in 1Q2016, compared to approximately S\$21,000 in 1Q2017. The decrease was mainly attributed to lower costs incurred for third-party laboratory tests.

Employee benefits expense

The employee cost and benefits of our Group increased approximately S\$68,000 from approximately S\$229,000 for 1Q2016 to approximately S\$297,000 for 1Q2017. The increase was mainly due to higher bonus paid to staff in 1Q2017, as well as a general increase in staff salaries. In addition, during 1Q2017, our Group added a key management personnel and a new Doctor.

Depreciation of plant and equipment

The depreciation of plant and equipment remained stable at S\$54,000 in 1Q2016 and S\$56,000 in 1Q2017. There were minimal additions to fixed assets during both financial periods in 1Q2016 and 1Q2017.

FINANCIAL INFORMATION

Other operating expenses

Other operating expenses increased from approximately S\$195,000 in 1Q2016 to approximately S\$266,000 in 1Q2017. The increase was attributed to auditors' remuneration, which refers to our accrued audit fees for the financial year ending 31 December 2017. Prior to 1 January 2017, our Group was exempted from statutory audit requirements for our financial statements. The increase in our other operating expenses was also due to the increase in higher administrative fees resulting from the increase in the number of patients who made insurance claims for their medical bills. Administrative fees increased by S\$22,000 from approximately S\$45,000 in 1Q2016 to S\$67,000 in 1Q2017.

Finance costs

Our finance costs remained stable at S\$2,000 for both 1Q2016 and 1Q2017. During FY2016 and 1Q2017, our Group did not have any new obligations under finance leases, or new interest bearing liabilities.

Income tax expense

Our income tax expense remained stable at S\$43,000 for both 1Q2016 and 1Q2017. Our effective tax rates for 1Q2016 and 1Q2017 were 5.2% and 18.1% respectively. The increase in effective tax rate for 1Q2017 was primarily because the Listing expenses incurred for 1Q2017 were non-deductible for tax purposes.

Profit for the period

Our net profit after tax decreased by approximately S\$583,000 from a profit of S\$777,000 in 1Q2016 to S\$194,000 in 1Q2017. The decrease was mainly attributable to the cumulative effects of the reasons aforesaid.

Comparison of FY2015 and FY2016

Revenue

Revenue of our Group increased by S\$564,000, or 10.1%, from S\$5,596,000 in FY2015 to S\$6,160,000 in FY2016. The increase was mainly attributable to the increase in the number of patients from 7,148 in FY2015 to 8,293 in FY2016. Details about the increase in revenue are set out in the analysis below:

Consultation Services

Revenue from Consultation Services increased by S\$224,000, or 16.8%, from S\$1,333,000 to S\$1,557,000 in FY2015 and FY2016 respectively. With an increase in our number of patient visits for Consultations Services from 12,786 to 15,350 in FY2015 and in FY2016 respectively, we recorded a 20.1% growth in the total number of visits by our patients from FY2015 to FY2016.

FINANCIAL INFORMATION

Prescription and Dispensing Services

Revenue from Prescription and Dispensing Services also increased from S\$1,524,000 to S\$1,690,000, representing a 10.9% increase year on year from FY2015 to FY2016. The increase was a result of the growth in the total number of visits by our patients for Prescription and Dispensing Services, from 10,306 to 11,617, in FY2015 and FY2016 respectively. Average revenue from Prescription and Dispensing Services (per visit) decreased slightly from S\$148 in FY2015 to S\$146 in FY2016. Such decrease was primarily attributable to the increased proportion of visits for over-the-counter medication, where such revenue is variable as the patients are able to choose to obtain medical refills prescribed by our Doctors in prior consultations.

Treatment Services

Revenue from Treatment Services increased by S\$108,000, or 4.5%, from S\$2,384,000 in FY2015 to S\$2,492,000 in FY2016. The increase in revenue from Treatment Services was due mainly to the increase in cryosurgery, which increased from approximately S\$219,000 in FY2015 to approximately S\$287,000 in FY2016. The increase in revenue for Treatment Services was also attributable to the increase in kenacort injections, which increased from approximately S\$71,000 in FY2015 to approximately S\$95,000 in FY2016.

The increase in revenue from cryosurgery and kenacort injections was partially offset by the revenue from Mohs surgery, which decreased from approximately S\$226,000 in FY2015 to approximately S\$162,000 in FY2016. The number of Mohs surgery treatments decreased from 54 in FY2015 to 42 in FY2016. Mohs surgery is one of the most expensive treatments available at our Clinics. The average spending per patient for Mohs surgery also decreased slightly from S\$4,181 in FY2015 to S\$3,862 in FY2016.

Other Services

Revenue from Other Services increased by S\$66,000 or 18.6%, from S\$355,000 in FY2015 to S\$421,000 in FY2016. The increase in revenue from Other Services was generally in line with the increase in total number of visits by our patients from FY2015 to FY2016. Revenue from Other Services was mainly attributable to laboratory tests, as well as wound dressings required for surgical treatment services.

Other operating income

Other operating income increased approximately S\$135,000 from approximately S\$33,000 in FY2015 as compared to approximately S\$168,000 in FY2016. The increase was mainly due to cash payout from the Inland Revenue Authority of Singapore in relation to qualifying expenditure amounting to approximately S\$66,000 incurred in FY2016.

Consumables and medical supplies used

In line with the increase in our revenue, our consumables and medical supplies used increased by approximately S\$210,000 from approximately S\$730,000 in FY2015 to approximately S\$940,000 in FY2016, mainly as a result of increased use of medication, drugs and treatment consumables due to higher volume of dermatological and surgical services performed.

FINANCIAL INFORMATION

The 28.8% increase in consumables and medical supplies used was mainly attributable to the increase in Prescription and Dispensing Services, which increased 10.9% from FY2015 to FY2016. The increase in consumables and medical supplies used was also attributable to higher number of treatments in FY2016 which required the use of more expensive consumables and medical supplies. Such treatment services include anaesthesia induction, skin tests, and application of cantharidine.

Other direct costs

Other direct costs, which relates mainly to the cost of laboratory fees, increased by S\$14,000 or 16.3%, from S\$86,000 in FY2015 to S\$100,000 in FY2016. The increase in other direct costs was generally in line with the increase in total number of visits by our patients from FY2015 to FY2016, as well as the increase in number of investigative services.

Employee benefits expense

The employee benefits expense of our Group decreased approximately S\$46,000 from approximately S\$1,058,000 in FY2015 to approximately S\$1,012,000 in FY2016. The decrease was mainly due to lower Directors' remuneration from approximately S\$700,000 in FY2015 to approximately S\$576,000 in FY2016. The decrease in Directors' remuneration was due to a one-time bonus paid to a Director of our Group in FY2015 as determined with reference to the operating results of our Group as well as the duties, responsibilities and performance of the relevant Director within our Group. Such Director had contributed the highest proportion to the revenue of our Group and had contributed to the establishment of our Group as the only private dermatology clinic in Southeast Asia to offer Mohs surgery, which strengthened our Group's leading position as a private dermatology practice in Singapore for the provision of comprehensive services for skin cancer treatment. It was under such circumstances that the Board decided it was desirable to pay such Director a bonus in the amount of S\$125,000 in recognition of his leadership and indispensable contributions to the development of our Group in the field of skin cancer management given that he was primarily responsible for the Group being able to provide Mohs surgery treatments at our existing Clinics commencing from FY2015 by training the clinic executives and trained therapists to assist in Mohs surgery and carrying out a majority of the Mohs surgery treatments at the existing Clinics for FY2015. However, the decrease in Directors' remuneration is partially offset by higher staff salaries in FY2016. The increase in staff costs was mainly resulted from pay increments arising from year end evaluation of employee performance appraisals in FY2016. As a private company, the decision as to payment of bonus to the executive Directors of our Group was not based on a fixed formula but rather was mutually agreed upon by the Directors in consideration of the financial health of the relevant group company at the time. While there are no specific criteria or conditions to be fulfilled by an executive Director for the payment of bonus, our Group, in deciding on whether to make such bonus payments will consider any exceptional contributions made by the individual executive Director.

In order to strengthen our corporate governance in relation to Directors' remuneration, our Directors confirm that upon Listing, our Group's remuneration committee will be established and responsible for reviewing and determining the remuneration of our Directors and senior management with reference to salaries and bonus paid by comparable companies, workload, time commitment, experience and responsibilities of our Directors and senior management and performance of our Group. Independent professional advice will be sought, where appropriate, to ensure the competitiveness, appropriateness and reasonableness of our Directors' remuneration. Our remuneration committee shall

FINANCIAL INFORMATION

review our remuneration policy regularly to provide a fair and reasonable remuneration in the form and substance that motivate our Directors' performance and at the same time align with our Shareholder's interests.

Depreciation of plant and equipment

The depreciation of plant and equipment increased marginally from approximately S\$215,000 in FY2015 to approximately S\$221,000 in FY2016 due to the addition of some office equipment and capitalised renovation works in FY2016.

Other operating expenses

Other operating expenses increased from approximately S\$954,000 in FY2015 to approximately S\$1,003,000 in FY2016. The increase was due mainly to the increase in administrative fees charged by insurance companies resulting from the increase in the number of patients who made insurance claims for their medical bills. Administrative fees increased by S\$60,000 from approximately S\$180,000 in FY2015 to S\$240,000 in FY2016.

The increase in other operating expense was also attributable to the increase in professional and legal fees from S\$164,000 in FY2015 to S\$217,000 in FY2016.

The increase in administrative fees and professional and legal fees was partially offset by the decrease in plant and equipment written off, a one-time expenditure which accrued in FY2015.

Finance costs

Our finance costs increased slightly by approximately S\$1,000 from approximately S\$7,000 in FY2015 to approximately S\$8,000 in FY2016, mainly as a result of higher hire purchase interests paid in FY2016. During FY2016, our Group did not have any bank borrowings, new finance lease liabilities, or new interest bearing liabilities.

Income tax expense

Our income tax expense increased by approximately S\$35,000 from approximately S\$328,000 in FY2015 to approximately S\$363,000 in FY2016, mainly as a result of the increase in our profit before tax as explained above.

Profit for the year

Our profit after tax increased by approximately S\$430,000 from approximately S\$2,251,000 in FY2015 to approximately S\$2,681,000 in FY2016. The increase was mainly attributable to the cumulative effects of the reasons aforesaid.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of liquidity is cash generated from our operations. Following the Listing, we may, from time to time, also rely on additional equity and debt offerings to raise capital. Our ability to rely on these sources of funding could be affected by our results of operations and financial position and by the conditions in the local financial markets.

As at 31 March 2017, we had cash and cash balances of approximately S\$1,665,000. Our working capital, calculated as current assets minus current liabilities, was S\$411,000 as at 31 March 2017. Taking into consideration our funding requirements for our business operations, expected funds to be generated from cash flows from operations, as well as our existing level of cash and cash equivalents and credit sources, our Board of Directors is of the opinion that, the working capital available to us is sufficient for the present requirements of our Group and for a period of twelve months from the date of this prospectus.

Cash flows

The following is a summary of our cash flow statements for the periods indicated.

	Year ended 31 December		Three months ended	
			31 March	
	2015	2016	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
			(Unaudited)	
Cash flows from/(used in)				
operating activities	3,194	2,838	(423)	312
Cash flows used in investing activities	(124)	(48)	—	—
Cash flows (used in)/from				
financing activities	<u>(3,012)</u>	<u>(3,128)</u>	<u>(30)</u>	<u>875</u>
Net increase/(decrease) in cash and cash				
equivalents	58	(338)	(453)	1,187
Cash and cash equivalents at beginning of				
year/period	<u>758</u>	<u>816</u>	<u>816</u>	<u>478</u>
Cash and cash equivalents at				
end of year/period	<u><u>816</u></u>	<u><u>478</u></u>	<u><u>363</u></u>	<u><u>1,665</u></u>

We need cash primarily to fund our working capital needs, capital expenditure and to service our indebtedness. Our ability to fund our operations has been largely dependent upon, and will continue to depend upon, our ability to finance these activities through cash from operations, and the issuance of equity securities. We are confident that the existing cash and cash balances, together with the proceeds from the Listing will be sufficient to fund our anticipated working capital and capital requirements for a period of twelve months from the date of this prospectus.

FINANCIAL INFORMATION

Operating activities

Net cash generated from operating activities principally consisted of profit before tax adjusted for non-cash items such as depreciation of plant and equipment, finance costs and writing off of plant and equipment. We derive our cash inflow from operations mainly from revenue. Our cash outflows used in operations are mainly for the payment of medications, skincare products and treatment consumables as well as payment of employee benefits expenses, rental expenses and other working capital needs.

For FY2015, our net cash generated from operating activities was approximately S\$3,194,000. The net cash from operating activities was mainly attributable to our profit before tax of approximately S\$2,579,000, which was positively adjusted for (i) approximately S\$215,000 from depreciation of plant and equipment; (ii) approximately S\$80,000 from written off plant and equipment and (iii) interest expenses of approximately S\$7,000. These adjustments were non-cash items, and were so adjusted as they did not impact the cash of our Group. The difference of approximately S\$313,000 between the operating cash flows before movements in working capital and net cash flow generated from operating activities was mainly attributable to the combined effects of (i) decrease in trade and other receivables and rental deposits of approximately S\$262,000; and (ii) increase in trade and other payables of approximately S\$119,000; offset by (iii) increase in inventories of approximately S\$62,000.

For FY2016, our net cash generated from operating activities was approximately S\$2,838,000. The net cash from operating activities was mainly attributable to our profit before tax of approximately S\$3,044,000, which was positively adjusted for (i) approximately S\$221,000 from depreciation of plant and equipment; and (ii) interest expenses of approximately S\$8,000. These adjustments were non-cash items and were so adjusted as they did not impact the cash of our Group. The difference of approximately S\$435,000 between the operating cash flows before movements in working capital and net cash flow generated from operating activities was mainly attributable to the combined effects of (i) decrease in inventories of approximately S\$9,000; (ii) increase in trade and other payables of approximately S\$190,000; offset by (iii) increase in trade and other receivables and rental deposits of approximately S\$267,000; and (iv) payment of income tax of approximately S\$367,000.

For 1Q2017, our net cash generated from operating activities was approximately S\$312,000. The net cash from operating activities was mainly attributable to our profit before tax of approximately S\$237,000, which was positively adjusted for (i) approximately S\$56,000 from depreciation of plant and equipment; and (ii) interest expenses of approximately S\$2,000. These adjustments were non-cash items, and were so adjusted as they did not impact the cash of our Group. The difference of approximately S\$17,000 between the operating cash flows before movements in working capital and net cash flow generated from operating activities was mainly attributable to the combined effects of (i) increase in inventories of approximately S\$22,000; (ii) increase in trade and other receivables of approximately S\$203,000; offset by (iii) increase in trade and other payables of approximately S\$332,000; and (iv) payment of income tax of approximately S\$90,000.

FINANCIAL INFORMATION

Investing activities

We derive our cash outflow from investing activities primarily for the purchase of plant and equipment for operation purposes.

For FY2015, our cash used in investing activities was approximately S\$124,000 which was equal to the purchase amount of plant and equipment.

For FY2016, our cash used in investing activities was approximately S\$48,000 which was equal to the purchase amount of plant and equipment.

For 1Q2017, we did not use any cash for investing activities.

Financing activities

During the Track Record Period, our cash flow from/used in financing activities mainly included payment of finance costs in relation to obligations under finance leases, payment of dividends, repayment of obligations under finance leases and deposit from the Pre-IPO Investor.

For FY2015, our cash used in financing activities was approximately S\$3,012,000, mainly due to repayment of obligations under finance leases of approximately S\$112,000, payment of dividends of approximately S\$2,893,000 and payment of finance costs in relation to obligations under finance leases of approximately S\$7,000.

For FY2016, our cash used in financing activities was approximately S\$3,128,000, mainly due to repayment of obligations under finance leases liabilities of approximately S\$111,000, payment of dividends of approximately S\$3,009,000 and payment of finance costs in relation to obligations under finance leases of approximately S\$8,000.

For 1Q2017, our cash from financing activities was approximately S\$875,000, mainly due to deposit from the Pre-IPO Investor amounting to approximately S\$905,000; which was partially offset by repayment of obligations under finance lease of approximately S\$28,000 and payment of finance costs in relation to obligations under finance leases of approximately S\$2,000.

FINANCIAL INFORMATION

NET CURRENT ASSETS

The following table sets out the breakdown of our Group's current assets and liabilities as at 31 December 2015, 31 December 2016, 31 March 2017 and 31 July 2017.

	As at 31 December		As at 31 March	As at 31 July
	2015	2016	2017	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
				(unaudited)
Current assets				
Inventories	158	149	171	150
Trade and other receivables	350	612	815	1,525
Bank balances and cash	816	478	1,665	2,321
	1,324	1,239	2,651	3,996
Current liabilities				
Trade and other payables	304	494	1,731	2,615
Income tax payables	458	445	398	162
Obligations under finance leases	111	111	111	111
	873	1,050	2,240	2,888
Net current assets	451	189	411	1,108

FINANCIAL INFORMATION

Our net current assets decreased by approximately S\$262,000 from approximately S\$451,000 in FY2015 to S\$189,000 in FY2016. The decrease was mainly due to the combined effects of (i) decrease in bank balances and cash of approximately S\$338,000; (ii) increase in other payables and accruals of approximately S\$201,000; (iii) decrease in income tax payables of approximately S\$13,000; (iv) increase of trade receivables of approximately S\$240,000; and (v) increase of prepayments, deposits and other receivables of approximately S\$22,000.

For 1Q2017, our net current assets increased to S\$411,000. The increase is contributed by the combined effects of (i) increase in bank balances and cash of approximately S\$1,187,000; and (ii) increase in trade and other receivables of approximately S\$203,000. This was partially offset by the accrual of Listing expenses amounting to approximately S\$420,000.

Our net current assets increased by approximately S\$697,000 from approximately S\$411,000 as at 31 March 2017 to approximately S\$1,108,000 as at 31 July 2017. The increase was mainly due to the combined effects of (i) increase in bank balances and cash of approximately S\$656,000; (ii) increase in trade and other receivables of approximately S\$710,000; and (iii) increase in trade and other payables of approximately S\$884,000.

CERTAIN BALANCE SHEET ITEMS

Trade and other receivables

	As at 31 December		As at
	2015	2016	31 March
	S\$'000	S\$'000	2017
			S\$'000
Trade receivables	321	561	607
Deposits	24	23	23
Prepayments	5	28	29
Deferred listing expenses	—	—	156
	350	612	815

Our trade receivables mainly comprised receivables from third parties. Our balance of trade receivables increased approximately S\$240,000, or 74.8%, from approximately S\$321,000 in FY2015 to S\$561,000 in FY2016. The increase was mainly due to increase in revenue during the year. As at 31 March 2017, increase in our Group's revenue continued to contribute to the increase in our trade receivables. Accordingly, trade receivables increased approximately S\$46,000, or 8.2%, from S\$561,000 in FY2016 to S\$607,000 in 1Q2017. Deferred Listing expenses amounting to approximately S\$156,000 as at 31 March 2017 refers to the amount of Listing expenses that qualified for capitalisation after the Share Offer.

FINANCIAL INFORMATION

Trade receivables principally comprise receivables due from Corporate Customers under fee-for-service contracts, where we would charge our Corporate Customers as and when a relevant plan member receives medical services as covered by the relevant medical insurance benefits plan. Our Group would generally grant payment terms of 90 days to Corporate Customers if such terms are not specified in the contracts. Trade receivables are non-interest bearing.

An aged analysis of the trade receivables, as at end of each of the financial years/period, based on the invoice date, is as follows:

	As at 31 December		As at
	2015	2016	31 March
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Trade receivables:			
Less than 30 days	80	141	198
31 to 60 days	102	206	165
61 to 90 days	104	133	114
More than 90 days	35	81	130
Total	321	561	607

As at 31 December 2015, 31 December 2016 and 31 March 2017, trade receivables were denominated in Singapore Dollars.

As at 31 December 2015, 31 December 2016 and 31 March 2017, we had not recognised any allowance for doubtful debts because there had not been any significant change in credit quality and the amounts that were still past due were considered recoverable.

The following table sets out the trade receivables turnover days for the Track Record Period:

	As at 31 December		As at
	2015	2016	31 March
	<i>days</i>	<i>days</i>	<i>days</i>
Trade receivables turnover days (<i>Note</i>)	20	26	33

(Note): Trade receivables turnover days is calculated based on average of opening and closing trade receivables balances as at year end divided by total revenue for that year multiplied by the numbers of days during the year or period (i.e. 365 days for a full year and 90 days for 1Q2017)

Our trade receivables turnover days was 20 days for FY2015 and 26 days for FY2016, representing an increase of 6 days of trade receivables turnover days. It was mainly due to higher trade receivables balances for FY2016 compared with that of FY2015. Trade receivables were mainly from healthcare insurance companies, which typically require longer time to settle, as they need to verify invoices and

FINANCIAL INFORMATION

request for additional patient information before making payments. For 1Q2017, our trade receivable turnover days was 33 days. The increase of 7 days is consistent with our increase in trade receivables from S\$561,000 as at 31 December 2016 to S\$607,000 as at 31 March 2017.

Up to Latest Practicable Date, approximately 87% of our Group's trade receivables as at 31 March 2017 had been settled.

Deposits paid mainly represented the deposits for rental, utilities and other deposits. It remained relatively stable with slight decrease of approximately S\$1,000 from S\$24,000 in FY2015 to S\$23,000 in FY2016. As at 31 March 2017, our deposits remained at S\$23,000.

Prepayments mainly included prepayments for our purchase of insurance policies, license fees, rental of premises, and rental of clinical system. It increased by approximately S\$23,000 from approximately S\$5,000 in FY2015 to S\$28,000 in FY2016. It was mainly due to prepayment for rental for Orchard Clinic. As at 31 March 2017, our prepayments increased slightly to S\$29,000 when compared to that of 31 December 2016.

Trade payables

	As at 31 December		As at 31 March
	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Third parties	71	60	85

Our trade payables as at 31 December 2015, 31 December 2016 and 31 March 2017 amounted to approximately S\$71,000, S\$60,000 and S\$85,000 respectively. Our trade payables were mainly in relation to third parties and comprise payables to suppliers of medication, skincare products, other treatment consumables and to laboratories engaged by us for blood testing, urine testing and other testing services.

The amounts of our trade payables were fairly stable as at each of the financial year/period end. The decrease of S\$11,000 from 31 December 2015 to 31 December 2016, as well as the increase of S\$25,000 from 31 December 2016 to 31 March 2017 were due to timing differences in making payments to suppliers.

Trade payables are non-interest bearing and are generally settled on 30-day terms.

As at 31 December 2015, 31 December 2016 and 31 March 2017, all trade payables were denominated in Singapore Dollars.

FINANCIAL INFORMATION

An aged analysis of the trade payables as at the end of each of reporting period, based on the invoice date is as follows:

	As at 31 December		As at
	2015	2016	31 March
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Trade payables:			
Less than 30 days	69	25	58
31 to 60 days	2	18	15
61 to 90 days	—	15	9
More than 90 days	<u>—</u>	<u>2</u>	<u>3</u>
 Total	 <u>71</u>	 <u>60</u>	 <u>85</u>

Up to Latest Practicable Date, 100% of our Group's trade payables as at 31 March 2017 had been settled.

The following table sets out the trade payables turnover days for the Track Record Period:

	As at 31 December		As at
	2015	2016	31 March
	<i>days</i>	<i>days</i>	<i>days</i>
Trade payables turnover days (<i>Note</i>)	<u>36</u>	<u>25</u>	<u>25</u>

Note: Trade payables turnover days is calculated based on average of opening and closing trade payables balances as at year end divided by consumables and medical supplies used for that year multiplied by the number of days during the year or period (i.e. 365 days for a full year and 90 days for 1Q2017).

Our trade payables turnover days for FY2015, FY2016 and 1Q2017 were 36 days, 25 days and 25 days respectively. This is in line with our Group's practise to settle supplier invoices approximately one month from invoice date, as many of our suppliers provide a 30 days settlement term.

FINANCIAL INFORMATION

Other payables and accruals

Other payables and accruals as at 31 December 2015, 31 December 2016 and 31 March 2017 were approximately S\$233,000, S\$434,000 and S\$1,646,000 respectively. The breakdown of which is set out below:

	As at 31 December		As at
	2015	2016	31 March
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Accrued staff costs	25	135	100
Accrued operating expenses	132	201	117
Accrued Listing expenses	—	—	420
Other tax payables	73	66	52
Other payables	<u>3</u>	<u>32</u>	<u>957</u>
	<u>233</u>	<u>434</u>	<u>1,646</u>

Our accrued staff costs increased from approximately S\$25,000 in FY2015 to S\$135,000 in FY2016. The increase was due to salary increment and higher accrued bonuses from 31 December 2015 to 31 December 2016. As at 31 March 2017, lower accrued staff cost amounting to approximately S\$100,000 can be attributed to lower accrual of staff bonuses in 1Q2017.

Our accrued operating expenses increased from approximately S\$132,000 in FY2015 to S\$201,000 in FY2016. Accrued operating expenses mainly comprised accrual of professional, tax and accounting fees. The increase was mainly due to increase of professional fees in FY2016 as compared with FY2015. As at 31 March 2017, the decrease, when compared to 31 December 2016, can be attributed to settlement of professional fee incurred during FY2016.

Our accrued Listing expenses of approximately S\$420,000 as at 31 March 2017 represented the expenses incurred by the Company in relation to the process of the public offering of the Company's shares.

Our other tax payables, which represent Goods and Services Tax (“GST”), amounted to approximately S\$73,000, S\$66,000 and S\$52,000 for FY2015, FY2016 and 1Q2017 respectively. This amount represents the net GST payable as at the end of the respective financial year/period and the outstanding balances were fairly stable during the Track Record Period. The increase and decrease between the financial years and period was attributable to timing differences.

Our other payables mainly comprised amount payables in relation to corporate credit cards. It had increased by S\$29,000 from S\$3,000 in FY2015 to S\$32,000 in FY2016. As at 31 March 2017, other payables increased to approximately S\$957,000. The increases is attributed mainly to an amount due to the Pre-IPO Investor amounting to approximately S\$905,000 (equivalent to HK\$5,000,000) which represented its first installment of investment into our Group. Pursuant to the Pre-IPO Subscription

FINANCIAL INFORMATION

Agreement, 10 shares in Unified Front at a cash consideration of HK\$12,000,000 were allotted and issued upon the Pre-IPO Investor having contributed the remaining consideration of HK\$7,000,000. The share subscription has been completed on 18 April 2017.

CONTRACTUAL COMMITMENTS

Operating lease commitments

As at 31 December 2015, 31 December 2016, 31 March 2017 and 31 July 2017, our Group's future minimum lease payable under non-cancellable operating leases contracted for had obligations under operating lease commitments as follows:

	As at 31 December		As at 31 March	As at 31 July
	2015	2016	2017	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
				(unaudited)
Within one year	367	377	379	380
In the second to fifth years, inclusive	1,107	823	728	601
	1,474	1,200	1,107	981

The above operating lease commitments were in relation to our Group's Singapore office premises as well as accommodation for foreign workers under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

We expect to meet our commitments through our cash and cash equivalents on hand and cash generated from future operations.

Capital commitments

As at 31 December 2015, 31 December 2016, 31 March 2017 and 31 July 2017, our Group did not have any capital commitments.

FINANCIAL INFORMATION

INDEBTEDNESS

Obligations under finance leases

Our Group leased certain medical equipment under finance leases. The lease term is five years. Interest rate underlying the obligations under the finance leases is a fixed at contract date at 1.48% per annum. The details of the obligations under the finance leases are set out below:

	As at 31 December		As at 31 March	As at 31 July
	2015	2016	2017	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
				(unaudited)
Minimum lease payments due				
— Within one year	119	119	119	119
— More than one year but within five years	<u>302</u>	<u>183</u>	<u>153</u>	<u>113</u>
	421	302	272	232
Less: Future finance charges	<u>(29)</u>	<u>(21)</u>	<u>(19)</u>	<u>(16)</u>
Present value of obligations under finance	<u><u>392</u></u>	<u><u>281</u></u>	<u><u>253</u></u>	<u><u>216</u></u>

The present values of obligations under finance lease liabilities are analysed as follows:

	As at 31 December		As at 31 March	As at 31 July
	2015	2016	2017	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
				(unaudited)
Within one year (Current liabilities)	111	111	111	111
More than one year but within five years (Non-current liabilities)	<u>281</u>	<u>170</u>	<u>142</u>	<u>105</u>
Total	<u><u>392</u></u>	<u><u>281</u></u>	<u><u>253</u></u>	<u><u>216</u></u>

As at 31 December 2015, 31 December 2016, 31 March 2017 and 31 July 2017, our Group had secured and guaranteed obligations under finance leases with carrying amount of approximately S\$392,000, S\$281,000, S\$253,000 and S\$216,000 respectively which were secured against certain medical equipment and guaranteed by the directors of the Company. Such personal guarantees have been released in September 2017 upon early repayment of all the remaining obligations under finance leases before completion of the Listing.

As at 31 July 2017, our Group does not have any banking facilities.

FINANCIAL INFORMATION

Contingent liabilities

As at 31 July 2017, being the latest practicable date for the purpose of this indebtedness statement, our Group did not have any material contingent liabilities or guarantees.

Save as those disclosed above and apart from intra-group liabilities and normal trade and other payables, we had not been granted any borrowings and did not have any material outstanding mortgage, charges, debentures, other loan capital (issued or agreed to be issued), bank overdrafts, loans or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, guarantees or other material contingent liabilities.

Our Directors confirm that we have not raised material external debt financing and are unlikely to do so in the near future. Our Directors confirm that we had not experienced difficulties in repayment and had not breached any major covenant of our bank loans during the Track Record Period.

WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration the internal resources presently available to our Group, and the estimated net proceeds of the Share Offer, our Group has sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus.

CAPITAL EXPENDITURES

During the Track Record Period, our Group's capital expenditures principally consisted of expenditures on medical equipment, computer and office equipment. We incurred cash flows on capital expenditures for purchase of medical equipment, computer and office equipment and leasehold improvements of approximately S\$124,000, S\$48,000 and S\$Nil for FY2015, FY2016, and 1Q2017 respectively.

FINANCIAL RATIOS

The following table sets forth the key financial ratios of our Group during the Track Record Period:

	As at 31 December		As at
	2015	2016	31 March 2017
Current ratio ^(Note 1)	1.5	1.2	1.2
Quick ratio ^(Note 2)	1.3	1.0	1.1
Gearing ratio ^(Note 3)	51.3%	64.4%	40.1%
Net debt to equity ^(Note 4)	(55.5%)	(45.2%)	(224.1%)

FINANCIAL INFORMATION

	For the year ended 31 December		For the period ended 31 March
	2015	2016	2017
Net profit margin ^(Note 5)	40.2%	43.5%	12.1%
Interest coverage ratio ^(Note 6)	369.4 times	381.5 times	119.5 times
Return on total assets ^(Note 7)	115.9%	158.6%	6.4%
Return on equity ^(Note 8)	294.6%	614.9%	30.7%

Notes:

- (1) Current ratio is calculated based on total current assets divided by total current liabilities as at the respective year/period end.
- (2) Quick ratio is calculated as based total current assets less inventories divided by total current liabilities as at respective year/period end.
- (3) Gearing ratio equals total debt divided by total equity as at the end of the year/period. Total debt of our Group is represented by obligations under finance leases only.
- (4) Net debt to equity ratio equals net debt divided by total equity as at the end of the year/period. Net debt includes the obligations under finance leases, net of cash and cash equivalents.
- (5) Net profit margin equals our net profit for the year/period divided by revenue for the year/period.
- (6) Interest coverage ratio equals profit before interest and tax for the year/period divided by interest expense for the same year/period.
- (7) Return on assets is calculated by net profit for the year/period divided by the total assets as at the end of the year/period.
- (8) Return on equity is calculated by net profit for the year/period divided by the total equity as at the end of the year/period.

Current ratio

Our current ratio was approximately 1.5 in FY2015 and 1.2 in FY2016, which means that we were in a net current assets position in both FY2015 and FY2016. We recorded net current assets of approximately S\$451,000 and S\$189,000 in FY2015 and FY2016 respectively. As at 31 March 2017, our current ratio was 1.2.

Our current ratio remained relatively stable with the slight decrease from 31 December 2015 to 31 December 2016 as well as 31 March 2017 which resulted from higher accruals for staff costs and other accrued operating expenses as at the end of the respective year/period.

Quick ratio

Our Group's quick ratio remained relatively stable at 1.3 and 1.0 in FY2015 and FY2016 respectively, with slight decrease of 0.3. It was mainly due to decrease of bank balances and cash as a result of higher repayment to suppliers for the supplies, coupled by an increase in current liabilities due to increase in accruals for staff costs as mentioned above. Despite the decrease of quick ratio in FY2016,

FINANCIAL INFORMATION

the ratio was nonetheless in a healthy position as our liquidity level was high. Our quick ratio as at 31 March 2017 was 1.1. The decrease in our quick ratio was due to higher accrual for other operating expenses as at 31 March 2017.

Gearing ratio

The increase in our gearing ratio from 51.3% to 64.4% from 31 December 2015 to 31 December 2016 was mainly attributable to a decrease in equity which resulted from payment of more dividends. As at 31 March 2017, our gearing ratio decreased to 40.1%. The sharp decrease was mainly attributable to an increase in equity which resulted from a deposit of S\$905,000 from the Pre-IPO Investor as at 31 March 2017.

Net debt to equity

Our Group's net debt to equity decreased marginally from (55.5%) to (45.2%) from 31 December 2015 to 31 December 2016. The decrease was attributable to the reduced bank balances and cash from S\$816,000 as at 31 December 2015 to S\$478,000 as at 31 December 2016. As at 31 March 2017, our net debt to equity ratio increased to (224.1%). The increase was expected as a result of significant increase in bank balances to S\$1,665,000 which was injected by the Pre-IPO Investor.

Net profit margin

Our net profit margin was approximately 40.2%, 43.5%, and 12.1% in FY2015, FY2016 and 1Q2017 respectively. The stable and marginal increase of 3.3% from 31 December 2015 to 31 December 2016 is consistent with the fact that staff cost and Clinic rental cost remain the only key operating cost for our business. As at 31 March 2017, our net profit margin decreased to 12.1%. The decrease was mainly attributable to the Listing expenses of S\$493,000 recognised during 1Q2017. Our net profit margin would have been 42.6% for this period, if we had excluded our Listing expenses.

Interest coverage ratio

Interest coverage ratio remained stable for FY2015 and FY2016 as well as for 1Q2017. Our Group's interest expense arose only from its obligations under finance leases and interest expense was very immaterial compared to other operating expenses. The reason for a lower interest coverage ratio of 120 times for 1Q2017 is due to the impact of the Listing expenses, which lowered the profit before interest and tax for this period. Our interest coverage ratio would have been 366 times for 1Q2017, if we had excluded our Listing expenses.

Return on total assets

Our return on total assets increased by 42.7% from approximately 115.9% in FY2015 to approximately 158.6% in FY2016. The increase was primarily due to increase in net profit after tax of approximately 19.1% in FY2016 which mainly driven by an increase in our revenue from the provision of dermatological and surgical services.

In 1Q2017, our return on total assets decreased to 6.4%. The decrease was attributable to the Listing expenses of S\$493,000 recognised during this period. Our return on total assets would have been 22.5% for this period, if we had excluded our Listing expenses.

FINANCIAL INFORMATION

Return on equity

Our return on equity increased by 320.3% from approximately 294.6% in FY2015 to 614.9% in FY2016. This was mainly due to combined effects of the increase of net profit before tax for the year and the decrease of equity due to payment of more dividends.

Our return on equity decreased to 30.7% in 1Q2017, mainly due to a sharp decrease in profit after tax driven by Listing expenses was recognised. Our return on equity would have been 109% for the three months period, if we had excluded our Listing expenses.

DIVIDENDS

For each of FY2015 and FY2016, our Group declared dividends of S\$2,893,000 and S\$3,009,000 respectively, out of the distributable profit and all these dividends had been paid as at the Latest Practicable Date. Dividends declared and paid in the past should not be regarded as an indication of the dividend policy to be adopted by our Company following Listing.

After completion of the Share Offer, our Shareholders will be entitled to receive dividends only when declared by our Board. The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions (if any) and other factors which our Directors deem relevant. We do not have any predetermined dividend payout ratio.

Cash dividends on our shares, if any, will be paid in Hong Kong Dollars. Other distributions, if any, will be paid to our Shareholders by any means which our Directors deem legal, fair and practicable. Investors should note that historical dividend distributions are not indicative of our future dividend distribution policy.

LISTING EXPENSES

We estimate the total amount of non-recurring expenses that will be incurred in connection with the Listing, which includes fees to various professional parties, underwriting commission and miscellaneous expenses, etc., to be approximately S\$4,587,000 (based on the mid-point of our indicative Offer Price range being HK\$0.44 per Offer Share). The Listing expenses of approximately S\$1,724,000 is expected to be capitalised after the Listing, and the remaining amount of Listing expenses of approximately S\$2,863,000 have been or are expected to be charged to the consolidated statements of profit or loss and other comprehensive income, of which S\$493,000 was charged for 1Q2017, and S\$2,370,000 will be recognised as expenses during the remaining period of the year ending 31 December 2017. The professional fees and/or other expenses relating to the preparation of Listing subsequent to 31 March 2017 are current estimate for reference only and the actual amount to be recognised is subject to adjustment based on audit and the then changes in variables and assumptions. Our financial performance for the year ending 31 December 2017 is expected to be adversely affected by the Listing expenses to be charged to our combined statements of profit or loss to a material extent.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

Our Company was incorporated on 22 March 2017 and is an investment holding company. There were no distributable reserves of our Company available for distribution to our Shareholders as at the Latest Practicable Date.

FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to our Group. The major classes of financial assets of our Group are cash and short term deposits, and trade and other receivables. For trade receivables, our Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, our Group adopts the policy of dealing only with high credit quality counterparties. As our Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position. Please refer to Note 25 of the Accountants' Report in Appendix I to this prospectus for further details.

Liquidity risk management

Liquidity risk is the risk that our Group will not be able to meet our financial obligations as they fall due. Our Group's exposure to liquidity risk arises principally from our various payables. Our Group's approach to managing liquidity risk is to ensure, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, such as maintaining sufficient cash and cash equivalents. Please refer to Note 25 of the Accountants' Report in Appendix I to this prospectus for further details.

Capital risk management

For the purpose of our Group's capital management, capital includes share capital and all other equity reserves attributable to the owners of the Company.

Our Group's objectives when managing capital are to safeguard our ability to continue as a going concern and to maintain an optimal capital structure so as to maximise Shareholder's value. In order to maintain or achieve an optimal capital structure, our Group may adjust the amount of dividend payment, return capital to Shareholders, issue new Shares or obtain new borrowings. No changes were made in the objectives, policies or procedures for capital management during the Track Record Period. Please refer to Note 24 of the Accountants' Report in Appendix I to this prospectus for further details.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there are no circumstances which, would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that save as disclosed in the paragraph headed “Listing expenses” in this section, up to the date of this prospectus, there had been no material adverse change to our financial or operating position since 31 March 2017, being the date of which the latest audited financial statements of our Group were made up.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

See “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus for further details.

SHARE CAPITAL

The authorised and issued share capital of our Company before and following the completion of the Share Offer and the Capitalisation Issue is as follows:

	Nominal value <i>HK\$</i>
<i>Authorised share capital:</i>	
<u>10,000,000,000</u> Shares	<u>100,000,000</u>
<i>Shares in issue or to be issued, fully paid or credited as fully paid:</i>	
100 Shares in issue as at the Latest Practicable Date at HK\$0.01 each	1
449,999,900 Shares to be issued pursuant to Capitalisation Issue (<i>Note</i>)	4,499,999
135,000,000 New Shares to be issued pursuant to the Placing	1,350,000
<u>15,000,000</u> New Shares to be issued pursuant to the Public Offer	<u>150,000</u>
<u>600,000,000</u> Total	<u>6,000,000</u>

Pursuant to the written resolutions of all the Shareholders passed on 22 September 2017, conditional upon the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise the amount of HK\$4,499,999 from the amount standing to the credit of the share premium account of our Company and to appropriate such amount as to pay up in full at par 449,999,900 Shares for allotment and issue to the persons whose names appeared on the register of members of our Company at the close of business on the Business Day immediately before the Listing Date, in proportion (or as nearly as possible without involving fractions) to their respective shareholdings in our Company.

ASSUMPTIONS

The above table assumes that the Share Offer becomes unconditional and the issue of Shares pursuant to the Share Offer and the Capitalisation Issue are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or any Shares repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalisation Issue.

SHARE CAPITAL

CAPITALISATION ISSUE

Pursuant to the resolutions in writing of all the Shareholders passed on 22 September 2017, subject to the share premium account of our Company being credited as a result of the Listing, our Directors were authorised to allot and issue a total of 449,999,900 Shares to the existing Shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$4,499,999 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the Shares in issue (save for the right to participate in the Capitalisation Issue).

CIRCUMSTANCES WHERE MEETING OF OUR COMPANY IS REQUIRED

The circumstances under which general meeting and class meeting are required are provided in the Articles, details of which is set out in paragraph headed “2. Articles of Association — (i) Notices of meetings and business to be conducted thereat” in Appendix III to this prospectus.

Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in paragraph headed “D. Share Option Scheme” in Appendix IV to this prospectus.

GENERAL MANDATE TO ALLOT AND ISSUE SHARES

Conditional on the conditions as stated in the section headed “Structure and Conditions of the Share Offer” being fulfilled, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate number of Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by the Shareholders) shall not exceed:

- (a) 20% of the number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme); and
- (b) the aggregate number of Shares repurchased pursuant to the authority granted to our Directors as referred to in the paragraph headed “General mandate to repurchase shares” below.

For further details of this general mandate, please refer to the paragraph headed “Statutory and General Information — A. Further information about our Company — 3. Resolutions in writing of all the Shareholders passed on 22 September 2017” in Appendix IV to this prospectus.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions set forth in the section headed “Structure and Conditions of the Share Offer” of this prospectus being fulfilled, our Directors have been granted a general mandate to exercise all the powers of our Company to purchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent an aggregate number of Shares of not exceeding 10% of the number of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on GEM, or on any other stock exchange on which the Shares are listed and which is recognised by the SFC and the Stock Exchange for this purpose, and such repurchases are made in accordance with all applicable laws and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the paragraph headed “Statutory and General Information — A. Further information about our Company — 6. Repurchase by our Company of our own securities” in Appendix IV to this prospectus.

The general mandates to issue and repurchase Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
- (b) the expiration of the period within which the next annual general meeting of our Company is required the Articles or any other applicable laws of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraph headed “Statutory and General Information — A. Further information about our Company — 6. Repurchase by our Company of our own securities” in Appendix IV to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

OUR BUSINESS STRATEGIES

Our business objective is to enhance our market share in the dermatological and surgical service industry in Singapore and grow the “Dermatology & Surgery Clinic” brand and business. For details of our business strategies, please refer to the section headed “Business — Our business strategies” of this prospectus.

IMPLEMENTATION PLAN

Our Directors have drawn up an implementation plan for the period up to 31 December 2019 with a view to achieving our business objectives. The detailed implementation plan and expanded timetable are set out below.

Bases and Assumptions

Investors should note that the following implementation plans are formulated on the bases and assumptions below:

- (i) there will be no material change in the existing political, legal, fiscal or economic conditions in Singapore;
- (ii) there will be no outbreak of contagious diseases or occurrence of *force majeure* events or natural disasters in Singapore, which would materially disrupt our business operations or cause substantial loss, damage or destruction to our properties or facilities;
- (iii) there will be no material change in the existing laws, regulations, policies or industry standards in Singapore, Hong Kong or any part of the world relating or applicable to us;
- (iv) there will be no material change in the bases or rates of taxation in Singapore, Hong Kong or in any other places in which any member of our Group operates or will operate or is incorporated;
- (v) the Share Offer will be completed in accordance with and as described in the section headed “Structure and Conditions of the Share Offer” of this prospectus;
- (vi) our Directors and key senior management will continue to be involved in the development of our existing and future development and we will be able to retain our key management personnel;
- (vii) we will not be materially and adversely affected by the risk factors as set out in the section headed “Risk Factors” of this prospectus;
- (viii) there will be no change in the effectiveness of any licences and permits obtained by our Doctors and our Group;
- (ix) we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;

FUTURE PLANS AND USE OF PROCEEDS

- (x) we will be able to recruit additional key management personnel, doctors and staff when required;
- (xi) there will be no change in the funding requirement for each of the business strategies described in this prospectus from the amount estimated by our Directors; and
- (xii) we will be able to continue our operations in substantially the same manner as we had been operating during the Track Record Period and our Group will be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any way.

The above bases and assumptions are inherently subject to uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed “Risk Factors” of this prospectus. Our actual course of business may vary from the business objectives set out in this prospectus. There is no assurance that our plans will materialise in accordance with our expected time frame or that our objectives will be accomplished. Whilst the actual course of events may invariably encounter unforeseeable changes and fluctuations, we shall use our best endeavours to anticipate changes, yet allowing for flexibility to implement the following implementation plans.

Implementation Plan

From the Latest Practicable Date to 31 December 2017

Business strategy	Implementation activities	Source of funding
Strategically expand and strengthen our network of Clinics in Singapore	<ul style="list-style-type: none"> ● Explore and identify locations in Jurong, Tampines, Serangoon and Holland Village for the new clinics ● Negotiate and enter into tenancy for the Holland Village Clinic and conduct renovation on the premises ● Procure fixed assets, furniture equipment and treatment devices for the Holland Village Clinic ● Expected opening of the Holland Village Clinic ● Negotiate and enter into tenancy for the Jurong Clinic and conduct renovation on the premises ● Procure fixed assets, furniture equipment and treatment devices for the Jurong Clinic 	To be funded by net proceeds of approximately HK\$6,171,000 (S\$1,122,000)
Enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics	<ul style="list-style-type: none"> ● Refurbishment and upgrading of the Orchard Clinic ● Explore and identify locations for our medical aesthetic clinics 	To be funded by net proceeds of approximately HK\$1,281,000 (S\$233,000)

FUTURE PLANS AND USE OF PROCEEDS

Business strategy	Implementation activities	Source of funding
Purchase additional new devices and broaden the variety of treatments and products offered	<ul style="list-style-type: none"> ● Perform market research on products, skills, treatment devices and technology with potential for future development and formulation of our DS brand skincare products ● Identify, evaluate and purchase additional treatment devices for the Orchard Clinic 	To be funded by net proceeds of approximately HK\$3,039,000 (S\$552,000)
Establishing a logistics centre for centralised operations	<ul style="list-style-type: none"> ● Negotiate tenancy for the logistics centre 	
Improve our information technology infrastructure and systems	<ul style="list-style-type: none"> ● Upgrading existing information technology infrastructure and systems 	To be funded by net proceeds of approximately HK\$550,000 (S\$100,000)

For the six months ending 30 June 2018

Business strategy	Implementation activities	Source of funding
Strategically expand and strengthen our network of Clinics in Singapore	<ul style="list-style-type: none"> ● Expected opening of the Jurong Clinic 	N/A
Enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics	<ul style="list-style-type: none"> ● Refurbishment and upgrading of the East Coast Clinic ● Negotiate and enter into tenancy for the medical aesthetic clinic at Orchard and conduct renovation on the premises ● Procure fixed assets, furniture equipment and treatment devices for the medical aesthetic clinic at Orchard 	To be funded by net proceeds of approximately HK\$3,339,000 (S\$607,000)
Purchase additional new devices and broaden the variety of treatments and products offered	<ul style="list-style-type: none"> ● Continue to perform market research on products, skills, treatment devices and technology with potential for future development and formulation of our DS brand skincare products ● Identify, evaluate and purchase additional treatment devices for the East Coast Clinic 	To be funded by net proceeds of approximately HK\$1,533,000 (S\$279,000)

FUTURE PLANS AND USE OF PROCEEDS

Business strategy	Implementation activities	Source of funding
Establishing a logistics centre for centralised operations	<ul style="list-style-type: none"> ● Negotiate and enter into tenancy for the logistics centre and conduct renovation on the premises ● Procure fixed assets, furniture and equipment for the logistics centre 	To be funded by net proceeds of approximately HK\$2,085,000 (S\$379,000)
Improve our information technology infrastructure and systems	<ul style="list-style-type: none"> ● Continue upgrading existing information technology infrastructure and systems 	To be funded by net proceeds of HK\$1,100,000 (S\$200,000)

For the six months ending 31 December 2018

Business strategy	Implementation activities	Source of funding
Strategically expand and strengthen our network of Clinics in Singapore	<ul style="list-style-type: none"> ● Negotiate and enter into tenancy for the Tampines Clinic and conduct renovation on the premises ● Procure fixed assets, furniture equipment and treatment devices for the Tampines Clinic ● Expected opening of the Tampines Clinic 	To be funded by net proceeds of approximately HK\$3,745,000 (S\$681,000)
Enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics	<ul style="list-style-type: none"> ● Continue to procure equipment and treatment devices for the medical aesthetic clinic at Orchard ● Refurbishment and upgrading of the Raffles Place Clinic ● Negotiate and enter into tenancy for the medical aesthetic clinic at Raffles Place and conduct renovation on the premises ● Procure fixed assets, furniture, equipment and treatment devices for the medical aesthetic clinic at Raffles Place 	To be funded by net proceeds of approximately HK\$4,912,000 (S\$893,000)
Purchase additional new devices and broaden the variety of treatments and products offered	<ul style="list-style-type: none"> ● Continue to perform market research on products, skills, treatment devices and technology with potential for future development and formulation of DS brand skincare products ● Continue to identify, evaluate and purchase additional treatment devices for the East Coast Clinic 	To be funded by net proceeds of approximately HK\$4,157,000 (S\$756,000)

FUTURE PLANS AND USE OF PROCEEDS

Business strategy	Implementation activities	Source of funding
Establishing a logistics centre for centralised operations	<ul style="list-style-type: none"> ● N/A 	N/A
Improving our information technology and systems	<ul style="list-style-type: none"> ● Continue upgrading existing information technology infrastructure and systems 	To be funded by net proceeds of approximately HK\$550,000 (\$100,000)

For the six months ending 30 June 2019

Business strategy	Implementation activities	Source of funding
Strategically expand and strengthen our network of Clinics in Singapore	<ul style="list-style-type: none"> ● Negotiate and enter into tenancy for the Serangoon Clinic and conduct renovation on the premises ● Procure fixed assets, furniture equipment and treatment devices for the Serangoon Clinic ● Expected opening of the Serangoon Clinic 	To be funded by net proceeds of approximately HK\$2,954,000 (\$537,000)
Enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics	<ul style="list-style-type: none"> ● Refurbishment and upgrading of the East Coast Clinic ● Negotiate and enter into tenancy for the medical aesthetic clinic at East Coast and conduct renovation on the premises ● Procure fixed assets, furniture, equipment and treatment devices for the medical aesthetic clinic at East Coast ● Perform market studies to explore opportunities for further expansion of our medical aesthetic clinics 	To be funded by net proceeds of approximately HK\$2,860,000 (\$520,000)
Purchase additional new devices and broaden the variety of treatments and products offered	<ul style="list-style-type: none"> ● Continue to perform market research on products, skills, treatment devices and technology with potential for future development and formulation of DS brand skincare products 	N/A
Establishing a logistics centre for centralised operations	<ul style="list-style-type: none"> ● N/A 	N/A
Improving our information technology and systems	<ul style="list-style-type: none"> ● N/A 	N/A

FUTURE PLANS AND USE OF PROCEEDS

USE OF PROCEEDS

Our Directors estimate that the net proceeds from the Share Offer (after deducting estimated expenses payable by our Group in connection with the Listing) will be approximately HK\$40,772,000 based on an Offer Price of HK\$0.44 per Offer Share (being the mid-point of the Offer Price range between HK\$0.48 and HK\$0.40 per Offer Share). It is at present intended that the net proceeds will be applied as follows:

	From the Latest Practicable Date to 31 December 2017 (HK\$'000)	For the six months ending			Total (HK\$'000)	Approximate % of the total net proceeds
	30 June 2018 (HK\$'000)	31 December 2018 (HK\$'000)	30 June 2019 (HK\$'000)			
Strategically expand and strengthen our network of clinics in Singapore	6,171	—	3,745	2,954	12,870	31.6%
Enhance the quality and variety of our Services at our existing Clinics and establish new medical aesthetic clinics	1,281	3,339	4,912	2,860	12,392	30.4%
Purchase additional new devices and broaden the variety of treatments and products offered	3,039	1,533	4,157	—	8,729	21.4%
Establish a logistics centre for centralised operations	—	2,085	—	—	2,085	5.1%
Improve our information technology infrastructure and systems	550	1,100	550	—	2,200	5.4%
General working capital	499	998	999	—	2,496	6.1%
	<u>11,540</u>	<u>9,055</u>	<u>14,363</u>	<u>5,814</u>	<u>40,772</u>	<u>100.0</u>

If the Offer Price is set at the high-end of the indicative Offer Price range at HK\$0.48 per Share, the net proceeds from the Share Offer will increase to approximately HK\$46,352,000. If the Offer Price is set at the low-end of the indicative Offer Price range, at HK\$0.40 per Share, the net proceeds from the Share Offer will decrease to approximately HK\$35,192,000. If the Offer Price is finally determined to be less than HK\$0.44 (being the mid-point of the indicative point of the indicative range of the Offer Price), our Group will reduce the proposed use of the net proceeds on a pro rata basis and will finance such shortfall by internal cash resources, working capital and/or other financing, as and when appropriate. If the Offer Price is finally determined to be more than HK\$0.44, our Group will increase the proposed amounts of net proceeds on a pro rata basis.

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes, it is the present intention of our Directors that such net proceeds will be placed as short-term deposits with authorised banks and/or financial institutions in Singapore. Our Directors consider that the net proceeds from the Share Offer together with the internal resources of our Group will be sufficient to finance the implementation of our Group's business plans set out in the paragraph headed "Implementation plans" in this section.

FUTURE PLANS AND USE OF PROCEEDS

Investors should be aware that any part of the business plans of our Group may or may not proceed according to the timeframe as described above due to various factors such as changes in customers' demand and changes in market conditions. Under such circumstances, our Directors will carefully evaluate the situations and will hold the funds as short-term deposits in authorised banks and/or financial institutions in Singapore until the relevant business plan materialises.

Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, our Group will issue an announcement in accordance with the GEM Listing Rules.

REASONS FOR THE SHARE OFFER

Our Directors believe that the Listing will enhance our profile, strengthen our competitiveness and financial position and provide us with the additional working capital to implement our business objectives as set out in this section.

As stated in the section headed "Business — Our business strategies" of this prospectus, we plan to:

- (i) strategically expand and strengthen our network of clinics in Singapore;
- (ii) enhance the quality and variety of our Services at our existing Clinics and establishment of new medical aesthetics clinics;
- (iii) establish a logistics centre for centralised operations;
- (iv) continue to attract and retain a pool of specialist doctors and staff;
- (v) purchase additional new devices and broaden the variety of treatments and products offered;
and
- (vi) improve our information technology infrastructure and systems.

The net proceeds of the Share Offer will provide financial resources to our Group to achieve such business strategies which will further strengthen our position as a dermatological and surgical service provider in Singapore, and expand our market share. A Listing status would also allow us to use our securities as a currency for future expansions in synergistic businesses such as acquisitions of similar businesses as there will now be a perceived intrinsic value to our Shares as compared to that of a private group.

Our Company particularly considered a listing in Hong Kong to be prudent as it would enable our Group to further grow by capturing opportunities from markets with substantial growth potential such as Hong Kong and the PRC. Our Directors believe that Singapore is a country in relatively close proximity to Hong Kong and the PRC and can attract more patients from Hong Kong and the PRC (even as part of a business trip or holiday) to readily access treatments on a more confidential basis, with no language barriers and away from the prying eyes of the public, family and friends. Furthermore, according to the Industry Report, we are the only private clinic (excluding public hospitals) in Southeast Asia to perform

FUTURE PLANS AND USE OF PROCEEDS

Mohs surgery, we believe that this, when added to the publicity and branding for our Group derived from a Listing, would entice patients to Singapore from Hong Kong and elsewhere to use our Services. We relied on the word of mouth from Hong Kong and the PRC expatriates living in Singapore for attracting these customers in the past. Going forward, we intend to execute this strategy by (i) entering into discussions with local doctors and partners in Hong Kong and elsewhere for potential tie-ups and referrals; (ii) to be more active on social media; (iii) to develop a mobile application for people to have easy and direct access to enquiries, availability of time slots and to make appointments; and (iv) to revamp our website for easy access to details on treatments in different languages including Chinese.

A Listing would enable our Company to offer an equity-based incentive programme (such as a share option scheme) to our employees that more directly correlates to their performance. We would therefore be in a better position to motivate our employees through the use of our Shares as a means of reward and to foster a team of eager and enthusiastic staff with incentive programmes that are closely aligned with the objective of creating value for our Shareholders.

The table below sets out the revenue contribution of customers from different regions (by nationality) during the Track Record Period.

Region	Revenue						No. of patients		
	Year ended 31 December		2016		Three months ended 31 March		Year ended 31 December		Three months ended
	2015	%	2016	%	2017	%	2015	2016	31 March 2017
	S\$'000		S\$'000		S\$'000				
Singapore	2,323	41.5	2,574	41.8	656	40.8	8,576	9,874	2,342
Hong Kong and Macau	19	0.3	12	0.2	3	0.2	44	53	10
PRC	55	1.0	92	1.5	30	1.9	214	287	104
Rest of Asia	716	12.8	890	14.4	245	15.2	2,517	3,150	891
Europe	779	13.9	1,050	17.0	284	17.7	1,998	2,555	727
The Americas	500	8.9	523	8.5	149	9.2	870	958	341
Africa	28	0.5	16	0.3	4	0.2	73	47	17
Middle East	7	0.1	6	0.1	3	0.2	20	22	10
Oceania	470	8.4	387	6.3	128	8.0	764	953	256
Others ^(Note)	699	12.6	610	9.9	107	6.6	1,894	1,795	271
Total	5,596	100.0	6,160	100.0	1,609	100.0	16,970	19,694	4,969

Note: nationality not provided by customers

A Listing would also undoubtedly enhance our corporate profile and provide publicity and branding for our Group. It demonstrates to patients that we have an international standard of internal control, corporate governance, regulation and financial reporting. We believe that a Listing status on GEM could attract potential affiliated doctors, affiliated auxiliary services providers and other suppliers, and strengthen our competitiveness in the market.

In addition, a Listing would provide a platform for our Group to access capital markets for future secondary fund raising through the issuance of shares and for debt securities, which could involve lower financing costs as opposed to interest-bearing bank loans, and which could also provide sources of funding to cater for our Group's further expansion plans as and when necessary and without the need for security to be given by our Controlling Shareholders personally.

Accordingly, our Directors are of the view that it is necessary and appropriate for our Company to conduct a fund raising exercise to fulfill our business plans and future growth.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Sole Bookrunner and Sole Lead Manager

Pacific Foundation Securities Limited

Public Offer Underwriters

Pacific Foundation Securities Limited

Oceanwide Securities Company Limited

Nuada Limited

UNDERWRITING ARRANGEMENT AND EXPENSES

The Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, we are offering 15,000,000 Public Offer Shares (subject to reallocation) for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price.

Subject to (i) the Stock Exchange granting listing of, and permission to deal in, the Shares (including the additional Shares to be issued pursuant to the Capitalisation Issue and the exercise of options to be granted under the Share Option Scheme); and (ii) certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally agreed to apply or procure applications, on the terms and conditions of this prospectus, the related Application Forms and the Public Offer Underwriting Agreement, for the Public Offer Shares now being offered and which are not taken up under the Public Offer.

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been executed and becoming unconditional.

Grounds for termination

The Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) shall have the absolute right which is exercisable by the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters), upon giving notice in writing to our Company, to terminate the arrangements set out in the Public Offer Underwriting Agreement with immediate effect if any of the following events occur at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on Friday, 13 October 2017):

- (a) it has come to the notice of the Sole Bookrunner that:
 - (i) any statement contained in the prospectus or other documents issued or used by or on behalf of our Company or information provided to the Sole Sponsor and the Sole Bookrunner in connection with the Share Offer (the “**Relevant Documents**”),

UNDERWRITING

considered by the Sole Bookrunner in its absolute opinion was, when it was issued, or has become, or been discovered to be untrue, inaccurate, incorrect or misleading in any material respect;

- (ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission therefrom considered by the Sole Bookrunner in its absolute opinion to be material in the context of the Share Offer;
 - (iii) any breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement considered by the Sole Bookrunner in its absolute opinion to be material in the context of the Share Offer (other than upon any of the Public Offer Underwriters);
 - (iv) either (1) there has been a breach of any of the warranties or provisions of the Public Offer Underwriting Agreement by any of our Company, our executive Directors or our Controlling Shareholders (collectively, the “**Warrantors**”) or (2) any matter or event showing or rendering any of the warranties contained in the Public Offer Underwriting Agreement, as applicable, in the absolute opinion of the Sole Bookrunner, to be untrue, incorrect or misleading in any material respect when given or repeated;
 - (v) any event, act or omission which gives or is likely to give rise to any liability of a material nature of any of the Warrantors pursuant to the indemnity provisions under the Public Offer Underwriting Agreement; or
 - (vi) any event, series of events, matter or circumstance occurs or arises on or after the date of this prospectus and prior to 8:00 a.m. on the Listing Date, would have rendered any warranties, in the absolute opinion of the Sole Bookrunner, untrue, incorrect, inaccurate or misleading in any respect;
- (b) there shall develop, occur, happen, exist or come into effect:
- (i) any event, or series of events in the nature of force majeure, including, without limitation, acts of government, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency, riots, public disorder, economic sanctions, outbreaks of diseases or epidemics in Hong Kong and Singapore;
 - (ii) any change or development involving a change or development, or any event or series of events, matters or circumstances likely to result in or represent any change or development, in the local, national, regional, international, financial, economic, political, military, industrial, fiscal, regulatory, currency, credit, market or exchange control conditions or any monetary or trading settlement system or matters and/or disaster (including without limitation a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States, or a material fluctuation in the exchange rate of the Hong Kong dollar);

UNDERWRITING

- (iii) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, Singapore, the Cayman Islands or BVI (the “**Relevant Jurisdictions**”);
- (iv) the imposition of economic sanctions on any of the Relevant Jurisdictions;
- (v) a change or development involving a prospective change in any taxation or exchange control (or the implementation of any exchange control) in any of the Relevant Jurisdictions;
- (vi) any litigation or claim of importance instigated against any member of our Group or any of the executive Directors;
- (vii) an executive Director being charged with an indictable offence or prohibited by operation of law or regulation or otherwise disqualified from taking part in the management of a company;
- (viii) a valid demand by any creditor for repayment or payment of any material indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity;
- (ix) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person);
- (x) any contravention by any member of our Group or any Director of the GEM Listing Rules or any applicable laws;
- (xi) a prohibition on our Company for whatever reason from allotting the Offer Shares pursuant to the terms of the Share Offer;
- (xii) non-compliance of this prospectus (and/or any other documents used in connection with the subscription of the Offer Shares) or any aspect of the Share Offer with the GEM Listing Rules or any other applicable laws by any of the Directors or the Warrantors;
- (xiii) the issue or requirement to issue by our Company of a supplement or amendment to any of the Relevant Documents (and/or any other documents used in connection with the subscription of the Offer Shares);
- (xiv) any change in the business, business prospects, financial or trading position, conditions or prospects (financial or otherwise) of our Group taken as a whole;
- (xv) a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the

UNDERWRITING

winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or any analogous matter thereto occurs in respect of any member of our Group;

- (xvi) a disruption in or any general moratorium on commercial banking activities or foreign exchange trading or securities settlement, or payment or clearance services or procedures in or affecting any of the Relevant Jurisdictions;
- (xvii) any change or development in the conditions of local, national or international equity securities or other financial markets; or
- (xviii) the imposition of any moratorium, suspension or restriction on trading in shares or securities generally on or by the Stock Exchange or by any of the other exchanges or by such system or by order of any regulatory or governmental authority,

which in each case or in aggregate in the sole and absolute opinion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters):

- (i) is or will be materially adverse to or may prejudicially affect the business, financial, trading or other condition or prospects of our Group (as a whole) or any member of our Group;
- (ii) has or will have a material adverse effect on the success of the Share Offer or the level of interest under the Placing;
- (iii) makes or may make it inadvisable, inexpedient or impracticable to proceed with the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by any of the Relevant Documents; or
- (iv) has or would have the effect of making any part of the Public Offer Underwriting Agreement (including undertaking) incapable of implementation or performance in accordance with its terms and in the manner contemplated by any of the Relevant Documents and the Public Offer Underwriting Agreement or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof.

Without prejudice to the above, if, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date, it comes to the notice of the Sole Bookrunner:

- (a) any matter or event showing any of the warranties contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any material respect when given or repeated or any breach of any of the warranties contained in the Public Offer Underwriting Agreement or any other provision of the Public Offer Underwriting Agreement by any party thereto (other than the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Public Offer Underwriters), which is considered, in the sole and absolute opinion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters), to be material in the context of the Share Offer; or

UNDERWRITING

- (b) any matter which, had it arisen immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted a material omission in the sole and absolute opinion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) in the context of the Share Offer; or
- (c) any statement contained in this prospectus reasonably considered to be material by the Sole Bookrunner which is discovered to be or becomes untrue, incorrect or misleading in any respect and in the sole and absolute opinion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) to be material in the context of the Share Offer; or
- (d) any event, act or omission which gives rise or is likely to give rise to any material liability of any of the Warrantors pursuant to the indemnities contained in the Public Offer Underwriting Agreement,

the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) shall be entitled (but not bound) by notice in writing to our Company on or prior to such time to terminate the Public Offer Underwriting Agreement.

Placing Underwriting Agreement

In connection with the Placing, it is expected that we will enter into the Placing Underwriting Agreement with, among others, the Placing Underwriters on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to procure subscribers to subscribe for, or failing which they shall subscribe for, 135,000,000 Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional on or before such time and date in accordance with its terms and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraphs headed “Undertakings to the Stock Exchange” and “Undertakings pursuant to the Public Offer Underwriting Agreement” below in this section.

UNDERWRITING

UNDERTAKINGS TO THE STOCK EXCHANGE

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company has undertaken to the Stock Exchange that save as pursuant to the Share Offer (including the exercise of the options to be granted under the Share Option Scheme), no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the Listing Date (whether or not such issue of Shares or securities of our Company will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and our Company that, except for the circumstances permitted pursuant to Rule 13.18 of the GEM Listing Rules, he/it shall not:

- (a) in the period commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which it/he is shown by this prospectus to be the beneficial owners; or
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the Controlling Shareholders would cease to be controlling shareholders (as defined in the GEM Listing Rules).

Pursuant to Rule 13.19 of the GEM Listing Rules, each of the Controlling Shareholders has further undertaken to our Company and the Stock Exchange that he/it shall, and shall procure that the relevant registered holder(s) shall:

- (a) in the event that he/it pledges or charges any direct or indirect interest in the Shares under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the 12-month period from the Listing Date, inform our Company immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
- (b) having pledged or charged any interest in the Shares under (a) above, inform our Company immediately in the event that he/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company shall, upon being informed of any matter under (a) or (b) above, forthwith publish an announcement giving details of the same in accordance with the GEM Listing Rules.

UNDERWRITING

UNDERTAKINGS PURSUANT TO THE PUBLIC OFFER UNDERWRITING AGREEMENT

Undertakings by our Company

Our Company has undertaken to and covenanted with the Sole Sponsor, the Sole Lead Manager and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) that we shall not, unless in compliance with the requirements of the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules), except for the issue of Shares under the Share Offer, the Capitalisation Issue, the grant of option under the Share Option Scheme or the issue of Shares upon exercise of any option to be granted under the Share Option Scheme, at any time during the period from the date of this prospectus and ending on the date which is six months from the Listing Date (the “**Lock-Up Period**”):

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of our Company, with a depositary in connection with the issue of depositary receipts;
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares);
- (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above, in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company, or in cash or otherwise (whether or not such transaction will be completed within the Lock-Up Period).

UNDERWRITING

Undertakings by our Controlling Shareholders

Each of the Controlling Shareholders has jointly and severally undertaken to and covenanted with each of the Sole Sponsor, the Sole Lead Manager, the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) and the Company that, unless in compliance with the GEM Listing Rules, he/it shall, and shall procure that his/its close associates or the relevant registered holder(s), nominee(s) or trustee(s) holding on trust for him/it or the companies controlled by him/it, without the prior written consent of the Sole Sponsor, the Sole Lead Manager and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters):

- (a) at any time during the period commencing on the date of this prospectus and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), not to:
 - (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create any encumbrances over, or agree to transfer or dispose of or create encumbrances over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable) in respect of which he/it is shown by this prospectus to be the beneficial owner (whether direct or indirect) (the “**Lock-Up Securities**”) or any interest therein;
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-Up Securities or any interest therein;
 - (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (a)(i) or (a)(ii) above; or
 - (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraph(a)(i), (a)(ii) or (a)(iii) above,

in each case, whether any of the transactions specified in paragraph (a)(i), (a)(ii) or (a)(iii) above is to be settled by delivery of the Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the First Six-Month Period);

- (b) at any time during the six-month period immediately following the First Six-Month Period (the “**Second Six-Month Period**”), not to enter into any of the transactions specified in paragraphs (a)(i), (a)(ii) and (a)(iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any such sale, transfer or disposal or upon the exercise or enforcement of any such options, rights, interests or encumbrances pursuant to such transaction, he/it will cease to be controlling shareholders (as defined in the GEM Listing Rules) of our Company; and

UNDERWRITING

- (c) until the expiry of the Second Six-Month Period, in the event that he/it enters into any of the transactions specified in paragraphs (a)(i), (a)(ii) and (a)(iii) above or offers to or agrees to or announces any intention to effect any such transaction, take all steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in the Shares or any other securities of our Company.

TOTAL COMMISSION, FEE AND EXPENSES

In connection with the Share Offer, the Underwriters will receive an underwriting commission of 6% of the aggregate Offer Price payable for the Offer Shares according to the arrangement of the Underwriting Agreements, out of which they will pay any sub-underwriting commissions. The Sole Sponsor will receive sole sponsorship fee of HK\$4.5 million, a bonus of 1% of the aggregate Offer Price payable for the Offer Shares and will be reimbursed for its expenses.

In connection with the Listing and the Share Offer, the total expenses to be borne by our Company (assuming the Offer Price of HK\$0.44 (being the mid-point of the stated range of the Offer Price) including underwriting commission, brokerage, the Stock Exchange trading fee, the SFC transaction levy, the sole sponsorship fee, the listing fees and legal and other professional fees, printing and other expenses are approximately HK\$25.2 million.

SOLE SPONSOR AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 6A.07 of the GEM Listing Rules.

Following the completion of the Share Offer, the Underwriters and their respective affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Underwriting Agreements.

Save for their interests and obligations under the Underwriting Agreements, the sole sponsorship fee and bonus payable to the Sole Sponsor in connection with the Listing, and the fee payable to the Sole Sponsor for acting as our compliance adviser, none of the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters is interested, beneficially or otherwise, in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of initially 150,000,000 Offer Shares will be made available under the Share Offer, of which 135,000,000 Placing Shares (subject to reallocation), representing 90% of the Offer Shares, will initially be conditionally placed with selected professional, institutional and other investors under the Placing. The remaining 15,000,000 Public Offer Shares (subject to reallocation), representing 10% of the Offer Shares, will initially be offered to members of the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Public Offer Underwriters have agreed to underwrite the Public Offer Shares under the terms of the Public Offer Underwriting Agreement. The Placing Underwriters will underwrite the Placing Shares pursuant to the terms of the Placing Underwriting Agreement. Further details of the underwriting are set out in the section headed “Underwriting” of this prospectus. Investors may apply for Offer Shares under the Public Offer or indicate an interest for Offer Shares under the Placing, but may not do both.

The Placing

Our Company is expected to offer initially 135,000,000 Shares (subject to reallocation) at the Offer Price under the Placing. The number of Placing Shares expected to be initially available for application under the Placing represents 90% of the total number of Offer Shares being initially offered under the Share Offer, and approximately 22.5% of our Company’s enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue. The Placing is expected to be fully underwritten by the Placing Underwriters (subject to satisfaction or waiver of the other conditions provided in the Placing Underwriting Agreement).

It is expected that the Placing Underwriters or selling agents nominated by them, on behalf of our Company, will conditionally place the Placing Shares at the Offer Price with selected professional, institutional and other investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Public Offer.

The Public Offer

Our Company is initially offering 15,000,000 Public Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares offered under the Share Offer, and approximately 2.5% of our Company’s enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue. The Public Offer is fully underwritten by the Public Offer Underwriters (subject to satisfaction or waiver of the other conditions provided in the Public Offer Underwriting Agreement). Applicants for the Public Offer Shares are required on application to pay the Offer Price of HK\$0.48 per Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy on each Offer Share.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investor. An applicant for Shares under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant's application under the Public Offer is liable to be rejected. Multiple applications or suspected multiple applications and any application made for more than 100% of the Shares initially comprised in the Public Offer (i.e. 15,000,000 Public Offer Shares) are liable to be rejected.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is oversubscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

RE-ALLOCATION OF THE OFFER SHARES BETWEEN PLACING AND PUBLIC OFFER

The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation on the following basis:

- (a) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 45,000,000 Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer;
- (b) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 60,000,000 Shares, representing 40% of the number of the Offer Shares initially available for subscription under the Share Offer; and
- (c) if the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 75,000,000 Shares, representing 50% of the number of the Offer Shares initially available for subscription under the Share Offer.

In all cases, the number of Offer Shares allocated to the Placing will be correspondingly reduced.

In addition, the Sole Bookrunner (for itself and on behalf of the Underwriters) may, in its sole discretion, allocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Offer Shares to be offered in the Public Offer and the Placing may be re-allocated as between these offerings at the discretion of the Sole Bookrunner (for itself and on behalf of the Underwriters). If either the Public Offer or the Placing is not fully subscribed, the Sole Bookrunner (for itself and on behalf of the Underwriters) has the authority to re-allocate any or all unsubscribed Offer Shares from such offering to the other in such proportions as the Sole Bookrunner (for itself and on behalf of the Underwriters) deems appropriate.

Details of any re-allocation of Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement of the Share Offer, which is expected to be published on Thursday, 12 October 2017.

OFFER PRICE

The Offer Price will be fixed by the Price Determination Agreement on the Price Determination Date, which is expected to be on or around Monday, 9 October 2017. If the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by Monday, 9 October 2017, the Share Offer will not become unconditional and will not proceed. The Sole Bookrunner (for itself and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range and/or the number of Offer Shares stated in this prospectus at any time prior to the Price Determination Date. In such a case, our Company will, as soon as practicable following the decision to make such reduction, cause to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.dermclinic.com.sg, an announcement of such change on or before the Price Determination Date and will issue a supplemental prospectus updating investors of the change in the indicative Offer Price; extend the period under which the Public Offer was open for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions; and give potential investors who had applied for the Shares the right to withdraw their applications under the Public Offer. In such event, details of the arrangement will be announced by our Company as soon as practicable. Prospective investors of the Offer Shares should be aware that the Offer Price to be determined on the Price Determination Date may be, but is currently not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Offer Price will not be more than HK\$0.48 per Offer Share and is expected to be not less than HK\$0.40 per Offer Share. The Offer Price will fall within the indicative Offer Price range as stated in this prospectus, unless otherwise announced.

If for any reason the Price Determination Date is changed, our Company will as soon as practicable cause to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.dermclinic.com.sg a notice of the change and if applicable the revised date. The net proceeds from the Share Offer based on the Offer Price of HK\$0.44 per Share (being the mid-point of the stated range of the Offer Price) are estimated to be approximately HK\$40.8 million, after deduction of the underwriting commission and other expenses relating to the Share Offer and the Listing payable by our Company.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

ANNOUNCEMENT OF OFFER PRICE AND BASIS OF ALLOCATIONS

Announcement of the final Offer Price, together with the level of indications of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares is expected to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.dermclinic.com.sg on Thursday, 12 October 2017.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$0.48 per Offer Share and is expected to be not less than HK\$0.40 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK\$0.48 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK\$3,878.69 per board lot of 8,000 Offer Shares. If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$0.48 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

Further details are set out in the section headed "How to Apply for Public Offer Shares" of this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for Offer Shares will be conditional upon, among others:

- (i) the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM and such grant and permission not subsequently being revoked prior to the Listing Date;
- (ii) the Price Determination Agreement between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) being entered into on or before the Price Determination Date and such agreement not having been subsequently terminated; and
- (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Sole Bookrunner (for itself and on behalf of the Underwriters) and the Underwriting Agreements not being terminated in accordance with the terms of that agreement or otherwise).

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If such conditions have not been fulfilled or waived by the Sole Bookrunner (for itself and on behalf of the Underwriters) prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Share Offer will be published by our Company on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.dermclinic.com.sg on the next Business Day following such lapse.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for the listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus. Subject to the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date, or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights and interests.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

DEALINGS AND SETTLEMENT

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 13 October 2017, dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Friday, 13 October 2017. Shares will be traded in board lots of 8,000 Shares each.

HOW TO APPLY FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares. To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Bookrunner and the Sole Lead Manager, and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY FOR THE PUBLIC OFFER SHARES

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company, the Sole Bookrunner and the Sole Lead Manager may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares and/or any of our subsidiaries;
- a Director or chief executive officer of our Company and/or any of our subsidiaries;
- an associate (as defined in the GEM Listing Rules) of any of the above;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- a core connected person of our Company or will become a core connected person of our Company immediately upon completion of the Share Offer; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 29 September 2017 to 12:00 noon on Friday, 6 October 2017 from:

- (i) any of the following offices of the Public Offer Underwriters:

Pacific Foundation Securities Limited
11/F, New World Tower II
16–18 Queen's Road Central
Hong Kong

Oceanwide Securities Company Limited
18/F–19/F, China Building
29 Queen's Road Central
Hong Kong

Nuada Limited
Unit 1805–08, 18/F
OfficePlus@Sheung Wan
93–103 Wing Lok Street
Sheung Wan, Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

(ii) any of the following branches of DBS Bank (Hong Kong) Limited:

District	Branch Name	Address
Hong Kong Island	Aberdeen Branch	Shops A & B, G/F, Units A & B, 1/F, On Tai Building, 1–3 Wu Nam Street, Aberdeen
Kowloon	Amoy Plaza Branch	Shops G193–195, Amoy Plaza, 77 Ngau Tau Kok Road, Ngau Tau Kok
	Mei Foo Branch	Shops N26A & N26B, Stage V, Mei Foo Sun Chuen, 10 & 12 Nassau Street
	San Po Kong — SME Banking Centre	Unit 01 & 02, G/F, Winning Centre, 29 Tai Yau Street, San Po Kong

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 29 September 2017 until 12:00 noon on Friday, 6 October 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "TING HONG NOMINEES LIMITED — RMH PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Friday, 29 September 2017	—	9:00 a.m. to 5:00 p.m.
Saturday, 30 September 2017	—	9:00 a.m. to 1:00 p.m.
Tuesday, 3 October 2017	—	9:00 a.m. to 5:00 p.m.
Wednesday, 4 October 2017	—	9:00 a.m. to 5:00 p.m.
Friday, 6 October 2017	—	9:00 a.m. to 12:00 noon

The application lists will be opened from 11:45 a.m. to 12:00 noon on Friday, 6 October 2017, the last application day or such later time as described in the paragraph headed "9. Effect of bad weather on the opening of the application lists" in this section.

HOW TO APPLY FOR PUBLIC OFFER SHARES

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form, among other things, (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person of whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Bookrunner, the Sole Lead Manager (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, the CWUMPO and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of our Company, the Sole Bookrunner, the Sole Sponsor, the Sole Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Bookrunner, the Sole Sponsor, the Sole Lead Manager, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Bookrunner, the Sole Sponsor, the Sole Lead Manager and the Underwriters nor any of their respective

HOW TO APPLY FOR PUBLIC OFFER SHARES

officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, the Sole Bookrunner and the Sole Lead Manager will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Additional Instructions for **YELLOW** Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
1/F, One & Two Exchange Square,
8 Connaught Place,
Central,
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Bookrunner, the Sole Lead Manager and our Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (ii) HKSCC Nominees will do the following things on your behalf:
- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, our Directors, the Sole Bookrunner and the Sole Lead Manager will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
 - confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
 - agree that none of our Company, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, the Sole Sponsor, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
 - agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, and/or their respective advisers and agents;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the CWUMPO gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the CWUMPO, the Companies Ordinance and the Memorandum and Articles of Association of our Company; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 8,000 Public Offer Shares. Instructions for more than 8,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, 29 September 2017	—	9:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, 3 October 2017	—	8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, 4 October 2017	—	8:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, 6 October 2017	—	8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 29 September 2017 until 12:00 noon on Friday, 6 October 2017 (24 hours daily, except on Saturday, 30 September 2017 until Sunday, 1 October 2017 and on the last application day).

HOW TO APPLY FOR PUBLIC OFFER SHARES

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 6 October 2017, the last application day or such later time as described in the paragraph headed “9. Effect of bad weather on the opening of the application lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the CWUMPO

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the CWUMPO (as applied by Section 342E of the CWUMPO).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Bookrunner, the Sole Lead Manager, the Sole Sponsor and the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Bookrunner, the Sole Lead Manager, the Sole Sponsor and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 6 October 2017.

HOW TO APPLY FOR PUBLIC OFFER SHARES

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company, then the application will be treated as being for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange.

“**Statutory control**” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Public Offer Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form in respect of a minimum of 8,000 Public Offer Shares. Each application or electronic application instruction in respect of more than 8,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and Conditions of the Share Offer — Offer price” of this prospectus.

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 6 October 2017.

Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 6 October 2017 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” of this prospectus, an announcement will be made in such event.

10. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Thursday, 12 October 2017 on our Company’s website at www.dermclinic.com.sg and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.dermclinic.com.sg and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Thursday, 12 October 2017;
- from the designated results of allocations website at www.tricor.com.hk/lipo/result with a “search by ID” function on a 24-hour basis from 9:00 a.m. on Thursday, 12 October 2017 to 12:00 midnight on Wednesday, 18 October 2017;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 12 October 2017 to Tuesday, 17 October 2017 on a Business Day;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 12 October 2017 to Monday, 16 October 2017 at the designated receiving bank branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure and Conditions of the Share Offer”.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the CWUMPO (as applied by Section 342E of the CWUMPO) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Sole Bookrunner, the Sole Lead Manager, and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

HOW TO APPLY FOR PUBLIC OFFER SHARES

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Division of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Division of the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Bookrunner and the Sole Lead Manager believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares initially offered under the Public Offer.

12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.48 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with "Structure and conditions of the Share Offer — Conditions of the Share Offer" of this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 12 October 2017.

HOW TO APPLY FOR PUBLIC OFFER SHARES

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Thursday, 12 October 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 13 October 2017 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” of this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 12 October 2017 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 12 October 2017, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 12 October 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 12 October 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

HOW TO APPLY FOR PUBLIC OFFER SHARES

- *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 12 October 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 12 October 2017, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the sub-paragraph headed "10. Publication of results" above in this section on Thursday, 12 October 2017.

You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 12 October 2017 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for

HOW TO APPLY FOR PUBLIC OFFER SHARES

Investor Participants” in effect from time to time) on Thursday, 12 October 2017. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 12 October 2017.

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for inclusion in this Prospectus, received from the independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.

德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF RMH HOLDINGS LIMITED AND LY CAPITAL LIMITED

Introduction

We report on the historical financial information of RMH Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-34, which comprises the combined statements of financial position as at 31 December 2015, 31 December 2016 and 31 March 2017, the statement of financial position of the Company as at 31 March 2017, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the two years ended 31 December 2016 and the three months ended 31 March 2017 (the “Track Record Period”) and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-34 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 September 2017 (the “Prospectus”) in connection with the initial listing of shares of the Company on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2015, 31 December 2016 and 31 March 2017 and the Company's financial position as at 31 March 2017, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the three months ended 31 March 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE GEM OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**Adjustments**

The Historical Financial Information is stated after making such adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No historical financial statements for the Company

No financial statements have been prepared for the Company since its date of incorporation.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 September 2017

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the consolidated financial statements of Unified Front Limited ("Unified Front") and its subsidiaries (collectively referred to as "Unified Front Group") for the Track Record Period and the management accounts of the Company for the period from its date of incorporation to 31 March 2017 (collectively known as "Underlying Financial Statements"). The consolidated financial statements of Unified Front and its subsidiaries have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standard Board ("IASB") and were audited by Deloitte & Touche LLP, a firm of Public Accountants and Chartered Accountants registered in Singapore, in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board.

The Historical Financial Information is presented in Singapore dollar ("S\$"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand (S\$'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December		Three months ended 31 March	
		2015 S\$'000	2016 S\$'000	2016 S\$'000	2017 S\$'000
				(unaudited)	
Revenue	5	5,596	6,160	1,584	1,609
Other operating income	7	33	168	68	19
Consumables and medical supplies used		(730)	(940)	(326)	(256)
Other direct costs		(86)	(100)	(26)	(21)
Employee benefits expense		(1,058)	(1,012)	(229)	(297)
Depreciation of plant and equipment		(215)	(221)	(54)	(56)
Other operating expenses		(954)	(1,003)	(195)	(266)
Finance costs	8	(7)	(8)	(2)	(2)
Listing expenses		—	—	—	(493)
Profit before tax	9	2,579	3,044	820	237
Income tax expense	10	(328)	(363)	(43)	(43)
Profit and total comprehensive income for the year/period attributable to owners of the Company		<u>2,251</u>	<u>2,681</u>	<u>777</u>	<u>194</u>

STATEMENTS OF FINANCIAL POSITION

	NOTES	The Group			The Company
		As at 31 December		As at	As at
		2015	2016	31 March	31 March
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Plant and equipment	13	567	394	338	—
Rental deposits		<u>52</u>	<u>57</u>	<u>57</u>	<u>—</u>
		<u>619</u>	<u>451</u>	<u>395</u>	<u>—</u>
Current assets					
Inventories	14	158	149	171	—
Trade and other receivables	15	350	612	815	156
Bank balances and cash	16	<u>816</u>	<u>478</u>	<u>1,665</u>	<u>—</u>
		<u>1,324</u>	<u>1,239</u>	<u>2,651</u>	<u>156</u>
Current liabilities					
Trade and other payables	17	304	494	1,731	650
Income tax payables		458	445	398	—
Obligations under finance leases	18	<u>111</u>	<u>111</u>	<u>111</u>	<u>—</u>
		<u>873</u>	<u>1,050</u>	<u>2,240</u>	<u>650</u>
Net current assets (liabilities)		<u>451</u>	<u>189</u>	<u>411</u>	<u>(494)</u>
Total assets less current liabilities		<u>1,070</u>	<u>640</u>	<u>806</u>	<u>(494)</u>
Non-current liabilities					
Obligations under finance leases	18	281	170	142	—
Deferred tax liability	19	<u>25</u>	<u>34</u>	<u>34</u>	<u>—</u>
		<u>306</u>	<u>204</u>	<u>176</u>	<u>—</u>
Net assets (liabilities)		<u><u>764</u></u>	<u><u>436</u></u>	<u><u>630</u></u>	<u><u>(494)</u></u>
Capital and reserves					
Share capital	20	2	2	1	—*
Reserves		<u>762</u>	<u>434</u>	<u>629</u>	<u>(494)</u>
Equity attributable to owners of the Company		<u><u>764</u></u>	<u><u>436</u></u>	<u><u>630</u></u>	<u><u>(494)</u></u>

* The amount is less than S\$1,000.

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital S\$'000	Other reserve S\$'000	Retained profits S\$'000	Total S\$'000
At 1 January 2015	2	—	1,404	1,406
Profit and total comprehensive income for the year	—	—	2,251	2,251
Dividends recognised as distribution (<i>note 11</i>)	<u>—</u>	<u>—</u>	<u>(2,893)</u>	<u>(2,893)</u>
At 31 December 2015	2	—	762	764
Profit and total comprehensive income for the year	—	—	2,681	2,681
Dividend recognised as distribution (<i>note 11</i>)	<u>—</u>	<u>—</u>	<u>(3,009)</u>	<u>(3,009)</u>
At 31 December 2016	2	—	434	436
Profit and total comprehensive income for the period	—	—	194	194
Transfer upon the group reorganisation	<u>(1)</u>	<u>1</u>	<u>—</u>	<u>—</u>
At 31 March 2017	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>628</u></u>	<u><u>630</u></u>
(Unaudited)				
At 1 January 2016	2	—	762	764
Profit and total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>777</u>	<u>777</u>
At 31 March 2016	<u><u>2</u></u>	<u><u>—</u></u>	<u><u>1,539</u></u>	<u><u>1,541</u></u>

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December		Three months ended 31 March	
	2015 S\$'000	2016 S\$'000	2016 S\$'000 (unaudited)	2017 S\$'000
OPERATING ACTIVITIES				
Profit before tax	2,579	3,044	820	237
Adjustments for:				
Finance costs	7	8	2	2
Depreciation of plant and equipment	215	221	54	56
Written off of plant and equipment	80	—	—	—
Operating cash flows before movements in working capital	2,881	3,273	876	295
(Increase) decrease in inventories	(62)	9	64	(22)
Decrease (increase) in trade and other receivables and rental deposits	262	(267)	(1,273)	(203)
Increase in trade and other payables	119	190	106	332
Cash generated from (used in) operations	3,200	3,205	(227)	402
Income tax paid	(6)	(367)	(196)	(90)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	3,194	2,838	(423)	312
INVESTING ACTIVITIES				
Purchase of plant and equipment	(124)	(48)	—	—
CASH USED IN INVESTING ACTIVITIES	(124)	(48)	—	—
FINANCING ACTIVITIES				
Dividend paid	(2,893)	(3,009)	—	—
Deposit received from a pre-IPO investor	—	—	—	905
Finance costs paid	(7)	(8)	(2)	(2)
Repayments of obligations under finance leases	(112)	(111)	(28)	(28)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(3,012)	(3,128)	(30)	875
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	58	(338)	(453)	1,187
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	758	816	816	478
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, REPRESENTED BY				
Bank balances and cash	816	478	363	1,665

NOTES TO HISTORICAL FINANCIAL INFORMATION**1. GENERAL**

The Company was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Cayman Companies Law on 22 March 2017. Its immediate and ultimate holding company is Brisk Success Holdings Limited ("Brisk Success"), a company incorporated in the British Virgin Islands (the "BVI"). The address of the Company's registered office and principal place of business is disclosed in the section headed "Corporate Information" to the Prospectus. The Company acts as investment holding company and its subsidiaries are principally engaged in provision of dermatology treatment solutions, specialised in skin cancer, skin diseases and aesthetic procedures, to customers in Singapore.

The functional currency of the Company is S\$ which is also the functional currency of its principal subsidiaries as set out in note 26.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with IFRSs and the principle of merger accounting (details are set out below).

Prior to the group reorganisation, Dr. Loh Teck Hiong ("Dr. Loh"), Dr. Ee Hock Leong ("Dr. Ee") and Dr. Kwah Yung Chien Raymond ("Dr. Kwah") (collectively referred to as the "Controlling Shareholders") held as to approximately 1/3, 1/3 and 1/3 of the equity interests of each of the principal subsidiaries of the Company, namely Dermatology & Surgery Clinic Pte. Ltd. ("D&S Clinic"), Dermatology & Surgery Clinic (Orchard) Pte. Ltd. ("D&S Clinic (Orchard)") and Dermatology & Surgery Clinic (Shenton) Pte. Ltd. ("D&S Clinic (Shenton)"). Dr. Loh, Dr. Ee and Dr. Kwah are acting in concert, historically and throughout the Track Record Period and beyond, on their ownership and exercise their control over the entities comprising the Group.

In the preparation for the listing of the Company's shares on the Stock Exchange, the entities comprising the Group underwent a group reorganisation (the "Group Reorganisation"), which included the following steps:

- (i) Brisk Success was incorporated in the BVI on 23 November 2016 as a company limited by shares. On incorporation, Brisk Success is authorised to issue a maximum of 50,000 shares of a single class each with no par value and had an issued and paid-up capital of US\$99.00 divided into 99 shares. Dr. Loh, Dr. Ee and Dr. Kwah each subscribed for, and Brisk Success allotted and issued to each of them 33 shares in Brisk Success for cash at US\$99 in total. As a result, Brisk Success was owned as to 33.3% by each of Dr. Loh, Dr. Ee and Dr. Kwah as initial subscribers.
- (ii) Unified Front was incorporated in the BVI on 8 December 2016 as a company limited by shares. Unified Front is authorised to issue a maximum of 50,000 shares of a single class each with no par value. On 1 February 2017, Brisk Success subscribed for, and Unified Front allotted and issued to Brisk Success, 81 shares in Unified Front for cash at US\$81 in total. As a result, Unified Front was owned 100% by Brisk Success with an issued and paid-up capital of US\$81 divided into 81 shares.
- (iii) On 22 March 2017, the Company was incorporated and registered as an exempted company in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of a par value of HK\$0.01 each. At the date of the incorporation of the Company, the one initial nil-paid subscriber share (the "Initial Share") was allotted and issued to its initial subscriber. On the same date, the initial subscriber transferred the Initial Share to Brisk Success.
- (iv) On 27 March 2017, Dr. Loh, Dr. Ee and Dr. Kwah transferred their entire equity interest in D&S Clinic to Unified Front in consideration of Unified Front allotting and issuing 3 shares in Unified Front to Brisk Success credited as fully paid, at the direction of Dr. Loh, Dr. Ee and Dr. Kwah.
- (v) On 27 March 2017, Dr. Loh, Dr. Ee and Dr. Kwah transferred their entire equity interest in D&S Clinic (Orchard) to Unified Front in consideration of Unified Front allotting and issuing 3 shares in Unified Front to Brisk Success credited as fully paid, at the direction of Dr. Loh, Dr. Ee and Dr. Kwah.

- (vi) On 27 March 2017, Dr. Loh, Dr. Ee and Dr. Kwah transferred their entire equity interest in D&S Clinic (Shenton) to Unified Front in consideration of Unified Front allotting and issuing 3 shares in Unified Front to Brisk Success credited as fully paid, at the direction of Dr. Loh, Dr. Ee and Dr. Kwah.
- (vii) On 18 April 2017, pursuant to the Pre-IPO Subscription Agreement (as defined in the Prospectus), Unified Front allotted and issued to the Pre-IPO Investor (as defined in the Prospectus), 10 shares in Unified Front for cash at HK\$12,000,000 in total.
- (viii) On 11 May 2017, Brisk Success and the Pre-IPO Investor transferred their respective equity interests in Unified Front, representing the entire issued share capital of Unified Front, to the Company in consideration of which, (a) the Company allotted and issued 89 and 10 shares to Brisk Success and the Pre-IPO Investor respectively, all credited as fully paid, and (b) the Initial Share held by Brisk Success was credited as fully paid.

Pursuant to the Group Reorganisation set out above and as detailed in the section headed "History, Reorganisation and Development" to the Prospectus, which was completed on 11 May 2017, the Company became the holding company for the entities comprising the Group.

The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation have been under the common control of the Controlling Shareholders throughout the Track Record Period or since their respective dates of incorporation, where there is a shorter period, and is regarded as a continuing entity and merger accounting has been applied for the preparation of the Historical Financial Information.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Track Record Period have been prepared to present the results, changes in equity and cash flows of the entities comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since the date of incorporation where there is a shorter period. The combined statements of financial position of the Group as at 31 December 2015, 31 December 2016 and 31 March 2017 have been prepared to present the assets and liabilities of the entities comprising the Group as if the current group structure had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has applied all IFRSs, which are effective for the Group's accounting period beginning on 1 January 2017, consistently throughout the Track Record Period.

At the date of issuance of this report, the Company has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 9	Financial instruments ¹
IFRS 15	Revenue from contracts with customers and the related amendments ¹
IFRS 16	Leases ²
IFRS 17	Insurance contracts ³
IFRIC 22	Foreign currency transactions and advance consideration ¹
IFRIC 23	Uncertainty over income tax treatment ²
Amendments to IFRS 2	Classification and measurement of share-based payment transactions ¹
Amendments to IFRS 4	Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts ¹
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture ⁴
Amendments to IAS 40	Transfers of investment property ¹
Amendments to IFRS	Annual improvements to IFRS standards 2014–2016 cycle except for amendments to HKFRS 12 ¹

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after 1 January 2021

⁴ Effective for annual periods beginning on or after a date to be determined

IFRS 9 Financial instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and measurement” are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (“FVTOCI”). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) on other comprehensive income, with only dividend income generally recognised in profit or loss; and
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group’s financial instruments and risk management policies as at 31 March 2017, the application of IFRS 9 in the future may not have a material impact on the classification and measurement of the Group’s financial assets. However, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group’s financial assets measured at amortised cost.

IFRS 15 Revenue from contracts with customers and related amendments

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 “Revenue”, IAS 11 “Construction contracts” and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In year 2016, the IASB issued Clarification to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of IFRS 15 in future may result in more disclosures, however, the directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 "Leases" and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of approximately S\$1,107,000 as disclosed in note 22. Upon the adoption of IFRS 16, the directors of the Company expect that the operating lease commitments in the future in respect of the leased premises with the terms more than twelve months will be required to be recognised in the consolidated financial statements in the future as right-of-use assets and lease liabilities. The directors of the Company do not expect the adoption of IFRS 16 as compared with the current accounting policy of the Group would result in significant impact on the Group's result.

Except for the above, the directors of the Company anticipate that the application of the other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which conform with IFRSs. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of preparation

The Historical Financial Information has been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share based payment", leasing transactions that are within the scope of IAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value adjustments are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value adjustments are observable and the significance of the inputs to the fair value measurement in its entirety which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are observable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of combination

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the combined statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Investment in a subsidiary

Investment in a subsidiary is stated at deemed cost less any identified impairment loss on the statement of financial position of the Company.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or significant delay in payments are objective evidence that these financial assets are impaired.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of allowance of the impairment is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and obligations under finance leases are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and the estimated cost of asset retirement. The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in the profit or loss as incurred.

Depreciation is recognised so as to write off the cost of items of plant and equipment, less their residual values over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful life on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful life.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below:

Revenue from provision of consultation services ("Consultation Services") are recognised when services are provided.

Revenue from provision of medical skincare treatments of surgical and non-invasive/minimally invasive in nature ("Treatment Services") are recognised when services are provided.

Revenue from dispensing of medication and skincare products ("Prescription and Dispensing Services") are recognised when the dispensing is made.

Other revenue mainly represents service income from patients in relation to laboratory tests carried out during the treatment procedures ("Other Services"). Other revenue are recognised when the services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the combined statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to the Central Provident Fund in Singapore as defined contribution plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period that related services is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

5. REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on provision of dermatology treatment solutions, specialised in skin cancer, skin diseases and aesthetic procedures, to customers in Singapore. The major categories of the Group's operating activities include Consultation Services, Prescription and Dispensing Services and Treatment Services. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies same as those of the Group as described in note 4. Dr. Loh, Dr. Ee and Dr. Kwah, directors of the Company, have been identified as the chief operating decision makers ("CODM"). The CODM review the Group's revenue analysis by services and products in order to assess performance and allocate resources.

Other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance and allocation of resources. The CODM reviews the results of the Group as a whole to make decisions. Accordingly, other than entity-wide information, no analysis of this single operating segment is presented.

Revenue analysis

Revenue represents the net amounts received and receivable for goods sold and services rendered by the Group in normal course of business to outside customers. The following is an analysis of the Group's revenue from its major business activities:

	Year ended 31 December		Three months ended 31 March	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
			(unaudited)	
Consultation Services	1,333	1,557	380	416
Prescription and Dispensing Services	1,524	1,690	437	435
Treatment Services	2,384	2,492	645	642
Other Services (<i>Note</i>)	<u>355</u>	<u>421</u>	<u>122</u>	<u>116</u>
	<u>5,596</u>	<u>6,160</u>	<u>1,584</u>	<u>1,609</u>

Note: Other Services mainly represent service income from patients in relation to laboratory tests carried out during the treatment.

Geographical information

The Group's operations are located in Singapore. All of the Group's revenue from external customers based on the location of the Group's operations is from Singapore.

The geographical location of the Group's non-current assets is situated in Singapore based on physical location of assets.

Information about major customers

There was no revenue from patients individually contributing over 10% of the total revenue of the Group for the years ended 31 December 2015 and 31 December 2016 and the three months ended 31 March 2016 (unaudited) and 31 March 2017.

An analysis of revenue from insurance companies which paid on behalf of aggregate number of patients and contributed over 10% of the Group's total revenue for the year/period is as follows:

	Year ended 31 December		Three months ended 31 March	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
	(<i>Note</i>)		(unaudited)	
Insurance Company A	<u>453</u>	<u>654</u>	<u>177</u>	<u>228</u>

Note: Insurance Company A did not contribute over 10% of the Group's total revenue for the year ended 31 December 2015 and the information above for the year ended 31 December 2015 is included for reference.

Other than Insurance Company A, there was no revenue from insurance companies individually contributing over 10% of the total revenue of the Group for the years ended 31 December 2015 and 31 December 2016 and the three months ended 31 March 2016 (unaudited) and 31 March 2017.

6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Dr. Loh, Dr. Ee, Dr. Kwah were appointed as directors of the Company on 22 March 2017. The emoluments paid or payable to the directors and chief executive of the Company (including emoluments for services as directors of the entities comprising the Group prior to becoming the directors of the Company) by the entities comprising the Group during the Track Record Period are as follows:

	Dr. Loh S\$'000	Dr. Ee S\$'000	Dr. Kwah S\$'000	Total S\$'000
<i>For the year ended 31 December 2015</i>				
Fee	—	—	—	—
Other emoluments:				
Salaries and other benefits	180	180	180	540
Performance bonus (<i>Note</i>)	—	125	—	125
Contributions to retirement benefits scheme	10	15	10	35
Total emoluments	<u>190</u>	<u>320</u>	<u>190</u>	<u>700</u>
<i>For the year ended 31 December 2016</i>				
Fee	—	—	—	—
Other emoluments:				
Salaries and other benefits	180	180	180	540
Contributions to retirement benefits scheme	12	12	12	36
Total emoluments	<u>192</u>	<u>192</u>	<u>192</u>	<u>576</u>
<i>For the three months ended 31 March 2016 (unaudited)</i>				
Fee	—	—	—	—
Other emoluments:				
Salaries and other benefits	45	45	45	135
Contributions to retirement benefits scheme	3	3	3	9
Total emoluments	<u>48</u>	<u>48</u>	<u>48</u>	<u>144</u>
<i>For the three months ended 31 March 2017</i>				
Fee	—	—	—	—
Other emoluments:				
Salaries and other benefits	45	45	45	135
Contributions to retirement benefits scheme	3	3	3	9
Total emoluments	<u>48</u>	<u>48</u>	<u>48</u>	<u>144</u>

Note: The performance bonus is determined by reference to the duties, responsibilities and performance of the relevant individual within the Group.

Dr. Loh was redesignated as the chairman of the Company and Dr. Kwah was redesignated as the chief executive officer of the Company with effect from 18 May 2017.

The emoluments stated above were mainly for their services in connection with the management of affairs of the Company's subsidiaries during the Track Record Period.

During the Track Record Period, no emolument was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company waived any emoluments during the Track Record Period.

(b) Employees' emoluments

The five highest paid individuals included three directors of the Company, Dr. Loh, Dr. Ee and Dr. Kwah, whose emoluments are included in the disclosures in above for each of the years ended 31 December 2015 and 31 December 2016 and each of the three months ended 31 March 2016 and 31 March 2017. The emoluments of the remaining two individuals for the two years ended 31 December 2015 and 31 December 2016 and the three months ended 31 March 2016 and 31 March 2017 are as follows:

	Year ended 31 December		Three months ended 31 March	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)			
Salaries, bonuses and other benefits	80	87	24	31
Contributions to retirement benefits scheme	<u>14</u>	<u>15</u>	<u>4</u>	<u>7</u>
	<u>94</u>	<u>102</u>	<u>28</u>	<u>38</u>

The five highest paid individuals including the directors of the Company whose remuneration were within the following bands:

	Year ended 31 December		Three months ended 31 March	
	2015	2016	2016	2017
	(unaudited)			
Nil to HK\$1,000,000	2	2	5	5
HK\$1,000,001 to HK\$1,500,000	2	3	—	—
HK\$1,500,001 to HK\$2,000,000	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

During the Track Record Period, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

7. OTHER OPERATING INCOME

	Year ended 31 December		Three months ended 31 March	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)			
Government grant (Note)	28	157	67	19
Sundry income	<u>5</u>	<u>11</u>	<u>1</u>	<u>—</u>
	<u>33</u>	<u>168</u>	<u>68</u>	<u>19</u>

Note: Government grant represents primarily government subsidies in form of cash payout from Inland Revenue Authority of Singapore under the Productivity and Innovation Credit Scheme which compensates the Group in relation to qualifying expenditure incurred.

8. FINANCE COSTS

	Year ended 31 December		Three months ended 31 March	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Interests on:				
Obligations under finance leases	7	8	2	2

9. PROFIT BEFORE TAX

	Year ended 31 December		Three months ended 31 March	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Profit before tax has been arrived at after charging:				
Auditor's remuneration	—	—	—	41
Employee benefits expense				
Directors' remunerations (<i>note 6</i>)	700	576	144	144
Other staff costs				
— salaries, bonus and other benefits	311	373	69	129
— contributions to retirement benefits scheme	47	63	16	24
	<u>1,058</u>	<u>1,012</u>	<u>229</u>	<u>297</u>
Written off of plant and equipment	80	—	—	—
Depreciation of plant and equipment	215	221	54	56

10. INCOME TAX EXPENSE

	Year ended 31 December		Three months ended 31 March	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Income tax expense comprises:				
Singapore corporate income tax ("CIT")				
Current tax	326	358	43	43
Under(over)provision in prior years	2	(4)	—	—
	328	354	43	43
Deferred tax (<i>note 19</i>)	—	9	—	—
	<u>328</u>	<u>363</u>	<u>43</u>	<u>43</u>

Singapore CIT is calculated at 17% of the estimated assessable profit. The entities operating in Singapore with assessable profit are eligible for CIT rebate of 50%, capped at S\$20,000 and S\$25,000 for the years of assessment of 2016 and 2017 respectively. In addition, all the Singapore incorporated companies, can claim partial tax exemptions under which the companies can enjoy 75% tax exemption on the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$290,000 of normal chargeable income. The Singapore companies which meet the qualifying condition as start-up companies can enjoy 100% tax exemption on the first S\$100,000 of normal chargeable income and a further 50% tax exemption on the next S\$200,000 of normal chargeable income at the relevant year of assessment. The entities of the Group operating in Singapore were qualified for tax exemption for start-up companies during the Track Record Period.

The income tax expense for the year/period can be reconciled to the profit before tax per the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		Three months ended 31 March	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
			(unaudited)	
Profit before tax	<u>2,579</u>	<u>3,044</u>	<u>820</u>	<u>237</u>
Tax calculated at 17%	438	517	139	40
Effect of expense that are not deductible	17	38	1	84
Tax effect of income that are not subject to tax	(2)	(17)	(11)	(3)
Effect of tax concessions and tax exemptions	(127)	(171)	(86)	(78)
Under(over)provision in prior years	<u>2</u>	<u>(4)</u>	<u>—</u>	<u>—</u>
Income tax expense for the year/period	<u>328</u>	<u>363</u>	<u>43</u>	<u>43</u>

11. DIVIDENDS

During the year ended 31 December 2015, total dividends of approximately S\$2,893,000 were declared and distributed by D&S Clinic, D&S Clinic (Orchard) and D&S Clinic (Shenton) to their shareholders.

During the year ended 31 December 2016, total dividends of approximately S\$3,009,000 were declared and distributed by D&S Clinic, D&S Clinic (Orchard) and D&S Clinic (Shenton) to their shareholders.

The rate of dividends and number of shares ranking for the dividends are not presented as such information is not considered meaningful having regard to the purpose of this report.

Other than disclosed above, no dividend was paid or declared by the Company since its incorporation or by other group entities during the Track Record Period.

12. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful having regard to the Group Reorganisation and the results for the Track Record Period that is prepared on a combined basis as disclosed in note 2.

13. PLANT AND EQUIPMENT

	Medical equipment S\$'000	Computer and office equipment S\$'000	Leasehold improvements S\$'000	Total S\$'000
COST				
At 1 January 2015	632	21	224	877
Additions	72	6	46	124
Written off	—	—	(100)	(100)
At 31 December 2015	704	27	170	901
Additions	—	33	15	48
At 31 December 2016 and 31 March 2017	704	60	185	949
ACCUMULATED DEPRECIATION				
At 1 January 2015	102	5	32	139
Provided for the year	174	6	35	215
Eliminated on written off	—	—	(20)	(20)
At 31 December 2015	276	11	47	334
Provided for the year	175	11	35	221
At 31 December 2016	451	22	82	555
Provided for the period	43	5	8	56
At 31 March 2017	494	27	90	611
CARRYING VALUES				
At 31 December 2015	428	16	123	567
At 31 December 2016	253	38	103	394
At 31 March 2017	210	33	95	338

As at 31 December 2015, 31 December 2016 and 31 March 2017, the carrying values of plant and equipment included amounts of approximately S\$329,000, S\$186,000 and S\$151,000 respectively in respect of assets held under finance leases.

The above items of plant and equipment are depreciated on a straight-line basis after taking into account of their residual values at the following rates per annum:

Medical equipment	20% to 33%
Computer and office equipment	20% to 33%
Leasehold improvements	Over the lease term

14. INVENTORIES

	As at 31 December		As at 31 March
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Consumables and medical supplies	158	149	171

15. TRADE AND OTHER RECEIVABLES

	The Group			The Company
	As at 31 December		As at 31 March	As at 31 March
	2015	2016	2017	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables	321	561	607	—
Deposits	24	23	23	—
Prepayments	5	28	29	—
Deferred listing expenses	—	—	156	156
	<u>350</u>	<u>612</u>	<u>815</u>	<u>156</u>

The patients of the Group usually settle their payments by cash, Network for Electronic Transfer (“NETS”), credit cards and claiming from insurance companies. For credit cards and NETS, the bank will deposit the money in the following day after the date of invoice. For payment claiming from insurance companies, the Group allowed a credit period ranging from 45 to 90 days to insurance companies and it would generally grant payment terms of 90 days if payment terms are not specified in the contracts.

The following is an ageing analysis of trade receivables of the Group presented based on invoice dates for the receivables from the customers who settle payments by claiming from insurance companies at the end of each reporting period.

	As at 31 December		As at 31 March
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
0–30 days	80	141	198
31–60 days	102	206	165
61–90 days	104	133	114
Over 90 days	<u>35</u>	<u>81</u>	<u>130</u>
Total	<u>321</u>	<u>561</u>	<u>607</u>

Before accepting any medical cards, the Group assesses the credit quality of the insurance companies issuing the medical cards by evaluating their historical credit records and defines credit limits by insurance companies. Recoverability and credit limit of the insurance companies are reviewed by the Group regularly.

As at 31 December 2015, 31 December 2016, and 31 March 2017, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately S\$35,000, S\$81,000 and S\$130,000 respectively which were past due but not impaired. The trade receivables which were past due but not impaired were amounts due from the insurance companies which have strong financial backgrounds and continuous settlements and these insurance companies do not have historical default of payments. In the opinion of the directors of the Company, these amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The following is an ageing analysis of trade receivables which are past due but not impaired:

	As at 31 December		As at 31 March
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Overdue by:			
0–30 days	30	77	58
Over 30 days	5	4	72
	<u>35</u>	<u>81</u>	<u>130</u>
Total	<u>35</u>	<u>81</u>	<u>130</u>

The Group's remaining trade receivables were not past due nor impaired at the end of each reporting period and were due from debtors who do not have historical default of payments.

In determining the recoverability of a trade receivable, the Group considers any change in credit quality of the trade receivables from the date credit was initially granted up to the end of each reporting period. The directors of the Company believes that no credit provision is required.

16. BANK BALANCES AND CASH

Bank balances which include saving deposits with maturity of three months or less carried nil interest rate as at 31 December 2015 and 31 December 2016 and the three months ended 31 March 2017.

17. TRADE AND OTHER PAYABLES

	The Group			The Company
	As at 31 December	As at 31 December	As at 31 March	As at 31 March
	2015	2016	2017	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables	71	60	85	—
Accrued staff cost	25	135	100	—
Accrued operating expenses	132	201	117	—
Accrued listing expenses	—	—	420	420
Amounts due to subsidiaries (<i>note (i)</i>)	—	—	—	230
Other tax payables	73	66	52	—
Other payables (<i>note (ii)</i>)	3	32	957	—
	<u>304</u>	<u>494</u>	<u>1,731</u>	<u>650</u>

Notes:

- (i) As at 31 March 2017, the Company has amounts due to D&S Clinic and D&S Clinic (Orchard) of approximately S\$230,000 in total which are non-trade in nature, unsecured, interest-free and repayable on demand.
- (ii) As at 31 March 2017, other payables included a deposit of approximately S\$905,000 (equivalent to HK\$5,000,000) from a Pre-IPO Investor which represented the first installment of investment. Pursuant to the Pre-IPO Subscription Agreement, 10 shares in Unified Front at a total cash consideration of HK\$12,000,000 would be allotted and issued upon the Pre-IPO Investor contributed the remaining consideration of HK\$7,000,000. The share subscription has been completed on 18 April 2017 (see note (2)(vii)). The details about the Pre-IPO Investor and its investment are set out in the section headed "History, Reorganisation and Development" of this Prospectus.

The average credit period on purchase of goods is 30 days. The following is an ageing analysis of trade payables of the Group presented based on the invoice date at the end of each reporting period:

	As at 31 December		As at 31 March
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
0–30 days	69	25	58
31–60 days	2	18	15
61–90 days	—	15	9
Over 90 days	—	2	3
	<u>71</u>	<u>60</u>	<u>85</u>

18. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments			Present value of minimum lease payments		
	As at 31 December		As at 31 March	As at 31 December		As at 31 March
	2015	2016	2017	2015	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Amounts payable under finance leases:						
Within one year	119	119	119	111	111	111
In more than one year but not more than two years	119	119	119	111	111	111
In more than two years but not more than five years	<u>183</u>	<u>64</u>	<u>34</u>	<u>170</u>	<u>59</u>	<u>31</u>
	421	302	272	392	281	253
Less: future finance charges	<u>(29)</u>	<u>(21)</u>	<u>(19)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Present value of lease obligations	<u>392</u>	<u>281</u>	<u>253</u>			
Less: Amounts due for settlement within one year (shown current liabilities)				<u>(111)</u>	<u>(111)</u>	<u>(111)</u>
Amounts due for settlement after one year				<u>281</u>	<u>170</u>	<u>142</u>

The Group leased certain of its medical equipment under finance leases. The average lease term is five years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates at 1.48% per annum as at 31 December 2015, 31 December 2016 and 31 March 2017. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased medical equipment and are guaranteed by Dr. Loh, Dr. Ee and Dr. Kwah collectively who are doctors of the clinics.

19. DEFERRED TAXATION

The deferred tax liability recognised and movements thereon during the Track Record Period are as follows:

	Accelerated tax depreciation <i>S\$'000</i>
At 1 January 2015 and 31 December 2015	25
Charge to profit or loss (<i>note 10</i>)	<u>9</u>
At 31 December 2016 and 31 March 2017	<u><u>34</u></u>

20. SHARE CAPITAL**The Group**

The share capital at 31 December 2015 and 31 December 2016 represented the aggregate issued share capital of D&S Clinic, D&S Clinic (Orchard) and D&S Clinic (Shenton).

The share capital as at 31 March 2017 represented the issued share capital of Unified Front.

The Company

On 22 March 2017, the Company was incorporated and registered as an exempted company in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of a par value of HK\$0.01 each. At the date of the incorporation of the Company, the initial one nil-paid subscriber share was allotted and issued to its subscriber. On the same date, the subscriber transferred the Initial Share to Brisk Success.

21. RETIREMENT BENEFITS SCHEME

The Group makes legally required contributions to the Central Provident Fund ("CPF") in Singapore for its employees employed in Singapore who are Singapore citizens or permanent residents as prescribed by the Central Provident Fund Act of Singapore. The Company's obligation, in regard to the defined contribution plan, is limited to the amount it contributes to the CPF. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

For each of the two years ended 31 December 2015 and 31 December 2016 and the three months ended 31 March 2016 and 31 March 2017, the Group contributes up to 17% of monthly salaries with various cap depending on the age and the amount of monthly salaries of the employees.

The total cost of S\$82,000, S\$99,000, S\$25,000 (unaudited) and S\$33,000 for each of the two years ended 31 December 2015 and 31 December 2016 and the three months ended 31 March 2016 and 31 March 2017 respectively charged to the combined statements of profit or loss and other comprehensive income represents contributions paid or payable to the CPF by the Group.

22. OPERATING LEASE COMMITMENTS**The Group as lessee**

	Year ended 31 December		Three months ended 31 March	
	2015	2016	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Minimum lease payments paid under operating leases during the year/period in respect of rented clinics included in other operating expenses	<u>373</u>	<u>367</u>	<u>93</u> (unaudited)	<u>99</u>

At the end of the reporting periods, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December		As at 31 March
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Within one year	367	377	379
In the second to fifth year inclusive	<u>1,107</u>	<u>823</u>	<u>728</u>
	<u>1,474</u>	<u>1,200</u>	<u>1,107</u>

Operating lease payments represent rentals payable by the Group for its clinics. Leases are negotiated for the lease terms of three to five years and rentals are fixed throughout the lease terms. Lease payments for certain rented clinics are guaranteed by Dr. Loh, Dr. Ee and Dr. Kwah collectively who are doctors of the clinics.

23. RELATED PARTY TRANSACTIONS

The Group

The Group entered into the following transactions with related parties during the Track Record Period and the three months ended 31 March 2016:

Compensation of key management personnel

	Year ended		Three months ended 31 March	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
			(unaudited)	
Salaries, performance bonus and other benefits	665	540	135	135
Contributions to retirement benefits scheme	<u>35</u>	<u>36</u>	<u>9</u>	<u>9</u>
	<u>700</u>	<u>576</u>	<u>144</u>	<u>144</u>

The Company

As at 31 March 2017, the Company has amounts due to subsidiaries as detailed in note 17(i).

24. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners of the Company through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group represents obligations under finance leases and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through payment of dividends, return of capital to shareholders, issue of new shares and raise of new borrowings.

25. FINANCIAL INSTRUMENTS

Categories of financial instruments

	The Group			The Company
	As at 31 March		As at	As at
	2015	2016	31 December	31 March
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	1,161	1,062	2,295	—
Financial liabilities				
Amortised cost	231	428	1,679	650
Obligations under finance leases	392	281	253	—

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and cash equivalents, trade and other payables and obligations under finance leases. The Company's financial instruments include other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*Market risk**Interest rate risk*

The Group does not have any exposure on cash flow interest rate risk.

The Group is exposed to fair value interest rate risk in relation to obligations under finance leases liabilities (see note 18 for details of these obligations under finance leases).

The Group currently does not have any interest rate hedging policy. However, management of the Group closely monitors its exposure to interest rate risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

Currency risk

The Group does not have any exposure on currency risk.

Credit risk

The Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 100% of the total financial assets as at 31 December 2015 and 31 December 2016 and 31 March 2017.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Management of the Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require in collateral in respect of financial assets.

At the end of each reporting period, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the combined statements of financial position.

Liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on hand to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disaster.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment dates. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

Liquidity tables

	Weighted average effective interest rate %	1 to 3 months S\$'000	3 months to 1 year S\$'000	1 to 2 years S\$'000	2 to 5 years S\$'000	Total undiscounted cash flows S\$'000	Carrying amount at the end of the reporting date S\$'000
The Group							
At 31 December 2015							
Non-derivative financial liabilities							
Trade and other payables	N/A	231	—	—	—	231	231
Obligations under finance leases	1.48	29	90	119	183	421	392
		<u>260</u>	<u>90</u>	<u>119</u>	<u>183</u>	<u>652</u>	<u>623</u>
At 31 December 2016							
Non-derivative financial liabilities							
Trade and other payables	N/A	428	—	—	—	428	428
Obligations under finance leases	1.48	29	90	119	64	302	281
		<u>457</u>	<u>90</u>	<u>119</u>	<u>64</u>	<u>730</u>	<u>709</u>
At 31 March 2017							
Non-derivative financial liabilities							
Trade and other payables	N/A	1,679	—	—	—	1,679	1,679
Obligations under finance leases	1.48	29	90	119	34	272	253
		<u>1,708</u>	<u>90</u>	<u>119</u>	<u>34</u>	<u>1,951</u>	<u>1,932</u>
The Company							
At 31 March 2017							
Non-derivative financial liabilities							
Other payables	N/A	650	—	—	—	650	650

Fair value

The fair values of financial assets and financial liabilities have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values.

26. PARTICULARS OF SUBSIDIARIES

As at the date of this report, the Company has the following subsidiaries comprising the Group:

Name of company	Place of incorporation/ operation and date of incorporation	Attributable equity interest of the Group as at				Issued and fully paid share capital as at date of this report	Principal activities
		31 December 2015	2016	31 March 2017	date of this report		
<i>Directly held</i>							
Unified Front <i>(note (a))</i>	BVI/Singapore 8 December 2016	—	100%	100%	100%	Ordinary shares of US\$1,542,506	Investment holding
<i>Indirectly held</i>							
D&S Clinic <i>(note (b))</i>	Singapore/ Singapore 5 September 2013	100%	100%	100%	100%	Ordinary shares of S\$900	Provision of all-round dermatology treatment solutions, specialised in skin cancer, skin diseases and aesthetic procedures
D&S Clinic (Orchard) <i>(note (b))</i>	Singapore/ Singapore 20 January 2014	100%	100%	100%	100%	Ordinary shares of S\$300	Provision of all-round dermatology treatment solutions, specialised in skin cancer, skin diseases and aesthetic procedures
D&S Clinic (Shenton) <i>(note (b))</i>	Singapore/ Singapore 6 February 2014	100%	100%	100%	100%	Ordinary shares of S\$300	Provision of all-round dermatology treatment solutions, specialised in skin cancer, skin diseases and aesthetic procedures

Unified Front is directly held by the Company. All other subsidiaries are indirectly held by the Company. All entities comprising the Group are limited liability companies and have adopted 31 December as their financial year end date.

Notes:

- (a) No statutory audited financial statements have been prepared for the Company and Unified Front since their respective dates of incorporation as they were incorporated in jurisdictions where there are no statutory audit requirements.
- (b) No statutory audited financial statements have been prepared for D&S Clinic, D&S Clinic (Orchard) and D&S Clinic (Shenton) since their respective dates of incorporation as these entities did not fall into statutory audit requirements by their nature and size of operation in Singapore.

27. RESERVE OF THE COMPANY

	Accumulated losses
	<i>S\$'000</i>
At 22 March 2017 (date of incorporation)	—
Loss and total comprehensive expense for the period	<u>(494)</u>
At 31 March 2017	<u><u>(494)</u></u>

28. SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Historical Financial Information, the following subsequent events took place:

- (i) On 11 May 2017, the Group Reorganisation as detailed in the section headed “History, Reorganisation and Development” of this prospectus was duly completed;
- (ii) On 22 September 2017, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each by the creation of an additional 9,962,000,000 shares of HK\$0.01 each which rank pari passu in all respects with the existing shares.
- (iii) On 22 September 2017, written resolutions of the shareholders of the Company was passed to approve the matters set out in the paragraph headed “Resolutions in writing of all the Shareholder passed on 22 September 2017” in Appendix IV of the Prospectus. It was resolved, among other things, conditional on the share premium account of the Company being credited as a result of the public offer and placing of the Company’s shares, the directors of the Company were authorised to capitalise approximately HK\$4,499,999 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 449,999,900 shares for allotment and issue to the shareholders whose names appear on the register of members of the Company at the close of business on 12 October 2017.

29. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company and any of its subsidiaries have been prepared in respect of any period subsequent to 31 March 2017.

APPENDIX II	UNAUDITED PRO FORMA FINANCIAL INFORMATION
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The information set out in this Appendix does not form part of the accountants' report on the historical financial information of the Group for each of the two years ended 31 December 2016 and the three months ended 31 March 2017 prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, our Company's reporting accountants, as set out in Appendix I to this prospectus (the "Accountants' Report"), and is included herein for information only. The unaudited pro forma financial information should be read in connection with the section headed "Financial Information" of this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The statement of unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company prepared in accordance with Rule 7.31 of the GEM Listing Rules is set out below to illustrate the effect of the proposed public offer and placing of the Company's shares ("Share Offer") on the audited combined net tangible assets of the Group as if the Share Offer had taken place on 31 March 2017.

The statement of unaudited pro forma adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group as at 31 March 2017 or any future date following the Share Offer.

The following statement of unaudited pro forma adjusted combined net tangible assets of the Group is based on the audited combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2017 as shown in the accountants' report on the historical financial information of the Group for each of the two years ended 31 December 2016 and the three months ended 31 March 2017 (the "Accountants' Report"), the text of which is set out in Appendix I to this prospectus, and adjusted as follows:

Audited combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2017 S\$'000 (Note 1)	Estimated net proceeds from the Share Offer S\$'000 (Note 2)	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2017 S\$'000	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2017 per Share S\$ (Note 3)	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2017 per Share HK\$ (Note 4)	
Based on the Offer Price of HK\$0.40 per Share	630	6,892	7,522	0.01	0.07
Based on the Offer Price of HK\$0.48 per Share	630	8,921	9,551	0.02	0.09

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

1. The audited combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2017 is extracted from the Accountants' Report set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Share Offer are based on 150,000,000 new Shares at the Offer Price of lower limit and upper limit of HK\$0.40 and HK\$0.48 per new Share, respectively, after deduction of the estimated underwriting commissions and fees and other related fees to be incurred by the Group subsequent to 1 April 2017. The calculation of such estimated net proceeds does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the section headed "Share Capital — General Mandate to Allot and Issue Shares" or the section headed "Share Capital — General Mandate to Repurchase Shares" of this prospectus.

The estimated net proceeds from the Share Offer is converted from Hong Kong dollars into Singapore dollars at the rate of HK\$5.5 to S\$1.00. No representation is made that Hong Kong dollars amount have been, could have been or could be converted to Singapore dollars, or vice versa, at that rate or at any other rates or at all.

3. The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 March 2017 per Share is arrived at on the basis that 600,000,000 Shares were in issue assuming that the Capitalisation Issue and the Share Offer had been completed on 31 March 2017 and does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the section headed "Share Capital — General Mandate to Allot and Issue Shares" or the section headed "Share Capital — General Mandate to Repurchase Shares" of this prospectus.
4. The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 March 2017 per Share is converted from Singapore dollars into Hong Kong dollars at the rate of S\$1.00 to HK\$5.5. No representation is made that the Singapore dollars amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.
5. No other adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 March 2017 to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte.

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To the Directors of RMH Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of RMH Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the statement of unaudited pro forma adjusted net tangible assets as at 31 March 2017 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 29 September 2017 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed public offer and placing of share of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Share Offer") on the Group's financial position as at 31 March 2017 as if the Share Offer had taken place at 31 March 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for each of the two years ended 31 December 2016 and the three months ended 31 March 2017, on which an Accountants' Report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 September 2017

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 March 2017 under the Companies Law. The Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 22 September 2017 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting

two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is

due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with

regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in

proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address, by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic

form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the

directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his

duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 28 April 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands.

Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of our Company are listed on the Stock Exchange, we are not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 22 March 2017. Our Company has established a place of business in Hong Kong at 5705, 57th Floor, The Center, 99 Queen's Road Central, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 25 May 2017. In connection with such registration, Robertsons has been appointed as the authorised representatives of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, its operations are subject to the Cayman Islands company law and its constitution, which comprises of a memorandum of association and the articles of association. A summary of certain provisions of its constitution and relevant aspects of the Cayman Islands company law is set out in Appendix III to this prospectus.

2. Changes in authorised and issued share capital of our Company

The authorised share capital of our Company as at the date of its incorporation was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On 22 March 2017, one nil-paid Share was issued to the initial subscriber, and subsequently the initial subscriber transferred the one subscriber Share to Brick Success at the direction of Dr. Loh, Dr. Ee and Dr. Kwah.

On 22 September 2017, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each by the creation of an additional 9,962,000,000 Shares of HK\$0.01 each which rank *pari passu* in all respects with the existing Shares.

Save for the aforesaid and those mentioned in the paragraphs headed "A. Further information about our Company — 3. Resolutions in writing of all the Shareholders passed on 22 September 2017" and "History, Reorganisation and Development — Reorganisation" of this prospectus, there has been no alteration in the share capital of our Company since the date of its incorporation.

3. Resolutions in writing of all the Shareholders passed on 22 September 2017

Pursuant to the resolutions in writing passed by all the Shareholders on 22 September 2017:

- (a) our Company adopted the new memorandum of association with immediate effect and conditionally adopted the new articles of association with effect from the Listing Date;
- (b) our Company adopted the rules of the Share Option Scheme, the salient terms of which are set out in the paragraph headed "D. Share Option Scheme" below, and our Directors were authorised to grant options to subscribe for the Shares thereunder and, conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the options

granted under the Share Option Scheme, on or before the date falling 30 days after the date of this prospectus, to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme;

- (c) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each by the creation of an additional 9,962,000,000 Shares of HK\$0.01 each which rank *pari passu* in all respects with the existing Shares;
- (d) conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus and on the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:
 - (i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares;
 - (ii) conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise approximately HK\$4,499,999 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 449,999,900 Shares for allotment and issue to the Shareholders whose names appear on the register of members of our Company at the close of business on the Business Day immediately before the Listing Date (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to their then existing shareholdings in our Company so that the Shares allotted and issued shall rank *pari passu* in all respects with the then existing issued Shares;
 - (iii) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the articles of association of our Company, or pursuant to the exercise of any options which have been or may be granted under the Share Option Scheme, or under the Share Offer or the Capitalisation Issue, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme); and (bb) the aggregate number of Shares which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in paragraph (vi) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the articles of association of our Company or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to our Directors as set out in this paragraph (v), whichever occurs first; and

- (iv) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to purchase the Shares of not exceeding 10% of the aggregate number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the articles of association of our Company or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors as set out in this paragraph (iv), whichever occurs first.

4. Group reorganisation

The companies comprising our Group underwent a Reorganisation to rationalise our Group’s structure in preparation for the Listing. The Reorganisation involved the following:

- (i) On 8 December 2016, Unified Front was incorporated in the BVI and was authorised to issue a maximum of 50,000 no par value shares of a single class. On 1 February 2017, 81 shares in Unified Front were allotted and issued to Brisk Success.
- (ii) Pursuant to the Pre-IPO Subscription Agreement dated 3 March 2017 entered into between the Pre-IPO Investor, Dr. Loh, Dr. Ee, Dr. Kwah and Unified Front, the Pre-IPO Investor subscribed for and Unified Front allotted and issued 10 shares to the Pre-IPO Investor at a consideration of HK\$12,000,000.
- (iii) On 27 March 2017, Dr. Loh, Dr. Ee and Dr. Kwah transferred their respective shareholding interests in D&S Clinic to Unified Front in consideration of Unified Front allotting and issuing in aggregate three shares to Brisk Success at the respective directions of Dr. Loh, Dr. Ee and Dr. Kwah, credited as fully paid.
- (iv) On 27 March 2017, Dr. Loh, Dr. Ee and Dr. Kwah transferred their respective shareholding interests in D&S Clinic (Orchard) to Unified Front in consideration of Unified Front allotting and issuing in aggregate three shares to Brisk Success at the respective directions of Dr. Loh, Dr. Ee and Dr. Kwah, credited as fully paid.
- (v) On 27 March 2017, Dr. Loh, Dr. Ee and Dr. Kwah transferred their respective shareholding interests in D&S Clinic (Shenton) to Unified Front in consideration of Unified Front allotting and issuing in aggregate three shares to Brisk Success at the respective directions of Dr. Loh, Dr. Ee and Dr. Kwah, credited as fully paid.
- (vi) On 18 April 2017, 10 shares in Unified Front, representing 10% of the enlarged issued shares of Unified Front, were allotted and issued to the Pre-IPO Investor at a consideration of HK\$12,000,000 pursuant to the Pre-IPO Subscription Agreement.

- (vii) On 11 May 2017, Brisk Success and the Pre-IPO Investor transferred 90 shares and 10 shares of Unified Front to our Company in consideration for our allotment and issue of 89 and 10 Shares to each of Brisk Success and the Pre-IPO Investor respectively, credited as fully paid and crediting as fully paid the initial nil paid Share held by Brisk Success.

5. Changes in share capital of subsidiaries

Changes in authorised and issued capital of our subsidiaries

Our Company's subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. The following sets out the changes to the share capital of the non-major operating subsidiaries of our Group for the two years preceding the date of this prospectus:

Unified Front

Unified Front is a wholly-owned subsidiary of our Company and an intermediate holding company of our Group. Unified Front was incorporated on 8 December 2016 in BVI under the British Virgin Islands Business Companies Act 2004 and was authorised to issue a maximum of 50,000 no par value shares of a single class. On 1 February 2017, 81 shares in Unified Front were allotted and issued to Brisk Success.

On 27 March 2017, Unified Front allotted and issued three shares credited as fully paid to Brisk Success in consideration of Dr. Loh, Dr. Ee and Dr. Kwah transferring their entire shareholding interests in D&S Clinic to Unified Front.

On 27 March 2017, Unified Front allotted and issued three shares credited as fully paid to Brisk Success in consideration of Dr. Loh, Dr. Ee and Dr. Kwah transferring their entire shareholding interests in D&S Clinic (Orchard) to Unified Front.

On 27 March 2017, Unified Front allotted and issued three shares credited as fully paid to Brisk Success in consideration of Dr. Loh, Dr. Ee and Dr. Kwah transferring their entire shareholding interests in D&S Clinic (Shenton) to Unified Front.

On 18 April 2017, 10 shares in Unified Front, representing 10% of the enlarged issued shares of Unified Front, were allotted and issued to the Pre-IPO Investor at a consideration of HK\$12,000,000 pursuant to the Pre-IPO Subscription Agreement.

Save for the subsidiaries mentioned in Appendix I to this prospectus, our Company has no other subsidiaries.

For the changes to the share capital of the major operating subsidiaries of our Group, please refer to the section headed "History, Reorganisation and Development — Our corporate history" of this prospectus.

6. Repurchase by our Company of our own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) *Provisions of the GEM Listing Rules*

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) *Shareholders' approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by all the Shareholders on 22 September 2017, the Repurchase Mandate was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme). The Repurchase Mandate will expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the articles of association of our Company or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(ii) *Source of funds*

Repurchases must be paid out of funds legally available for the purpose in accordance with our Company's Memorandum and Articles of Association and the Companies Law. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under Cayman Islands law, any repurchases by our Company may only be made out of profits of our Company, or out of sums standing to the credit of our Company's share premium account, or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of profits of our Company or from sums standing to the credit of our Company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital.

(iii) Core connected parties

A company is prohibited from knowingly repurchasing securities from a “connected person”, that is, a director, chief executive or substantial shareholder of our Company or any of their respective close associates and a core connected person shall not knowingly sell his securities to our Company, on the Stock Exchange.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and the Shareholders.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 600,000,000 Shares in issue immediately after the listing of the Shares on the Stock Exchange, would result in up to 60,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company or its subsidiaries if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

No core connected person (as defined in the GEM Listing Rules) has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:



- (a) Pre-IPO Subscription Agreement dated 3 March 2017 entered into among the Pre-IPO Investor, Unified Front, Dr. Loh, Dr. Ee and Dr. Kwah in relation to the subscription of 10 shares in Unified Front by the Pre-IPO Investor at a cash consideration of HK\$12,000,000;
- (b) transfer form dated 27 March 2017 entered into between Dr. Loh and Unified Front in relation to the transfer of 150 issued and fully-paid ordinary class A shares and 150 issued and fully-paid ordinary class B shares in D&S Clinic from Dr. Loh to Unified Front in consideration of Unified Front allotting and issuing one share to Dr. Loh or his designated nominee credited as fully paid;
- (c) transfer form dated 27 March 2017 entered into between Dr. Ee and Unified Front in relation to the transfer of 150 issued and fully-paid ordinary class A shares and 150 issued and fully-paid ordinary class C shares in D&S Clinic from Dr. Ee to Unified Front in consideration of Unified Front allotting and issuing one share to Dr. Ee or his designated nominee credited as fully paid;
- (d) transfer form dated 27 March 2017 entered into between Dr. Kwah and Unified Front in relation to the transfer of 150 issued and fully-paid ordinary class A shares and 150 issued and fully-paid ordinary class D shares in D&S Clinic from Dr. Kwah to Unified Front in consideration of Unified Front allotting and issuing one share to Dr. Kwah or his designated nominee credited as fully paid;
- (e) transfer form dated 27 March 2017 entered into between Dr. Loh and Unified Front in relation to the transfer of 50 issued and fully-paid ordinary class A shares and 50 issued and fully-paid ordinary class B shares in D&S Clinic (Orchard) from Dr. Loh to Unified Front in consideration of Unified Front allotting and issuing one share to Dr. Loh or his designated nominee credited as fully paid;

- (f) transfer form dated 27 March 2017 entered into between Dr. Ee and Unified Front in relation to the transfer of 50 issued and fully-paid ordinary class A shares and 50 issued and fully-paid ordinary class C shares in D&S Clinic (Orchard) from Dr. Ee to Unified Front in consideration of Unified Front allotting and issuing one share to Dr. Ee or his designated nominee credited as fully paid;
- (g) transfer form dated 27 March 2017 entered into between Dr. Kwah and Unified Front in relation to the transfer of 50 issued and fully-paid ordinary class A shares and 50 issued and fully-paid ordinary class D shares in D&S Clinic (Orchard) from Dr. Kwah to Unified Front in consideration of Unified Front allotting and issuing one share to Dr. Kwah or his designated nominee credited as fully paid;
- (h) transfer form dated 27 March 2017 entered into between Dr. Loh and Unified Front in relation to the transfer of 50 issued and fully-paid ordinary class A shares and 50 issued and fully-paid ordinary class B shares in D&S Clinic (Shenton) from Dr. Loh to Unified Front in consideration of Unified Front allotting and issuing one share to Mr. Loh or his designated nominee credited as fully paid;
- (i) transfer form dated 27 March 2017 entered into between Dr. Ee and Unified Front in relation to the transfer of 50 issued and fully-paid ordinary class A shares and 50 issued and fully-paid ordinary class C shares in D&S Clinic (Shenton) from Dr. Ee to Unified Front in consideration of Unified Front allotting and issuing one share to Dr. Ee or his designated nominee credited as fully paid;
- (j) transfer form dated 27 March 2017 entered into between Dr. Kwah and Unified Front in relation to the transfer of 50 issued and fully-paid ordinary class A shares and 50 issued and fully-paid ordinary class D shares in D&S Clinic (Shenton) from Dr. Kwah to Unified Front in consideration of Unified Front allotting and issuing one share to Dr. Kwah or his designated nominee credited as fully paid;
- (k) sale and purchase agreement dated 11 May 2017 entered into among Brisk Success, the Pre-IPO Investor, our Company, Dr. Loh, Dr. Ee and Dr. Kwah for the transfer of the entire issued shares of Unified Front from Brisk Success and the Pre-IPO Investor to our Company in consideration of our Company (i) allotting and issuing 89 Shares and 10 Shares to Brisk Success and the Pre-IPO Investor, respectively, credited as fully paid and the registration of the names of Brisk Success and the Pre-IPO Investor in the register of members of our Company and (ii) crediting as fully paid at par the one nil-paid Share issued to Brisk Success;
- (l) the Deed of Non-Competition;
- (m) the Deed of Indemnity; and
- (n) the Public Offer Underwriting Agreement.

2. Intellectual property

(a) Trademarks

As at the Latest Practicable Date, our Group has applied for registration of the following trademarks:

Trademark application number	Trademark	Applicant	Place of application	Class	Application Date
40201708345S		Dermatology & Surgery (Orchard) Pte. Ltd	Singapore	3, 5, 9, 16, 42 & 44	8 May 2017
40201708343Q		Dermatology & Surgery (Orchard) Pte. Ltd	Singapore	3, 5, 9, 16, 42 & 44	8 May 2017

(b) Domain name

As at the Latest Practicable Date, our Group had registered the following domain name:

Domain Name	Date of Registration	Expiry Date
www.dermclinic.com.sg	8 October 2013	8 October 2017

Our Group has applied for the renewal of our domain name.

Information contained in the above websites do not form part of this prospectus.

Save as disclosed above, there are no other trade or service marks, registered designs, patents or other intellectual or industrial property rights which are material to the business of our Group.

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

1. Interests and short positions of Directors and chief executive in the shares, underlying shares and debentures of our Company and its associated corporations

Immediately following completion of the Capitalisation Issue and the Share Offer and taking no account of any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, the interests and short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors to be notified to our Company and the Stock Exchange, will be as follows:

Name of Director	Capacity/nature of interest	Number of Shares	Approximate percentage of interest in our Company
Dr. Loh	Interest in controlled corporation <i>(Note 1)</i>	405,000,000 (long position)	67.5%
Dr. Ee	Interest in controlled corporation <i>(Note 2)</i>	405,000,000 (long position)	67.5%
Dr. Kwah	Interest in controlled corporation <i>(Note 3)</i>	405,000,000 (long position)	67.5%

Notes:

- (1) As Brisk Success is beneficially owned by Dr. Loh as to 33.33% and he was acting in concert with Dr. Ee and Dr. Kwah as to approximately 33.33% each, Dr. Loh is deemed to be interested in the Shares held by Brisk Success under the SFO.
- (2) As Brisk Success is beneficially owned by Dr. Ee as to 33.33% and he was acting in concert with Dr. Loh and Dr. Kwah as to approximately 33.33% each, Dr. Ee is deemed to be interested in the Shares held by Brisk Success under the SFO.
- (3) As Brisk Success is beneficially owned by Dr. Kwah as to 33.33% and he was acting in concert with Dr. Loh and Dr. Ee as to approximately 33.33% each, Dr. Kwah is deemed to be interested in the Shares held by Brisk Success under the SFO.

2. Interests and short positions of Substantial Shareholders in the shares, underlying shares and debentures of our Company and its associated corporations

Immediately following completion of the Capitalisation Issue and the Share Offer and taking into no account of any Shares which may be issued upon the exercise of any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, so far as it is known to the Directors, the following person, not being a Director or chief executive of our Company, will have an interest or short position in the Shares and underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name of Shareholder	Capacity/nature of interest	Number of Shares	Approximate percentage of interest in our Company
Brisk Success	Beneficial owner ^(Note 1)	405,000,000	67.5%
Ms. Fung Yuen Yee	Interest of spouse ^(Note 2)	405,000,000	67.5%
Ms. Chou Mei	Interest of spouse ^(Note 3)	405,000,000	67.5%
Ms. Grace Lim Wen Li	Interest of spouse ^(Note 4)	405,000,000	67.5%
Magic Wave Holdings Limited	Beneficial Owner	45,000,000	7.5%
Dr. Wong Chun Yu ^(Note 5)	Interested in controlled corporation	45,000,000	7.5%
Ms. Wong Oi Yee Amy ^(Note 5)	Interested of spouse	45,000,000	7.5%

Notes:

- The entire issued share capital of Brisk Success is legally and beneficially owned as to approximately 33.33% by Dr. Loh, Dr. Ee and Dr. Kwah respectively. Accordingly, Dr. Loh, Dr. Ee and Dr. Kwah are deemed to be interested in 405,000,000 Shares held by Brisk Success by virtue of the SFO. Dr. Loh, Dr. Ee and Dr. Kwah are executive Directors and are persons acting in concert and accordingly each of them is deemed to be interested in the Shares held by the others.
- Ms. Fung Yuen Yee, being the spouse of Dr. Loh, is deemed to be interested in all the Shares in which Dr. Loh is interested pursuant to the SFO.
- Ms. Chou Mei, being the spouse of Dr. Ee, is deemed to be interested in all the Shares in which Dr. Ee is interested in pursuant to the SFO.
- Ms. Grace Lim Wen Li, being the spouse of Dr. Kwah, is deemed to be interested in all the Shares in which Dr. Kwah is interested in pursuant to the SFO.
- Magic Wave Holdings Limited is wholly-owned by Dr. Wong Chun Yu and he is therefore deemed to be interested in the Shares held by Magic Wave Holdings Limited. Ms. Wong Oi Yee Amy, being the wife of Dr. Wong Chun Yu, is deemed to be interested in all the Shares that Dr. Wong Chun Yu is interested in pursuant to the SFO.

3. Directors

(a) Executive Directors

Each of our executive Directors has entered into a service agreement with our Company. The terms and conditions of each of such service agreements are similar in all material aspects. The remuneration of our Directors is determined based on the same basis and policies of the remuneration of our Directors during the Track Record Period and is determined with reference to of the relevant Director's experience, responsibility, workload and the time devoted to our Group and the prevailing market rate of comparable companies. Each service agreement is for an initial term of three years with effect from the Listing Date unless and until it is terminated by our Company or our Director giving to the other not less than three months' prior notice in writing. Under the service agreements, the initial annual salary payable to our executive Directors is as follows:

Name	S\$
Dr. Loh	240,000
Dr. Ee	240,000
Dr. Kwah	240,000

Each of our executive Directors is entitled to a discretionary bonus, the amount of which is determined with reference to the operating results of our Group as well as the duties, responsibilities and the performance of our executive Director and shall not in aggregate exceed 10% of the consolidated net profit of our Company for the relevant financial year. Each of our executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board regarding the amount of annual salary and discretionary bonus payable to himself.

(b) Independent non-executive Directors

Each of Mr. Wong Siu Ki, Mr. Ong Kian Guan and Mr. Cheung Kiu Cho Vincent, being all the independent non-executive Directors, has entered into a letter of appointment with our Company on 22 September 2017. Each letter of appointment is for an initial term of one year commencing from the Listing Date unless terminated by either party giving at least one month's notice in writing.

Name	HK\$
Mr. Cheung Kiu Cho Vincent	120,000
Mr. Ong Kian Guan	180,000
Mr. Wong Siu Ki	120,000

Save for the annual director's fees mentioned above, none of the independent non-executive Directors is entitled to receive any other remuneration for holding his office as an independent non-executive Director.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(c) Directors' remuneration

The aggregate of the remuneration (including salaries and allowance, if any) paid and benefits in kind granted by our Group to our Directors in respect of financial years end FY2015 and FY2016 and the three months ended 31 March 2017 was approximately S\$700,000, S\$576,000 and S\$144,000, respectively.

The remuneration of our Directors for the Track Record Period was determined by reference to their qualification, experience and duties and responsibilities with our Group and the prevailing market rate of comparable companies. The basic annual remuneration of our Directors was fixed within the range of such prevailing market rate in Singapore. During the Track Record Period, the Directors did not receive any bonus, save for Dr. Ee who received S\$125,000 in FY2015. The Directors, who are also shareholders of the Group, received dividends of S\$2.9 million for the FY2015 and S\$3.0 million for FY2016.

Under the arrangements currently in force, the aggregate emoluments (excluding any discretionary bonus, if any, payable to the Director) payable by our Group to and benefits in kind receivable by our Directors for the year ending 31 December 2017 is estimated to be approximately S\$644,000.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for the two years ended FY2015 and FY2016 and the three months ended 31 March 2017 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the years ended FY2015 and FY2016 and 1Q2017.

After Listing, our Company's remuneration committee will review and determine the remuneration and compensation packages of our Directors with reference to their responsibilities, workload, the time devoted to our Group and the performance of our Group. Our Directors may also receive options to be granted under the Share Option Scheme.

4. Remuneration of Directors

Our Company's policies concerning remuneration of our Directors are as follows:

- (a) the amount of remuneration is determined by the remuneration committee and on the basis of the relevant Director's experience, responsibility, workload and the time devoted to our Group and the prevailing market rate of comparable companies;

- (b) non-cash benefits may be provided to the executive Directors under their remuneration package; and
- (c) our Directors may be granted, at the discretion of our Board, options pursuant to the Share Option Scheme, as part of this remuneration package.

Further information in respect of our Directors' remuneration is set out in Appendix I to this prospectus.

Save as disclosed in Appendix I to this prospectus, none of our Directors received any remuneration or benefits in kind from our Group during the Track Record Period.

5. Agency fees or commissions received

Information on the agency fees or commissions payable to the Underwriters is set out in the section headed "Underwriting — Total commission, fee and expenses" of this prospectus.

Save as disclosed herein and in the section headed "Directors and Senior Management" and Appendix I to this prospectus, none of our Directors or experts (as named in the paragraph headed "E. Other information — 8. Consents of experts" in this Appendix) received or will be entitled to receive any commissions, discounts, brokerages or other special terms in connection with the issue of any Share of our Company within two years immediately preceding the date of this prospectus.

6. Related party transactions

During the two years immediately preceding the date of this prospectus, our Group engaged in related party transactions as described in Note 23 of Appendix I to this prospectus.

7. Disclaimers

Save as disclosed in this prospectus:

- (a) and taking no account of any Shares which may be taken up or acquired under the Share Offer or any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, our Directors are not aware of any person who immediately following completion of the Share Offer and the Capitalisation Issue will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other members of our Group;
- (b) none of our Directors or chief executive of our Company has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the GEM Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, an interest or short position in the shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will

have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules once the Shares are listed on the Stock Exchange;

- (c) none of our Directors nor the experts named in the paragraphs headed “E. Other information — 7. Qualifications of experts” and “E. Other information — 8. Consents of experts” below has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of our Group nor will any Director apply for Offer Shares either in his/her own name or in the name of a nominee;
- (d) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and
- (e) none of the experts named in the paragraph headed “7. Qualifications of experts” below has any shareholding in any company in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in our Group.

D. SHARE OPTION SCHEME

Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme, which was approved by written resolutions passed by all the Shareholders on 22 September 2017. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) Summary of terms

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by a resolution of all the Shareholders passed on 22 September 2017:

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

(ii) *Who may join and basis of eligibility*

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, including, where required under the GEM Listing Rules, the independent non-executive Directors) from time to time on the basis of the participant's contribution or potential contribution to the development and growth of our Group.

(iii) *Price of Shares*

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided that in the event of fractional prices, the subscription price per Share shall be rounded upwards to the nearest whole cent; and for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before Listing.

(iv) *Grant of options and acceptance of offers*

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.00.

(v) *Maximum number of Shares*

- (aa) Subject to sub-paragraphs (bb) and (cc) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the period commencing on the date on which the Share Option Scheme was conditionally adopted by all the Shareholders by way of written resolution and expiring at the close of business on the Business Day immediately preceding the tenth anniversary thereof (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 60,000,000 Shares (or such numbers of Shares as shall result from a subdivision or a consolidation of such 60,000,000 Shares from time to time) to the participants under the Share Option Scheme.

- (bb) The 10% limit as mentioned above may be refreshed at any time by obtaining approval of our Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our Shareholders containing the information as required under the GEM Listing Rules in this regard.
- (cc) Our Company may seek separate approval by our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the GEM Listing Rules.
- (dd) The maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not, in aggregate, exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company, if this will result in the limit being exceeded.

(vi) *Maximum entitlement of each participant*

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme of our Company, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates abstaining from voting. In such event, our Company must send a circular to our Shareholders containing the identity of the participants and his close associates, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted to such grantee must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(vii) Grant of options to certain connected persons

- (aa) Any grant of options to a Director, chief executive or substantial shareholder of our Company or any of their respective associates must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (bb) Where any grant of options to a substantial Shareholder or an independent non-executive Director or any of their respective associates will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme (including options exercised, cancelled and outstanding) and any other share option schemes of our Company to such person in any 12-month period up to and including the date of grant:
 - (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5.0 million, such further grant of options is required to be approved by Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to our Shareholders containing all information as required under the GEM Listing Rules in this regard. The grantee, his associate and all core connected persons of our Company shall abstain from voting (except where any of such person intends to vote against the proposed grant and his/her intention to do so has been stated in the aforesaid circular). Any change in the terms of an option granted to a substantial shareholder or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders in the aforesaid manner.

(viii) Restrictions on the times of grant of options

- (aa) No offer for the grant of options may be made after any inside information has come to the knowledge of our Group until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. No option may be granted during the period commencing one month immediately preceding the earlier of:
 - (i) the date of the Board meeting (such date to first be notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and

- (ii) the deadline for our Company to publish an announcement of the results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules).
- (bb) Further to the restrictions in paragraph (aa) above, no option may be granted to a Director on any day on which financial results of our Company are published and:
- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (ii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(ix) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.

(x) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(xi) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option (where the grantee is a company, any change of its major shareholder or any substantial change in its management as determined by the Board at its sole discretion will be deemed to be a sale or transfer of interest as aforesaid, if so determined by the Board at its sole discretion). Any breach of these restrictions will automatically render the options lapsed.

(xii) Rights on cessation of employment by death

In the event of the death of the grantee before the exercise of the option in full (provided that none of the events which would be a ground for termination of employment referred to in (xiii) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his/her death provided that where any of the events referred to in (xvii), (xviii) and (xix) occurs prior to his/her death or within such period of 6 months following his/her death, then his/her legal personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(xiii) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date of grant and he/she subsequently ceases to be an employee of our Group by reason of a termination of his/her employment on any one or more of the grounds that he/she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his/her option shall lapse automatically (to the extent not already exercised) on the date of cessation of his/her employment with our Group.

(xiv) Rights on cessation of employment for other reasons

In the event that the grantee is an employee of our Group at the date of grant and he/she subsequently ceases to be an employee of our Group for any reason other than his/her death or the termination of his/her employment on one or more of the grounds specified in (xiii) above, the option (to the extent not already exercised) shall lapse on the expiry of three months after the date of cessation of such employment (which date will be the last actual working day with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

(xv) Effects of alterations to share capital Rule 23.03(13)

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which our Company is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised, and/or the subscription prices of any unexercised option, as the auditors for the time being of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable and in compliance with the relevant

provisions of the GEM Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification is required in case of adjustment made on a capitalisation issue), provided that any alteration shall give a grantee, as near as possible, the same proportion of the issued share capital of our Company as that to which he/she/it was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(xvi) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all our Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/ or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, where permitted under (xii) above, his/her legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(xvii) Rights on winding-up

In the event a notice is given by our Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, where permitted under (xii) above, his legal personal representative(s)) shall be entitled to exercise all or any of his/her options at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(xviii) Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and our Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to our Shareholders or the creditors of our Company to consider such a compromise or arrangement and the options (to the extent not already exercised) shall become exercisable in whole or in part on such date not later than two business days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (the "Suspension Date"), by giving notice in writing to our Company accompanied by a

remittance for the full amount of the aggregate subscription price of the Shares in respect of which the notice is given together with reasonable administration fee specified by our Company from time to time and whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the business day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of our Company or any of its officers.

(xix) Lapse of options

Subject to paragraph (xiii) above, an option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (aa) the expiry of the period referred to in paragraph (ix) above;
- (bb) the date on which the Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (xi);
- (cc) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (xii), (xiv), (xvi), (xvii) or (xviii) above;
- (dd) subject to paragraph (xvii) above, the date of the commencement of the winding-up of our Company;
- (ee) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;

- (ff) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or
- (gg) subject to the compromise or arrangement as referred to in paragraph (xviii) becoming effective, the date on which such compromise or arrangement becomes effective.

(xx) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

(xxi) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on which the Share Option Scheme was adopted and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by our Shareholders in general meeting.

(xxii) Alteration to the Share Option Scheme

- (aa) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options and the prospective grantees of the options relating to matters governed by Rule 23.03 of the GEM Listing Rules shall not be made except with the prior approval of our Shareholders in general meeting.
- (bb) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by our Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (cc) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of the GEM Listing Rules.

(xxiii) Termination of the Share Option Scheme

If any of the below (xxiv) conditions are not satisfied on or before the expiry of three (3) months after the date on which the Share Option Scheme was conditionally adopted by the shareholders by way of written resolution (or such later date as the

Shareholders may agree), the Share Option Scheme shall forthwith terminate and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(xxiv) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon the passing of the necessary resolution to adopt the Share Option Scheme by the Shareholders in general meeting and upon the Listing Division granting the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme and commencement of dealings in the Shares on the Stock Exchange.

(b) Present status of the Share Option Scheme

Application has been made to the Listing Division for the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Estate duty/other indemnity

Our Directors have been advised that no material liability for estate duty in Hong Kong is likely to fall on our Company or any of its subsidiaries.

Dr. Loh, Dr. Ee and Dr. Kwah and Brisk Success (collectively, the “**Indemnifiers**”) also have, under the terms of a Deed of Indemnity, given joint and several indemnities to our Group in respect of, among other things, any amount which any member of our Group becomes liable to pay after the date of the Deed of Indemnity being:

- (a) any duty which is or hereafter becomes payable by any member of our Group by virtue of section 35 of the Estate Duty Ordinance, or under the provisions of section 43 of the Estate Duty Ordinance by reason of the death of any person and by reason of the assets of our Group members;
- (b) any amount recovered against any member of our Group under provisions of section 43(7) of the Estate Duty Ordinance in respect of any duty payable under section 43(1)(c) or 43(6) of the Estate Duty Ordinance by reason of the death of any person and by reason of the assets of our Group members;

- (c) any amount of duty which any member of our Group is obliged to pay by virtue of section 43(1)(c) of the Estate Duty Ordinance;
- (d) any taxation which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or up to the Listing Date; and
- (e) any and all expenses, payments, sums, outgoings, fees, demands, claims, actions, proceedings, judgments, damages, losses, costs (including but not limited to legal and other professional costs), charges, liabilities, fines, penalties (“Costs”) in connection with any failure, delay or defects of corporate or regulatory compliance under, or any breach of any provision of, the predecessor Companies Ordinance (which took effect before 3 March 2014), the Companies Ordinance or any other applicable laws, rules or regulations or tenancy agreements on or before the date on which the Share Offer becomes unconditional.

The Deed of Indemnity does not however cover any claim and the Indemnifiers shall be under no liability in respect of any taxation or liability:

- (a) to the extent that provision has been made for such taxation in the audited combined accounts of any members of our Group for the two financial years ended FY2016 and 1Q2017 and the audited accounts of D&S Clinic, D&S Clinic (Orchard) and D&S Clinic (Shenton) for each FY2016 and 1Q2017;
- (b) such taxation or liability would not have arisen but for any act or omission by any member of our Group voluntarily effected without the prior written consent or agreement of the Indemnifiers (such consent or agreement not to be unreasonably withheld or delayed) and otherwise than in the ordinary course of business after the Listing Date;
- (c) the taxation arises or is incurred as a result of any retrospective change in law or the interpretation or practice thereof and/or a retrospective increase of tax rates coming into force after the Listing Date;
- (d) such taxation or liability for which any member of our Group is primarily liable as a result of transactions entered into in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the Listing Date; and
- (e) provision or reserve made for such taxation in the audited combined accounts of any members of our Group for FY2016 and 1Q2017 and the audited accounts of D&S Clinic, D&S Clinic (Orchard) and D&S Clinic (Shenton) for each of FY2016 and 1Q2017 is established to be an over-provision or an excessive reserve.

In addition, pursuant to the Deed of Indemnity, the Indemnifiers have agreed and undertaken to jointly and severally indemnify our Company and members of our Group and at all times keep the same indemnified on demand from and against:

- (a) any and all Costs which our Company or any member of our Group may incur, suffer or accrue, directly or indirectly, from or on the basis of or in connection with any actual litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings whether of criminal, administrative, contractual, tortious nature or otherwise instituted by or against our Company and/or any member of our Group arising from (i) any act, non-performance, omission or otherwise of the Company or any of the Group Members on or before the Listing Date and (ii) any claims of medical negligence, claims in tort and any claims against our Company or any of our Group as a result of actions of the Indemnifiers on or before the Listing Date; and
- (b) all direct losses and damages that we may suffer as a result of any alleged or actual violation or any breach of non-compliance incidents by any member of our Group with any laws and regulations in Singapore on or before the Listing Date.

2. *Litigation*

Save as disclosed herein, neither our Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against our Company or any of its subsidiaries.

3. *Sole Sponsor*

The Sole Sponsor has made an application for and on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including the Offer Shares and any Shares which may fall to be allotted and issued pursuant to (a) the Capitalisation Issue; and (b) the exercise of options which may be granted under the Share Option Scheme.

The Sole Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under rule 6A.07 of the GEM Listing Rules.

Our Company has entered into an agreement with the Sole Sponsor, pursuant to which our Company agreed to pay HK\$4.5 million to the Sole Sponsor to act as the sponsor to our Company for purposes of the Share Offer. The Sole Sponsor is also entitled to receive a bonus of 1% of the aggregate Offer Price payable for the Offer Shares.

4. *Compliance adviser*

In accordance with the requirements of the GEM Listing Rules, our Company has appointed LY Capital Limited as its compliance adviser to provide consultancy services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with the GEM Listing Rules in respect of its financial results for the second full financial year ending commencing after the Listing Date.

5. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company were approximately HK\$43,000 and were payable by the Company.

6. Promoter

Our Company has no promoter.

7. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

Name	Qualification
LY Capital Limited	A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified public accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Frost & Sullivan International Limited	Industry consultant to our Company
Rajah & Tann Singapore LLP	Legal adviser to our Company as to Singapore law
Moore Stephens Advisory Services Limited	Internal control consultant

8. Consents of experts

Each of LY Capital Limited, Deloitte Touche Tohmatsu, Conyers Dill & Pearman, Frost & Sullivan International Limited, Rajah & Tann Singapore LLP and Moore Stephens Advisory Services Limited has given and have not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their letters, reports, opinions and/or references to their names (as the case may be) in the form and context in which they respectively appear.

None of LY Capital Limited, Deloitte Touche Tohmatsu, Conyers Dill & Pearman, Frost & Sullivan International Limited, Rajah & Tann Singapore LLP and Moore Stephens Advisory Services Limited has any shareholding interest in any members of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of our Group.

9. Binding Effect

This prospectus shall have the effect, if application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Taxation of holders of Shares

(a) Hong Kong

(i) Profits

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

(ii) Stamp duty

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of shares.

(iii) Estate duty

Estate duty has been abolished in Hong Kong by The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006. The estate of a person who died before 11 February 2006 is subject to the provisions of the Estate Duty Ordinance (Chapter 111, Laws of Hong Kong), and the Shares are Hong Kong property for this purpose. The estate duty chargeable in respect of estates of persons dying between the transitional period from and including 15 July 2005 to 11 February 2006 with value exceeding HK\$7.5 million shall be a nominal amount of HK\$100. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of shares whose death occurs on or after 11 February 2006.

(b) Cayman Islands

Under the Cayman Islands law currently in force, no stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) *Consultation with professional advisers*

Intending holders of the Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares or exercising rights attaching to them. It is emphasised that none of the Company, our Directors or the other parties involved in the Share Offer will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

11. Miscellaneous

(a) Save as disclosed herein:

- (i) Within the two years immediately preceding the date of this prospectus:
 - (aa) no share or loan capital of the Company or of any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash; and
 - (bb) no commissions, discounts, brokerages (other than under the Underwriting Agreement) or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries.
- (ii) No share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (iii) Our Directors confirm there has been no material adverse change in the financial position or trading position or prospects of our Group since 31 March 2017.
- (iv) Our Company has no founders shares, management shares or deferred shares.
- (v) None of the equity and debt securities of our Company is listed or dealt with on any other stock exchange nor is any listing or submission to deal being or proposed to be sought.
- (vi) None of our Directors nor any of the persons whose names are listed in paragraph headed “E. Other information — 7. Qualifications of experts” in this Appendix has received any commissions, discounts, agency fees, brokerages or other special terms in connection with the issue or sale of any share or loan capital of any member of our Group.
- (vii) There has not been any interruption in the business of our Company which may have or has had a significant effect on the financial position of our Company in the 24 months preceding the date of this prospectus.
- (viii) All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

- (b) Subject to the provisions of the Companies Law, the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents of title of the Shares must be lodged for registration with and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

12. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of **WHITE** and **YELLOW** Application Forms; (ii) the written consents referred to in the section headed “Statutory and General Information — E. Other information — 8. Consents of experts” in Appendix IV to this prospectus and (iii) copies of the material contracts referred to in the section headed “Statutory and General Information — B. Further information about the business of our Group — 1. Summary of material contracts” in Appendix IV to this prospectus.

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Robertsons, at 57th Floor, The Center, 99 Queen’s Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

1. the Memorandum and Articles of Association of our Company;
2. the Accountants’ Report of our Group dated 29 September 2017 prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;
3. the consolidated financial statements of Unified Front Limited and its subsidiaries for two years ended 31 December 2016 and three months ended 31 March 2017;
4. the report dated 29 September 2017 on the unaudited pro forma financial information of our Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;
5. the statement of adjustment made by Deloitte Touche Tohmatsu in arriving at the figures set forth in Appendix I to this prospectus;
6. the rules of our Share Option Scheme;
7. the letter prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands Companies Law referred to in Appendix III to this prospectus;
8. the Industry Report;
9. the report prepared by Moore Stephens Advisory Services Limited;
10. the legal opinion issued by Rajah & Tann Singapore LLP;
11. the Companies Law;
12. the material contracts referred to in the paragraph headed “Statutory and General Information — B. Further information about the business of our Group — 1. Summary of material contracts” in Appendix IV to this prospectus;
13. the written consents referred to in the paragraph headed “Statutory and General Information — E. Other information — 8. Consents of experts” in Appendix IV to this prospectus; and

14. the service contracts and letters of appointment referred to in the paragraph headed “Statutory and General Information — C. Further information about Directors, management and substantial shareholders — 3. Directors” in Appendix IV to this prospectus.

RMH Holdings Limited
德斯控股有限公司