

IAG Holdings Limited

迎宏控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8513

SHARE OFFER

Sole Sponsor



富強金融資本
FORTUNE FINANCIAL CAPITAL

Sole Bookrunner



**Pacific
Foundation**

Joint Lead Managers



**Pacific
Foundation**



一通
i-access.com



雅利多證券
ARISTO SECURITIES LIMITED

Co-Manager



中國泛海證券
OCEANWIDE SECURITIES

IMPORTANT

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

IAG Holdings Limited 迎宏控股有限公司

(Incorporated in the Cayman Islands with limited liability)

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

| | |
|-------------------------------|---|
| Number of Offer Shares | : 100,000,000 Shares |
| Number of Public Offer Shares | : 10,000,000 Shares (subject to reallocation) |
| Number of Placing Shares | : 90,000,000 Shares (subject to reallocation) |
| Offer Price | : Not more than HK\$0.70 per Offer Share and expected to be not less than HK\$0.60 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 | : 8513 |

Sole Sponsor



Sole Bookrunner



Joint Lead Managers



Co-Manager



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 paragraph "Documents Delivered to the Registrar of Companies and Available for Inspection – Documents delivered to the Registrar of Companies" in Appendix V to 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 of Hong Kong 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 determined by the Price Determination Agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) on the Price Determination Date, which is expected to be on or around Thursday, 4 January 2018 (Hong Kong time) or such later date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), but in any event no later than Monday, 15 January 2018. The Offer Price will be not more than HK\$0.70 per Offer Share and is expected to be not less than HK\$0.60 per Offer Share unless otherwise announced. Investors applying for the Public Offer Shares must pay on application the maximum Offer Price of HK\$0.70 for each Offer Share together with the brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange of 0.005% subject to refund if the final Offer Price is lower than HK\$0.70. The indicative Offer Price range and/or the number of Offer Shares stated in this prospectus may be reduced by the agreement between us and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) at any time prior to the morning of the last day for lodging applications under the Share Offer. If this occurs, notice of reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the Stock Exchange's website at www.hkexnews.hk and our website at www.inzign.com.

Prior to making an investment decision, prospective investors should carefully consider all the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" of this prospectus. Prospective investors of the Offer Shares should note that the Sole Bookrunner (for itself and on behalf of the other Underwriters) is entitled to terminate their obligations under the Underwriting Agreements by notice in writing to us given by the Sole Bookrunner (for itself and on behalf of the other Underwriters), upon the occurrence of any of the events set forth under the section headed "Underwriting – Underwriting Arrangements and Expenses – Public Offer – Grounds for termination" of this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, but without limitation to, any act of God, war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, terrorism, strike or lock-out.

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 gazette newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at www.hkexnews.hk in order to obtain up-to-date information on companies listed on GEM.

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Share Offer, we will issue an announcement on the website of our Company at www.inzign.com and the website of the Stock Exchange at www.hkexnews.hk.

Date^(Note 1)

Public Offer commences and **WHITE** and **YELLOW**

Application Forms be available from 9:00 a.m. on Friday, 29 December 2017

Latest time to complete electronic applications under

the **HK eIPO White Form** service through the

designated website at www.hkeipo.hk^(Note 2) 11:30 a.m. on Thursday, 4 January 2018

Application lists for the Public Offer open^(Note 3) 11:45 a.m. on Thursday, 4 January 2018

Latest time for lodging **WHITE** and **YELLOW**

Application Forms and giving **electronic application**

instructions to HKSCC^(Note 4) 12:00 noon on
Thursday, 4 January 2018

Latest time to complete payments for

HK eIPO White Form applications by effecting

internet banking transfer(s) 12:00 noon on Thursday, 4 January 2018

Application lists of the Public Offer close^(Note 3) 12:00 noon on Thursday, 4 January 2018

Expected Price Determination Date on or before^(Note 5) Thursday, 4 January 2018

Announcement of the (i) the Offer Price; (ii) the indications of the level of interest in the Placing; (iii) the level of applications in the Public Offer; (iv) the basis of allotment of the Public Offer Shares under the Public Offer; and (v) the number of Offer Shares reallocated, if any, between the Public Offer and the Placing to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.inzign.com on or before

12:00 noon on
Thursday, 18 January 2018

Announcement of results of allocations in the Public Offer

(with successful applicants' identification document numbers, where applicable) to be available through a variety of channels as described in the section headed "How to Apply for the Public Offer Shares – 11. Publication of Results" in this prospectus from

12:00 noon on
Thursday, 18 January 2018

EXPECTED TIMETABLE

Results of allocations in the Public Offer

will be available at www.tricor.com.hk/ipo/result

with a “search by ID” function from 12:00 noon on
Thursday, 18 January 2018

Despatch/collection of share certificates or deposit

of share certificates into CCASS in respect of

wholly or partially successful applications pursuant to

the Public Offer on or before^(Notes 7 and 8) Thursday, 18 January 2018

Despatch/collection of **HK eIPO White Form e-Auto Refund**

payment instructions and refund cheques in respect of

wholly or partially successful applications pursuant to

the Public Offer on or before^(Notes 9) Thursday, 18 January 2018

Dealings in the Shares on GEM to commence at 9:00 a.m. on Friday, 19 January 2018

Notes:

1. All times and dates refer to Hong Kong local times and dates, except as otherwise stated. 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. You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your applications and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application money) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. 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 Thursday, 4 January 2018, the application lists will not open and close on that day. Further information is set out in “How to Apply for the Public Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists” of this prospectus. If the application lists do not open and close on Thursday, 4 January 2018, the dates mentioned in this section headed “Expected Timetable” may be affected. An will be made by us in such event on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.inzign.com.
4. Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to “How to Apply for the Public Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS” of this prospectus for details.
5. The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or around Thursday, 4 January 2018 or such later date as may be agreed between the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company. If the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company are unable to reach any agreement on the Offer Price by that date or such later date as may be agreed between the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company, the Share Offer will not proceed and will lapse.
6. None of the website or any information contained on that website forms part of this prospectus.

EXPECTED TIMETABLE

7. Applicants who apply for 1,000,000 or more Public Offer Shares and have provided all information required in their Application Forms that they may collect Share certificates (if applicable) and refund cheques (if applicable) in person may do so from our 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, 18 January 2018 or any other date notified by us as the date of despatch of Share certificates/e-Auto Refund payment instructions/refund cheques. Applicants being individuals who opt for personal collection must not authorise any other person to make their collection on their behalf. Applicants being corporations who opt for personal collection must attend by sending their authorized representatives each bearing a letter of authorisation from his corporation stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar. Applicants who have applied on **YELLOW** Application Forms may not elect to collect their Share certificates, which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to the section headed "How to Apply for the Public Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.
8. Share certificates will only become valid at 8:00 a.m. on Friday, 19 January 2018 provided that the Share Offer has become unconditional in all respects and none of the Underwriting Agreements has been terminated in accordance with their respective terms. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.
9. e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and also in respect of successful applications in the event that the Offer Price is less than the initial price per Offer Share payable on application. 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 would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in "How to apply for the Public Offer Shares" in this prospectus.

Applicants who apply through the **HK eIPO White Form** service and paid their applications monies through single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Auto Refund payment instructions. Applicants who apply through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **HK eIPO White Form** Services Provider, in the form of refund cheques, by ordinary post at their own risk.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company 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. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other party involved in the Share Offer 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 Joint Lead Managers, the Co-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.inzign.com do not form part of this prospectus.

| | <i>Page</i> |
|--|-------------|
| Characteristics of GEM | i |
| Expected Timetable | ii |
| Contents | v |
| Summary | 1 |
| Definitions | 11 |
| Glossary | 21 |
| Forward-looking Statements | 23 |
| Risk Factors | 24 |
| Information about this Prospectus and the Share Offer | 40 |
| Directors and Parties Involved in the Share Offer | 43 |
| Corporate Information | 46 |
| Industry Overview | 48 |
| Regulatory Overview | 60 |

CONTENTS

| | |
|--|-------|
| History, Reorganisation and Group Structure | 77 |
| Business | 86 |
| Directors and Senior Management | 134 |
| Substantial Shareholders | 148 |
| Relationship with our Controlling Shareholders | 150 |
| Financial Information | 153 |
| Future Plans and Use of Proceeds | 191 |
| Share Capital | 199 |
| Underwriting | 202 |
| Structure and Conditions of the Share Offer | 211 |
| How to apply for the Public Offer Shares | 217 |
| Appendix I – Accountant’s Report | I-1 |
| Appendix II – Unaudited Pro Forma Financial Information | II-1 |
| Appendix III – Summary of the Constitution of the Company and 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 contract manufacturer based in Singapore that specialises in the manufacture and sale of injection molded plastic parts for disposable medical devices and the provision of tooling services. An injection molded plastic part is one of many plastic components that form a medical device and is produced by plastic resins via an injection molding process. For more information on our injection molding process, please refer to the section headed “Business – Production – Injection molding process” in this prospectus. Tooling services are the services provided for the fabrication of mold to be used in the injection molding process. Molded plastic parts could be further categorised as (i) a component part or (ii) an assembly of plastic parts assembled into a sub-assembly product. The injection molded plastic parts are made for a range of medical uses such as, among others, respiratory products, dialysis products, blood bags products, drug delivery products and diagnostic tools.

Established in 1981, we have established ourselves as a trusted contract manufacturer for major international healthcare and medical device companies. Our Group has been in a growing stage and has now expanded our business size and diversified our customer base in which more products were sold at higher gross profit margins and in turn, generated net profit in the Track Record Period. We believe our Group’s success has been a result of our quality assurance standards, our in-depth industry experience and our specialised and efficient production capability. According to the Euromonitor Report, our Group is ranked seventh among the companies operating in Singapore in 2016 that have generated revenue from medical device sector within the precision engineering industry. We believe that we have established a reputation in the industry of producing high quality injection molded parts for disposable medical devices and possess production knowhow that allows us to meet the strict requirements of our customers, which positions us to further develop new capabilities and new markets.

Our revenue from (i) the manufacture and sale of injection molded plastic parts for disposable medical devices; and (ii) the provision of tooling services for the two years ended 31 December 2016 and the six months ended 30 June 2017 is as follows:

| Product type | Year ended 31 December | | | | Six months ended 30 June | | | |
|---|------------------------|---------------------|---------------|---------------------|--------------------------|---------------------|---------------|---------------------|
| | 2015 | As % of total sales | 2016 | As % of total sales | 2016 | As % of total sales | 2017 | As % of total sales |
| | S\$’000 | | S\$’000 | | S\$’000 | | S\$’000 | |
| Manufacture and sale of injection molded plastic parts for disposable medical devices (Note) | 17,238 | 97.5 | 18,535 | 97.5 | 9,000 | 98.4 | 9,880 | 94.2 |
| Provision of tooling services | 442 | 2.5 | 481 | 2.5 | 142 | 1.6 | 608 | 5.8 |
| Total | <u>17,680</u> | <u>100.0</u> | <u>19,016</u> | <u>100.0</u> | <u>9,142</u> | <u>100.0</u> | <u>10,488</u> | <u>100.0</u> |

Note: Includes revenue from sourcing and sale of component parts.

SUMMARY

The below table is a breakdown of the number of units of injection molded plastic parts for disposable medical devices manufactured and average selling price during the Track Record Period:

| | Year ended 31 December | | | | Six months ended 30 June | | | |
|--|------------------------|-----------------------|------------------------|-----------------------|--------------------------|-----------------------|------------------------|-----------------------|
| | 2015 | | 2016 | | 2016 | | 2017 | |
| | Units | Average selling price | Units | Average selling price | Units | Average selling price | Units | Average selling price |
| | <i>thousand pieces</i> | <i>S\$/piece</i> | <i>thousand pieces</i> | <i>S\$/piece</i> | <i>thousand pieces</i> | <i>S\$/piece</i> | <i>thousand pieces</i> | <i>S\$/piece</i> |
| Manufacture and sale of injection molded plastic parts for disposable medical devices | 261,537 | 0.066 | 284,690 | 0.065 | 132,816 | 0.068 | 146,584 | 0.064 |

The table below is a breakdown of our revenue during the Track Record Period by geographical regions:

| Location | Year ended 31 December | | | | Six months ended 30 June | | | |
|----------------------------------|------------------------|---------------------|----------------------|---------------------|--------------------------|---------------------|----------------------|---------------------|
| | 2015 | As % of total sales | 2016 | As % of total sales | 2016 | As % of total sales | 2017 | As % of total sales |
| | <i>S\$'000</i> | | <i>S\$'000</i> | | <i>S\$'000</i> | | <i>S\$'000</i> | |
| Asia (Note 1) | 12,273 | 69.4 | 13,294 | 69.9 | 6,614 | 72.3 | 6,844 | 65.3 |
| Europe (Note 2) | 5,407 | 30.6 | 5,687 | 29.9 | 2,528 | 27.7 | 3,609 | 34.4 |
| Others (Note 3) | – | – | 35 | 0.2 | – | – | 35 | 0.3 |
| Total | <u>17,680</u> | <u>100.0</u> | <u>19,016</u> | <u>100.0</u> | <u>9,142</u> | <u>100.0</u> | <u>10,488</u> | <u>100.0</u> |

Notes:

- (1) Asia comprises Singapore, Indonesia, India and Vietnam.
- (2) Europe comprises Ireland and Germany.
- (3) Others comprises Brazil and United States.

Our cost of sales mainly comprises cost of materials, direct labour, and other direct costs. Our cost structure remained stable over the Track Record Period. For the two years ended 31 December 2016 and each of the six months ended 30 June 2016 and 2017, our cost of materials accounted for approximately 55.3%, 58.5%, 58.8% and 61.2%, respectively, while our direct labour accounted for approximately 22.3%, 21.7%, 20.3% and 17.2%, respectively, of our total cost of sales.

The below table is a breakdown of our gross profit and gross profit margin by geographical location during the Track Record Period:

| | Year ended 31 December | | | | Six months ended 30 June | | | |
|----------------------------------|------------------------|---------------------|---------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2015 | | 2016 | | 2016 | | 2017 | |
| | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin |
| | <i>S\$'000</i> | % | <i>S\$'000</i> | % | <i>S\$'000</i> | % | <i>S\$'000</i> | % |
| Asia (Note 1) | 1,373 | 11.2 | 2,121 | 15.6 | 872 | 13.2 | 755 | 11.0 |
| Europe (Note 2) | 2,264 | 41.9 | 2,429 | 42.7 | 978 | 38.7 | 1,311 | 36.3 |
| Others (Note 3) | – | – | 16 | 42.3 | – | – | 14 | 40.9 |
| Total | <u>3,637</u> | <u>20.6</u> | <u>4,566</u> | <u>24.0</u> | <u>1,850</u> | <u>20.2</u> | <u>2,080</u> | <u>19.8</u> |

SUMMARY

Notes:

- (1) Asia comprises Singapore, Indonesia, India and Vietnam.
- (2) Europe comprises Ireland and Germany.
- (3) Others comprises Brazil and United States.

The below table is the gross profit and gross profit margins by component parts and sub-assembly parts during the Track Record Period:

| | Year ended 31 December | | | | Six months ended 30 June | | | |
|-------------------------------|------------------------|---------------------------|-----------------|---------------------------|--------------------------|---------------------------|-----------------|---------------------------|
| | 2015 | | 2016 | | 2016 | | 2017 | |
| | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin |
| | <i>S\$'000</i> | % | <i>S\$'000</i> | % | <i>S\$'000</i> | % | <i>S\$'000</i> | % |
| Component parts . . . | 1,412 | 12.5 | 2,185 | 18.1 | 840 | 14.0 | 959 | 14.4 |
| Sub-assembly parts . . | 2,225 | 34.9 | 2,381 | 34.2 | 1,010 | 32.3 | 1,121 | 29.3 |
| Total | 3,637 | 20.6 | 4,566 | 24.0 | 1,850 | 20.2 | 2,080 | 19.8 |

Our Group has two production bases which are in Singapore and Batam, Indonesia. Our Singapore production base is well-equipped with specialised production facilities for medical devices, including Class 10,000 and Class 100,000 clean rooms installed with equipment for injection molding and assembling of plastic parts. Our Batam production base has a Class 100,000 clean room facility.

CUSTOMERS

During the Track Record Period, our customers comprised primarily of MNC medical device companies, many of whom we have maintained over 10 years of business relationships with. Four of our top five customers during the Track Record Period are publicly traded MNCs. According to the Euromonitor Report, two of our MNC customers are considered as top 20 global medical device players. For the two years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, our five largest customers accounted for approximately 99.8%, 99.7% and 97.5%, respectively, of our total turnover. Our Group's largest customer accounted for approximately 38.7%, 48.5% and 46.9%, respectively, of our total turnover for the corresponding period. During the Track Record Period, we have manufactured injection molded parts for certain top five customers which in total accounted for over 90% of our revenue. We manufacture injection molded parts for these customers based on monthly orders and if any of these customers ceases to engage us in manufacturing injection molded parts, this may have an adverse effect on our Group's financials. Please refer to the risk factors set out in the section headed "Risk Factors" in this prospectus.

SUPPLIERS

The principal raw materials used to manufacture the injection molded parts are resin, plastic and metal parts and packaging materials. We source raw materials from suppliers that are on our approved list of suppliers and through suppliers designated by our customers or from the customers themselves, which we believe is in line with market practice. For the two years ended 31 December 2016 and the six months ended 30 June 2017, we sourced raw materials from 16, 16 and 17 suppliers, respectively. Details of the arrangements with suppliers that are also our customers are set out in the section headed "Business – Entities Who are Our Customers and also Our Suppliers" in this prospectus.

PRICING POLICY

For our manufacturing services, we generally determine our pricing on a cost-plus basis taking into consideration factors such as technical requirements and timing for the production, expected production

SUMMARY

and sales volume, market conditions and our Group's expected profit margins. Generally for products that require value-added services such as requiring assembly services, we are able to price our services higher.

For our tooling services, we generally determine our prices on a cost plus basis taking into consideration, among other things, the type of customer and complexity of the mold.

MARKET AND COMPETITION

According to the Euromonitor Report, the global consumer expenditure on health goods and medical services reached approximately US\$4.3 trillion in 2016 achieving a healthy growth of approximately 3.3% CAGR between 2012 and 2016. Further, it is estimated that the global consumer expenditure in the health goods and medical services industry will continue to grow at a CAGR of approximately 4.8% from 2017 to 2021 to approximately US\$5.4 trillion. Further, according to the Euromonitor Report, contract manufacturing will remain as the globally accepted supply chain practice, given the pressure on medical device companies to reduce costs thus offering opportunities for the contract manufacturers to capture a larger share, in particular, for those that have already been the qualified suppliers to medical device companies.

According to the Euromonitor Report, in 2016 there are approximately 2,700 precision engineering companies within Singapore. We believe that an injection molding contract manufacturer having the ability to provide consolidated services ranging from product design to product implementation (integration, assembly and packaging) will likely to be more competitive in a crowded market. According to the Euromonitor Report, consolidation is key on both the manufacturing and medical device owner side as quality assurance and control, as well as costs are harder to monitor with a fragmented supply chain. For further information on the industry in which we operate, please refer to the section headed "Industry Overview" in this prospectus.

COMPETITIVE STRENGTHS

We believe the following competitive strengths will position us to achieve sustainable growth: (i) our operations are established with a strong focus on stringent quality assurance and cost efficiency; (ii) we have Class 10,000 and Class 100,000 clean room production facilities that meet international standards; (iii) we have a strong international customer base of leading medical device companies; (iv) our production facilities are strategically located in Singapore and Batam, Indonesia; and (v) we have an experienced, dedicated and capable management with proven track record. You may refer to the section headed "Business – Our Strengths" of this prospectus for more details.

GOVERNMENT GRANTS

During the Track Record Period, we received government support in the form of government grants to develop our Group's operations. For the two years ended 31 December 2016 and the six months ended 30 June 2017, the total amount of reimbursement from government grants was approximately S\$256,000, S\$162,000 and S\$58,000, respectively. These grants included one from IE Singapore, two grants from SPRING Singapore and the remaining from other government entities. Further details on our grants received is set out in the section headed "Business – Government Grants" in this prospectus.

RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our Group's control. Our Group has categorised these risks and uncertainties into: (i) risks relating to the business; (ii) risks relating to the industry in which we operate; (iii) risks relating to the Share Offer; and (iv) risks relating to the statements made in this prospectus and from other sources. The following highlights some of the risks which are considered to be material by our Directors:

SUMMARY

- Our business is significantly dependent on several of our major customers' business performance and our relationship with them, and we may be unable to attract or be successful in attracting new customers
- We may be unable to price our molded plastic parts at our desired margins as a result of any decrease in our bargaining power or changes in market conditions
- If our production facility, production processes or molded plastic parts fail to meet the required quality standards, it could harm our business and reputation, and our turnovers and profitability could be materially and adversely affected
- We are subject to risks relating to the operation of our production facilities
- A significant portion of our workforce is made up of foreign labour and any difficulties in recruiting and/or retaining foreign labour could materially and adversely affect our operations and financial performance

KEY FINANCIAL INFORMATION AND OPERATIONAL DATA

The following is a summary of our combined financial information during the Track Record Period, which has been extracted from the Accountant's Report in Appendix I to this prospectus.

Key information extracted from combined statements of profit or loss and other comprehensive income

| | <u>For the year ended</u> <u>31 December</u> | | <u>Six months</u> <u>ended 30 June</u> | <u>Six months</u> <u>ended 30 June</u> |
|--|---|----------------|---|---|
| | <u>2015</u> | <u>2016</u> | <u>2016</u> | <u>2017</u> |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| | | | <i>(unaudited)</i> | |
| Revenue | 17,680 | 19,016 | 9,142 | 10,488 |
| Gross profit | 3,637 | 4,566 | 1,850 | 2,080 |
| Gross profit margin | 20.6% | 24.0% | 20.2% | 19.8% |
| Profit before tax | 1,338 | 2,019 | 656 | 684 |
| Profit and total comprehensive income for the year/period | 1,086 | 1,678 | 575 | 568 |

Key information from the combined statements of financial position

| | <u>As at 31 December</u> | | <u>As at</u> <u>30 June</u> |
|-------------------------------|--------------------------|----------------|--------------------------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| Non-current assets | 2,792 | 2,558 | 3,379 |
| Current assets | 6,345 | 8,014 | 8,352 |
| Current liabilities | 6,080 | 5,537 | 7,336 |
| Net current assets | 265 | 2,477 | 1,017 |
| Total equity | 1,314 | 2,992 | 2,211 |

SUMMARY

| | As at/ Year ended 31 December | | As at period ended 30 June |
|---|--|-------|----------------------------------|
| | 2015 | 2016 | 2017 |
| | Current ratio ⁽¹⁾ | 1.0x | 1.4x |
| Quick ratio ⁽²⁾ | 0.8x | 1.2x | 0.9x |
| Gearing ratio ⁽³⁾ | 2.9x | 1.2x | 2.1x |
| Net debt to equity ratio ⁽⁴⁾ | 1.9x | 0.6x | 1.3x |
| Net debt to asset ratio ⁽⁵⁾ | 0.3x | 0.2x | 0.2x |
| Interest coverage ⁽⁶⁾ | 4.1x | 9.8x | 8.6x |
| Return on total assets ⁽⁷⁾ | 11.9% | 15.9% | N/A |
| Return on equity ⁽⁸⁾ | 82.6% | 56.1% | N/A |
| Net profit margin ⁽⁹⁾ | 6.1% | 8.8% | 5.4% |

Notes:

- (1) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective period end.
- (2) Quick ratio is calculated based on our total current assets minus inventories divided by our total current liabilities as at the respective period end.
- (3) Gearing ratio is calculated based on the interest-bearing bank and other borrowings divided by the total equity as at the respective equity as at the respective period end.
- (4) Net debt to equity ratio is calculated by the interest-bearing bank and other borrowings less cash and cash equivalents divided by the total equity as at the respective period end.
- (5) Net debt to asset ratio is calculated by the interest-bearing bank and other borrowings less cash and cash equivalents divided by the total assets as at the respective period end.
- (6) Interest coverage is calculated by the profit before interest and tax divided by the interest expenses for the respective period.
- (7) Return on total assets is calculated by the profit (loss) for the year divided by the total assets as at the respective period end and multiplied by 100.0%. Calculation of return on total assets is on a full year basis.
- (8) Return on equity is calculated by the profit (loss) for the year divided by the total equity as at the respective year end and multiplied by 100.0%. Calculation of return on total equity is on a full year basis.
- (9) Net profit margin is calculated by the profit for the period divided by the revenue for the respective year and multiplied by 100.0%.

Key information extracted from the combined statements of cash flows:

| | For the year ended 31 December | | For the six months ended 30 June | |
|--|-----------------------------------|---------|-------------------------------------|---------|
| | 2015 | 2016 | 2016 | 2017 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Net cash generated from/(used in) operating activities | 3,099 | 1,214 | (340) | (234) |
| Net cash (used in)/generated from investing activities | (276) | (74) | (11) | 785 |
| Net cash used in financing activities | (1,598) | (1,051) | (942) | (392) |
| Net increase/(decrease) in cash and cash equivalents | 1,225 | 89 | (1,293) | 159 |
| Cash and cash equivalents at beginning of the year/period | (246) | 974 | 974 | 1,063 |
| Effects of currency transaction on cash and cash equivalents | (5) | – | 1 | 4 |
| Cash and cash equivalents at end of the year/period | 974 | 1,063 | (318) | 1,226 |
| Cash flow generated from operating activities before changes in working capital and taxes paid | 2,828 | 2,880 | 1,110 | 1,094 |

SUMMARY

Accumulated losses as at 1 January 2015

As at 1 January 2015, our Group had accumulated losses of approximately S\$0.9 million, which was mainly a combined result of (i) our Group's expenses incurred for the purpose of undergoing qualification by a customer; (ii) a relatively small operation size; and (iii) a small customer base in the previous years. Upon successful qualification by the customer, our Group was able to diversify and expand our customer base and establish new revenue streams since we managed to produce a range of more complex product parts for our customers. These more complex parts constituted to higher profit margins which resulted in our Group sustaining profitability and generating net profits during the Track Record Period.

LITIGATION

In November 2014, our wholly-owned subsidiary, Inzign, commenced legal proceedings against one of its suppliers (the "**Defendant**") that supplied certain materials, in particular amongst others, compression springs and flap valve spring strips, to Inzign. As part of our requirements specified to the Defendant, we required them to supply springs which was required to be cleaned before packaging. From 2008 up to December 2012, there were no issues with the springs supplied by the Defendant when our Group conducted quality control checks against our established quality control procedures and we did not receive any complaints from our customers relating to the product we supplied to them. In December 2012, our quality control procedures discovered potential issues with a certain batch of springs that were supplied to our Group. Our Directors confirmed that it was a one-off incident which does not represent there was deficiency in our Group's internal quality control measures.

In July 2013, after further investigation on the defective batch of springs, Inzign discovered that the requisite cleaning before packaging was not complied with by the Defendant. As part of our claim against the Defendant, we believe that as the cleaning before packaging process had been contractually provided for and it is critical to the overall production process of the product, any failure to do so by the Defendant could cause severe adverse and damaging consequences if the requisite care and specifications were not complied with. Given that the Defendant did not carry out the cleaning as per our instructions and contract, we believe that we should not have been made to pay corresponding cleaning service fee. The total amount paid by Inzign to the Defendant from 2008 to 2013 for them to carry out the cleaning before packaging service was approximately S\$148,000. As a result of the above, we ceased to engage the Defendant since March 2014 and commenced the said litigation proceedings against the Defendant and claimed, among other things, approximately S\$148,000, being the amount paid to the Defendant, for the cleaning process which had not been properly carried out.

In January 2015, the Defendant filed a defence and counterclaim for, among other things, the payment of the outstanding amount due pursuant to orders made by Inzign from August 2013 to September 2013 in the amount of approximately S\$78,000. The above legal proceeding was heard before the Singapore Courts from 26 September 2017 to 3 October 2017 and the hearing for the hearing judge to deliver his full decision has been adjourned to 12 March 2018. As advised by Central Chambers, our legal adviser acting on behalf of Inzign for the said litigation proceedings, we have strong grounds on which to claim against the Defendant. To the best estimate of our Directors, our Group's maximum exposure as a result of the litigation is approximately S\$300,000. For the risks relating to the litigation, please refer to the sections headed "Risk Factors" and "Business – Legal and compliance matters – Litigation" in this prospectus.

CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account the allotment and issue of Shares upon the exercise of options to be granted under the Share Option Scheme), Team One Global will beneficially own 75.0% of the entire issued share capital of our Company. Team One Global is owned as to 87.9% and 12.1% by Mr. Phua and Ms. Ng, respectively. Mr. Phua is the spouse of Ms. Ng. Upon Listing, Team One Global, Mr. Phua and Ms. Ng will be our controlling shareholders. You may refer to the section headed "History, Reorganisation and Group Structure" in this prospectus for further details.

SUMMARY

DIVIDENDS

We currently do not have a dividend policy. The declaration and payment of dividends and the amount of dividends in 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 and there is no assurance that any particular dividend amount, or any dividend at all, will be declared and paid in the future. For the two years ended 31 December 2016 and the six months ended 30 June 2017, nil, nil and S\$1.4 million, respectively, were paid as dividends to its shareholders. However, this should not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

REASONS FOR AND BENEFITS OF THE LISTING IN HONG KONG

Our Directors believe that the Listing is beneficial to our Company and our Shareholders as a whole for the following reasons: (i) the Listing will provide additional financial resources to our Group to acquire additional equipment to expand its manufacturing processes; (ii) the Listing will enhance our corporate profile and assist us in reinforcing our market reputation; (iii) the Listing will provide our Group with an additional platform to raise capital for our future business expansion and long-term development; (iv) the Listing will expand and diversify our capital base and Shareholders base; (v) the Listing will enable our Company to offer an equity-based incentive program (such as the Share Option Scheme) to our employees that more directly correlates to their performance; and (vi) as a listed entity, our customers and potential customers will have more confidence in the quality of our services, financial strength, transparency of operations and financial reporting and in our internal controls systems. Please refer to the section headed “Future Plans and Use of Proceeds – Reasons for and Benefits of the Listing” in this prospectus for further details.

Our Company is applying for a listing in Hong Kong because it has a high level of internationalisation, maturity in the global financial market, with sufficient institutional capital and funds following the companies listed in Hong Kong. Our Group’s business is based in Singapore and Indonesia and we have considered the Singapore securities market in terms of raising funds there prior to commencing the Listing. Given the more diversified types of businesses listing, the strong ability of fundraising and the wide range of investor base in the Hong Kong stock market, the Listing was contemplated. Our Company believes that listed companies in Hong Kong generally have a high liquidity, greater exposure to a broad research coverage and investment community, which would facilitate our future fundraising, should such need arise, and growth and expansion plans.

LISTING EXPENSES

Our estimated expenses in relation to the Listing primarily consists of legal and professional fees in relation to the Listing, the commissions together with SFC transaction levy and Stock Exchange trading fee. Assuming the Offer Price of HK\$0.65 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus, estimated listing expenses in connection with the Share Offer are approximately HK\$25.0 million. Listing expenses of approximately HK\$0.9 million were incurred during the six months ended 30 June 2017 of which HK\$0.7 million has been charged to our combined statements of comprehensive income and HK\$0.2 million was recorded as deferred expenses and will be subsequently charged against equity upon completion of the Share Offer. Approximately HK\$12.1 million and approximately HK\$4.3 million are expected to be charged to our combined statements of comprehensive income for the year ending 31 December 2017 and 31 December 2018 respectively and approximately HK\$8.6 million is expected to be capitalised as deferred expenses and charged against equity upon completion of the Share Offer under the relevant accounting standards.

SUMMARY

NO MATERIAL ADVERSE CHANGE

Save for the listing expenses in relation to the Share Offer, the nature of which is non-recurring, our Directors confirm that, up to the date of this prospectus, there had been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2017 (being the date to which the latest audited combined financial statements of our Group were prepared), and there had been no event since 30 June 2017 which would materially affect the information shown in the Accountant's Report set out in Appendix I to this prospectus.

RECENT DEVELOPMENTS

In October 2017, we have signed a cooperation agreement with an Independent Third Party for the production of microfluidic devices and on 20 December 2017 we were notified by the Independent Third Party of the production process to be used. For details of the cooperation agreement, please refer to the section headed "Business – Sales and Marketing – Cooperation Agreement with an Independent Third Party for manufacturing of microfluidic products" in this prospectus. After the Track Record Period and up to the Latest Practicable Date, our production of injection molded parts for our customers has remained stable and we have continued to receive purchase orders from our major customers and which were in line with the order we received from them for the corresponding period in 2016.

As a result of the listing expenses to be charged to our combined statements of comprehensive income for the year ending 31 December 2017, our Group's financial performance is expected to be adversely affected and is expected to incur a net loss for the year ending 31 December 2017.

OUR STRATEGIES

Having already established and developed a stable relationship with our major customers and gained critical production know-how and experience in the production of parts for disposable medical devices over the past 20 years, we plan to develop and strengthen our Group's injection molding business and become a core contract manufacturer in Singapore by (i) enhancing and diversifying our capabilities in new production processes for manufacturing of microfluidic products and liquid silicon rubber products; (ii) developing and strengthening our capabilities to become more vertically integrated through the addition of sterile packaging process capabilities; and (iii) capturing new developing markets through increasing our Group's sales and marketing efforts. Details of our strategies are set out in the section headed "Business – Our Strategies" in this prospectus.

USE OF PROCEEDS

Our Directors consider that 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 "Business – Our Strategies" of this prospectus. 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\$40.0 million (equivalent to approximately S\$7.1 million) based on an Offer Price of HK\$0.65 per Offer Share (being the mid-point of the Offer Price range between HK\$0.60 and HK\$0.70 per Offer Share). It is at present intended that the net proceeds of the Share Offer will be applied as follows:

- approximately HK\$27.6 million (equivalent to approximately S\$4.9 million) or approximately 69.0% of the net proceeds will be used to develop and strengthen our Group's injection molding business by enhancing and diversifying our capability and services for microfluidic, liquid silicon rubber and sterile packaging;
- approximately HK\$4.4 million (equivalent to approximately S\$0.8 million) or approximately 11.0% of the net proceeds will be used to improve our tooling capabilities;

SUMMARY

- approximately HK\$2.8 million (equivalent to approximately S\$0.5 million) or approximately 7.0% of the net proceeds will be used to hire sales and marketing staff;
- approximately HK\$2.0 million (equivalent to approximately S\$0.4 million) or approximately 5.0% of the net proceeds will be used to establish the new technical department and hire a technical manager, an engineer and a biologist;
- approximately HK\$0.6 million (equivalent to approximately S\$0.1 million) or approximately 1.5% of the net proceeds will be used to upgrade our Group's information technology systems;
- approximately HK\$0.4 million (equivalent to approximately S\$0.1 million) or approximately 1.0% of the net proceeds will be used to increase our sales and marketing of our Group's services; and
- approximately HK\$2.2 million (equivalent to approximately S\$0.4 million) or approximately 5.5% of the net proceeds will be used as general working capital.

You may refer to the section headed "Future Plans and Use of Proceeds" of this prospectus for further details.

SHARE OFFER STATISTICS

| | Based on the minimum indicative Offer Price of HK\$0.60 per Share | Based on the maximum indicative Offer Price of HK\$0.70 per Share |
|--|--|--|
| Market capitalisation | HK\$240 million | HK\$280 million |
| Unaudited pro forma adjusted combined net tangible assets per share of our Group attributable to owners of our Company as at 30 June 2017. | HK\$0.12 | HK\$0.14 |

Notes:

- (1) The audited combined net tangible assets attributable to equity holders of our Company as at 30 June 2017 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited combined net assets of our Group attributable to equity holders of our Company as at 30 June 2017 of approximately S\$2,219,824 with an adjustment for the intangible assets as at 30 June 2017 of approximately S\$73,081.
- (2) The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK\$0.60 per Offer Share and HK\$0.70 per Offer Share after deduction of the underwriting fees and other related expenses paid/payable by our Company (excluding approximately HK\$670,320 (S\$119,700) which have been recognised in the combined statement of comprehensive income during the Track Record Period) but takes no account of any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by our Company pursuant to the General Mandate as described in the section headed "Share Capital" in this prospectus.
- (3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 400,000,000 Shares were in issue assuming that the Share Offer has been completed on 30 June 2017 but takes no account of any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by our Company pursuant to the General Mandate as described in the section headed "Share Capital" in this prospectus.
- (4) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to 30 June 2017. In particular, the unaudited pro forma adjusted net tangible assets has not adjusted the capitalisation of the amount due to a shareholder of S\$2,000,000 on 16 December 2017. Had the capitalisation been taken into account, the unaudited pro forma adjusted net tangible assets per Share would be HK\$0.15 and HK\$0.17 based on the Offer Price of HK\$0.60 and HK\$0.70 per Share, respectively.
- (5) For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in Singapore Dollars are converted into Hong Kong Dollars at a rate of HK\$1.00 to S\$0.1786. No representation is made that Singapore Dollars amounts have been, could have been or may be converted to Hong Kong Dollars, or vice versa, at that rate.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the meanings set out below:

| | |
|---|---|
| “A*STAR” | Agency for Science, Technology and Research (A*STAR) is a statutory board under the Ministry of Trade and Industry of Singapore. A*STAR’s mission is to advance science and develop innovative technology to further economic growth and improve lives. A*STAR seeks to become a global leader in science, technology and open innovation |
| “Accountant’s Report” | the accountant’s report of our Group for the Track Record Period as set out in Appendix I to this prospectus |
| “acting in concert” | has the meaning ascribed thereto under the Takeovers Code |
| “Application Form(s)” | WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s), or where the context so requires, any of them that are used in connection with the Public Offer |
| “Aristo” | Aristo Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activities under the SFO |
| “Articles of Association” or “Articles” | the articles of association of our Company, conditionally adopted on 19 December 2017 with effect from the Listing Date, as amended, supplemented or otherwise modified 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 “our Board” | the board of Directors |
| “business day” | a day (excluding Saturday and Sunday and public holiday in Hong Kong) 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 299,999,900 Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “Statutory and General Information – Further information about our Company – 4. Resolutions in writing of our sole Shareholder passed on 19 December 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 Operational Procedures” | the operational procedures of the HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force |
| “CCASS Participant” | a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant |
| “Central Chambers” | Central Chambers Law Corporation, the legal adviser to Inzign in respect of an on-going litigation |
| “close associate(s)” | has the meaning ascribed thereto under Rule 1.01 of the GEM Listing Rules |
| “Co-Manager” | Oceanwide Securities Company Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO |
| “Companies Law” or “Cayman Islands 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 |

DEFINITIONS

| | |
|--|--|
| “Companies (WUMP) Ordinance” or “Companies (Winding Up and Miscellaneous Provision) Ordinance” | the Companies (Winding Up and Miscellaneous Provision) Ordinance (Chapter 32 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time |
| “Company” or “our Company” | IAG Holdings Limited (迎宏控股有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 17 July 2017 and registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on 1 September 2017 |
| “connected person(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “connected transaction(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Controlling Shareholders(s)” | has the meaning ascribed to it under the GEM Listing Rules, and in the context of this prospectus, collectively refers to Team One Global, Mr. Phua and Ms. Ng |
| “core connected person(s)” | has the meaning ascribed thereto under Rule 1.01 of the GEM Listing Rules |
| “Corporate Governance Code” | Part A to F (both inclusive) of Appendix 15 of the GEM Listing Rules (as amended, supplemented or otherwise modified from time to time) |
| “Deed of Indemnity” | the deed of indemnity dated 19 December 2017 and executed by our Controlling Shareholders as indemnifiers in favour of our Company (for ourselves and as trustee for each of our subsidiaries) in respect of the indemnities referred to in the paragraph headed “Statutory and general information – Other information – 16. Estate duty/other indemnity” in Appendix IV to this prospectus |
| “Deed of Non-competition” | the deed of non-competition dated 19 December 2017 and executed by our 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 our Controlling Shareholders – Deed of Non-competition” in this prospectus |
| “Director(s)” or “our Director(s)” | the director(s) of our Company |
| “Eastlyn Global” | Eastlyn Global Limited, a company incorporated in the BVI with limited liability on 10 May 2017 and our direct wholly-owned subsidiary |

DEFINITIONS

| | |
|--|---|
| “ETPL” | Exploit Technologies Pte Ltd, the commercialisation arm of A*STAR that enhances the research output of A*STAR scientists by translating the inventions and intellectual capital into marketable products, processes and services |
| “Euromonitor” | Euromonitor International Limited, a global research organisation and an Independent Third Party |
| “Euromonitor Report” | the industry report prepared by Euromonitor and commissioned by our Company, summary of which is set out in the section headed “Industry Overview” in this prospectus |
| “FDA” | the Food and Drug Administration, a federal agency of the US Department of Health and Human Services |
| “GDP” | gross domestic product |
| “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) |
| “General Rules of CCASS” | the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures |
| “GFA” | gross floor area |
| “GREEN Application Form(s)” | the application form(s) to be completed by HK eIPO White Form Service Provider |
| “Group”, “our Group”, “we” or “us” | 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 |
| “ HK eIPO White Form ” | the application for Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of HK eIPO White Form at www.hkeipo.hk |
| “ HK eIPO White Form Service Provider ” | the HK eIPO White Form service provider designated by our Company, as specified on the designated website at www.hkeipo.hk |
| “HKFRS” | Hong Kong Financial Reporting Standards |

DEFINITIONS

| | |
|------------------------------------|--|
| “HKICPA” | Hong Kong Institute of Certified Public Accountants |
| “HKSCC” | Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited |
| “HKSCC Nominees” | HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” or “HK” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Branch Share Registrar” | Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of our Company |
| “I-Access” | I-Access Investors Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO |
| “Independent Third Party(ies)” | an individual(s) or a company(ies) who or which is/are independent of and not connected with 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 |
| “Indonesia” | Republic of Indonesia |
| “Inzign” | Inzign Pte Ltd, a private company incorporated in Singapore with limited liability on 16 May 1981 and an indirect wholly-owned subsidiary of our Company after the Reorganisation |
| “ISO” | the International Organisation for Standardisation |
| “JMS” | JMS Singapore Pte Ltd |
| “Joint Lead Managers” | collectively Pacific Foundation, I-Access and Aristo |
| “Latest Practicable Date” | 19 December 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 |
| “Listing Date” | the date on which dealings in our Shares first commence on GEM, which is expected to be on or about Friday, 19 January 2018 |

DEFINITIONS

| | |
|---|---|
| “Listing Division” | the Listing Division of the Stock Exchange |
| “Medizign” | Medizign Pte Ltd, a private company incorporated in Singapore with limited liability on 9 December 2013 and an indirect wholly-owned subsidiary of our Company after the Reorganisation |
| “Memorandum of Association” or “Memorandum” | the memorandum of association of our Company adopted on 19 December 2017 and as amended from time to time |
| “MNC” | multinational corporation and/or its subsidiaries |
| “Mr. Phua” | Mr. Phua Swee Hoe, our executive Director, the chairman of the Board, the chief executive officer and one of our Controlling Shareholders. Mr. Phua is the spouse of Ms. Ng |
| “Ms. Ng” | Ms. Ng Hong Kiew, our executive Director and one of our Controlling Shareholders. Ms. Ng is the spouse of Mr. Phua |
| “NYSE” | New York Stock Exchange |
| “Offer Price” | the final offer price per Offer Share (excluding brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), which will not be more than HK\$0.70 per Offer Share and is expect to be not less than HK\$0.60 per Offer Share, such price to be determined in the manner further described in the section headed “Structure and Conditions of the Share Offer – Price Determination of the Share Offer” in this prospectus |
| “Offer Shares” | the Public Offer Shares and the Placing Shares |
| “Pacific Foundation” or “Sole Bookrunner” | Pacific Foundation Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the SFO |
| “P.T. Inzign” | P.T. Inzign, a company incorporated in Indonesia on 11 March 2003 and an indirect 99%-owned subsidiary of our Company after the Reorganisation |
| “Placing” | the conditional placing of the Placing Shares by the Placing Underwriters for and on behalf of our Company for cash at the Offer Price, as further described under the section headed “Structure and Conditions of the Share Offer” in this prospectus |
| “Placing Shares” | 90,000,000 Shares being initially offered by our Company at the Offer Price as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus |

DEFINITIONS

| | |
|---------------------------------------|--|
| “Placing Underwriters” | the underwriters of the Placing Shares who 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 15 January 2018 by, among others, our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager and the Placing Underwriters relating to the Placing |
| “PRC” or “China” | the People’s Republic of China |
| “Price Determination Agreement” | the agreement to be entered into between the Joint Lead Managers (for themselves and on behalf of the other 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 Thursday, 4 January 2018, on which the Offer Price will be determined for the purpose of the Share Offer |
| “Public Offer” | the 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 10,000,000 Shares initially offered by our Company for subscription in the Public Offer as described under the section headed “Structure and Conditions of the Share Offer” in this prospectus |
| “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 December 2017 relating to the Public Offer entered into by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager and the Public Offer Underwriters relating to the Public Offer |
| “Regulation S” | Regulation S under the US Securities Act |

DEFINITIONS

| | |
|-----------------------|--|
| “Reorganisation” | the reorganisation of the corporate structure of our Group, further details of which are described under the section headed “History, Reorganisation and Group Structure” in this prospectus |
| “Rp” | Rupiah, the lawful currency of Indonesia |
| “S\$” | 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) of HK\$0.01 each in the share capital of our Company |
| “Share Offer” | collectively, the Public Offer and the Placing |
| “Share Option Scheme” | the share option scheme conditionally adopted by our Company, further details of which are described in the section headed “Statutory and General Information – 15. Share Option Scheme” in Appendix IV to this prospectus |
| “Shareholder(s)” | holder(s) of our Share(s) |
| “SIMTech” | The Singapore Institute of Manufacturing Technology (SIMTech), which develops high value manufacturing technology and human capital to enhance the competitiveness of Singapore’s manufacturing industry. It is a research institute of the Agency for Science, Technology and Research (A*STAR) |
| “Singapore” | the Republic of Singapore |
| “SMF” | The SIMTech Microfluidics Foundry (SMF), established by SIMTech to spearhead innovations in value creation of polymer microfluidics manufacturing and to provide design, prototyping, and production services for microfluidics development and applications |
| “Sole Sponsor” | Fortune Financial Capital Limited, the sole sponsor of our Company for the Listing, a corporation licensed by the SFC to carry on type 6 (advising on corporate finance) regulated activities under the SFO |

DEFINITIONS

| | |
|--------------------------------------|---|
| “SPRING Singapore” | an agency under the Ministry of Trade and Industry of Singapore responsible for helping Singapore enterprises grow and building trust in Singapore products and services |
| “sq.ft.” and “sq.m.” | square feet and square metres, respectively |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “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 Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, modified and supplemented from time to time |
| “TASE” | Tel Aviv Stock Exchange |
| “Team One Global” | Team One Global Limited (添運環球有限公司), a company incorporated in BVI with limited liability on 18 May 2017 and owned as to 87.9% and 12.1% by Mr. Phua and Ms. Ng, respectively, and one of our Controlling Shareholders |
| “Track Record Period” | the two years ended 31 December 2016 and the six months ended 30 June 2017 |
| “TSE” | Tokyo Stock Exchange |
| “Underwriters” | the Public Offer Underwriters and the Placing Underwriters |
| “Underwriting Agreements” | the Public Offer Underwriting Agreement and the Placing Underwriting Agreement |
| “US or United States” | the United States of America |
| “US Securities Act” | the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder |
| “US\$” or “U.S. dollars” | United States dollars, the lawful currency of the United States |
| “ WHITE Application Form(s)” | the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s or applicants’ own name(s) |
| “ YELLOW Application Form(s)” | the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS |

DEFINITIONS

“%” per cent.

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

In this document, unless otherwise stated, certain amounts denominated in Hong Kong dollars has been translated into Singapore dollars at the exchange rates of HK\$1 = S\$0.178 for illustration purpose only. Such conversions shall not be construed as representations that amounts in Hong Kong dollars were or could have been or could be converted into Singapore dollars at such rates or any other exchange rates on any date or at all.

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

This glossary contains explanations of certain terms used in this prospectus in connection with our Group's business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

| | |
|----------------------------|--|
| “AVF Folded Wings” | a component part of drug delivery products manufactured by our Group |
| “CAD” | computer aided design |
| “CAM” | computer aided manufacturing |
| “Class 10,000 clean room” | clean room(s) where less than 10,000 particles ($\geq 0.5 \mu\text{m}$ in size) are present per 1 cubic feet of air sample |
| “Class 100,000 clean room” | clean room(s) where less than 100,000 particles ($\geq 0.5 \mu\text{m}$ in size) are present per 1 cubic feet of air sample |
| “CMO” | contract manufacturing organisation |
| “CNC” | computer numerical control |
| “component part” | a plastic part of a medical device manufactured by our Group that does not require in-house assembly before delivery to customers |
| “DFM” | design for manufacturing |
| “EDM” | electrical discharge machine |
| “FFS” | fee-for-service |
| “FOB” | free on board |
| “HS” | a commodity-classification system that is called the International Harmonized System (HS) and developed by the World Customs Organization. The codes are used globally to classify all imported and exported goods |
| “jig grinding machine” | a machine tool used for grinding complex shapes and holes where accuracy is required |
| “liquid silicon rubber” | a liquid form of a rubber-like material composed of silicone and a raw material to be used in our Group's proposed liquid silicon injection molding process to produce component and/or assembly parts |

GLOSSARY

| | |
|---|--|
| “liquid silicon rubber injection molding” | molding of products using injection molding and liquid silicon rubber |
| “medtech” | medical technology encompassing medical devices, diagnostics, imaging equipment and health solutions used to diagnose, monitor and treat patients suffering from a wide range of conditions |
| “micro-channel(s)” | micro-channels are chambers and tunnels etched or molded in materials that form part of the microfluidic device |
| “micro machining system” | a machine that is used as part of our Group’s tooling services for the removing of small amounts of material (such as metal) by action other than that of a sharp-edged tool |
| “microfluidic device” | a testing device containing chambers and tunnels through which fluids flow or are confined to for the study of the behaviour of fluids through micro-channels and a product proposed to be manufactured by our Group |
| “OEM” | original equipment manufacturing |
| “POCT” | point of care testing |
| “PPIM” | precision plastic injection molding |
| “sterile packaging” | a form of packaging suitable for plastic medical products and which can be sterilised as part of our proposed sterilisation process |
| “sub-assembly part” | a plastic component part manufactured by our Group that requires in-house assembly before delivery to customer |
| “UDI” | Unique Device Identification |
| “VBR” | value-based-reimbursement |
| “wire cut EDM” | a wire electrical discharge machine that uses a thin single-strand metal wire to cut precision parts in metal and is to be used in our Group’s tooling services for the fabrication of a mold |

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” in 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 Group’s operations and business 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 payment;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in prices, volumes, operations, margins, overall market trends, risk management and interest 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 Shares should carefully consider all of the information set out in this prospectus and, in particular, the following risks 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 and the market price of the Shares could fall significantly.

This prospectus contains certain forward-looking statements relating to our Group's plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results may differ materially from those as discussed in this prospectus. Factors that could contribute to such differences are set out below as well as in other parts in this prospectus.

RISKS RELATING TO OUR BUSINESS

Our business is significantly dependent on several of our major customers' business performance and our relationship with them, and we may be unable to attract or be successful in attracting new customers

Our aggregated sales generated from our top five customers amounted to approximately 99.8%, 99.7% and 97.5% of our turnover for the two years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, respectively. In particular, sales to our largest customer amounted to approximately S\$6.9 million, S\$9.2 million and S\$4.9 million, representing approximately 38.7%, 48.5% and 46.9% of our turnover for the two years ended 31 December 2016 and the six months ended 30 June 2017, respectively. Three of our largest customers are also our suppliers during the Track Record Period as we purchased raw materials from them for the manufacturing of parts for their medical device. Accordingly, our sales would be significantly affected by the business performance of these customers, as well as other factors affecting their purchases from us, many of which are beyond our control. Adverse changes in the economic conditions in the markets in which our customers operate, unfavourable changes in the exchange rate of foreign currencies, weak demand for our customers' products and unsuccessful sales and marketing efforts by our customers, among other factors, may negatively affect their purchasing practices and result in a reduction of their purchase orders for our molded plastic parts. Although we will continue to endeavor to diversify and expand our customer base, we expect that our present major customers will continue to account for a relatively large percentage of our sales in the coming years. If our customers are unable to sell the end products which we take part in manufacturing parts for to the market successfully, our business and results of operations could be materially and adversely affected.

In addition to growing or maintaining our business with existing customers, the success of our business also depends on our ability to attract new customers. If we are unable to attract new customers, our business growth will be hampered and the results of operations may be materially and adversely affected.

We may be unable to price our molded plastic parts at our desired margins as a result of any decrease in our bargaining power or changes in market conditions

We set prices for our molded plastic parts for disposable medical device primarily based on the estimated costs incurred in the production of a part plus a profit margin that varies depending on the type of parts. We periodically review our costs of production and negotiate with the customer on prices for our molded plastic parts. Our ability to set favourable prices at our desired margins and to accurately estimate

RISK FACTORS

costs, among other factors, has a material impact on our profitability. For the two years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, our overall gross profit margin of our molded plastic parts for disposable medical devices was approximately 20.6%, 24.0% and 19.8%, respectively.

We cannot assure you that we will be able to maintain our pricing or bargaining power or that our gross profit margin will not be driven down by market conditions or other factors. In the event that we see higher pressure on pricing due to increasing competition from other manufacturers, continual decrease in prices of our customers' products in the end market, or if we lose bargaining power due to weaker demand for our molded plastic parts, we may need to lower the prices and margins of our products. Moreover, we may be unable to accurately estimate our costs or pass on all or part of any increase in our costs of production to our customers. As a result, our results of operations could be materially and adversely affected.

If our production facility, production processes or molded plastic parts fail to meet the required quality standards, it could harm our business and reputation, and our turnovers and profitability could be materially and adversely affected

Our production facility, production processes and molded plastic parts are required to meet certain quality standards specified by our customers. We have established quality control management system and standard operating procedures to help prevent quality issues in respect of our products. Please see the section headed "Business – Quality Assurance and Control" of this prospectus for details of our quality control management system and standard operating procedures. Despite our quality control system and procedures, we cannot eliminate the risk of errors, defects or failure.

We may fail to detect or cure quality defects due to a number of factors, many of which are outside our control, including human error or malfeasance by our quality control personnel, tampering by third parties, and quality issues with the raw materials we purchase or produce. Failure to detect quality defects in our products or failure to prevent such defective molded plastic parts for disposable medical devices from being delivered to end users could result in patient injury, product recalls or withdrawals, product returns, licences revocation or regulatory fines, or other problems that could seriously harm our reputation and business, expose us to liability, and materially and adversely affect our business, financial condition and results of operations. For details of the product returns, please refer to the section headed "Business – Sales and Marketing – Product Returns and Warranty" in this prospectus.

We manufacture molded plastic parts for disposable medical devices in accordance with internationally accepted quality standards and specifications our customers provide to us. However, we cannot assure you that all our products we produce are free from defects. Consequently, any product defects identified by our customers or end users may erode our reputation and negatively affect our customer relationships and future business. As a result, our business, results of operations and reputation could be materially and adversely affected by any product defects.

Additionally, our production facility and processes are subject to regular audit by relevant certification bodies for us to maintain the certificates and approvals for manufacturing and sales of medical device parts, or by our major customers to ensure compliance with the requirements. If any of our production facilities or processes fails to meet the relevant standards or requirements, we will have to suspend the relevant production processes and rectify the relevant defects, and our production may be materially disrupted, which may materially and adversely affect our business and results of operations.

RISK FACTORS

We are subject to risks relating to the operation of our production facilities

Our production facilities face the risk of operational breakdowns caused by accidents occurring during the production process, including but not limited to faulty machines and human error. Any interruption in, or prolonged suspension of any part of production at, or any damage to or destruction of, any of our production facilities arising from unexpected or catastrophic events or otherwise may prevent us from supplying molded plastic parts for disposable medical device to our customers, which in turn may result in a material adverse effect on our results of operations and financial condition. There is also a risk of injury or damage to persons, the property of others or the environment, which in turn could lead to considerable financial costs and may also have legal consequences. Consequently, our business, prospects, financial condition and results of operations may be materially and adversely affected. In addition, any interruption or suspension of production or failure to supply our products to our customers in a timely manner may result in breach of contract and loss of sales, as well as expose us to liability and the requirement to pay compensation under the relevant agreements, lawsuits and damages to our reputation, which could have a material and adverse effect on our business, financial condition and results of operations.

We are subject to the risk of political and social instability in Indonesia

Indonesia will continue to face various social and political problems, which can lead to political instability and social unrest. Indonesia also has a variety of political parties resulting in a situation where it is difficult for a single political party to obtain absolute victory in a general election. Diverse political events in Indonesia often lead to political unrest. If such problems arise, they could have a negative impact on the operating conditions and cause disruptions to the operation of our production facility in Batam, Indonesia, which, in turn, to a certain extent, may negatively impact our Group.

A significant portion of our workforce is made up of foreign labour and any difficulties in recruiting and/or retaining foreign labour could materially and adversely affect our operations and financial performance

During the Track Record Period, we employed 61, 67 and 61 foreign workers, representing approximately 46.6%, 48.2% and 48.4% of our employees, respectively. As at the Latest Practicable Date, we employed 60 foreign workers, representing approximately 52.6% of our employees in Singapore, as the local labour force in Singapore is limited and more costly. Any shortage in the supply of foreign labour or any unfavourable change in the relevant laws and regulations in relation to the employment of foreign labour in Singapore, such as a substantial increase in foreign worker levy, substantial decrease in quota for foreign worker or any additional restriction on the types of foreign labour that we can employ, will materially and adversely affect our operations and financial performance. Any increase in foreign worker levy will also increase our operating expenses and will affect our financial performance. The employment of foreign labour in Singapore is subject to laws and regulations as summarised in section headed “Regulatory Overview – Laws and Regulations Relating to Our Business in Singapore – Employment of Foreign Manpower Act and Employment of Foreign Manpower (Work Passes) Regulations 2012” in this prospectus. Any material difficulties in recruiting and/or retaining foreign labour or any material adverse change in the relevant laws and regulations in relation to the employment of foreign labour in Singapore could materially and adversely affect our business and financial position and prospects.

RISK FACTORS

We may be affected by labour activism and unrest in Indonesia

We have a production facility located in Batam, Indonesia. During the Track Record Period, we employed 27, 20 and 19 employees in Batam. Historically, Indonesia is one of the markets which experienced labour unrest. In March 2003, the government of Indonesia enacted a manpower law and implementing regulations allowing employees to unionise. If regulations permitting the formation of labour unions continue to liberalise and economic conditions weaken, labour unrest and activism may increase. Labour activism in turn resulting in labour protests which frequently occur in Indonesia could disrupt the operations of our production facility. Such events could, to a certain extent, materially and adversely affect our business, financial condition, results of operations and prospects.

We are involved in a litigation with one of our past suppliers and we cannot assure you that such legal proceedings will not have a material adverse impact on our image and business

Prior to the Track Record Period, we commenced legal proceedings against one of our suppliers (the “Defendant”) whom we ceased business relationship with, in which the Defendant sought counterclaims against us (the “Case”). The hearing for the hearing judge to deliver his full decision has been adjourned to 12 March 2018. For details of the Case, please refer to section headed “Business – Legal and Compliance Matters – Litigation” in this prospectus. We cannot assure you that we will receive a positive outcome from the Case and not be exposed to any other dispute, litigation, civil or criminal proceedings in the future arising in connection with such Case. We anticipate we will need to divert management resources and incur extra time and costs to handle such Case, which could materially and adversely affect our Group’s image and reputation in the injection molding industry and medical device industry in the event that we do not obtain a favourable judgment from the Case. If the Defendant’s counterclaims were successfully made against us, we might be ordered to pay the Defendant’s counterclaim and legal fees, which in turn could materially and adversely affect our image, revenue, results of operations and financial position.

Our customers may amend their demand forecasts, change production quantities or delay production, which may in turn affect our results of operations

Our major customers generally provide us with rolling forecasts of purchase orders with estimated quantities, pricing and timing for the upcoming three months. These forecasts are, however, non-binding and may not reflect the actual quantities, pricing or timing that the final purchase orders will include. We may face the risks that our customers will substantially amend their forecasts, require shortened delivery times or renegotiate prices, as a result of which their purchase orders may significantly differ from our expectations based on their forecasts. These changes may occur at any time without prior notice and we cannot assure you that we will be able to respond to these changes efficiently in order to accept or fulfil the purchase orders in a timely fashion. While we generally procure raw materials based on purchase orders, we may consult these forecasts as a basis for our procurement of certain raw materials that require a longer lead time to procure. Substantial differences between our customers’ purchase orders and their forecasts may result in excess or shortage of key raw materials in our inventory. As a result, our results of operations could be negatively affected by any cancellation, reduction or delay of purchase orders that our customers otherwise indicated in their forecasts.

RISK FACTORS

The successful implementation of production processes of our customer is subject to significant business, economic and competitive uncertainties

Our current expectations or targets for the timing of the introduction of our parts manufactured for future production processes of our customers are set out in the section headed “Business – Our Strategies” in this prospectus. However, the successful implementation of the production processes of our customers is subject to significant business, economic and competitive uncertainties, including product development risks, the availability of funds, competition and regulation, and may be re-evaluated from time to time based on current regulations, government policies and the continuing growth of the medical device market. The actual timing of the introduction of each of our future parts to the medical device market could vary significantly from our current estimates due to a number of factors, many of which are outside our control, including delays and difficulties and failures in the development process of our customers. Failure to develop our parts could materially and adversely affect our business and results of operations.

We may experience failure in the future for the production of new parts manufactured for our existing or new customers

We are dedicated to diversify our injection molding business. For details of our plans of diversification, please refer to the section headed “Business – Our Strategies” in this prospectus. New molded plastic parts are exposed to technical risks in the course of its development, including the inability to yield any meaningful results because of misjudgement on the industry trend or setbacks during trial production or testing processes or divergence in terms of design and quality during the mass production of new parts. These technical risks may render new parts unsuccessful. After launching new molded plastic parts, we may also have to cope with the risks of low market acceptance and marketability of our customer’s medical devices resulting in lowered order volumes of our parts from our customers. If we experience failure in the future of our new parts, our reputation may be materially and adversely affected, thereby affecting our potential financial performance.

We may be unable to meet specifications of our customers

The injection molding industry is characterised by rapid development in science and technology and continuous emergence of new diseases. Our future success depends on our ability to launch new molded plastic parts for disposable medical devices that meet evolving market demands of our customers, in particular, new molded plastic parts or parts compatible with new medical devices sold by our customers that are effective in treating and/or diagnosing new diseases and illnesses. We cannot assure you that we will be able to respond to changes in specifications of our customers resulted from emerging trends in a timely manner. The preferences and purchasing patterns of our customers with regard to molded plastic parts can change rapidly due to emerging trends and new diseases. Our success depends on our ability to adapt our products to preferences and specifications of our customers. We cannot assure you that we will be able to sufficiently and promptly respond to changes in customer preferences and emergence of new diseases to make corresponding adjustments to our development plans, product portfolio and inventory level, and failing which may have a material and adverse effect on our business, financial condition, results of operations and profitability.

We are subject to risks associated with the overseas sales of our molded plastic parts for disposable medical devices

A substantial portion of our revenue is generated from our overseas customers. For details, please refer to section headed “Business – Our Customers” in this prospectus.

RISK FACTORS

As we will continue to expand our overseas market and continue our existing overseas sales, we are subject to a variety of risks and uncertainties associated with overseas operations and sales, including, amongst others:

- compliance with foreign laws, regulatory requirements and local industry standards and practices, in particular, those related to medical devices imposed on our customers;
- exposure to increased overseas litigation risks;
- political and economic instabilities;
- foreign exchange rate exposure;
- imposition of restrictions on imports from Singapore and Indonesia or other trade barriers by overseas countries where our customers are located;
- unfamiliarity with local operating and market conditions;
- competition from local companies;
- foreign taxes;
- environment, safety and labour regulatory compliance; and
- potential disputes and difficulty in managing relationships with overseas customers.

Any of the foregoing and other risks and uncertainties could materially and adversely affect our overseas sales and result in reduced turnover from our overseas operations and sales, which in turn could materially and adversely affect our financial condition and results of operations.

Inability to attract and/or retain management staff could materially and adversely affect our operations and financial performance

Mr. Phua, one of our founders and our executive Director, Mr. Ang, our executive Director, and Mr. Tay, our non-executive Director, provide significant contributions to various key aspects of our business, including business development and operations. We also rely on our experienced senior management team to ensure the smooth operation of our projects, including adhering to quality and safety standards. Our Group's success and growth therefore depends on our ability to identify, hire, train and retain suitable, skilled and qualified key personnel. If any of our key personnel ceases to be involved in our Group in the future and we are unable to find suitable replacements in a timely manner, there could be a material and adverse impact on our business, our operations and our overall financial performance and prospect.

Any disruption to the supply or quality or safety problems of our raw materials or packaging materials could materially and adversely affect our production, turnover and profitability

Our business requires a number of raw materials including resin, plastic and metal parts and packaging materials. We rely on our suppliers to supply us with such raw materials. Some of the raw materials we use in our molded plastic parts are subject to specifications of our customers. We may experience shortages in the supply of certain raw materials, in particular such specified raw materials, in

RISK FACTORS

the future due to various unforeseen events, which could materially and adversely affect our production and results of operations. If any supplier is unwilling or unable to provide us with high quality raw materials in required quantities or specifications and at acceptable prices, we may be unable to find alternative sources at commercially acceptable prices, on satisfactory terms, in a timely manner, or at all. Our inability to find or develop alternative sources could result in delays or reductions in production, product shipments or a reduction in our profit margins.

We also cannot assure you that our suppliers will not intentionally or inadvertently contaminate our raw materials or provide us with sub-standard raw materials that will materially and adversely impact the quality of our medical device parts. If we experience any quality or safety problems in relation to our raw materials, our product quality may be materially and adversely affected, and our customers may have to recall the products from the market and we may be subject to litigation claims. Even though we may bring claims against the relevant supplier for damages in such event, we cannot assure you that we will be able to obtain a judgment in favour of us, which may in turn materially and adversely affect our competitive position, reputation and business results.

Our ability to control the prices of our key raw materials may significantly impact our results of operations

During the Track Record Period, three of our major customers are also our suppliers. These customers generally require us to purchase raw materials from them directly due to proprietary technology present in the raw material, price concerns or as part of their risk management protocols. For details, please refer to section headed “Business – Entities Who are Our Customers and also Our Suppliers” in this prospectus. In addition, some customers would require us to source raw materials from suppliers designated by them. These arrangements limit our ability to manage the source of our raw materials and thus, our control over the prices of our key raw materials. In the event that we are not able to pass the increase in cost materials to our major customers through raising the product price under circumstances which are beyond our control, our profitability will be materially and adversely affected. If the prices of our medical device products decrease or fluctuate, it will materially affect our operating results, profit and financial results.

Our net current liabilities position may expose us to certain liquidity risks and could constrain our operational flexibility as well as materially and adversely affect our ability to expand our business

We recorded net current liabilities of approximately S\$0.7 million as at 31 October 2017. Our net current liabilities position as at 31 October 2017 was attributable to the increase in non-trade amounts due to shareholders primarily related to listing expenses. Net current liabilities may expose us to certain liquidity risks and could constrain our operational flexibility as well as materially and adversely affect our ability to expand our business. Our future liquidity, the payment of trade and other payables, as and when they become due will primarily depend on our ability to maintain adequate cash inflows from our operating activities and adequate external financing, which will be affected by our future operating performance, prevailing economic conditions, our financial, business and other factors, many of which are beyond our control. Additionally, our average trade receivable turnover days remained relatively stable at approximately 44.0 days and 45.9 days for the years ended 31 December 2016 and 2017, respectively, and increased to approximately 60.8 days for the six months ended 30 June 2017. For further details, please refer to the section headed “Financial Information – Discussion of certain items from the combined statements of financial position – Trade receivables turnover” in this prospectus.

We cannot assure you that we will be able to obtain adequate external financing as and when required promptly or on satisfactory terms or to recover all or any part of the amounts due from our customers within the agreed credit terms or at all, and any liquidity problems or difficulties in collecting a substantial portion of our trade receivables could materially and adversely affect our business, financial condition, results of operations and prospects.

RISK FACTORS

Our Group's financial results may be affected in the future arising from our Group's financial instruments which are carried at fair value

Our Group's profit for the year/period attributable to equity holders of our Company during the Track Record Period was approximately S\$1.1 million, S\$1.7 million and S\$570,000 respectively which included fair value gains of financial assets and liabilities at fair value through profit or loss of S\$211,000, S\$46,000 and S\$38,000 respectively. In the future, our Group's profit for the year/period attributable to equity holders of our Company may involve gains and losses on fair value changes in the financial assets and liabilities at fair value through profit or loss, which requires significant unobservable inputs.

As disclosed on page I-18 of this prospectus, our Group's financial assets and liabilities are carried out at a level 3 measurement fair value. There may be downwards or upwards revaluation adjustments in respect of such financial assets and liabilities in the future. The amount of revaluation adjustments may be significantly affected by prevailing conditions of the financial market and may be subject to fluctuations.

As a result, our financial position may be materially and adversely affected in the event that there is a material downward adjustments for financial assets or upward adjustments for financial liabilities. There is no assurance that our Group will not record revaluation deficits in the future. In the event that there are material downward adjustments for financial assets or upward adjustments for financial liabilities of our Group in the future, our financial position may be materially and adversely affected.

Our level of indebtedness may adversely affect our business and liquidity position

As at 31 October 2017, we had an outstanding indebtedness of approximately S\$4.4 million, comprising approximately S\$1.7 million of trust receipts, S\$0.7 million of bank overdrafts, S\$1.3 million of banking borrowings and S\$0.7 million of finance lease liabilities. For further details of the indebtedness position of our Group as at 31 October 2017, please refer to the section headed "Financial Information – Indebtedness" of this prospectus.

Our current level of indebtedness may impair our ability to obtain additional financing, restrict our ability to obtain financing at attractive rates which increases our cost of future borrowings, or require us to dedicate a certain amount of our cash flow from operations as payments of principal and interests, thereby affecting our business and liquidity positions. Further, if we were unable to repay our debts to our lenders, the lenders are entitled to, among other things, proceed against collateral or file lawsuit against our Group for recovery of the debts. Any failure to obtain additional financing for our business or to comply with the covenants of our financing agreements could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our exposure to credit risk may adversely affect our business operations and financial position

We are exposed to credit risk which may cause material financial loss to our Group if our counterparties fail to discharge their obligations. As at 31 October 2017, the trade and other receivables amounts to approximately S\$6.9 million, representing approximately 74.9% of our Group's total current assets as at 31 October 2017. For further details, please refer to "Financial Information – Net Current Assets" of this prospectus.

Generally, we offer credit period of 30 to 60 days to our customers but for customers that we have established a long relationship, we may offer a credit period of 45 to 60 days. Although we seek to maintain strict control over our outstanding receivables, there is no assurance that we could recover all or any part of the outstanding receivables within the credit period or at all. Our business operations and financial position may be materially and adversely affected if our customers fail to pay us on time or at all.

RISK FACTORS

We may be unable to efficiently manage our inventory risks

Our inventory consists of raw materials (including mainly resin, plastic parts, metal parts and packing materials), work in progress and finished goods. As at 31 October 2017, the inventories amounts to approximately S\$1.8 million, representing approximately 20.1% of our Group's total current assets as at 31 October 2017. For further details, please refer to "Financial Information – Net Current Assets" of this prospectus.

While we generally procure raw materials based on purchase orders, we also consult rolling forecasts of purchase orders provided by our major customers as a basis for our procurement of certain raw materials. These forecasts are, however, non-binding and may not reflect the actual quantities, pricing or timing that the final purchase orders will include. Substantial differences between the actual purchase orders and the forecasts may result in excess of key raw materials in our inventory. If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values and significant inventory write-offs. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. Any of the above may materially and adversely affect our results of operations and financial condition.

Our net cash outflow from operating activities may affect our liquidity

For the six months ended 30 June 2017, our Group's net cash outflows from operating activities amounted to approximately S\$234,000, respectively, primarily attributable to the increase in trade receivables. For details, please refer to the section headed "Financial Information – Liquidity and Capital Resources – Cash flows – Net cash generated from/(used in) operating activities". We cannot assure you that we will not experience any period of net cash outflow from operating activities in the future. Our liquidity in the future will to an extent depend on our ability to maintain adequate cash inflows from operating activities primarily generated from our trade and other accounts receivables. Should there be any significant deterioration in the quality of our trade and accounts receivable portfolio, our liquidity and cash flows from operating activities could be materially and adversely affected.

Taxation authorities could challenge our allocation of taxable income which could increase our consolidated tax liability

During the Track Record Period, we have carried out certain intra-group transactions between Inzign and P.T. Inzign. For details, please refer to "Business – Legal and Compliance Matters – Intra-group transactions" of this prospectus. We expect that such arrangements will continue in the foreseeable future. We have determined transfer prices that we believe are the same as the prices that would be charged by unrelated third parties dealing with each other on an arms' length basis. However, there can be no assurance that tax authorities reviewing such arrangements would agree that we are in compliance with transfer pricing laws, or that such laws will not be modified. In the event an authority of any relevant jurisdiction finds that transfer prices were manipulated in a way that distorts true taxable income, such authority could require our relevant subsidiaries to re-determine transfer prices and thereby reallocate the income or adjust the taxable income or deduct cost and expense of the relevant subsidiary in order to accurately reflect such income. Any such reallocation or adjustment could result in a higher overall tax liability for us and adversely affect our business, financial condition and results of operations.

RISK FACTORS

Our operation may be subject to production malfunction, failure in information technology system, as well as to disruptions caused by injury to workers from the use of production equipment

Our operation is subject to risks and issues in respect of our production such as capacity constraints, mechanical and system failure, construction and equipment upgrade and delay in the delivery of machineries, any of which could cause suspension of production and reduced output. Additionally, we increasingly rely on information technology systems to process, transmit and store electronic information. Our information technology systems may be vulnerable to interruption due to a variety of events beyond our control, including but not limited to, natural disasters, telecommunications failures, computer viruses, hackers and other security issues, and any such interruption or failure could disrupt our operations and negatively impact our business.

Any significant manufacturing disruption could materially and adversely affect our production capacity and ability to fulfil orders, which could have an adverse effect on our business and financial performance. Additionally, there may be accident or injury to our workers caused by the use of our equipment or machinery, which could interrupt our operations and result in legal and regulatory liabilities which may also affect our financial position.

Our production facility in Batam, Indonesia, is subject to significant risks of earthquakes, volcanic eruption and other natural disasters

We cannot assure you that geological events or other natural disasters that will happen in the future will not materially and adversely affect our production facilities, in particular, the production facility located in Batam, Indonesia. As compared to Singapore, Indonesia is at significant risk for natural disasters, including constant risks of volcanic eruptions, earthquakes, floods and tsunamis. A significant earthquake or other geological disturbance or other natural disasters in any of our markets could damage our production facility or disrupt the local economies and reduce demand for our products. The recent global warming and the El Nino effect may intensify extreme weather conditions and cause damage and business interruption to our production facility in Indonesia, and thereby to a certain extent, materially and adversely affect our business, financial condition, results of operations and prospects.

Our expansion plan may not be as successful as we have planned

As part of our business expansion and to further our manufacturing technology on microfluidics with our business partner so as to capture more customers, we intend to set up a technical department for microfluidics based products. Please refer to the section headed “Business – Our Strategies – 2. Develop and strengthen our Group’s injection molding business by enhancing and diversifying our capability and services” in this prospectus for details on the furtherance of manufacturing technology on microfluidics with our business partner. Any material and adverse changes to the funding, market environment, technologies, relevant policies during the implementation of projects or estimation deviations may prevent us from setting up and/or utilising the technical department. Further, our Group has no prior experience in operating any of the new production processes, namely those for microfluidics chip manufacturing, liquid silicone rubber injection molding and sterile packaging. We cannot assure you that we will successfully develop these production processes, if at all.

Assuming that we are able to develop the new production processes, our expansion plans may also involve the following risks:

- Our actual production volume may vary depending on the demand and sales orders of different types of our products to be received from our customers which in turn may be affected by market trend, customers’ preferences or other factors which are beyond our control. The demand for our products as well as the sales orders to be received and the revenue and profits

RISK FACTORS

to be generated may not increase in line with our increase in production capacity and we cannot assure you that there will not be over-capacity.

- In addition, we expect to incur increased cost, such as direct labour costs and depreciation charges.
- We cannot assure that our production capacity expansion plans will be successfully implemented without delay or at all. Any failure or delay in implementing any part of these plans may result in a lack of production capacity to support our growth and market expansion.

Our Group’s implementation of our business strategies may result in disproportionate increase in staff costs if there is any failure or delay in implementing any part of the business strategies, in particular if the forecasted volumes of our customers under the three new processes are significantly decreased

As disclosed under section headed “Business – Our Strategies”, to cope with the increase in our capabilities and services and increase efforts in our sales and marketing, we will recruit additional prospective and/or experienced employees to increase our capacity in order to manage and enhance our process capabilities over the next three years with the intent to become a core supplier to key customers. We are planning to hire two marketing managers, one technical manager, one engineer and one microbiologist. In November 2017, we have hired the aforementioned microbiologist. As a result, it is expected our staff costs will increase in order to facilitate our business strategies. In the event that there is a failure or delay in implementing any part of our business strategies, in particular, if there are any significant decrease in forecasted volumes of our customers for the three new processes, namely microfluidics chip manufacturing, liquid silicone rubber injection molding and sterile packaging, there will be a disproportionate increase in staff costs, which will in turn materially and adversely affect our financial performance.

We may be unable to secure additional funds in the future to fund our operations or expansion plans

Our expansion plans may be altered due to any changes in circumstances, the development of our business, unforeseen contingencies or new opportunities. If our expansion plans change, additional external debt or equity financing may be needed. If we are unable to obtain such funding at all or on acceptable terms, we may be unable to expand our business and our operations will be materially and adversely affected. Our ability to such funding depends on various factors, some of which are beyond our control, such as government approval, then prevailing condition of the capital market, credit availability, interest rates and the performance of our business. If we are unable to obtain additional funding in a timely manner on terms that are satisfactory to us, our business, results of operations and expansion plan may be materially and adversely affected.

We may not be eligible to or be able to continue to secure the existing government grants which we enjoy

During the Track Record Period, we were granted various government grants from IE Singapore, SPRING Singapore and other government entities. The total amount of reimbursement from government grants for the two years ended 31 December 2016 and the six months ended 30 June 2017 were approximately S\$256,000, S\$162,000 and S\$58,000, respectively. For details, please refer to the section headed “Business – Government Grants – SPRING Singapore” of this prospectus. There is no assurance that such government grants will be made available by the relevant government entity in the future as the relevant government policy may change over time.

RISK FACTORS

In particular, to be eligible for SPRING Singapore's Capability Development Grant, the applicant is required to, inter alia, have at least 30% local shareholding. There is no assurance that SPRING Singapore will regard Inzign to have a 30% local shareholding following the Reorganisation. For details of the Reorganisation, please refer to the section headed "History, Reorganisation and Group Structure" of this prospectus.

If we are unable to secure the government grants which we enjoy and/or are deemed ineligible to secure the reimbursement from SPRING Singapore under the existing grant, we may be required to obtain additional funding from internal or external sources. There is no assurance that such additional funding will be acquired in a timely manner on terms that are satisfactory to us. As a result, our business, results of operations and expansion plan may be materially and adversely affected.

We may be unable to successfully implement our strategies, or achieve our business objectives and our business, operating results and financial position may be materially and adversely affected

Our business strategies are intended to be accomplished by implementing various future business plans. Our Directors believe that our future success depends on our ability to develop and strengthen our capabilities, expand our product mix and service and capture new developing market. For details of our business strategies and future plans, please refer to the sections headed "Business – Our Strategies" and "Future Plans and Use of Proceeds" in this prospectus. There is no assurance that our business plans will materialise in accordance with the implementation plan as set out in section headed "Future Plans and Use of Proceeds" in this prospectus, or at all, or that our business strategies will be fully or partially accomplished. In the event that we fail to accomplish our business plans or to do so in a timely manner, we may not be able to achieve our planned future business growth and our operating results may be materially and adversely affected. In addition, the future business plans may result in significant capital expenditures, selling expenses, and administrative and other operating costs incurred by us, which may or may not be recoverable, or may or may not bring in a positive result to our revenue. There is no assurance that we will successfully implement our strategies or that our strategies, even if implemented, will result in us achieving our objectives. Our business, operating results and financial position may be materially and adversely affected if our business objectives are not achieved.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

The industry which we are in is interrelated to the medical device industry where our customers are based in, the latter of which is highly regulated in Singapore and other countries where our customers are located. Any change in the applicable laws, regulations or standards governing the business of our customers may prevent or restrict us from manufacturing certain parts or subject us to increased costs of compliance

As a contract manufacturer for major international healthcare and medical device companies, the development of the medical device industry which is highly regulated in Singapore and other countries where our customers are located affects our business operations. Our customers are governed by various regulations in different aspects of their products which we assist in manufacturing parts of their products, including licensing and certification requirements, procedures and practices for manufacturers of medical device parts, operating and safety standards, as well as environmental protection regulations. Any change in the applicable laws, regulations, standards or import policies of overseas countries may prevent or restrict us from conducting certain aspects of our current business including the manufacturing of certain molded plastic parts for medical devices or subject us to increased costs of compliance in fulfillment of our customers' adherence with relevant laws, regulations and practices.

RISK FACTORS

We cannot assure you that the production or distribution of any of the parts we manufacture will not be subject to any prohibitions or restrictions imposed by competent authorities on our customers in the future. Such changes may also result in increased costs of compliance. Any changes in, and any promulgation of, laws, regulations or standards may materially and adversely affect our business, financial condition and results of operations.

If the Singapore government or government of countries where our customers are located decide to impose price control on them, our business, profitability, results of operations and prospects would be materially and adversely affected

There is currently no price control imposed by the Singapore government in relation to our molded plastic parts sold in Singapore.

We are unable to predict any future policy changes to implement any price control policy to be adopted by the Singapore government or other government of countries in the healthcare sector where our customers are located. In the event that price control policy is adopted by Singapore or countries where our customers are located, which results in all or some of our molded plastic parts being subject to price control, it may result in lowered purchase order volumes from our customers, and our business, profitability, results of operations and prospects would be materially and adversely affected.

There has been stricter government policies on foreign manpower since 2013

According to the Euromonitor Report, since 2013, the Singapore government has imposed stricter government policies on foreign manpower, in particular in relation to less skilled labours. During the Track Record Period, we employed 61, 67 and 61 foreign workers, representing approximately 46.6%, 48.2% and 48.4% of our employees, respectively. As at the Latest Practicable Date, we employed 60 foreign workers, representing approximately 52.6% of our employees in Singapore, as the local labour force in Singapore is limited and more costly. Although the production process is automated, we rely on our workers to ensure the smooth operation of our business and to ensure quality standards. If we are unable to maintain or increase the percentage of our foreign workers, we may be required to incur additional expenses in employing more local labour force in Singapore. We cannot assure you whether in the near future the government will maintain its current policies on foreign workers or impose stricter controls which affect the skilled foreign labour which we hire, if this occurs, it could have a material and adverse effect on our results of operations.

There is no guarantee that regulatory requirements applicable to the industry in which we operate will not change in the future

Our operations are subject to laws and regulations that relate to matters such as employment of foreign workers, workplace health and safety, and environment. There is no guarantee that regulatory requirements applicable to our operation will not change in the future. Any changes in applicable laws and regulations may result in time-consuming and costly changes to our risk management and internal control systems and may increase our cost and burden in order for us to comply with them, thereby materially and adversely affecting our business and financial position and prospect.

RISK FACTORS

The interpretation and implementation of legislation on regional governance in Indonesia is uncertain

Following the end of the centralised regime in Indonesia, the Indonesian government has enacted a number of laws to increase regional autonomy. Under these laws, regional governments have greater powers and responsibilities over the use of national assets and to create a more balanced and equitable financial relationship with the central government. Regional government has been allowed to impose taxes and other charges on entities. This may cause different treatment on every entity operated in a different regional territory. This decentralisation of power has created uncertainties, including with respect to the validity, scope, interpretation and application of foreign investment policy. Limited precedent or other guidance exists on the interpretation and implementation of the regional autonomy laws. This uncertainty has increased the risks and may increase the costs, involved in our production facility in Indonesia.

RISKS RELATING TO THE SHARE OFFER

Termination of the Public Offer Underwriting Agreement

Prospective investors should note that the Sole Bookrunner (for itself and on behalf of the other Public Offer Underwriters) is entitled to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement by giving notice in writing to us upon the occurrence of any of the events set out in the section headed “Underwriting – Underwriting Arrangements and Expenses – Public Offer – Grounds for termination” of this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such event may include, without limitation, acts of government or orders of any courts, labour disputes, strikes, calamity, crisis, lock-outs, 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.

The liquidity, market price and trading volume of our Shares may be volatile

We have applied for the listing of and permission to deal in our Shares on GEM. However, even if approved, being listed on GEM does not guarantee that an active trading market for our Shares will develop following the Share Offer or that our Shares will always be listed and traded on GEM. There is no assurance that the Listing will result in the development of an active and liquid public trading market for our Shares or that the market price of our Shares will not decline below the Offer Price.

The price and trading volume of our Shares may be highly volatile. The market price of the Shares may fluctuate significantly and rapidly as a result of the following factors, among other things, some of which are beyond our control:

- variations in our revenue, earnings and cash flows;
- announcements of new investments, strategic alliances or acquisitions;
- fluctuations in market prices of our medical device parts, products and services;
- changes in securities analysts’ analysis of our financial performance;
- concentration of shareholding in the hands of small number of investors;

RISK FACTORS

- addition or departure of our key personnel;
- our involvement in litigation; and
- general economic and stock market conditions in Hong Kong and across the globe.

Any of the above factors may result in large and sudden changes in the volume and price at which our Shares will trade. Stock markets and the shares of some listed companies in Hong Kong have experienced price and volume fluctuations in recent years, some of which may have been unrelated or disproportionate to the operating performance of such companies.

Investors for our Shares may experience dilution if we issue additional Shares in the future to raise funding

We may need to raise additional funds in future to finance expansion of or new developments relating to our existing operations 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 the existing Shareholders, the percentage ownership of the existing Shareholders in our Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by the Shares under the Share Offer. Further, if we fail to utilise the additional funds to generate the expected earnings, this could materially and adversely affect our financial results and in turn exerts pressure to the market price of the Shares. Even if additional funds are raised by means of debt financing, any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters.

There may be dilution because of the issuance of Shares pursuant to the options which may be granted under the Share Option Scheme

We may grant share options to eligible participants under the Share Option Scheme, who may be employees, senior management and Directors. The exercise of share options under the Share Option Scheme will result in an increase in the number of Shares, and may result in a dilution to the percentage of ownership of the shareholders of our Company, the earnings per Share and net asset value per Share depending on the exercise price. Further details of the Share Option Scheme are summarised in “Appendix IV – Statutory and General Information – 15. Share Option Scheme”.

RISKS RELATING TO THE STATEMENTS MADE IN THIS PROSPECTUS AND FROM OTHER SOURCES

We cannot guarantee the accuracy of facts and other statistics with respect to certain information relating to the economics and the industry in which we operate contained in this prospectus

Certain facts and statistics in this prospectus, including but not limited to information and statistics relating to the medical device market and medical devices plastic injection molding market are derived from various publicly available information, government publications and organisation, announcements, annual reports and other publications, which our Directors believe to be reliable.

We cannot, however, guarantee the quality or reliability of such facts and statistics. Although we have taken reasonable care to ensure that the facts and statistics presented are accurately extracted and reproduced, they have not been independently verified by us, the Sole Sponsor, the Sole Bookrunner, the

RISK FACTORS

Joint Lead Managers, the Co-Manager, the Underwriters or any other party involved in the Share Offer and no representation is given as to its accuracy. We therefore make no representation as to the accuracy of such facts and statistics which may not be consistent with other information compiled by other sources and prospective investors should not place undue reliance on any facts and statistics derived from public sources contained in this prospectus.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would”, “wish” and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set out in this section. Subject to the requirements of the GEM Listing Rules, we do not intend to update or otherwise revise the forward-looking statements in this prospectus to the public, whether as a result of new information, future events or otherwise.

Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

We strongly caution you not to place any reliance on any information (if any) contained in press articles or other media regarding us or the Share Offer

There may be, subsequent to the date of this prospectus but prior to the completion of the Share Offer, press and media coverage regarding us and the Share Offer, which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Share Offer. We have not authorised the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

You should rely solely upon the information contained in this prospectus and any formal announcements made by us in Hong Kong in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Share Offer or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Company. By applying to purchase our Shares in the Share Offer, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and the Application Forms.

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 Provision) 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 respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus sets out the terms and conditions of the Share Offer. This prospectus is published solely in connection with the Share Offer, which is sponsored by the Sole Sponsor and managed by the Sole Bookrunner, the Joint Lead Managers and the Co-Manager and to be fully underwritten by the Underwriters (subject to the terms and conditions of the Underwriting Agreements). Further information about the Underwriters and the underwriting arrangements is contained in the section headed "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined in Hong Kong dollars by our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) on the Price Determination Date. If, for whatever reason, our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) are unable to reach agreement on the Offer Price by the Price Determination Date, the Share Offer will not proceed and will lapse. For full information relating to the determination of the Offer Price, please refer to the section headed "Structure and Conditions of the Share Offer" in this prospectus.

RESTRICTIONS ON SALE OF OFFER SHARES

No action has been taken to permit any 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.

Each person acquiring the Offer Shares will be required to confirm, or by his/her/its acquisition of the Offer Shares be deemed to confirm, that he/she/it 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/it not acquiring, and has not been offered, any such shares in circumstance that contravenes any such restrictions.

Prospective subscribers 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.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Further details of the structure and conditions of the Share Offer are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

APPLICATION FOR LISTING ON GEM

Application has been made to the Listing Division for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme). Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provision) Ordinance, if the permission for the Shares offered under this prospectus to be listed on GEM has been 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 for permission by or on behalf of the Listing Division, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at all times after the Listing, our Company must maintain the “minimum prescribed percentage” of 25% or such applicable percentage of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules). Accordingly, a total of 100,000,000 Offer Shares, which represents 25% of the enlarged issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer will be made available under 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. At present, our Company is not seeking or proposing to seek listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

If investors are unsure about the taxation implications of the subscription or, purchase, holding or disposal of, dealings in, or exercise of any rights in relation to the Offer Shares, they should consult an expert. It is emphasised that none of our Company, our Directors, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager, the Underwriters, any of their respective directors, officers, employees, agents, representatives or any other person or party 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.

REGISTRATION AND STAMP DUTY

Our fully-paid Shares are freely transferable. The Shares may be registered on the principal register of members in the Cayman Islands or on the branch register of members of our Company in Hong Kong.

Our Company’s principal register of members will be maintained in the Cayman Islands by our Company’s principal share registrar, Conyers Trust Company (Cayman) Limited, and our Company’s branch register of members will be maintained in Hong Kong by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

All the Offer Shares will be registered on the branch register of members of our Company in Hong Kong maintained by the Hong Kong branch share registrar. Only Shares registered on our branch register of members maintained in Hong Kong may be traded on GEM, unless the Stock Exchange otherwise agrees. Dealings in the Offer Shares registered on the branch register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless our Company determines otherwise, dividends payable in HK\$ in respect of the Shares will be paid by cheque sent at the Shareholder's risk to the registered address of each Shareholder or, in the case of joint holders, the first-named holder.

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 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.

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.

COMMENCEMENT OF DEALING IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Friday, 19 January 2018. Shares will be traded in board lots of 4,000 each. The stock code for the Shares is 8513.

Our Company will not issue any temporary documents of title. Dealings in the Shares on GEM will be effected by participants of GEM whose bid and offer quotations will be available on the GEM's teletext page information system. Delivery and payment for Shares dealt on GEM will be effected on the second business day following the transaction date. Only certificates for Shares registered on the branch register of members of our Company maintained in Hong Kong will be valid for delivery in respect of transactions effected on GEM. If you are unsure about the procedures for dealings and settlement arrangement on GEM on which the Shares are listed and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisers.

| |
|--|
| DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER |
|--|

DIRECTORS

| Name | Residential address | Nationality |
|--|--|-------------|
| <i>Executive Directors</i> | | |
| Mr. Phua Swee Hoe (潘瑞河) | 38 Cashew Crescent Singapore 679783 | Singaporean |
| Ms. Ng Hong Kiew (黃鳳嬌) | 38 Cashew Crescent Singapore 679783 | Singaporean |
| Mr. Ang Lai Seng (洪來成) | Apt Blk 285 Choa Chu Kang Avenue 3 #03-306 Singapore 680285 | Singaporean |
| <i>Non-executive Director</i> | | |
| Mr. Tay Koon Chuan (鄭琨荃) | 39C West Coast Park #12-07 Singapore 127714 | Singaporean |
| <i>Independent non-executive Directors</i> | | |
| Mr. Tan Yew Bock | 732 Upper Changi Road East #06-05 Singapore 486860 | Singaporean |
| Mr. Ong Kian Guan (王建源) | 47 Phillips Avenue Singapore 546986 | Singaporean |
| Mr. Chow Wen Kwan (周文光) | 123 Langsat Road #05-02 Singapore 426775 | Singaporean |

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

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor

Fortune Financial Capital Limited
A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
35/F, Office Tower, Convention Plaza
1 Harbour Road
Wanchai, Hong Kong

Sole Bookrunner

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

Joint Lead Managers

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

I-Access Investors Limited
Suites 3208-11
32/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Aristo Securities Limited
Room 101, 1st Floor
On Hong Commercial Building
145 Hennessy Road
Wanchai
Hong Kong

Co-Manager

Oceanwide Securities Company Limited
18/F-19/F China Building
29 Queen's Road Central
Hong Kong

Legal advisers to our Company

As to Hong Kong law
Robertsons
57/F., The Center
99 Queen's Road Central
Hong Kong

As to Cayman Islands law
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

As to Singapore law

Drew & Napier LLC

10 Collyer Quay

#10-01 Ocean Financial Centre

Singapore 049315

Central Chambers Law Corporation

150 Cecil Street

#03-00

Singapore 069543

As to Indonesia law

Adnan Kelana Haryanto & Hermanto

Chase Plaza 18th Floor

Jl Jend. Sudirman Kav. 21

Jakarta 12920

Indonesia

**Legal advisers to the Sole Sponsor and
the Underwriters**

As to Hong Kong law

P. C. Woo & Co

12/F., Prince's Building

10 Chater Road

Central

Hong Kong

Auditor and Reporting Accountant

PricewaterhouseCoopers

Certified Public Accountants

22/F., Prince's Building

Central

Hong Kong

Independent industry consultant

Euromonitor International Limited

60-61 Britton Street

London

EC1M 5UX

United Kingdom

Receiving bank

**Industrial and Commercial Bank of China
(Asia) Limited**

33/F., ICBC Tower

3 Garden 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 | 16 Kallang Place #02-10 Singapore 339156 |
| Principal place of business in Hong Kong | 57/F., The Center 99 Queen's Road Central Hong Kong |
| Company's website | www.inzign.com <i>(Note: information contained in this website does not form part of this prospectus)</i> |
| Company secretary | Mr. Lau Chung Wai, <i>F CPA</i> (Practising) 57/F., The Center 99 Queen's Road Central Hong Kong |
| Compliance officer | Ms. Ng Hong Kiew 38 Cashew Crescent Singapore 679783 |
| Authorised representatives (for the purpose of GEM Listing Rules) | Mr. Phua Swee Hoe 38 Cashew Crescent Singapore 679783 Ms. Ng Hong Kiew 38 Cashew Crescent Singapore 679783 |
| Audit committee | Mr. Ong Kian Guan (<i>Chairman</i>) Mr. Tan Yew Bock Mr. Chow Wen Kwan |
| Remuneration committee | Mr. Tan Yew Bock (<i>Chairman</i>) Mr. Phua Swee Hoe Mr. Ong Kian Guan |
| Nomination committee | Mr. Phua Swee Hoe (<i>Chairman</i>) Mr. Tan Yew Bock Mr. Ong Kian Guan Mr. Chow Wen Kwan |

CORPORATE INFORMATION

Compliance adviser

Fortune Financial Capital Limited
35/F, Office Tower, Convention Plaza
1 Harbour Road
Wanchai, Hong Kong

Principal share registrar and transfer office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. 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

Malayan Maybank Berhad
200 Jalan Sultan
#01-02 Textile Centre
Singapore 199018

INDUSTRY OVERVIEW

The information that appears in this Industry Overview has been prepared by Euromonitor and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Euromonitor should not be considered as the opinion of Euromonitor as to the value of any security or the advisability of investing in our Company. Our Directors believe that the sources of information contained in this Industry Overview are appropriate sources for such information and have taken reasonable care in reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Euromonitor International Limited and set out in this Industry Overview has not been independently verified by our Group, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager, the Underwriters or any other party involved in the Share Offer.

SOURCES OF INFORMATION

We have commissioned Euromonitor, an independent market search and consulting company, to conduct comprehensive research, analyse and report on the medical devices plastic injection molding industry in Singapore and the global medical devices market for a total fee of US\$54,800 which we believe reflects the market rate. The Euromonitor Report was completed in August 2017 and all statistics referred therein are based on information available at the time of reporting.

Established in 1972, Euromonitor is the world leader in strategy research for both consumer and industrial markets. In compiling and preparing the Euromonitor Report, Euromonitor used both primary and secondary research on the medical devices plastic injection molding industry in Singapore and the medical devices industry in the world. Primary research involved interviewing and engaging leading industry participants and industry experts in collecting their views on the industry landscape, market trend and forecast.

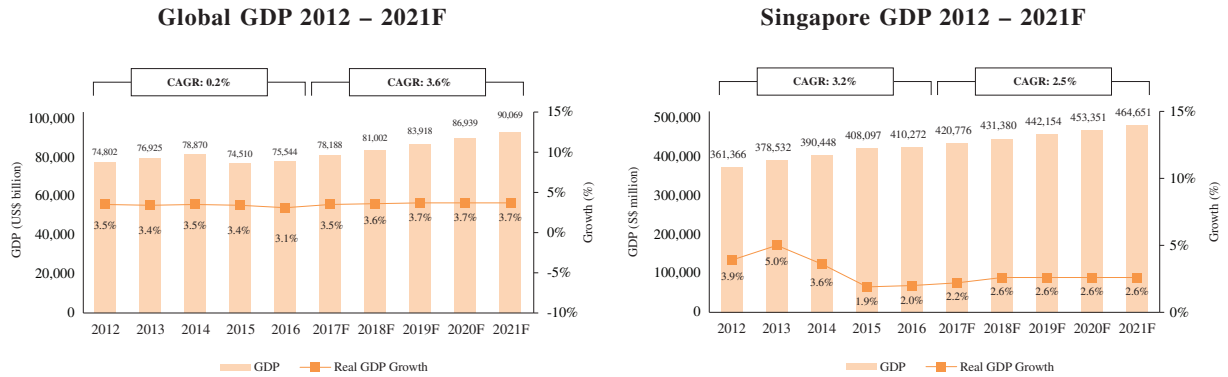
Secondary research was conducted by reviewing company reports, independent research reports and data on Euromonitor's database. The market projection figures were obtained from reviewing and analysing historical data plotted against macroeconomic data, and taking industry-specific drivers into account. The market projections for the forecast period from 2017 to 2021 in the Euromonitor Report were based on the assumptions and parameters, including (i) the global economy is expected to maintain steady growth over the forecast period; (ii) the global social, economic, and political environment is expected to remain stable in the forecast period; and (iii) there will be no external shock, such as financial crisis or raw material shortage that affects the import and export of the medical devices plastic injection molding industry in Singapore during the forecast period. All primary and secondary research sources were standardised, cross-checked and analysed by Euromonitor to ensure a reliable and robust research feed to their analysis of the information.

On these bases, our Directors are satisfied that the forecasts and industry data disclosed in this section are not misleading. Our Directors confirm that, after taking reasonable care, there is no material adverse change in the market information since the issue date of the abovementioned sources which may qualify, contradict or have adverse impact on the information in this section.

INDUSTRY OVERVIEW

OVERVIEW OF GLOBAL & SINGAPORE MACRO ENVIRONMENT

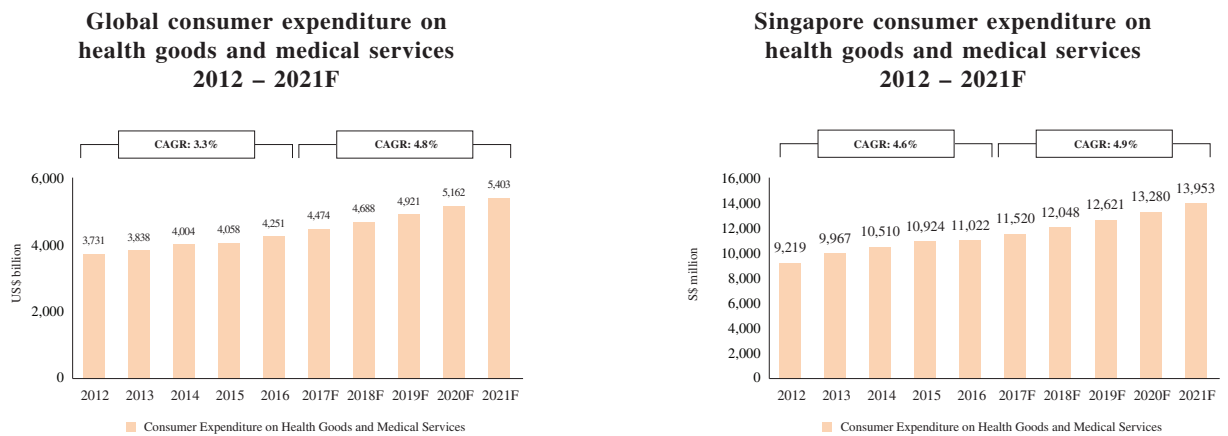
The global economy has shown signs of improvement towards the end of the historical period and the outlook for the global economy improved further in 2017 as it is going through a cyclical rebound, global nominal GDP is expected to grow at a CAGR of approximately 3.6% from 2017 to 2021. The Singapore Ministry of Trade and Industry narrowed the country's GDP growth forecast for 2017 to approximately 2.0% to 3.0%, attributed to an improving global economy and a pickup in external demand.



Source: International Monetary Fund, Singapore National Statistics Authority, Euromonitor Passport Database – Economy and Consumers 2017 Edition

Consumer expenditure on healthcare rises

Global consumer expenditure on health goods and medical services reached approximately US\$4.3 trillion in 2016, achieving a healthy growth of approximately 3.3% CAGR between 2012 and 2016. Similar trends are observed in Singapore where consumer expenditure on health goods and medical services grew strongly above that of the global average, registering a CAGR of approximately 4.6% to reach S\$11 billion from 2012 to 2016 and is forecasted to have further growth at a CAGR of approximately 4.9% from 2017 to 2021.

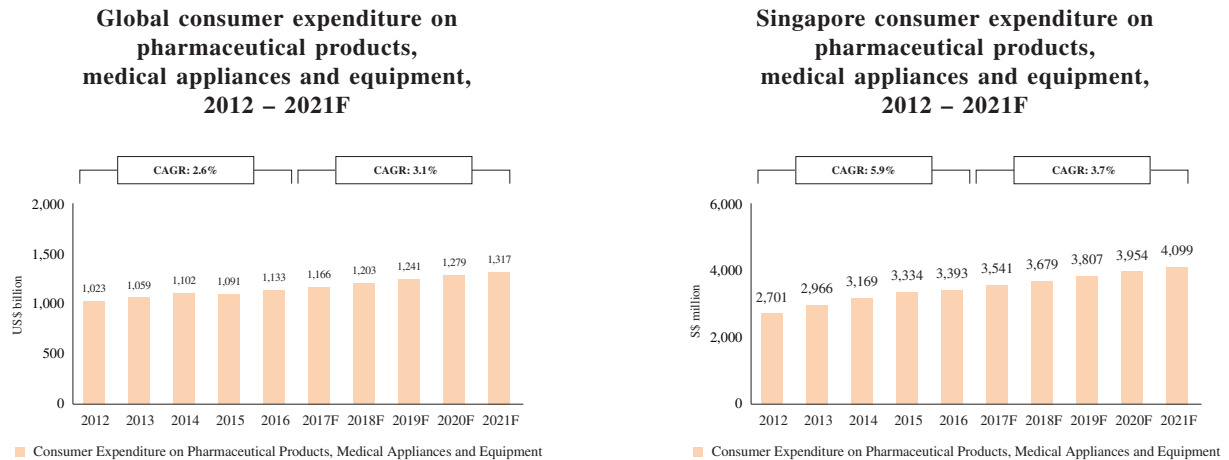


Source: Euromonitor Passport Database – Economy and Consumers 2017 Edition

INDUSTRY OVERVIEW

Parallel positive trend in consumer expenditure on medical appliances and equipment as well as pharmaceutical goods

Consumer expenditure on pharmaceutical products, medical appliances and equipment in Singapore registered a strong growth, outpacing that of the global average, at a CAGR of approximately 5.9% from 2012 to 2016 and a forecast of further growth at a CAGR of approximately 3.7% from 2017 to 2021. The global prospect of consumer expenditure on medical appliances and equipment as well as pharmaceutical products looks promising as the forecast period from 2017 to 2021 is expected to outpace historic growth at a CAGR of approximately 3.1%.



Source: Euromonitor Passport Database – Economy and Consumers 2017 Edition

MEDICAL DEVICES MARKET OVERVIEW

The global medical device market grew steadily across the regions ranging from the United States, Europe to Asia during the historic period, and the trend is expected to continue at an annual growth rate of approximately 6.3% as market expands to approximately US\$462.0 billion by 2021. In 2015, the industry saw a decline due to currency volatility. The US dollar appreciated against the major currencies by 15% to 20% in 2015 which had a major impact on medical device production value expressed in US dollars.

Global Medical Device Market Size

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>CAGR 2012-2016</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|---------------------------|
| Historic | | | | | | |
| Market size, US\$ bn . . . | 266.4 | 290.2 | 318.9 | 311.5 | 339.4 | 6.2% |
| Growth rate, % | – | 8.9% | 9.9% | -2.3% | 9.0% | |
| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>CAGR 2017-2021</u> |
| Forecast | | | | | | |
| Market size, US\$ bn . . . | 361.4 | 385.9 | 411.4 | 436.8 | 462.0 | 6.3% |
| Growth rate, % | 6.5% | 6.8% | 6.6% | 6.2% | 5.8% | |

Source: Euromonitor Estimates based on desk research and trade interviews

INDUSTRY OVERVIEW

By far, the United States is the largest spender on healthcare sector in the world with a large and growing medical device market valued at approximately US\$140 billion in 2016, and accounted for approximately 43% of the global medical device market. In 2015, approximately 17.8% of the total GDP of the US was spent on healthcare sector which amounts to approximately US\$3.2 trillion.

Key Market Drivers of the Medical Devices Market

- *Increasing demand for the use of plastics in medical devices:* Medical devices today are manufactured by plastics that are stronger, lighter, and more durable. Plastics are an ideal class of materials which cover large application areas in health and healthcare due to their lightweight, bio-compatibility, non-corrosive nature, chemical inertness, low cost and comparable densities with that of human organs. The increasing use of plastics in medical devices is also driven by upgrading and enforcement of infection prevention standards, rising concerns about health and safety of healthcare workers, and a global increase in inpatient and outpatient procedures.
- *Specialised technologies such as microfluidics drive growth for plastic injection molding:* The development of the global medical industry can also be attributed to the growth of disposable medical devices as represented by microfluidics, as well as liquid silicone rubber, which are major raw materials for medical devices and advancement in sterile packaging of disposable medical device. Microfluidics, the increasingly popular example of disposable medical device, is growing due to the convenience it offers, catering to the consumers' preference on the mobility of diagnostics. The growing number of non-invasive surgical techniques also drives the market as new demand on bio-resolvable or bio-absorbable materials rises. The increasing demand for pharmaceutical products and popularity of biologics being the preferred treatment choice for chronic diseases such as arthritis and diabetes in recent years, has driven growth in sterile medical packaging market valued at approximately US\$25 billion in 2016 and forecast to grow at a CAGR of approximately 5.5% to 2020 reaching US\$31 billion. In parallel, innovative product packaging solutions for biologics and combination (drug and device) products will fuel further growth in this segment due to the complexity of different storage requirements.

Market Constraints of the Medical Devices Market

- *Evolving regulations limit access to markets:* Regulatory change is a key constraint on the growth of the global medical devices industry. ISO13485 is the global standard for medical device quality management systems, with less than 30,000 certificates issued globally. In February 2016, the International Organization for Standardization (ISO) published its revisions to ISO13485, replacing the previous version from 2003. Regulators around the world have integrated ISO13485 into their regulatory systems accordingly. In the United States, new regulations and compliance rules such as the Affordable Care Act (Obamacare), if introduced, will levy a 2.3% medical device excise tax in 2018 on both domestic manufacturers and importers. This does however create new opportunities for outsourcing of the manufacturing of medical devices to lower-cost offshore manufacturers who are able to meet the ISO standards and regulatory requirement. Changes to the regulations on the security, privacy, reliability, and safety of medical devices are related challenges which could significantly change how manufactures operate and increase production costs, such as the Food and Drug Administration (FDA)'s Unique Device Identification (UDI) system which aims to improve patient safety and track affected medical devices in the event of a recall as well as the new European Medical Devices Regulations (EU) coming into force in 2020. Additional requirements of new regulations, broadening coverage on the range of medical devices, stricter pre-market scrutiny and the strengthening of post-market surveillance requirements for manufacturers weigh particularly heavy against the medical device manufacturing industry.

INDUSTRY OVERVIEW

- *Impact of regulation extends into increased compliance costs and delayed production timelines:* Evolving regulations on the security, privacy, reliability, and safety of medical devices have a significant impact on the manufacturing process, as well as affecting the bottom line of medical device manufacturers. Additional costs and delay in production would incur to conform to the new regulatory standards as medical device manufacturers increasingly require more stringent validation data from contract manufacturers making medical device parts, in order to meet the demand of the regulators.
- Other constraints include shifting reimbursement structures from fee-for-service (FFS) especially in the US and European market, where a medical service provider receives a payment for each treatment rendered to a patient, to value-based-reimbursement (VBR) where a payment is quoted based on the quality performance provided during the treatment. The shift impacts the way medical device manufacturers structure their business, products, and supply chain as their profits will not come from the high consumption of devices but rather how the manufacturers respond to the new shift of providing and demonstrating value in the product.

Global Supply Chain Dynamics

Traditionally, medical device manufacturers kept all or most stages of the supply chain process in-house. However, cost pressures and the search for efficiencies have led to an increasing level of outsourcing, to both domestic, regional and international contract manufacturing organisations (CMOs) in parts, sub-assemblies, and turnkey contract manufacturing of complete products. This lowers the risks related to technical issues that may come up and any regulatory hurdles medical device manufacturers need to overcome, while allowing medical device manufacturers to focus on sales, marketing and distribution activities and benefit from the CMOs' expertise allowing a quicker production process for both components and complete medical devices. In particular, CMOs in Asia offer lower cost at a consistent quality as well as economies of scale.

Both plastic injection molding and microfluidic CMOs play a critical role for medical devices manufacturers in their supply chain. It is common for CMOs to source resin, molding materials, and reagents (for microfluidics) from a supplier or the medical device manufacturer for raw materials, while tooling design and specialised manufacturing produce custom made molds to be used. Parts are then manufactured using the injection molding process. Depending on the particular additional services offered by the CMOs, the parts are then distributed to either another medical device component company that assembles the sub-parts, or directly to the medical device manufacturer as a fully assembled device. Once the final product is assembled, the medical device manufacturer then sells the medical device to wholesalers or hospital groups.

Market Outlook of Medical Devices Market

- *Shortening supply chains through CMOs:* A growing number of medical device original equipment manufacturers (OEMs) are shifting focus to innovation and design, while placing greater emphasis on outsourcing to supply the goods. Reliance on CMOs such as precision plastic injection molders is expected to increase as medical device OEMs further restructure and downsize their in-house manufacturing capabilities. The shift in operating models is expected to create more opportunities for CMOs which have strong relationship with medical device manufacturers, a history of proven reliability and performance, and the ability to provide value-added services from incorporating the full product development and production cycle all the way to the sterilisation process and packaging services as well as an expertise in following and adhering to all FDA regulations.

INDUSTRY OVERVIEW

- *Medical device OEM shift focus to innovation and design:* CMOs with the capability to manufacture microfluidics point of care testing (POCT) devices will enjoy new growth opportunities, as the market for microfluidics POCT devices is beginning to gain prominence due to rising maturity of the underlying technologies for such devices. Stakeholders are increasingly turning to microfluidics POCT devices as a solution to new and emerging public health issues. As the microfluidics POCT field advances over the years towards more complex diagnostic tests, CMOs have the opportunity to shape the industry through showcasing their capabilities to cater to the needs of medical device OEM. The industry is expected to benefit from changing demographics and the higher incidence of chronic diseases. Demand is increasing in particular for POCT diagnostic devices that allow the early detection of diseases and for specialised home care products for diabetes, orthopaedic appliances and dialysis equipment.

- *Specialised technologies for plastic injection molding in microfluidic:* Microfluidic technology facilitates the flow of liquids inside micrometre-size channels. Through the application of microfluidic technology, medical devices can be smaller and allow for more precise control. Lab-on-chip devices such as blood analysis devices and nanospray nozzles, POCT devices, protein crystallization where microfluidic devices allow the generation on a single chip of a large number of crystallization conditions, as well as cell biology research. The market for these products is growing, driven by the overall medical devices market drivers and short product lifecycles in particular, which create a permanent need for product innovation. The requirements of plastic injection molded products need to fulfil are becoming ever more sophisticated, with parts required to become smaller and thinner in order to save material and weight without lowering the products' quality.

MEDICAL DEVICES PLASTIC INJECTION MOLDING MARKET IN SINGAPORE

Market Overview

The plastic injection molding industry in Singapore is relatively well-developed and advanced, as it has benefited from Singapore's position as the hub of skilled labour and technologies, well-established manufacturing infrastructure such as logistics hubs equipped with cold chain services. As such, the export of HS 3822 by Singapore accounted for approximately 4.7% of the total global export of HS 3822 which took place in 2016. The weight of export of HS 3822 by Singapore via-a-vis total export has gradually increased over the years.

Export of products with HS code 3822 and 9018 by Singapore and by World

| <u>Exports by Singapore</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Export value of products with HS 3822, US\$'000 | 493,690 | 614,305 | 795,948 | 882,148 | 1,084,577 |
| Export value of products with HS 9018, US\$'000 | 3,286,053 | 3,369,367 | 3,317,450 | 2,804,637 | 2,636,995 |

INDUSTRY OVERVIEW

| Exports by World | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-------------|-------------|-------------|-------------|-------------|
| Export value of products with HS 3822, US\$'000 | 22,683,780 | 24,392,231 | 24,625,178 | 23,646,503 | 23,091,415 |
| Export value of products with HS 9018, US\$'000 | 97,611,750 | 103,251,914 | 107,897,808 | 104,005,701 | 104,575,065 |
| Singapore's export as a percentage of global export | 2012 | 2013 | 2014 | 2015 | 2016 |
| Export weight of Singapore of products with HS 3822 | 2.2% | 2.5% | 3.2% | 3.7% | 4.7% |
| Export weight of Singapore products with HS 9018 | 3.4% | 3.3% | 3.1% | 2.7% | 2.5% |

Source: United Nations Commodity Trade Statistics Database

Moreover, Singapore government is committed to nurturing biotech engineering as can be shown by their investment into biomedical engineering. In 2012, the government invested S\$316 million which expanded to S\$592 million in 2016 at the CAGR rate of 17%. The instrumental support for high value added medical device manufacturing industries has promoted Singapore as the regional headquarters and research hub of multinational medical device manufacture. Singapore's regional role ranges from research and laboratory hub, manufacturing site to regional headquarter. Spurred by the vibrant dynamics, the industry entered a transitional stage from traditional plastic injection molding to precision plastic injection molding as manufacturers move up in the value chain.

As such, the PPIM for medical device segment has grown rapidly at a CAGR of approximately 9.3% to reach approximately S\$877.9 million in 2016. The market is expected to expand, amounting to approximately S\$1,176.4 million by 2021.

PPIM for Medical Device Market Size in Singapore

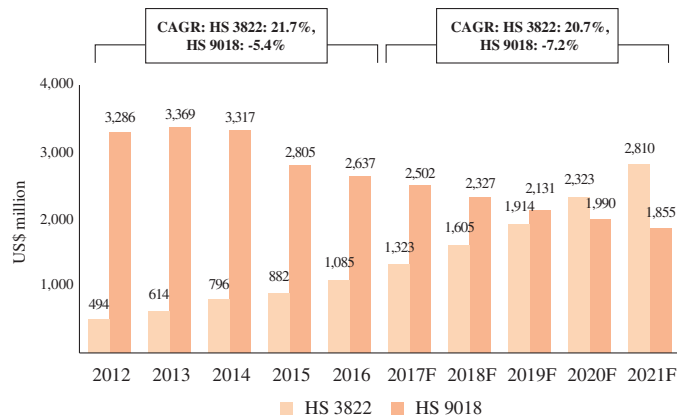
| | 2012 | 2013 | 2014 | 2015 | 2016 | CAGR 2012-2016 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|---------------------------|
| Historic | | | | | | |
| Market size, S\$ million | 616.2 | 667.5 | 721.1 | 822.2 | 877.9 | 9.3% |
| Growth rate, % . . . | - | 8.3% | 8.0% | 14.0% | 6.8% | |
| | 2017 | 2018 | 2019 | 2020 | 2021 | CAGR 2017-2021 |
| Forecast | | | | | | |
| Market size, S\$ million | 941.8 | 1,001.7 | 1,060.5 | 1,118.8 | 1,176.4 | 5.7% |
| Growth rate, % . . . | 7.3% | 6.4% | 5.9% | 5.5% | 5.1% | |

Source: Euromonitor Estimates based on desk research and trade interviews

Singapore registered a steady rate of export of product category under HS 3822, namely laboratory and diagnostic reagents with a CAGR of 21.7% from 2012 to 2016, and the trend is expected to continue. The export of product category under HS 9018 has declined over the years. The coverage of HS 9018 is broad as it refers to instruments and appliances used in medical landscape, which includes low-end segment instruments as well as those of high-end segment. As a maturing medical device industry coupled with strong presence of precision engineering technologies, manufacturers in Singapore are transitioning to the high-end device segment. The shift in focus led the export trend of HS 9018 to taper off accordingly.

INDUSTRY OVERVIEW

Export of medical device components by Singapore



Source: United Nations Commodity Trade Statistics Database 2017-2021 forecast based on five year moving average

HS 3822: Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents whether or not on a backing, and certified reference materials, such as microfluidic device

HS 9018: Instruments and appliances used in medical, surgical, dental or veterinary sciences, including scintigraphic apparatus, other electro-medical apparatus and sight testing instruments, such as blood bags, respiratory, dialysis or drug delivery products

Competitive landscape for medical devices contract manufacturing organisations in Singapore

The Group is ranked seventh among PPIM contract manufacturing organisations for medical device operating in Singapore in 2016.

Market Rankings and Shares of PPIM Contract Manufacturing Organisations for Medical Device for 2016 (in terms of revenue, Singapore Dollar)

| Ranking | Company | Market Share | Listing Status | Description |
|---------|-----------|--------------|----------------|--|
| 1 | Company A | 7.5% | Private | PPIM manufacturer for medical and consumer products, with its business operation in Singapore, Malaysia and China and its clientele expanding to the US and Europe |
| 2 | Company B | 6.2% | Listed | PPIM manufacturer for medical and consumer products, however the medical segment accounts for less than 2% of the group's business |
| 3 | Company C | 5.5% | Listed | PPIM manufacturer for medical device, electronics and automotive with its business operation in Singapore, Malaysia, China and India, the group's revenue generated from medical device segment is estimated to be around 7% |
| 4 | Company D | 3.4% | Listed | PPIM manufacturer for medical disposable, diagnostics and drug delivery products, the group's medical device segment accounts for more than 40% of their business |

INDUSTRY OVERVIEW

| Ranking | Company | Market Share | Listing Status | Description |
|---------|-----------|--------------|----------------|--|
| 5 | Company E | 2.7% | Private | PPIM manufacturer for medical healthcare products |
| 6 | Company F | 2.5% | Listed | PPIM manufacturer for medtech, biotech, automobile and electronics, with its clientele including major medical device manufacturers such as JMS and Argon Medical Devices; the company's medical device segment accounts for approximately 18.7% of their business |
| 7 | The Group | 2.2% | Private | PPIM manufacturer for biomedical device component such as drug delivery devices, haemodialysis and renal dialysis device |
| 8 | Company G | 1.6% | Listed | PPIM manufacturer for medical device, automotive, computer peripherals and consumer products; approximately 7.8% of the group's revenue is generated from medical device segment |
| 9 | Company H | 1.4% | Listed | PPIM manufacturer for medical device components, wireless, computer peripherals and consumer electronics components with its vast operation network ranging from Singapore, China, Thailand and Poland |
| 10 | Company I | 1.1% | Listed | PPIM manufacturer for medical device components, consumer products, printing and imaging, communications products |

Source: Euromonitor Estimates based on desk research and trade interviews

Note:

- (1) The market share data reported above has been determined via a fieldwork program consisting of desk research and trade interviews. While audited data was available for some of the companies, they typically do not break the revenue numbers into the relevant category (i.e. PPIM for medical device component) which was covered in the Euromonitor Report. For these companies as well as those companies that are included in the market shares but are not publicly listed, Euromonitor has estimated the market shares based on estimates provided by various trade sources (i.e. not just the companies themselves) and seeking a reconciliation on these estimates as much as possible.

According to Singapore Economic Development Board, there are approximately 2,700 companies in precision engineering sector, a handful of which are engaged in precision plastic injection molding (PPIM) for medical device. Based on the estimates, the top five players in Singapore market captured approximately 25.3% of medical device component manufacturing industry in 2016. If extended to the top ten players, the leading players accounted for approximately 34.1% of the market, the figures of which shows a fragmented nature of the market for medical device component manufacturing. The majority of the leading PPIM contract manufacturers for medical device also engage in producing components for electronics, computer peripherals, automotive or consumer products. However, a number of the players aim to leverage through expanding in the high-growth medical segment.

INDUSTRY OVERVIEW

Unlike the majority whose focus is not medical device components, the Group niches in this segment and is dedicated to producing medical device components ranging from drug delivery devices, haemodialysis to renal dialysis device. The Group provides turnkey manufacturing, leveraging on their capability to develop and design medical device components. The Group is certified with ISO13485, as it is equipped with clean rooms that are essential for producing medical device components, along with production site management expertise and the Group's stringent quality control policy.

In the medical device outsourcing industry, a change in CMOs' production sites could cause a potential loss of business as a result of production delays, as medical device manufacturers would have to get their product validated again to ensure compliance with the medical device manufacturer's specifications. Therefore, an established production site management capability would help strengthen the relationship between CMOs and their medical device OEM customers and that would mitigate the impact of any changes in production site.

Key Market Drivers

The transition from traditional plastic injection molding to precision plastic injection molding in Singaporean manufacturing landscape has also contributed to Singapore's positioning as the hub of medical device in the region. By focusing on higher value areas, such as micro-molding, due to the growing demand for less invasive and less damaging medical procedures, the medical device industry has seen a growing trend of device miniaturisation. The advancement followed by the initiatives taken by the manufacturers in Singapore to find a comparative advantage against the surging medical device produced in China which is heavily based on traditional plastic injection molding and other low-end medical device components. Not only the manufacturers in Singapore have gained a foothold in this advanced sector of plastic injection molding, they also have improved their profitability through this transition.

Apart from the above, other drivers that are expected to bolster the market for PPIM for medical devices would include government initiatives in support of the industry. For example, the Ministry of Health, in partnership with A*STAR (Agency for Science, Technology and Research), and several other governmental bodies, published the Research, Innovation and Enterprise Plan 2020, a government initiatives and investment plan for 2016-2020, in which S\$19 billion will be invested in clinical research as well as research and development in advanced manufacturing and engineering. In addition, given the hyper-aging population in Singapore, as well as that of global population, demand for greater healthcare would inadvertently drive the market for medical devices and their associated components.

Market Constraints

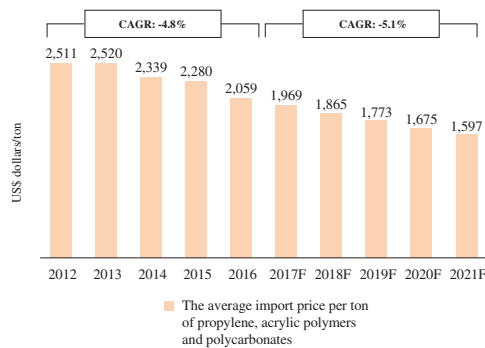
The cost pressure poses a constraint on medical device companies in Singapore as the average wage of Singapore is higher than that of its surrounding neighbours. Singapore also faces competition with China, especially in traditional plastic injection molding sector where China has gained a strong foothold. However, the medical device industry in Singapore has overcome the constraints by innovating their technologies. Automated process of precision plastic injection molding has lessened the burden incurred by relatively higher wage of skilled labourers. Companies which have pioneered the precision plastic injection molding alleviated the increasing impact of cost pressures and competition coming from China.

INDUSTRY OVERVIEW

The manufacturing landscape in Singapore has been heavily driven by Singapore’s position as the hub of skilled labour and technologies. Although the government policies on foreign manpower have become stricter since 2013, the significant levy increases were targeting less-skilled labourers. Medical device CMOs in Singapore are operated by high-skilled labourers, which left the industry intact from the stricter measures from the government. Moreover, they have overcome the challenge that could come from hiring foreign manpower by leveraging on their automation technology. With minimum amount of skilled labour, the manufacturers were able to offset the rising cost of labour and government regulations. The combination of automation achieved by hiring minimum skilled labour reduced the human error which led to the advancement in the quality of the medical devices they produce.

Raw Material Analysis

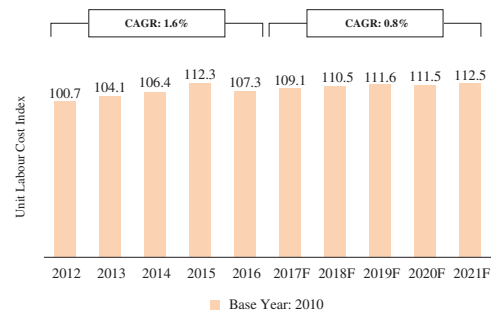
Average import price per ton of plastics related to medical device in Singapore 2012 – 2021F



Source: United Nations Commodity Trade Statistics Database, 2017-2021 forecast based on five year moving average

Note: The pricing in the chart above is the average of the pricing of HS 390230 (propylene), HS 390610 (acrylic polymers) and HS 390740 (polycarbonates)

Singapore unit labour cost index in manufacturing 2012 – 2021F



Source: Department of Statistics Singapore, 2017-2021 forecast based on five year moving average

CMOs generally pass on raw material cost to the medical device OEM, making the raw material cost as the least of their concern. The import pricing of related plastics materials by Singapore such as propylene or acrylic polymers as constantly decreased at the annual rate of -4.8% between 2012 and 2016.

On the other hand, labour cost in Singapore has remained stable. Unit labour cost index(ULCI) of manufacturing industry in 2012 was around 100.7. Although the ULCI has hit the apex in 2015 with the index of 112.3, it abated in the year after at the index of 107.3.

Barriers to Entry

For CMOs, regulatory compliance does not constitute as barriers to entry. As a spare part and component manufacturer, CMOs are not classified as medical device manufacturer category which is under the supervision of Health Sciences Authority, a government authority overseeing regulations and legislations regarding the industry. CMOs can pass the burden of complying with regulations and legislations to the medical device manufacturers. As long as the manufacturing line of the CMOs abides by the standards imposed by the medical device manufacturers, CMOs do not face any regulatory hurdles set by the government authority.

INDUSTRY OVERVIEW

This, in turn, poses a barrier to CMOs trying to enter but do not have established relationship with medical device manufacturers along with the high setup costs. Precision plastic injection molders often compete for the same pool of large medical device manufacturers due to its limited number. It may be challenging for a new entrant to find sufficient foothold to compete with existing players, many of the existing medical device manufacturers have established strong relationship with their CMOs, and less willing to engage new, unproven contract manufacturers in the precision injection molding sector.

Future Opportunities and Outlook

The Singapore government has invested heavily in promoting the medical technology sector through grants and subsidies for research and development activities and incentives for leading global players to set up manufacturing or product development facilities in Singapore. The government's continued investment in medical technology is expected to drive innovations in medical device plastic injection molding and create new opportunities for growth. The exemplary efforts made by the government would be those made by SIMTech and SMF. SIMTech assists medical device business in Singapore to settle down and develop and SMF in particular spearheads innovation in microfluidics through vigorous collaboration with academic institution as well as industry players.

The traditional aspect of plastic injection molding, which involves of normal-sized components is expected to maintain constant growth in the forecast period, as local demand can be sufficiently met by existing players. However, micromolding, i.e. precision molding, is expected to grow at a faster rate in Singapore, supported by the availability of local expertise and equipment. Due to the growing number of non-invasive surgical techniques, there is increasing interest in micromolding products made with bioresorbable or bioabsorbable materials. They are anticipated to go into wider production in the forecast period and provide new growth opportunities for plastic medical devices throughout Singapore and globally.

Further with an aging population in Singapore and the other Asian economies, it is anticipated that there will be many opportunities for medical device manufacturers to develop innovative devices for elderly care. Companies in Japan are already working on innovative elderly care solutions, such as assistive robots that can help elderly patients with daily tasks and robotic mobility devices.

REGULATORY OVERVIEW

Our Group has confirmed that they do not act as an importer of products in any of the jurisdictions where our customers are located as all of our products are delivered to our customers' offices in Singapore or Indonesia or to their designated shipping port on FOB terms. As such, to the best knowledge and understanding of our Directors, our customers that are outside of Singapore and Indonesia are solely responsible for ensuring the products fulfill the local market regulatory requirements, and thus, we are not subject to any overseas jurisdictions other than Singapore and Indonesia.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS IN SINGAPORE

Save for the laws and regulations that are material and specific to our business as disclosed below, as at the Latest Practicable Date, our business is not subject to any particular laws or regulations of Singapore other than those generally applicable to companies incorporated and/or operating in Singapore.

Employment Act

The Employment Act (Chapter 91) of Singapore ("**Employment Act**") is administered by the Ministry of Manpower ("**MOM**") and sets out the basic terms and conditions at work for employees covered under the Employment Act.

The term "employee" is defined in the Employment Act to mean a person who has entered into or works under a contract of service with an employer and includes, amongst others, a workman, but does not include certain specified categories of employees including, amongst others, any domestic worker, and in respect of all other parts of the Employment Act (save for Part IV of the Employment Act) any person employed in a managerial or executive position and is in receipt of a salary of more than S\$4,500 per month (excluding overtime payments, bonus payments, annual wage supplements, productivity incentive payments and any allowance however described) or such other amount as may be prescribed in substitution by the Minister of Manpower.

Part II of the Employment Act relates to certain aspects of contracts of services including, amongst others, termination of contract, notice of termination of contract and liability on breach of contract. For instance, Section 10 of the Employment Act provides, amongst others, that either party to a contract of service may at any time give to the other party notice of his intention to terminate the contract of service, and the length of such notice shall be the same for both employer and employee and shall be determined by any provision made for the notice in the terms of the contract of service, or, in the absence of such provision, shall be in accordance with Section 10(3) of the Employment Act.

Section 19 of the Employment Act provides that any employer who enters into a contract of service or collective agreement contrary to the provisions of Part II of the Employment Act shall be guilty of an offence. Section 112 of the Employment Act provides any person who is guilty of any breach or any offence under the Employment Act for which no penalty is otherwise provided shall be liable on conviction to a fine not exceeding S\$5,000 or to imprisonment for a term not exceeding six months or to both, and for a subsequent offence under the same section to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Part IV of the Employment Act sets out requirements for, among others, rest days, hours of work and other conditions of service. Part IV of the Employment Act only applies to certain specified categories of employees, namely (a) workmen who are in receipt of a salary not exceeding S\$4,500 a month (excluding overtime payments, bonus payments, annual wage supplements, productivity incentive payments and any allowance however described) or such other amount as may be prescribed by the Minister of Manpower; and (b) employees (other than workmen) who are in receipt of a salary not exceeding S\$2,500 a month (excluding overtime payments, bonus payments, annual wage supplements, productivity incentive payments and any allowance however described) or such other amount as may be prescribed by the MOM (the "**Part IV Employees**").

REGULATORY OVERVIEW

For instance, Section 43(1) of Part IV of the Employment Act provides that a Part IV Employee who has served an employer for a period of not less than three months shall be entitled to paid annual leave of seven (7) days in respect of the first 12 months of continuous service with the same employer and an additional one day's paid annual leave for every subsequent 12 months of continuous service with the same employer subject to a maximum of 14 days of such leave which shall be in addition to the rest days, holidays and sick leave to which the Part IV Employee is entitled under Sections 36, 88 and 89 of the Employment Act, respectively.

Section 53(1) of the Employment Act provides that any employer who employs any person as a Part IV Employee contrary to the provisions of Part IV of the Employment Act or fails to pay any salary in accordance with the provisions of Part IV of the Employment Act shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Part X of the Employment Act sets out the provisions in relation to holiday and sick leave entitlements. For instance, Section 89(1) of the Employment Act provides that any employee who has served an employer for a period of not less than six months shall, after examination at the expense of the employer by a medical practitioner appointed by the employer or a medical officer, be entitled to such paid sick leave, as may be certified by the medical practitioner or medical officer, not exceeding in the aggregate (a) if no hospitalisation is necessary, 14 days in each year; or (b) if hospitalisation is necessary, the lesser of the following: (i) 60 days in each year; and (ii) the aggregate of 14 days plus the number of days on which he is hospitalised.

Section 90(1) of the Employment Act provides that any employer who employs any person as an employee contrary to the provisions of Part X of the Employment Act or fails to pay any salary in accordance with the provisions of Part X of the Employment Act shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Employment of Foreign Manpower Act and Employment of Foreign Manpower (Work Passes) Regulations 2012

The employment of foreign employees in Singapore is governed by the Employment of Foreign Manpower Act (Chapter 91A) of Singapore ("EFMA") and is regulated by the MOM. The EFMA prescribes the responsibilities and obligations of employers of foreign employees in Singapore.

Section 5(1) of the EFMA provides that no person shall employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the MOM in accordance with the Employment of Foreign Manpower (Work Passes) Regulations 2012, which allows the foreign employee to work for him. Any person who fails to comply with or contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall:

- (a) be liable on conviction to a fine not less than S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and

REGULATORY OVERVIEW

- (b) on a second or subsequent conviction:
 - (i) in the case of an individual, with a fine of not less than S\$10,000 and not more than S\$30,000 and with imprisonment for a term of not less than one month and not more than 12 months; or
 - (ii) in any other case, be punished with a fine of not less than S\$20,000 and not more than S\$60,000.

The availability of the foreign workers for the manufacturing sector is also regulated by the MOM through the following policy instruments:

- (a) approved source countries;
- (b) the imposition of security bonds and levies; and
- (c) dependency ceilings based on the ratio of local to foreign workers.

Pursuant to section 25(1) of the EFMA, any employer which (a) makes or causes to make an application for a work pass on the basis of its foreign employee entitlement; and (b) commits, or causes or permits to be committed any act or omission which facilitates, or which results in, the inflation of its foreign employee entitlement, may be subject to a financial penalty not exceeding S\$20,000 as determined by the Controller of Work Passes.

Currently, the maximum number of foreign workers that a company in the manufacturing sector can hire is 1.5 times of the total number of local full-time employees of the company. For the purposes of determining the foreign employee entitlement of a company only, the MOM regards (i) Singaporeans and Permanent Residents (“PRs”) who earn at least S\$1,100 per month as full-time employees; (ii) Singaporeans and PRs who earn at least S\$550 per month as part-time employees; and (iii) two part-time employees count as one full-time employee. The MOM uses the company’s Central Provident Fund (“CPF”) account to determine the number of the company’s full-time employees.

An employer of foreign workers is also subject to, amongst others, the provisions set out in the Employment Act, the Immigration Act (Chapter 133) of Singapore (the “**Immigration Act**”) and the regulations issued pursuant to the Immigration Act.

Radiation Protection Act and the Radiation Protection (Non-Ionising Radiation) Regulations

The Radiation Protection Act (Chapter 262) of Singapore (“**RPA**”), which is regulated by the National Environment Agency, regulates, *inter alia*, the import, export, manufacture, sale, disposal, transport, storage, possession and use of radioactive materials and irradiating apparatus.

Sections 5 and 6 of the RPA 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;

REGULATORY OVERVIEW

- (c) manufacture, sell or otherwise deal in any radioactive material;
- (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 (5) years or to both.

The RPA 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 (Non-Ionising Radiation) Regulations sets out, *inter alia*, the types of irradiating apparatus which it regulates, different types of licences and the conditions for each type of licences.

Inzign has an N2 licence issued on 16 October 2017 for the possession of a non-ionising radiation irradiating apparatus (Class 4 laser apparatus) under the RPA. For the further details on the validity of this licence, please refer to the section headed “Business – Legal and Compliance Matters” of this prospectus.

Workplace Safety and Health Act

The Workplace Safety and Health Act (Chapter 354A) of Singapore (“**WSHA**”), which is regulated by the MOM, 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:

- (a) providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work;
- (b) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees;
- (c) 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;

REGULATORY OVERVIEW

- (d) developing and implementing procedures for dealing with emergencies that may arise while those persons are at work; and
- (e) ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work.

Any person who breaches his duty shall be guilty of an offence and shall be liable on conviction, in the case of a body corporate, to a fine not exceeding S\$500,000 and if the contravention continues after the conviction, the body corporate shall be guilty of a further offence and shall be liable to a fine not exceeding S\$5,000 for every day or part thereof during which the offence continues after conviction. For repeat offenders, where a person has on at least one previous occasion been convicted of an offence under the WSHA that causes the death of any person and is subsequently convicted of the same offence that causes the death of another person, the court may, in addition to any imprisonment if prescribed, punish the person, in the case of a body corporate, with a fine not exceeding S\$1 million and, in the case of a continuing offence, with a further fine not exceeding S\$5,000 for every day or part thereof during which the offence continues after conviction.

Under the WSHA, the Commissioner for Workplace Safety and Health (the “CWSH”) 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 article 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 WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The remedial order shall direct the person served with the order to take such measures, to the satisfaction of the CWSH, 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, whilst the stop-work order shall direct the person served with the order to immediately cease to carry on any work or process indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, 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.

Work Injury Compensation Act

The Work Injury Compensation Act (Chapter 354) of Singapore (“WICA”), which is regulated by the MOM, applies to all employees (with the exception of any class of persons specified in the Fourth Schedule of the WICA) who have entered into or work under a contract of service or apprenticeship with an employer, in relation to the payment of compensation for injury suffered by such employees in the course of their employment, and sets out, amongst others, the amount of compensation they are entitled to and the method(s) of calculating such compensation.

The WICA provides, amongst others, that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to an employee, the employer shall be liable to pay compensation in accordance with the provisions of the WICA. The amount of compensation under the WICA in respect of any personal injury of an employee caused by accident arising out of and in the course of his employment shall be computed in accordance with the Third Schedule of the WICA.

Central Provident Fund Act

The Central Provident Fund Act (Chapter 36) of Singapore (“CPF Act”) governs the contributions made by employers and employees into the CPF. The CPF Act is administered by the Central Provident Fund Board.

REGULATORY OVERVIEW

Section 7(1) of the CPF Act provides that subject to Section 69 of the CPF Act and any regulations made under Section 77 of the CPF Act, every employer of an employee shall pay to the CPF monthly in respect of each employee contributions at the appropriate rates set out in the First Schedule of the CPF Act. Pursuant to Section 7(2) of the CPF Act, notwithstanding the provisions of any written law or any contract to the contrary, an employer is allowed to recover from the monthly wages of an employee the amount shown in the First Schedule of the CPF Act as so recoverable from the employee.

Section 9(1) of the CPF Act provides that, where the amount of the contributions which an employer is liable to pay under Section 7 of the CPF Act in respect of any month is not paid within such period as may be prescribed, the employer shall be liable to pay interest on the amount for every day the amount remains unpaid commencing from the first day of the month succeeding the month in respect of which the amount is payable.

Section 7(3) of the CPF Act provides that where any employer who has recovered any amount from the monthly wages of an employee in accordance with the CPF Act and fails to pay the contributions to the CPF within such time as may be prescribed, he shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding seven (7) years or to both.

Section 61(1) of the CPF Act provides that except as otherwise provided in Section 61(2) of the CPF Act, any person convicted of an offence under the CPF Act for which no penalty is provided shall be liable on conviction:

- (a) to a fine not exceeding S\$5,000 or to imprisonment for a term not exceeding six months or to both; and
- (b) if that person is a repeat offender in relation to the same offence, to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Section 61(2) of the CPF Act provides that where any person:

- (a) is guilty of an offence under Section 7(5) or 58(b) of the CPF Act; or
- (b) being a director, manager or secretary or any other officer of a body corporate, is guilty of an offence under Section 60 of the CPF Act by virtue of the fact that an offence under Section 7(3) or (5) or 58(b) of the CPF Act has been committed by that body corporate and is found to have been committed with the consent or connivance of or to be attributable to any act or default on the part of that person,

that person shall be liable on conviction:

- (i) to a fine of not less than S\$1,000 and not more than S\$5,000 or to imprisonment for a term not exceeding six months or to both;
- (ii) if that person is a repeat offender in relation to the same offence, to a fine of not less than S\$2,000 and not more than S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Personal Data Protection Act

The Personal Data Protection Act, No. 26 of 2012 (“**PDPA**”) establishes the Singapore regime for the protection of personal data (i.e. data, whether true or not, about an individual who can be identified from that data or other information accessible to the relevant organisation) and seeks to ensure that organisations comply with a baseline standard of protection for personal data of individuals. The nine (9) data protection obligations are summarised as follows:

- Purpose limitation obligation – personal data may be collected, used or disclosed only for purposes that a reasonable person would consider appropriate in the circumstances, and if applicable, has been informed to the individual concerned;
- Notification obligation – individuals must be notified of the purposes for the collection, use or disclosure of their personal data, prior to such collection, use or disclosure;
- Consent obligation – the consent of individuals must be given or deemed to have given for any collection, use or disclosure of their personal data, unless exceptions apply. Additionally, an organisation must allow and facilitate the withdrawal of consent which has been given or is deemed to have been given;
- Access and correction obligations – when requested by an individual and unless exceptions apply, an organisation must: (i) provide that individual with access to his personal data in the possession or under the control of the organisation and information about the ways in which his personal data may have been used or disclosed by the organisation within a year before the date of the individual’s request; and/or (ii) correct an error or omission in his personal data that is in the possession or under the control of the organisation;
- Accuracy obligation – an organisation must make a reasonable effort to ensure that personal data collected by or on its behalf is accurate and complete if such data is likely to be used to make a decision affecting the individual to whom the personal data relates or if such data is likely to be disclosed by the organisation to another organisation;
- Protection obligation – an organisation must make reasonable security arrangements for the protection of personal data in its possession or under its control in order to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks;
- Retention limitation obligation – an organisation must cease to retain its 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 the purpose for which that personal data was collected is no longer being served by retention of the personal data, and retention is no longer necessary for legal or business purposes;
- Transfer limitation obligation – personal data must not be transferred out of Singapore except in accordance with the requirements prescribed under the PDPA to ensure that organisations provide a standard of protection to personal data so transferred that is comparable to the protection under the PDPA; and
- Openness obligation – an organisation must develop and implement the necessary policies and procedures in order to meet the obligations under the PDPA and shall make information about its data protection policies and practices publicly available.

REGULATORY OVERVIEW

Non-compliance may lead to financial penalties, civil liability or criminal liability. The Singapore regulator, the Personal Data Protection Commission, also has broad powers to order the organisations to comply with the provisions of the PDPA.

Singapore taxation

The discussion in this section is not intended to be and does not constitute legal or tax advice. It is based on the current tax laws and practice in Singapore and is subject to changes in such laws, or in the interpretation thereof. Such changes may be retrospective. No assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws and practice will not occur on a retrospective basis.

The discussion below does not purport to be a comprehensive nor exhaustive description of all of the tax consequences relating to the acquisition, ownership and disposal of the shares of a Singapore company by any person. You, as a prospective subscriber of our Shares, should consult your tax advisors concerning the tax consequences of an investment in our Shares. Neither our Company, our Directors nor any other persons involved in the Listing accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

Corporate tax

Corporate taxpayers (whether Singapore tax resident or non-Singapore tax resident) are generally subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed to be received in Singapore (unless specified conditions for exemption are satisfied). Foreign income in the form of dividends, branch profits and service fee income received or deemed to be received in Singapore by a Singapore tax resident corporate taxpayer may however be to be from Singapore tax if specified conditions are met.

The prevailing corporate income tax rate is 17.0% with partial tax exemption for normal chargeable income of up to S\$300,000 as follows:

- 75.0% exemption of up to the first S\$10,000 and
- 50.0% exemption of up to the next S\$290,000.

The chargeable income of a company in excess of the first S\$300,000 (after the partial tax exemption) will be fully taxable at the prevailing corporate tax rate.

Transfer pricing related regulations

All related party transactions involving Singapore resident taxpayers are required to be on an arm's length basis. Section 34D of the Singapore Income Tax Act (Chapter 134) of Singapore ("SITA") specifically stipulates the use of the arm's length principle for related party transactions. Other than Section 34D, there are other provisions in the SITA which may be used in a transfer pricing context to effectively allow Inland Revenue Authority of Singapore ("IRAS") to disregard and or vary the terms of related party transactions.

REGULATORY OVERVIEW

To provide practical guidance to the taxpayer for applying Section 34D of the SITA, the IRAS released Transfer Pricing Guidelines (e-tax guides) first published on 23 February 2006. These guidelines provide detailed guidance on how the arm's length principle is to be interpreted in Singapore and amongst others, includes guidance on transfer pricing documentation requirements in Singapore. On 12 January 2017, the IRAS released the (latest) 4th Edition Transfer Pricing Guidelines ("**4th Edition Guidelines**") which is in line with the transfer pricing principles under the Organisation for Economic Co-operation and Development ("**OECD**") Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations as well as the OECD Base Erosion Profit Shifting ("**BEPS**") project. The 4th Edition Guidelines make reference to the following sections of the SITA:

- Section 13(16) of the SITA provides the exact wordings of the definition of 'related party'.
- Section 34D of the SITA clarifies the application of the arm's length principle in relation to transfer pricing between related parties.
- The concept or use of the principle is also implied or referred to in various provisions of the SITA, including Sections 32 and 53 of the SITA.
- In the event the taxpayers are unable to provide the TP documentation upon request by IRAS, they may be penalised under Section 94(2) of the SITA for not complying with the record keeping requirements under the SITA.
- Taxpayers should retain the TP documentation for 5 years from the relevant year of assessment, as required in Section 67 of the SITA.

The Income Tax (Amendment) Act 2017 made changes to the transfer pricing related provisions within the Income Tax Act such as changes to Section 34D as well as inclusion of new sections 34E relating to surcharges on transfer pricing adjustments and 34F relating to transfer pricing documentation. These sections came into effect on 26 October 2017.

Anti-avoidance

Section 33 of the SITA contains general anti-avoidance rules that allow the IRAS to disregard or vary any arrangement and make such adjustments as it considers appropriate so as to counteract any tax advantage obtained or obtainable under such arrangement. The rules are applicable to any scheme, trust, grant, covenant, agreement, disposition, transaction, as well as the component steps by which the arrangement is carried into effect. The anti-avoidance rules do not apply if the arrangement was carried out for bona fide commercial reasons and the reduction or avoidance of tax was not one of its main purposes.

Transactions involving agents of persons residing out of Singapore

Section 53(2A) of the SITA is applicable where a non-resident person carries on business with a resident person and, due to the close connection between the parties and to the substantial control exercised by the non-resident person over the resident person, business is conducted in such a way that produces either no profits or less than the ordinary profits which might be expected to arise from that business. In such a case, IRAS may assess and charge the non-resident person tax in the name of the resident person, as if the resident person were an agent of the non-resident person. Where the true amount of the profit is not readily ascertainable, the IRAS has the power to assess tax on a fair and reasonable percentage of the turnover of the business done by the non-resident person through or with the resident person.

REGULATORY OVERVIEW

The IRAS also has the power, pursuant to Section 72(2)(b) of the SITA, to refuse to accept a tax return as filed and assess tax on a determination of chargeable income to the best of its judgment.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS IN INDONESIA

Manpower Laws and Regulations

The Law of Republic of Indonesia No. 13 of 2003 (“**Manpower Law**”) is a legal instrument which is issued to govern manpower matters and provides legal framework for the basic rights of workers, including the employment relationships, protection in relation to wages, social security and occupational safety and health.

Definite Period Employment

An employment agreement for a definite period of time (or known as “**PKWT**” or *Perjanjian Kerja Waktu Tertentu*) may only be entered into for works of a certain time period or according to the completion of the work. Works that are permanent by nature may not be subject to PKWT. PKWT must be made in writing and in Indonesian language. If it is made in Indonesian language and other language and there is a dispute regarding their interpretation, the Indonesian language will be the prevailing language. The maximum period of a PKWT is two years and can be extended for a maximum of one year. The PKWT can be renewed on the condition that 30 days have elapsed after the date of completion of the previous contract. The renewal can only be done once and cannot be made for more than two years. In the event the requirements for PKWT is violated, the PKWT will be seen as an indefinite period employment agreement.

Indefinite Period Employment

In an indefinite period employment agreement (or known as “**PKWTT**” or *Perjanjian Kerja Waktu Tidak Tertentu*) the employer may impose a probationary period of a maximum of three months. During this probationary period, the employer is not allowed to pay the worker less than the applicable regional minimum wage. In addition, during the probationary period, the employer may terminate the employment relationship without notice and without the obligation to pay a termination package, provided that the probationary period was imposed earlier in writing. Otherwise, there must be a valid reason for an employer to terminate an indefinite period employment relationship.

Minimum Wage

Annually, provincial government issues a minimum wage that is applicable in the relevant province. In some provinces, there may also be a sectoral minimum wage, which is the minimum wage relevant to particular industry sectors, and city minimum wage, i.e. the minimum wage applicable in certain cities within the province. The sectoral minimum wage and the city minimum wage may not be lower than the applicable provincial minimum wage.

Expatriate Utilization

When hiring an expatriate, the employer would be firstly required to complete an expatriate utilization plan (known as “**RPTKA**” or *Rencana Penggunaan Tenaga Kerja Asing*), which is basically a plan of the employer in connection to the utilization of expatriate workers for certain positions in the employer. An RPTKA must be submitted the Indonesian Ministry of Manpower for approval. RPTKA can be given for maximum five years and may be extended for the same period with consideration to the domestic employment market. However in practice usually it is only given for one year.

REGULATORY OVERVIEW

After obtaining the RPTKA and prior to obtaining the Expatriate Utilization Permit (or known as “**IMTA**” or *Izin Mempekerjakan Tenaga Kerja Asing*), the employer is required to obtain a recommendation of visa approval. Once a limited stay visa is obtained, the expatriate can apply for a Limited Stay Permit Card (*Kartu Izin Tinggal Terbatas* or **KITAS**), after which the employer can apply for **IMTA**. The **IMTA** will be issued within three working days after the complete application is received and will be valid for one year and can be extended.

Mandatory Manpower Report

Under Law No. 7 of 1981 on Company Mandatory Manpower Report, an employer is required to furnish a manpower report to the local manpower office (or known as *Wajib Laporan Ketenagakerjaan* or **WLTK**). Every violation to this provision is subject to imprisonment up to 3 months and fine up to Rp 1,000,000.

Company Regulation

Under the Manpower Law, it is compulsory for every company employing 10 or more workers to have Company Regulations (or known as *Peraturan Perusahaan*). The Company Regulations state the terms and conditions of the employment and the rules of conduct to be observed by the employers. Company Regulations only come into force after being approved by the local manpower office where the employer is residing and once approved, it is valid and binding for a period of two years. Any extension to the validity period and any amendments must also be approved by the local manpower office.

Management Agency of Social Security (BPJS)

The Law No 40 of 2004 on National System of Social Security governs the social security program in Indonesia. As part of the implementation of the law, the Indonesian Government established the **BPJS** as the administrator for the social security programs by virtue of Law No. 24 of 2011 on Management Agency of Social Security (*Badan Pengelola Jaminan Sosial* or known as “**BPJS**”). There are currently two **BPJS** in Indonesia, namely **BPJS-Health** (*BPJS Kesehatan*) and **BPJS-Manpower** (*BPJS Ketenagakerjaan*). Both institutions manage the contributions made by employers and employees into the social security programs. The **BPJS-Health** manages the health security program that is divided into 3 class coverage, i.e. first class, second class and third class, while **BPJS-Manpower** manages manpower social security programs such as (i) Old Age Security; (ii) Death Security; (iii) Pension Security; (iv) Work Accident Security.

A person who has been working in Indonesia for at least six months, including foreign nationals, must be registered in both **BPJS-Health** and **BPJS-Manpower**. It is the responsibility of the employers to enrol their employees for both **BPJS-Health** and **BPJS-Manpower** programs and to pay the subscription fees (the amount of which will be determined based on the salary of the employee). In addition to **BPJS-Health** and **BPJS-Manpower**, the company may provide or enrol the employees into additional insurance coverage programs held by private providers.

REGULATORY OVERVIEW

Workplace Safety and Health

Manpower Law stipulates that employees are entitled for coverages on workplace safety and health (*Keselamatan dan Kesehatan Kerja* or abbreviated as “**K3**”). To implement this provision, the Indonesian government issued the Government Regulation No. 50 Year 2012 on Application of Occupational Safety and Health Management System (“**GR 50/2012**”) to achieve the following:

- (a) to increase the effectiveness of occupational safety and health protection that are planned, measured, structured and integrated;
- (b) to prevent and reduce occupational injuries and diseases by involving elements of management, employees and/or trade unions/labor unions; and
- (c) to create a safe, comfortable, and efficient workplace to encourage productivity.

Under GR 50/2012, it is a requirement for a company that has at least 100 employees, or a workplace with high level of potential hazard, to implement K3 management system. The K3 management system consists of the following:

- (a) Determination of K3 policy;
- (b) K3 planning;
- (c) Implementation of the K3 plan;
- (d) Monitoring and evaluation of K3 performance; and
- (e) Review and improvement of performance of K3 Management System.

Environmental Regulations

The Law No. 32 of 2009 provides governance on environment protection and management in Indonesia, repealing the previously applicable environment management law No. 23 of 1997. The Environmental Law is further implemented by the Government Regulation No. 27 of 2012 on Environmental Permit which revokes the Government Regulation No. 27 of 1999 on Analysis on Environmental Impact. Several ministerial regulations were also issued as further implementing rules on more specific environmental aspects (collectively, “**Environmental Regulations**”).

In principle, the Environmental Regulations requires any activities which have impact to the environment to have either the environmental impact analysis (*analisis mengenai dampak lingkungan hidup* or abbreviated as “**AMDAL**”), or the environmental management and monitoring undertaking (*upaya pengelolaan lingkungan hidup dan upaya pemantauan lingkungan hidup*, or known as “**UKL-UPL**”). The Environmental Regulations further determine which activities that are required to have AMDAL, namely activities that would potentially cause significant impact to the environment, such as exploitation of natural resources and activities that can cause pollution or destruction to the environment. On the other hand, activities that are not included in the category of activities which are mandatory to have AMDAL, but have impact to the environment, would need to prepare UKL-UPL.

REGULATORY OVERVIEW

Investment Law, BKPM and Negative List

The Investment Law No. 25 of 2007 (“**Investment Law**”) is issued to govern both domestic and foreign capital investment activities in Indonesia. Under the Investment Law, any form of direct foreign investment in Indonesia must be in the form of a limited liability company. A company established in Indonesia with a foreign investment status is known as a Foreign Investment Company (“**PMA Company**”).

The domestic and foreign direct investment practices in Indonesia are coordinated by BKPM (*Badan Koordinasi Penanaman Modal* or the Capital Investment Coordination Board). It is a governing agency which acts as the interface between business and government, and is mandated to enhance foreign and domestic direct investment in Indonesia. BKPM reports directly to the President of the Republic of Indonesia.

All business lines are, in principle, open to foreign investment, except for those specifically stated in a list (commonly known as the “negative list”). Under the Investment Law, the government stipulates business lines that are closed to all investment, and the business lines which are open for investment with requirements. This negative list is amended from time to time by the government, lastly by virtue of Presidential Regulation No. 44 of 2016. The business of medical and orthopaedic equipment industries is not listed in negative list and therefore, it is open for foreign ownership up to 100%. To protect prior approved investment in the event of a reduction in the permitted level of foreign investment, the “grandfather rules” apply, meaning that any PMA Company which has previously obtained approvals from BKPM will not be subjected to foreign investment limitations or restrictions governed under the later issued negative list.

Batam Free Trade and Free Port Zone Authority

Pursuant to Government Regulation No. 46 of 2007 (“**GR 46/2007**”), Batam is declared as a free trade and free port zone for a period of 70 years as of 20 August 2007. The establishment of Batam as free trade and free port zone is done in order to maximize the economic development, which includes trade, maritime, industry, transportation, banking, tourism, and other sectors in Batam and the surrounding islands.

As of the validity of GR 46/2007, the management of Batam free trade and free port zone is managed by the Management Board of the Batam Free Trade and Free Port Area (*Badan Pengusahaan Kawasan Perdagangan Bebas dan Pelabuhan Bebas Batam* or “**BP Batam**”), in replacement of the Batam Industrial Development Authorities (*Otorita Pengembangan Daerah Industri Pulau Batam* or “**Batam Authority**”). BP Batam is granted with authorization from the central government, especially with the authority of the Ministry of Trade to issue permits relating to inflow and outflow of goods.

Industrial Business License and Expansion License

The industrial activity in Indonesia is governed by the Law No. 3 of 2014 on Industry (“**Industrial Law**”), which revokes the previous Law No. 5 of 1984 (“**Previous Industrial Law**”). As an implementing regulation of the Industrial Law, the Government Regulation No. 107 of 2015 on Industrial Business License (“**GR 107/2015**”) is issued, revoking the Government Regulation No. 13 of 1995 (“**GR 13/1995**”). Based on GR 107/2015, any implementing regulations (including all ministerial regulations) issued based on GR 13/1995 will still be valid insofar as not in contradiction to GR 107/2015.

REGULATORY OVERVIEW

Pursuant to GR 107/2015, any industrial activity would be required to obtain an Industrial Business License (*Izin Usaha Industri* or “**IUI**”). IUI is valid as long as the company conducts its industrial business activity in accordance with the IUI. If the company does not carry out any industrial business activity in 3 consecutive years, it will be served with 2 warning letters, each within a space of 1 year and if the company still fails to carry out its industrial business activity following the second warning letter, the IUI will be revoked and declared void.

A holder of IUI may carry out an expansion activity, which is an increase of production capacity for the same business classification as referred to in the IUI. However, if the expansion will exceed 30% of the permitted production capacity, it is mandatory for the company to apply for an expansion license (*izin perluasan*). If the expansion will have impact to the environment, the company is required to revise its UKL-UPL document. The expansion license is provided to the company that has completed the preparation and other activities, such as construction, procurement, installation for the purposes of the expansion.

Inflow and Outflow of Goods from and to Free Trade and Free Port Zone

In accordance with Government Regulation No. 10 of 2012 on the Customs, Taxation and Excise Treatment and Procedures of Inflow and Outflow of Goods into, from and on Free Trade and Free Port Zone (“**GR 10/2012**”), any inflow and outflow of goods into and from a free trade and free port zone may be done by a holder of a business license (*izin usaha*) issued by the zone management authority (in this case, BP Batam). Based on this permit, the holder would be able to export and import goods to and from the free trade area to extent that the goods are relevant to its business activity.

Transfer pricing related regulations

Transfer pricing in Indonesia is generally regulated under Law No. 7 of 1983 on Income Tax as amended several times, lastly by Law No. 36 of 2008 (“**Income Tax Law**”). For value added tax (VAT), the transfer pricing regulation is regulated by Law No. 8 of 1983 as last amended by Law No. 42 of 2009 on Value Added Tax on Goods and Services and Sales Tax on Luxurious Goods.

Indonesia adopts arm’s length standard for transaction between related parties and since the Indonesian tax system is based on self-assessment, the burden of proof will lie with the taxpayer and not with tax authorities. According to the Income Tax Law, a tax office is authorized to re-determine a taxpayer’s taxable income with for related party transactions by using certain calculations.

The Government Regulation No. 80 of 2007 on Implementation Procedures on Taxation Rights and Obligations based on General Tax Provisions and Procedures Law as last amended by Government Regulation No. 74 of 2011 (“**GR 74/2011**”) requires taxpayers that enter into related party transaction to maintain documents and/or additional information for the purposes of showing that the transactions are in line with the principles of fairness and predominance of business.

Subsequent to Law No.36 of 2008 the Income Tax Office (ITO) released PER-43/PJ/2010 (“**PER-43**”) on the implementation of the arm’s length principle in transactions between taxpayers with a special relationship. Many sections of PER-43 are based closely on the OECD Guidelines, July 1995 version. In the regulation, the PER-43 specifically stipulates that the ITO is authorised to perform correlative adjustments for transfer pricing adjustments made by a tax authority (in Indonesia or overseas) to the counterparty involved in related party transactions with an Indonesian taxpayer.

REGULATORY OVERVIEW

PER-43 was amended by PER-32/PJ/2011 (“**PER-32**”) on 11 November 2011 which provides additional guidance on the comparability analysis required in the transfer pricing documentation. For example, incidental independent transactions can only be treated as comparable to test incidental controlled transactions. Furthermore, an internal comparable is preferred over external comparables. The external comparables can be obtained from a commercial database or other databases.

The regulation also mentions that PER-32 only applies to international related party transactions conducted by domestic taxpayers including permanent establishments in Indonesia. For domestic related party transactions, if they are carried out with a motive to gain advantages of different tax rates, then they are also covered under PER-32. Examples for different tax rates mentioned in this regulation include transactions with taxpayers who are subject to final tax, oil and gas contractors, or taxpayers who are subject to Luxury Sales Tax.

PER-32 does not follow the same strict hierarchy of methods. PER-32 requires selection of the most appropriate method having regard to:

- (a) The strengths and weaknesses of each method;
- (b) The appropriateness of the method based on the nature of the related party transaction, determined by a functional analysis;
- (c) Availability of reliable information needed to apply the selected method; and
- (d) The degree of comparability between the controlled and uncontrolled transactions, including whether any adjustments would be required to eliminate material differences between the compared transactions or enterprises.

As implementing regulation of GR 74/2011, the Ministry of Finance of the Republic of Indonesia issued the Minister of Finance Regulation number 213/PMK.03/2016 (“**PMK-213**”) regarding Types of Additional Documents and/or Information which are Required to be Maintained by Taxpayers who Conduct Transactions with Related Parties and Its Management Procedures. PMK-213 implements the guidance on transfer pricing documentation contained in Action 13 of the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) project.

Under PMK-213, taxpayers are required to prepare transfer pricing documentation comprising a three-tier structure consisting of a:

1. Master File (“**MF**”), which contains general information on the group;
2. Local File (“**LF**”), which contains specific information regarding operation in Indonesia;
3. Country by Country Report (“**CBCR**”), which contains detailed financial and other information on each of the members of the group.

The MF, LF and CBCR must be prepared in Bahasa Indonesia.

REGULATORY OVERVIEW

Master File and Local File

Under PMK-213, Indonesian taxpayers are required to prepare a MF and a LF where the taxpayer meets any of the following criteria:

1. Conducts related party transactions (in the covered fiscal year) and has gross revenues in the prior fiscal year of more than Rp50 billion;
2. Conducted related party transactions in the prior fiscal year with a value of:
 - a. More than Rp20 billion of tangible goods transactions, or
 - b. More than Rp5 billion for each service, interest payment, utilization of intangible properties or other affiliated transactions;
3. Conducts transactions with related parties that are located in countries or jurisdictions with income tax rates lower than the Indonesian corporate income tax rate of 25%, which is the income tax rate specified in the Income Tax Law.

The transactional and revenue thresholds are based on the prior fiscal year's transactional and revenue information.

Under PMK-213, MF and LF must be available no later than 4 months after the taxpayer's fiscal year end.

There is no specific deadline for submission of the MF and LF mentioned in the PMK-213 and normal audit practice will apply.

The Director General of Tax (DGT) can request MF and LF for tax audit and these transfer pricing documents must be provided within one month from the date of request. The submission of a MF and LF has to be accompanied with a statement letter specifying the time when the documents are available and needs to be signed by the party who provided the documents.

CBCR

CBCR is required to be prepared and filed in Indonesia by:

1. An Indonesian taxpayer who is classified as the parent entity of a business group who has consolidated gross revenues of Rp11 trillion at minimum for that relevant fiscal year, or
2. An Indonesian taxpayer whose parent entity is a foreign taxpayer and domiciled in a country/jurisdiction which:
 - a. Does not require the parent entity to submit CBCR.
 - b. Does not have an exchange of information agreement for taxation purposes with Indonesian Government.
 - c. Has an agreement with Indonesian Government on the exchange of information for taxation purposes, however, the CBCR information could not be obtained by the Indonesian Government from that country/jurisdiction.

REGULATORY OVERVIEW

Based on the definitions of parent entity and business group in PMK-213, taxpayers should note that they may need to file a CBCR in Indonesia despite not being the ultimate parent entity of a multinational enterprise.

The CBCR must be available no later than 12 months after fiscal year end and to be filed together with the corporate income tax return of the following fiscal year.

Penalties for non-compliance

Failure to prepare MF/LF would be deemed as not applying the arm's length principle and failure to deliver MF/LF when requested would result in the taxpayer being considered as not possessing transfer pricing documentation. In the event a corporate income tax return is deemed incomplete, there may be the potential for penalties to be imposed by the Indonesian tax authorities on any unpaid tax of up to 200%, as well as further criminal sanctions.

In accordance with PMK-213, the MF and LF must be submitted within 30 days upon formal request made by the Indonesian tax authorities to the taxpayer.

Our Group has prepared the MF and LF in accordance with the requirements provided in PMK-213. As at the Latest Practicable Date, the Indonesian tax authorities have not made a formal request to our Group for the MF and LF and therefore our Group is not required under PMK-213 to file a copy of the MF and LF with the Indonesian tax authorities.

In view of the above and that our Group will be able to submit the MF and LF within 30 days when requested by the Indonesian tax authorities, there would not be any penalty to be imposed for incomplete corporate income tax return by the Indonesian tax authorities.

HISTORY, REORGANISATION AND GROUP STRUCTURE

HISTORY AND DEVELOPMENT OF OUR GROUP

Our Group's business was started in 1981 when Mr. Phua, Mr. Yeo Khee Siang (Mr. Phua's ex-colleague) and two friends of Mr. Yeo, incorporated Techplas Mold Pte Ltd with the intent to manufacture tools and dies, and injection mold fabrication for the general precision engineering industry, including computer and consumer electronics. Techplas Mold Pte Ltd was renamed as Mold Technic Pte Ltd in 1990 as we began to focus on design and fabrication of precision injection molds. Mold Technic Pte Ltd also started injection molding of plastic components for the consumer electronics and medical industry.

In the early 1990s, Mold Technic Pte Ltd started making tools and components for Customer A. With the completion of its first clean room in 1992, all injection molding was conducted in the clean room facility.

In 2001, Mold Technic Pte Ltd was renamed as Inzign Pte Ltd which is the combination of two words "innovation" and "design". It stands for innovation through design to better reflect our business as a contract manufacturer of injection molded plastics parts of disposable medical devices for the medical and pharmaceutical industry. From then on, Inzign has adopted the tagline "Quality, Service and Innovation" as we focused on providing high quality services and manufacturing innovation to the medical medtech companies while complying with the relevant requirements regulating the medical industry.

In 2002, we obtained ISO9001 and ISO13485 certification for design of tooling, manufacture and assembly of disposable medical devices.

In 2003, we established P.T. Inzign in Batam, Indonesia and built a clean room to better serve our Batam-based customers. It also takes advantage of the lower labour cost and lower overheads in Batam.

As all of our customers during the Track Record Period are from the medical industry, having such certification demonstrates our commitment and ability to provide medical devices and related services that consistently meet customers' quality requirements and the applicable industry requirements. Inzign was awarded a Pioneer Certificate from the Singapore Ministry of Trade and Industry for the manufacturing of inhalers.

In 2006, with the completion of the new clean room facility, we commenced production of an inhaler for Customer B.

In 2010, we received a "Valued Business Partner" award from JMS, during its 30th anniversary celebration, in recognition of our service to JMS.

In 2012, we received the "Supplier of the Year" award from Customer A, after consistently winning the gold supplier award for several years in succession. This award was presented to Customer A's supplier that excels in areas of product quality, delivery, customer service, competitiveness, responsiveness and commitment throughout the year. In the same year, our Group's total sales revenue exceeded S\$16 million.

In 2013, we received a Long Service Award from Customer A for 15 years of excellent service as a key supplier.

HISTORY, REORGANISATION AND GROUP STRUCTURE

In 2014, we were approached by ETPL for a multilateral collaboration involving ETPL and SIMTech for Inzign to license patents and know-how relating to the manufacturing processes for microfluidic chips and systems, which were developed by SIMTech, from ETPL. This collaboration has allowed us to penetrate the medical diagnostics industry, through working with companies dealing with next generation microfluidics based diagnostics tools. The technology licensed by ETPL coupled with our expertise in precision mold-making, injection molding and medical device assembly, allows Inzign to develop microfluidics devices for medical diagnostics. A new Class 10,000 clean room facility, equipped with machines for microfluidics assembly was commissioned in 2015 for this new capability.

In October 2017, we signed a legally binding cooperation agreement with a Singapore biotech company to set up a manufacturing facility for its microfluidics devices. This manufacturing line, our first in microfluidics manufacturing is expected to commence pilot production in second half of 2018.

Key milestones of our Company

| Year | Event |
|----------------|--|
| 1981 | Techplas Mold Pte Ltd was incorporated and was mainly involved in the manufacturing of tool and metal dies, and injection molds fabrication for the general precision engineering industry. |
| 1990 | Techplas Mold Pte Ltd was renamed Mold Technic Pte Ltd. We began to focus on design and fabrication of precision injection molds. We also started injection molding of plastic components for various industries. |
| 2001 | Mold Technic Pte Ltd was renamed as Inzign Pte Ltd. The company also shifted its focus to injection molding for the medical industry. |
| 2002 | We obtained ISO9001 certification for design of tooling, manufacture and assembly of disposable medical devices. We obtained ISO13485 certification for design of tooling, manufacture and assembly of disposable medical devices. |
| 2003 | Inzign established P.T. Inzign, a subsidiary based in Batam, Indonesia to expand its regional footprint and to take advantage of lower labour cost and overheads whilst ensuring quality products at lower cost. |
| 2005 | Inzign received Pioneer Certificate from the Ministry of Trade and Industry for the manufacturing of inhalers. |
| 2014 | Inzign entered into an arrangement with ETPL and SIMTech to license from ETPL the manufacturing processes for microfluidic devices and know-how in relation thereto which were developed by SIMTech. |
| 2015 | The completion of a new Class 10,000 clean room microfluidics facility in Singapore. |
| 2017 | A new Class 100,000 clean room facility is added for the assembly and packaging of medical devices. The total production floor space added was approximately 360 sq.m. Inzign signed a legally binding cooperation agreement with a Singapore biotech company to manufacture its microfluidics devices. |

HISTORY, REORGANISATION AND GROUP STRUCTURE

CORPORATE HISTORY

Following the completion of the Reorganisation, our Group comprised our Company, Eastlyn Global, Inzign, P.T. Inzign, and Medizign. The following is a brief corporate history of the establishment and major changes in the shareholdings of our Company and our subsidiaries.

Our Company

For the purpose of the Listing, our Company was incorporated on 17 July 2017 in the Cayman Islands under the Companies Law as an exempted company with limited liability. On incorporation, the initial authorised share capital of our Company was HK\$380,000 divided into 38,000,000 shares of a par value of HK\$0.01 each, of which one nil-paid Share was allotted and issued to an Independent Third Party as the initial subscriber. On the same day, such Share was transferred to Team One Global at par. As a result, our Company became a wholly-owned subsidiary of Team One Global.

On 19 December 2017, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 9,962,000,000 Shares to rank pari passu in all respects with the existing Shares. For details of changes in the share capital of our Group, please refer to the section headed “Statutory and General Information – Further Information about our Company – 2. Changes in authorised and issued share capital of our Company” of this prospectus.

Eastlyn Global Limited

On 10 May 2017, Eastlyn Global was incorporated in BVI with limited liability. Eastlyn Global is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00. On 1 August 2017, 879 and 121 nil-paid shares were allotted and issued to Mr. Phua and Ms. Ng, respectively. As a result, Eastlyn Global was owned as to 87.9% by Mr. Phua and 12.1% by Ms. Ng.

On 14 December 2017, as part of the Reorganisation, the entire issued share capital of Inzign was transferred from Mr. Phua and Ms. Ng to Eastlyn Global, in consideration of Eastlyn Global crediting the 879 and 121 nil-paid shares held by Mr. Phua and Ms. Ng in Eastlyn Global as fully paid.

On 16 December 2017, Mr. Phua, Ms. Ng, Eastlyn Global and Inzign entered into a deed of novation, pursuant to which Eastlyn Global assumed the obligations and liabilities that Inzign had under a shareholders’ loan in the sum of S\$2,000,000. The shareholders’ loan was advanced to Inzign by Mr. Phua and Ms. Ng, in the amounts of S\$1,800,000 and S\$200,000 respectively, in their capacity as shareholders of Inzign prior to 14 December 2017, the date on which Inzign was transferred to Eastlyn Global. Immediately following the novation, the amounts of S\$1,800,000 and S\$200,000 due to Mr. Phua and Ms. Ng, respectively, were capitalized by Eastlyn Global through the allotment and issue of 879 and 121 shares, credited as fully paid, to Mr. Phua and Ms. Ng, respectively.

On 19 December 2017, as part of the Reorganisation, all the issued shares of Eastlyn Global were transferred from Mr. Phua and Ms. Ng to our Company, in consideration of our Company (i) allotting and issuing 99 Shares, credited as fully paid, to Team One Global (being the nominee of Mr. Phua and Ms. Ng); and (ii) crediting as fully paid the initial Share held by Team One Global. As a result of the said transfer, Eastlyn Global became a direct wholly-owned subsidiary of our Company.

Eastlyn Global is an investment holding company and the intermediate holding company of Inzign.

Inzign Pte Ltd

On 16 May 1981, Inzign was incorporated as Techplas Mold Pte Ltd in Singapore as a private company limited by shares. The company was renamed as Mold Technic Pte Ltd on 1 February 1990 and Inzign Pte Ltd with effect from 30 May 2001.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On incorporation, Inzign had an issued and paid up share capital of S\$4 divided into 4 ordinary shares of S\$1 each. On 9 July 1981, Mr. Phua, Mr. Kong Fook Wah, Mr. Khong Keng Meng and Mr. Yeo Khee Siang were each allotted and issued one (1) share in the capital of Inzign, credited as fully paid, upon incorporation at the subscription price of S\$1. Our Directors confirmed that Mr. Kong Fook Wah, Mr. Khong Keng Meng and Mr. Yeo Khee Siang are Independent Third Parties. Save for Mr. Phua, all the initial shareholders of Inzign had disposed of their shares prior to the commencement of the Track Record Period and were no longer shareholders of Inzign. Following a series of allotments and issuances of shares, Inzign has an issued and paid up share capital of S\$1,118,000 comprising 1,618,000 shares as at the Latest Practicable Date.

The history of the material changes of the share capital and shareholdings in Inzign, including those changes carried out during the Track Record Period is set out below:

On 23 March 2005, JAFCO Asia Technology Fund II and Arrow Asia Opportunity Fund Limited were respectively allotted and issued 309,000 and 231,750 redeemable convertible preference shares in the capital of Inzign (“**Redeemable Convertible Preference Shares**”) with a par value of S\$0.01 per Redeemable Convertible Preference Shares and a premium of approximately S\$12.93 per Redeemable Convertible Preference Shares, at the subscription price of S\$4,000,000 and S\$3,000,000 respectively, pursuant to the subscription agreement between Inzign, Mr. Tan Chye Soon John, Mr. Phua, Ms. Ng, JAFCO Asia Technology Fund and Arrow Asia Opportunity Fund Limited dated 17 March 2005. All the Redeemable Convertible Preference Shares were fully redeemed on 17 July 2012.

On 14 July 2012, Inzign entered into a convertible bond agreement with Fortune Technology Fund Ltd (“**FTF**”) to borrow an amount of S\$5,500,000 which was used to redeem the Redeemable Convertible preference shares issued to JAFCO Asia Technology Fund and Arrow Asia Opportunity Fund Limited. The amount received from FTF was repaid in full in October 2014.

On 30 September 2014, Inzign issued redeemable convertible bonds (“**Redeemable Convertible Bonds**”) to Phillip Asia Pacific Opportunity Fund Ltd, a private equity firm, for a consideration of S\$2,500,000 pursuant to the investment agreement between Inzign Mr. Phua, Ms. Ng and Phillip Asia Pacific Opportunity Fund Ltd dated 22 September 2014. The Redeemable Convertible Bonds were redeemed in four tranches: S\$500,000 was redeemed on 1 October 2015, S\$500,000 was redeemed on 31 December 2015, S\$500,000 was redeemed on 31 March 2016 and S\$1,000,000 was redeemed on 30 June 2016.

As at 1 January 2015, being the commencement date of the Track Record Period, Inzign had a total of 1,618,000 shares. 1,463,000 shares or approximately 90.4% of the total number of shares were held by Mr. Phua (of which 56,000 shares or approximately 3.5% of the total number of shares were held on trust for Mr. Tan Chye Soon John, an Independent Third Party), and 155,000 shares or approximately 9.6% of the total number of shares were held by Ms. Ng.

On 10 November 2016, 56,000 shares were transferred from Mr. Phua to Ms. Yeow Lily representing the estate of Mr. Tan Chye Soon John, an Independent Third Party, for nil consideration. These 56,000 shares were previously held by Mr. Phua on trust for Mr. Tan Chye Soon John pursuant to a trust arrangement. The said shares were then transferred from Ms. Yeow Lily to Mr. Phua on the same day for a consideration of S\$68,000 which was agreed with reference to the paid-up capital of Inzign.

On 30 December 2016, 40,000 shares in the capital of Inzign were transferred from Mr. Phua to Ms. Ng for a consideration of S\$40,000.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Save as disclosed above, there have not been any other major changes to the shareholding structure of Inzign during the Track Record Period.

On 14 December 2017, as part of the Reorganisation, the entire issued share capital of Inzign was transferred from Mr. Phua and Ms. Ng to Eastlyn Global, in consideration of Eastlyn Global crediting the 879 and 121 nil-paid shares held by Mr. Phua and Ms. Ng in Eastlyn Global as fully paid.

Medizign Pte Ltd

On 9 December 2013, Medizign was incorporated in Singapore as a private company limited by shares. On incorporation, Medizign had an issued and paid up share capital of S\$1,000 divided into 1,000 shares of S\$1 each. As at the Latest Practicable Date, Medizign does not have business operations.

As at the Latest Practicable Date, Medizign has an issued and paid up share capital of S\$1,000 comprising 1,000 shares.

The history of the changes of the share capital and shareholdings in Medizign is set out below:

On 9 December 2013, Mr. Phua was allotted and issued 1,000 shares in the capital of Medizign, upon incorporation at the subscription price of S\$1,000.

On 17 September 2014, 1,000 shares in the capital of Medizign were transferred from Mr. Phua to Inzign for a consideration of S\$1,000 based on paid up capital. The consideration was booked as an amount due to Mr. Phua and settled on 28 August 2017. Upon completion of the transfer, Medizign became a wholly-owned subsidiary of Inzign.

P.T. Inzign

On 11 March 2003, P.T. Inzign was incorporated in Indonesia as a private limited liability company with a foreign investment status. As of 2 July 2003, P.T. Inzign's authorised capital is Rp887,500,000 or equivalent to US\$100,000, divided into 100,000 shares. 50% of such authorised capital, namely in the total nominal value of Rp443,750,000 or equivalent to US\$50,000, divided into 50,000 has been fully issued and paid up. P.T. Inzign is engaged in the manufacture and sale of injection molded parts and components, and is licensed to commence its business as of 19 April 2004.

As at the Latest Practicable Date, P.T. Inzign has an issued and paid up share capital of Rp443,750,000 or equivalent to US\$50,000 divided into 50,000 shares.

The history of the changes of the share capital and shareholdings in P.T. Inzign is set out below:

On incorporation, 49,500 shares in the capital of P.T. Inzign were allotted and issued to Inzign credited as fully paid at the subscription price of Rp439,312,500 or equivalent to US\$49,500. Whilst Mr. Tan Chye Soon John was allotted and issued 500 shares in the capital of P.T. Inzign, at the subscription price of Rp4,437,500 or equivalent to US\$500.

On 23 April 2008, 500 shares in the capital of P.T. Inzign were transferred from Mr. Tan Chye Soon John to Mr. Lai Tuck Hoong, an Independent Third Party as confirmed by our Directors. The reason for the transfer was because under Indonesia law, Indonesia incorporated companies require at least two shareholders and in view that Mr. Tan Chye Soon John left our employment, the shares were transferred to Mr. Lai Tuck Hoong for compliance with the relevant legal requirement.

On 15 July 2011, 500 shares in the capital of P.T. Inzign were transferred from Mr. Lai Tuck Hoong to Mr. Alan Chun Koon Oo, an Independent Third Party as confirmed by our Directors. The reason for the transfer was because under Indonesia law, Indonesia incorporated companies require at least two shareholders and in view that Mr. Lai Tuck Hoong left our employment, the shares were transferred to Mr. Alan Chun Koon Oo for compliance with the relevant legal requirement.

HISTORY, REORGANISATION AND GROUP STRUCTURE

REORGANISATION

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

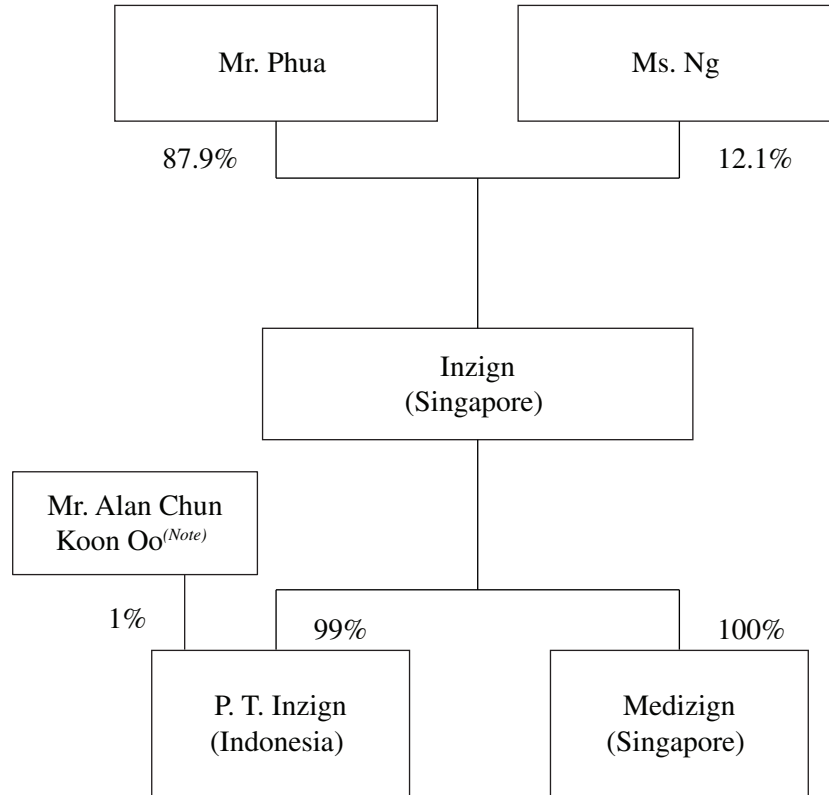
- (i) On 10 May 2017, Eastlyn Global was incorporated in BVI and authorised to issue a maximum of 50,000 shares of US\$1.00 par value of a single class.
- (ii) On 18 May 2017, Team One Global was incorporated in BVI and authorised to issue a maximum of 50,000 shares of US\$1.00 par value of a single class.
- (iii) On 15 June 2017, 879 and 121 shares in Team One Global were allotted and issued to Mr. Phua and Ms. Ng, respectively, for cash at US\$1.00 per share.
- (iv) On 17 July 2017, our Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares. On the date of its incorporation, one nil-paid Share was allotted and issued to an Independent Third Party as the initial subscriber and was subsequently transferred to Team One Global on the same date.
- (v) On 1 August 2017, Mr. Phua and Ms. Ng subscribed for and were allotted 879 and 121 nil-paid shares respectively in Eastlyn Global. Upon completion of the subscription, Mr. Phua and Ms. Ng held 87.9% and 12.1% interest in Eastlyn Global, respectively.
- (vi) On 14 December 2017, Mr. Phua and Ms. Ng entered into a sale and purchase agreement with Eastlyn Global, whereby Eastlyn Global acquired all of Mr. Phua and Ms. Ng's interest in Inzign, in consideration of Eastlyn Global, crediting as fully paid the 879 and 121 nil-paid shares held by Mr. Phua and Ms. Ng in Eastlyn Global. On the same date, the 879 and 121 nil-paid shares held by Mr. Phua and Ms. Ng were credited as fully paid.
- (vii) On 16 December 2017, Mr. Phua, Ms. Ng, Eastlyn Global and Inzign entered into a deed of novation, pursuant to which Eastlyn Global assumed the obligations and liabilities that Inzign had under a shareholders' loan in the sum of S\$2,000,000 advanced to Inzign by Mr. Phua and Ms. Ng prior to 14 December 2017. Immediately following the novation, S\$1,800,000 and S\$200,000 due to Mr. Phua and Ms. Ng, respectively, was capitalized by Eastlyn Global through the allotment and issue of 879 and 121 shares, credited as fully paid, to Mr. Phua and Ms. Ng, respectively.
- (viii) On 19 December 2017, Mr. Phua and Ms. Ng and our Company entered into a sale and purchase agreement for the transfer of all the issued shares of Eastlyn Global from Mr. Phua and Ms. Ng to our Company, in consideration of our Company (i) allotting and issuing 99 Shares, credited as fully paid, to Team One Global (being the nominee of Mr. Phua and Ms. Ng); and (ii) crediting as fully paid the initial Share held by Team One Global. On the same date, the consideration was settled.

As a result of the above transactions, our Company has become the ultimate holding company of our Group.

HISTORY, REORGANISATION AND GROUP STRUCTURE

GROUP STRUCTURE

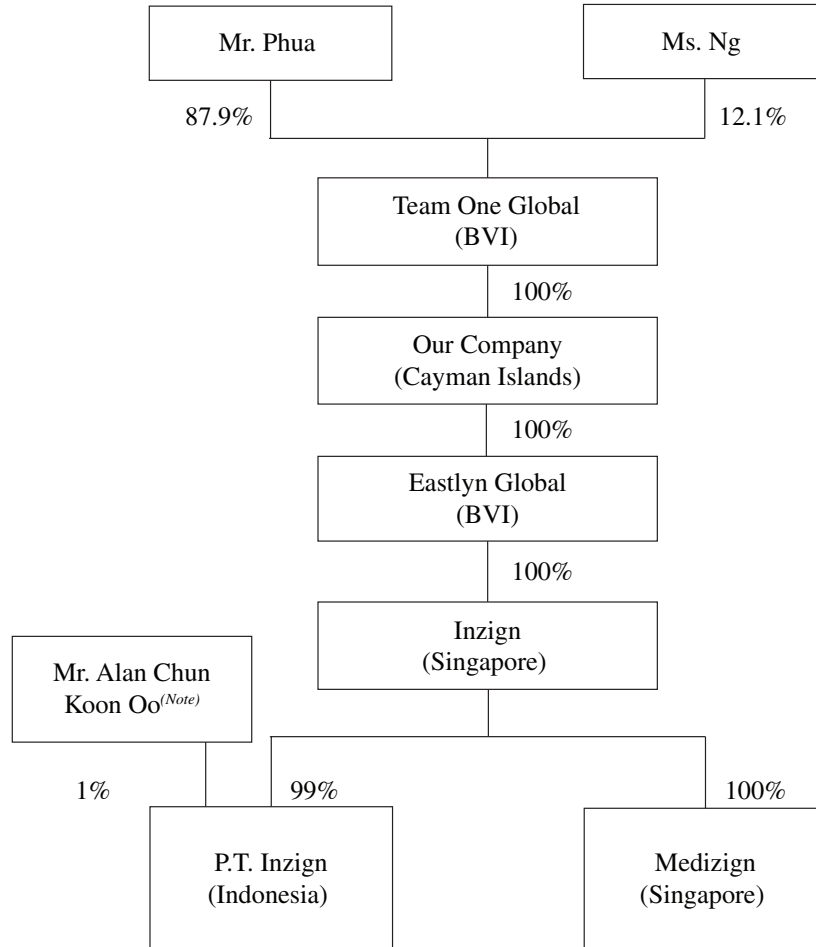
Immediately before the Reorganisation



Note: Mr. Alan Chun Koon Oo is an Independent Third Party.

HISTORY, REORGANISATION AND GROUP STRUCTURE

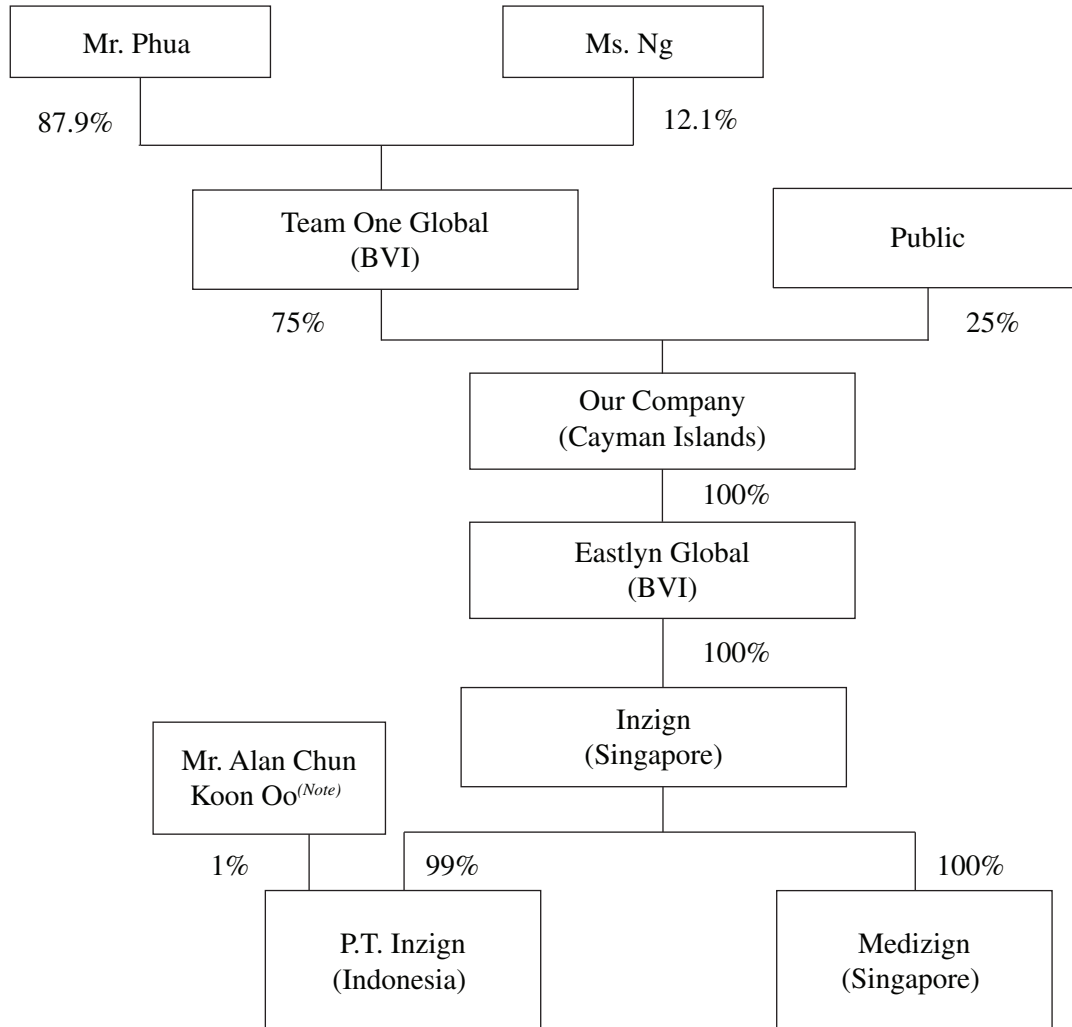
Immediately after the Reorganisation (but before the Capitalisation Issue and the Share Offer and without taking into account of any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme)



Note: Mr. Alan Chun Koon Oo is an Independent Third Party.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Immediately following completion of the Capitalisation Issue and the Share Offer (but taking no account of any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme)



Note: Mr. Alan Chun Koon Oo is an Independent Third Party.

BUSINESS

OVERVIEW

We are a contract manufacturer based in Singapore that specialises in the manufacture and sale of injection molded plastic parts for disposable medical devices and the provision of tooling services. Established in 1981, we have established ourselves as a trusted contract manufacturer for major international healthcare and medical device companies. An injection molded plastic part is one of many plastic components that form a medical device and is produced by using plastic resins and an injection molding process. For more information on our injection molding process, please refer to the section headed “Business – Injection molding process” in this prospectus. Tooling services are the services provided for the fabrication of mold to be used in the injection molding process. Molded plastic parts could be further categorised as (i) a component part or (ii) an assembly of plastic parts assembled into a sub-assembly product. The injection molded plastic parts are made for a range of medical uses such as, among others, respiratory products, dialysis products, blood bag products, drug delivery products and diagnostic tools. We believe our Group’s success has been a result of our quality assurance standards, our in-depth industry experience and our specialised and efficient production capability. According to the Euromonitor Report, our Group is ranked seventh among the companies operating in Singapore in 2016 that have generated revenue from medical device sector within the precision engineering industry. We believe that we have established a reputation in the industry of producing high quality injection molded parts for disposable medical devices and possess production knowhow that allows us to meet the strict requirements of our customers, which positions us to further develop new capabilities and new markets.

Our revenue from (i) the manufacture and sale of injection molded plastic parts for disposable medical devices; and (ii) the provision of tooling services for the two years ended 31 December 2016 and the six months ended 30 June 2017 is as follows:

| | Year ended 31 December | | | | Six months ended 30 June | | | |
|---|------------------------|---------------------------|----------------|---------------------------|--------------------------|---------------------------|----------------|---------------------------|
| | 2015 | As % of total sales | 2016 | As % of total sales | 2016 | As % of total sales | 2017 | As % of total sales |
| | <i>S\$'000</i> | | <i>S\$'000</i> | | <i>S\$'000</i> | | <i>S\$'000</i> | |
| Manufacture and sale of injection molded plastic parts for disposable medical devices (<i>Note</i>) | 17,238 | 97.5 | 18,535 | 97.5 | 9,000 | 98.4 | 9,880 | 94.2 |
| Provision of tooling services | 442 | 2.5 | 481 | 2.5 | 142 | 1.6 | 608 | 5.8 |
| Total | <u>17,680</u> | <u>100.0</u> | <u>19,016</u> | <u>100.0</u> | <u>9,142</u> | <u>100.0</u> | <u>10,488</u> | <u>100.0</u> |

Note: Includes revenue from sourcing and sales of component parts.

Our molded plastic parts for disposable medical devices can be categorised as (i) component parts; and (ii) sub-assembly parts and the sales for the two years ended 31 December 2016 and the six months ended 30 June 2017 is as follows:

| | Year ended 31 December | | | | Six months ended 30 June | | | |
|------------------------------|------------------------|---------------------------|----------------|---------------------------|--------------------------|---------------------------|----------------|---------------------------|
| | 2015 | As % of total sales | 2016 | As % of total sales | 2016 | As % of total sales | 2017 | As % of total sales |
| | <i>S\$'000</i> | | <i>S\$'000</i> | | <i>S\$'000</i> | | <i>S\$'000</i> | |
| Component parts | 11,303 | 63.9 | 12,051 | 63.4 | 6,016 | 65.8 | 6,669 | 63.6 |
| Sub-assembly parts | 6,377 | 36.1 | 6,965 | 36.6 | 3,126 | 34.2 | 3,819 | 36.4 |
| Total | <u>17,680</u> | <u>100.0</u> | <u>19,016</u> | <u>100.0</u> | <u>9,142</u> | <u>100.0</u> | <u>10,488</u> | <u>100.0</u> |

BUSINESS

Our revenue generated from our production bases in Singapore and Indonesia by component parts and sub-assembly parts for the two years ended 31 December 2016 and the six months ended 30 June 2017 is as follows:

| | Year ended 31 December | | Six months ended 30 June | |
|---|------------------------|----------------|--------------------------|----------------|
| | 2015 | 2016 | 2016 | 2017 |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| <u>Singapore production base</u> | | | | |
| Component parts | 10,924 | 11,768 | 5,871 | 6,509 |
| Sub-assembly parts | 6,377 | 6,965 | 3,126 | 3,819 |
| Total | 17,301 | 18,733 | 8,997 | 10,328 |
| <u>Indonesia production base</u> | | | | |
| Component parts | 379 | 283 | 145 | 160 |
| Total | 17,680 | 19,016 | 9,142 | 10,488 |

The majority of our top five customers during the Track Record Period have a business relationship with our Group for over 10 years. For further details of our customers, see the section headed “Business – Our Customers” in this prospectus.

The table below is a breakdown of our revenue during the Track Record Period by geographical location of our customers:

| Location | Year ended 31 December | | | | Six months ended 30 June | | | |
|---------------------------|------------------------|----------------|---------------------|--------------|--------------------------|----------------|---------------------|--------------|
| | As % of total sales | | As % of total sales | | As % of total sales | | As % of total sales | |
| | 2015 | 2016 | 2015 | 2016 | 2016 | 2017 | 2016 | 2017 |
| | <i>S\$'000</i> | <i>S\$'000</i> | | | <i>S\$'000</i> | <i>S\$'000</i> | | |
| Asia (Note 1) | 12,273 | 69.4 | 13,294 | 69.9 | 6,614 | 72.3 | 6,844 | 65.3 |
| Europe (Note 2) | 5,407 | 30.6 | 5,687 | 29.9 | 2,528 | 27.7 | 3,609 | 34.4 |
| Others (Note 3) | – | – | 35 | 0.2 | – | – | 35 | 0.3 |
| Total | 17,680 | 100.0 | 19,016 | 100.0 | 9,142 | 100.0 | 10,488 | 100.0 |

Notes:

- (1) Asia comprises Singapore, Indonesia, India and Vietnam.
- (2) Europe comprises Ireland and Germany.
- (3) Others comprises Brazil and United States.

Our Group has two production bases which are in Singapore and Batam, Indonesia with a total of five clean rooms. Our Singapore production base is well-equipped with specialised production facilities for medical devices, including from Class 10,000 and Class 100,000 clean rooms installed with equipment for injection molding and assembling of plastic parts. Our Batam production base has one Class 100,000 clean room facility.

BUSINESS

Our Directors believe that quality assurance is critical in the manufacture of parts for the medical device industry and has therefore implemented a quality management system throughout our operations. In 2002, we were certified under both ISO9001 and ISO13485 standards for comprehensive quality management system for the design and manufacture of medical devices. Whilst ensuring quality control and compliance with customer's specifications, we adopt a DFM engineering practice to assist customers in the design of products making it easier and more cost efficient to manufacture.

With our in-depth market understanding and injection molding production knowhow, we strive to develop new business lines through collaborations with research institutions or industry partners. As at the Latest Practicable Date, we had collaborated with SIMTech, a research institute of A*STAR, to develop cutting edge manufacturing technologies for the manufacturing of microfluidics diagnostic tools and a US company for referral of their customers to us. Further information on the two collaborations is set out in the section headed "Business – Collaborations" in this prospectus.

With the growing demand from existing customers and new demand from customers with new products, we target to expand our in-house capabilities and processes to develop new potential products with new customers and diversify the product range that we currently manufacture for our existing customers.

Whilst we aim to continue to strengthen our existing operations, we believe that our extensive operating history in this industry, our in-depth experience in mold design and manufacture of injection molded parts for medical products, stable customer base and commitment to maintaining high quality assurance measures provide us with a strong platform to expand and diversify our injection molding operations.

OUR STRENGTHS

Our operations are established with a strong focus on stringent quality assurance and cost efficiency

Ensuring the quality of our products and maintaining our reputation is critical to our operations and therefore we have established an effective quality management system throughout our operations. Since 2002, we were certified under the ISO9001 standard for quality management system and the ISO13485 standard for comprehensive quality management system for the design and manufacture of medical devices. We believe that our Group's strong emphasis on stringent quality assurance processes has been an important factor to our Group's past success and one which we consider as a necessity in ensuring our Group's success in the future. Our quality assurance measures cover all aspects of our operations, including the design and installation of production lines, maintenance of equipment, procurement of raw materials, product traceability, product documentation, monitoring and quality checking on raw materials, work-in-progress and finished products. Further details of our Group's quality assurance are set out in the section headed "Business – Quality Assurance and Control" in this prospectus.

As many of our customers are large MNCs, our operations are required by some of our customers to undergo annual audits so that our customers can be satisfied that we have put in place sufficient systems to ensure quality and proper manufacture of injection molded parts for them in accordance with their specifications and requirements.

To assist our customers to efficiently and costs effectively produce their products, we have adopted a DFM engineering practice whereby we provide advice on the design of products to (1) optimise all the manufacturing functions: fabrication, assembly, test, procurement, shipping, delivery, service, and repair,

BUSINESS

and (2) assure the competitive cost, quality, reliability, safety, time-to-market, and customer satisfaction. Furthermore, we believe that our Group's in-depth knowledge and understanding in the design and production of medical devices, have enabled us to participate in the early stages of medical product development and thereby positioning us to potentially develop new revenue streams.

We have Class 10,000 and Class 100,000 clean room production facilities that meet international standards

To cater to the stringent requirements of our customers who are in the medical device industry, our injection molding and assembly processes take place in our production facilities in Singapore under Class 10,000 clean room and Class 100,000 clean room environments. Our injection molding process at our facility in Batam, Indonesia takes place in Class 100,000 clean room. The clean room environment allows us to maintain and meet high manufacturing standards required by MNCs as the clean room environment provides a consistent environment in which our Group's process can operate and attain consistent validation. As part of our Group's continued development, we are also in the process of building one more Class 100,000 clean room in Singapore to cater to the pipeline products being developed for our customers.

We have a strong international customer base of leading medical device companies

Since our Group's establishment in 1981, we have managed to develop a stable relationship with various major customers that include MNC medical device companies from the United States, Europe and Japan. Four of our top five customers during the Track Record Period are subsidiaries of publicly traded companies on the NYSE, TASE or TSE. We believe our technical knowhow, commitment to quality control and ability to manufacture injection molded parts to their requirements have been the drivers for them to appoint us as their preferred contract manufacturer and their continuing use of our services.

We have maintained business relationship with the majority of our top five customers during the Track Record Period for over 10 years. As many of our customers are MNCs, we have had to undergo a qualification process before we can become an approved supplier of such MNC customers. We believe that as we have successfully passed the customers' certification process, it will assist us in maintaining a strong and stable relationship with medical device companies and in providing opportunities for us to manufacture other products for them.

We maintain regular contact with our major customers with the intent to, among other things, understand their requirements, obtain feedback on products we manufacture for them, to keep abreast of the medical device industry and increase in the range of parts we manufacture for them. We believe that this will assist us to react promptly when faced with changes in market and customer needs. As at the Latest Practicable Date, we received requests for quotation from our single largest customer in relation to ten new parts.

Our production facilities are strategically located in Singapore and Batam, Indonesia

Our production facilities are strategically located in Singapore and Batam, Indonesia, where (i) we are in close proximity to our major customers which enable timely and cost-efficient transportation of our products to them; (ii) we are located in one of the major shipping hubs in Asia which allows for convenient logistics to ship our products worldwide; (iii) one of our production facilities is located in low production cost country which allows us to produce certain products at lower costs for our customers; and (iv) we are

BUSINESS

located in Singapore which offers substantial governmental support through various types of government grants for Singapore based operations to venture overseas. For further detail in relation to government grants, please refer to the section headed “Business – Government Grants” in this prospectus.

We have an experienced, dedicated and capable management team with proven track record

We have an experienced, dedicated and capable management team, led by Mr. Phua, our founder, chairman and executive Director, who has been instrumental in spearheading the growth of our Group. Mr. Phua has over 20 years of experience in the injection molding industry in Singapore. Ms. Ng, our executive Director, has been with our Group since 1992 and is our Group’s head of finance and administration. Mr. Ang, our executive Director, has over 20 years in the healthcare products industry. Please see the section headed “Directors and Senior Management” for further information on our Directors and senior management.

Our Group is supported by a dedicated senior management team who has extensive and in-depth knowledge of the medical device and/or injection molding industry. Our strong senior management team includes members such as Mr. Foo who has over 20 years of experience in manufacturing plastic components and Mr. Wong who has over 20 years of experience in mold design and production. Over the years, our management team has established close relationships with our customers and suppliers, accumulated in-depth knowledge of the medical device industry and stayed abreast of industry development and market trends.

In addition, we have an experienced and well-trained quality assurance department, which is essential for maintaining our quality control and assurance standards and is vital for the success of our business.

MARKET AND COMPETITION

According to the Euromonitor Report, the global consumer expenditure on health goods and medical services reached US\$4.3 trillion in 2016 achieving a healthy growth of 3.3% CAGR between 2012 and 2016. Further, it is estimated that the global consumer expenditure in health goods and medical services industry will continue to grow at a CAGR of approximately 4.8% from 2017 to 2021 to approximately US\$5.4 trillion.

Further, according to the Euromonitor Report, contract manufacturing will remain as the globally accepted supply chain practice, given the pressure on medical device companies to reduce costs thus offering opportunities within the contract manufacturers to capture a larger share, in particular, for those that have already been the qualified suppliers to medical device companies.

According to the Euromonitor Report, in 2016 there are approximately 2,700 precision engineering companies within Singapore. We believe that an injection molding contract manufacturer that has the ability to provide full services ranging from product design to product implementation (integration, assembly and packaging) will likely to be more competitive in a crowded market. According to the Euromonitor Report, consolidation is key on both the manufacturing and medical device owner side as quality assurance and control, as well as costs are harder to monitor with a fragmented supply chain. For further information on the industry in which we operate, please refer to the section headed “Industry Overview” in this prospectus.

We have tried to differentiate ourselves from our competitors in the industry to remain competitive through maintaining high standards throughout our operations, being certified as compliant with ISO9001 and ISO13485 and specializing in injection molding for medical devices.

OUR STRATEGIES

Having already established and developed a stable relationship with our major customers and gained critical production know-how and experience in the production of parts for disposable medical devices over the past 20 years, we plan to develop and strengthen our Group's injection molding business and become a core contract manufacturer in Singapore by (i) improving and expanding our capabilities in new production processes for manufacturing of microfluidic products and liquid silicon rubber products; (ii) developing and strengthening our capabilities to become more vertically integrated through the addition of sterile packaging process capabilities; and (iii) capturing new developing markets through increasing our Group's sales and marketing efforts. Details of our strategies are set out below.

1. Improve and expand our tooling capabilities to achieve greater efficiency

Since our initial establishment in 1981, production processes, available technologies and overall medtech industry has continued to change and develop. We believe that the advancement of wireless technology and miniaturisation over the years has led to the need in the medtech industry for portable diagnostic tools, development of polymers as a cost effective solution as compared to glass and silicon and development of nanotechnology. To meet with the technological demands of our customers, we intend to upgrade our tooling production process and mold fabrication capabilities by purchasing a micro machining system and a CNC wire cut EDM. During the Track Record Period, our requirements for these services were, when required, outsourced to an Independent Third Party. For details of our subcontracting please refer to the section headed "Business – Suppliers – Subcontractor" in this prospectus. The addition of these new machines will enable us to carry out these processes in-house and improve our overall efficiency and which in turn will help cut lead time by approximately 46.7% or approximately seven hours, reduce tooling servicing costs as well as achieve higher accuracy of drilling and allow our Group to have better control over quality and delivery schedule as compared to outsourcing to a subcontractor. We expect to achieve a cost savings of approximately S\$110,000 per year.

We plan to use approximately HK\$4.4 million (equivalent to approximately S\$0.8 million) of the net proceeds from the Share Offer for the acquisition of additional equipment. For further details, please see the section headed "Future Plans and Use of Proceeds" in this prospectus.

2. Develop and strengthen our Group's injection molding business by enhancing and diversifying our capability and services

Since our establishment in 1981, our Group's abilities have been focusing mainly on the product requirements of the existing customers. Continuing changes in the medtech industry, additional demands from our customers and development of new medtech devices has together presented an opportunity for our Group to further develop and strengthen our injection molding capability in order for us to capture additional business so as to improve our Group's financial performance.

We intend to use approximately HK\$2.0 million (equivalent to approximately S\$0.4 million of the net proceeds from the Share Offer) to enhance and diversify our injection molding business by setting up a technical department consisting of one technical manager, one engineer and one microbiologist. The technical department will be responsible for the implementation of the technical operations and the new production processes, which will form part of our Group's standard operating process. The scope of responsibilities of the additional staff is summarised as follows:

- | | |
|-------------------|---|
| Technical manager | <ul style="list-style-type: none">• evaluate and plan our Group's future technical roadmap to increase business opportunities;• provide design and manufacturing related technical consultation advice to our Group's customers; and |
|-------------------|---|

BUSINESS

- | | |
|----------------|--|
| | <ul style="list-style-type: none">• lead members of our Group to ensure timely completion of projects |
| Engineer | <ul style="list-style-type: none">• finalise and implement the protocol of any new process before the new process is used in mass production |
| Microbiologist | <ul style="list-style-type: none">• establish sterilisation process after the machinery has been purchased; and• assist in evaluating different assay methodologies proposed by microfluidic customers and propose an alternative assay protocol, if required, which will be incorporated into the injection molded microfluidic chip |

The technical department will implement the new capabilities for our Group which will support our Group's main aim to become a core contract manufacturer in Singapore to the medical device industry.

To become a core contract manufacturer in Singapore, our Group will invest in three new processes:

- (a) **Microfluidic chip manufacturing:** Microfluidic chip manufacturing is the process of molding plastic parts with micro-channels and bonding the parts, for example, with thermal bonding to create a microfluidic chip. Microfluidic device is a growing market with various applications in point-of-care diagnostics; drug delivery; pharmaceutical and life science research. Under the proposed technical department, our Company will focus on building in-house know-how in emerging microfluidics technologies specifically in the in-vitro diagnostics segment. We will build capabilities in micro-machining; insert and mold making for high precision microfluidic parts. We will also continue to work very closely with SIMTech to co-develop high throughput secondary processes like chip closure; thermal bonding; surface activation sealing; lamination; surface treatment/modification; filter assembly; sensor building; reagent loading, which has been on-going since 2014.

For the mass production of the diagnostic devices, we are planning to lease additional space and establish in the first half of 2019 a new clean room production facility with approximately 360 sq.m. located at or nearby to 16 Kallang Place, Singapore where our existing operations are situated.

In October 2017, we entered into a legally binding cooperation agreement with an Independent Third Party, which is not our existing customer, regarding the mass production of microfluidic devices for them. The Independent Third Party to the cooperation agreement is a Singapore-based startup company that develops innovative tools for research, drug development and clinical diagnostics. As at the Latest Practicable Date, the Independent Third Party develops and commercializes technologies for assay platforms and is in the process of developing an improved lamination process with SIMTech. On 20 December 2017, pursuant to the said cooperation agreement, the Independent Third Party notified us the production process to be used to manufacture a microfluidic product which is the Independent Third Party's own manufacturing process. Further information regarding this cooperation agreement is set out in the section headed "Business – Sales and Marketing – Cooperation Agreement with an Independent Third Party for manufacturing of microfluidic products" in this prospectus.

Our Directors believe that the addition of this process capability will create a new source of revenue for our Group and improve our financial performance.

BUSINESS

- (b) Liquid silicone rubber (“**LSR**”) injection molding: With this new capability, it would allow our Company to capture new business opportunities in the medical device sector. LSR injection molding has been steadily gaining a foothold in many markets due to its ability to produce intricate elastomeric components with relatively short cycle times. In particular, its biocompatibility and stability over a wide range of temperatures and mechanical resilience as compared to other elastomeric materials have made it especially suitable for biomedical applications (e.g. needleless injection sites; infusion pumps; implantable products).

As at the Latest Practicable Date, we are sourcing suppliers and preparing the feasibility report and expect to enter into an agreement with an existing customer in the second half of 2018 and are also in process of negotiating the terms of the supply agreement with Customer E to supply a LSR component part for their endoscopic device. We expect to execute a supply agreement with Customer E in the first half of 2018. We are also in the approval process by a reputable supplier to a Singapore company that focuses on breast milk feeding solutions and medical vacuum technology solutions and will negotiate the LSR related agreement with them thereafter.

Our Directors believe that the ability to manufacture a wider variety of products for our customers will allow our Group to generate an additional source of revenue and improve our Group’s profit and hence the financial performance.

- (c) Sterile packaging of medical devices: this capability would enhance our ability to provide higher value-added service to its customers as we currently lack the capability to implement process controls to ensure product sterility. With a trained microbiologist and packaging process engineer (to be hired under the proposed technical department), we would be able to build our in-house core knowledge in sterile product manufacturing. Integration of this new process technology would allow us to become more vertically integrated and position us to gain more manufacturing opportunities with medtech companies which require sterilised packaging services.

As at the Latest Practicable Date, we are in the process of negotiating the terms of the supply agreement with Customer E who is interested in requiring the endoscopic device to be manufactured for them to also be packed using sterile packaging. We expect we will execute the supply agreement with Customer E and commence providing this service in first half of 2018.

Our Directors believe that becoming more vertically integrated to our customers will allow our Group to adjust our pricing and profit margins with the intent to improve our financial performance.

None of our existing machinery has the process capability to carry out the above processes and therefore, our Group proposes to use approximately HK\$27.6 million (equivalent to approximately S\$4.9 million) from the net proceeds of the Share Offer for the establishment and development of these three new processes, the operation of the technical department and investment in new machinery. For further details, refer of the section headed “Future Plans and Use of Proceeds” in this prospectus.

BUSINESS

In considering our Group’s expansion plans, we have considered the market feasibility, technical feasibility and financial feasibility of each expansion plan:

| | <u>Microfluidics</u> | <u>Liquid silicon rubber</u> | <u>Sterile packaging</u> |
|----------------------------|--|---|---|
| Market feasibility | <p>In October 2017, we signed a legally binding cooperation agreement (the “Cooperation Agreement”) with a Singapore company for the mass production of microfluidic devices.</p> <p>Subject to being informed of the production process to be adopted, we intend to commence preparation work in the first quarter of 2018 and pilot production in the second half of 2018.</p> <p>Based on the Cooperation Agreement, the Singapore company’s estimated production requirement for the three years ending 31 December 2020 would be 70,000 units, 400,000 units and 1,300,000 units per year, respectively.</p> | <p>We have been in discussions with two existing customers (one of them is Customer E) who have given indications on the demand for the production of liquid silicon rubber components. Customer E’s requirement for liquid silicon rubber is in line with their demand for the production of endoscopic device. The estimated volume required by Customer E is 300,000 units per year.</p> <p>We are still in preliminary discussions with the other existing customer with regard to their demand for LSR products.</p> | <p>As at the Latest Practicable Date, we have received an indication from Customer E who is interested in requiring endoscopic device to be manufactured by us for them to also be packed using sterile packaging.</p> <p>Based on discussion with Customer E, the estimated annual volume required is 300,000 units.</p> <p>We expect to commence providing this service in the first half of 2018 in conjunction with the manufacturing of the endoscopic device.</p> |
| Technical feasibility . . | <p>We propose to acquire new machinery which will have a production capacity of 1,500,000 units per year.</p> <p>We hired a microbiologist in November 2017 and will hire an additional technical manager and engineer in the first quarter of 2018 to commence preparation work for the pilot production of microfluidic devices in second half of 2018.</p> <p>We are in discussions with our existing landlord to lease additional factory space located at or nearby our current location.</p> | <p>We propose to acquire new plant and machinery which will have a production capacity of 600,000 units per year.</p> <p>Our existing production staff have the necessary knowhow for the manufacture of liquid silicon rubber products.</p> <p>Our current production facilities have allocated sufficient space for additional machinery.</p> | <p>We propose to acquire new plant and machinery which will have a production capacity of 600,000 units per year.</p> <p>Our existing production staff will undergo further technical training from the machinery supplier and our new staff will implement the new process.</p> <p>Our current production facilities have allocated sufficient space for additional machinery.</p> |

BUSINESS

| | <u>Microfluidics</u> | <u>Liquid silicon rubber</u> | <u>Sterile packaging</u> |
|---|---|--|--|
| Financial feasibility . . . | We propose to finance the capital investment through using part of the net proceeds from the Listing. | We proposed to finance the capital investment through using part of the net proceeds from the Listing. | We proposed to finance the capital investment through using part of the net proceeds from the Listing. |
| Breakeven in terms of units manufactured and sold | 780,000 units | 1,042,857 units | 355,747 units |
| Expected payback period | Approximately 23 months | Approximately 39 months | Approximately 39 months |
| Expected capital expenditure and Listing proceeds to be allocated | HK\$19.1 million (equivalent to approximately S\$3.4 million) | HK\$4.1 million (equivalent to approximately S\$0.7 million) | HK\$4.4 million (equivalent to approximately S\$0.8 million) |

3. Increase our sales and marketing activities of our Group's services

We will continue to market our Group's services and capabilities through targeted promotional activities with the aim to promote our services and capabilities to medical professionals and medical product owners. We will continue to participate in major international medical specialty trade fairs, such as the MEDICA in Europe, the Medical Design & Manufacturing in the U.S. and the China International Medical Equipment Fair in China. Through our continued participation in the above mentioned medical specialty trade shows and other trade exhibitions and academic conferences, we will have the opportunity to meet with our existing and potential customers, promote our capabilities and services and enhance our brand awareness and keep up to date with market developments. We also intend to cooperate with local government entities and hospitals and research institutions which can provide clinical trial support, academic studies and research in relation to their respective new products' development; these will in turn help to introduce our capabilities and services to more product owners with whom the hospitals and these institutes' medical professionals are collaborating.

Our Group proposes to use approximately HK\$0.4 million (equivalent to approximately S\$0.1 million) from the net proceeds of the Share Offer to improve our sales and marketing. For further details, refer of the section headed "Future Plans and Use of Proceeds" in this prospectus.

4. Hire additional sales and marketing staff

To cope with the increase in our capabilities and services and increase efforts in our sales and marketing, we will recruit additional prospective and/or experienced employees to increase our capacity in order to manage and enhance our process capabilities over the next three years with the intent to become a core supplier to key customers.

Our Group proposes to use approximately HK\$2.8 million (equivalent to approximately S\$0.5 million) from the net proceeds of the Share Offer to hire sales and marketing staff. For further details, refer of the section headed "Future Plans and Use of Proceeds" in this prospectus.

We believe that our focused marketing strategy, enhanced and diversified capabilities and services will open up more opportunities for us to vertically and horizontally expand our injection molding business and improve our results of operation.

BUSINESS

5. Upgrade our information technology system

We plan to upgrade our information technology system through the purchase of a manufacturing system to increase productivity, reduce waste and scrap materials, decrease downtime and create accountability in the manufacturing process. The upgrade will be able to generate realistic production and quality checking schedules which allows for more effective use of our staff. We also propose to implement a new paperless system to reduce paper wastage and a document centre archiving system to achieve faster retrieval of documents and reduce storage space.

Our Group proposes to use approximately HK\$0.6 million (equivalent to approximately S\$0.1 million) from the net proceeds of the Share Offer to purchase new information technology softwares.

BUSINESS MODEL

We are a contract manufacturer based in Singapore and specialises in the manufacture and sale of injection molded plastic parts for disposable medical devices. We specialise in manufacturing component parts and sub-assembly parts for disposable medical devices based on customers' specifications and requirements. The customers that we manufacture for include subsidiaries of MNCs device owners which are publicly traded on internationally recognised stock exchanges such as NYSE, TASE and TSE. For further details on our customers, refer to section headed "Business – Our Customers" in this prospectus. As part of the manufacturing of injection molded medical component and sub-assembly parts, we will also assist in the design, development and production of the mold to be used in the injection molding process, validation on mold and process, injection molding, assembly, packaging, as well as provision of engineering design for manufacturing solutions to assist the design, selection of materials and automation process.

Component and assembly parts

The table below shows the component and assembly parts manufactured during the Track Record Period and up to the Latest Practicable Date:

| Usage | Product type | Component parts | Sub-assembly parts |
|----------------------------------|--------------|-----------------|--------------------|
| Disposable medical device | | | |
| – Blood bag | | ✓ | ✓ |
| – Respiratory. | | ✓ | ✓ |
| – Dialysis. | | ✓ | ✓ |
| – Drug delivery | | ✓ | |
| Diagnostic tools (<i>Note</i>) | | | |
| – Cell culture | | ✓ | |
| – Point of care. | | ✓ | |
| Others | | | |
| – Breast pump. | | ✓ | |

Note: The production of diagnostic tools are still in the tooling stage and is expected to move to trial production in first quarter of 2018.

BUSINESS

The table below sets out a breakdown of our turnover by component parts and sub-assembly parts for the periods indicated:

| | Year ended 31 December | | | | Six months ended 30 June | | | |
|------------------------------|---------------------------|---------------------|---------------------------|---------------------|---------------------------|---------------------|---------------------------|---------------------|
| | As % of total sales | | As % of total sales | | As % of total sales | | As % of total sales | |
| | 2015 | 2016 | 2015 | 2016 | 2016 | 2017 | 2016 | 2017 |
| | <i>S\$'000</i> | <i>S\$'000</i> | | | <i>S\$'000</i> | <i>S\$'000</i> | | |
| Component parts | 11,303 | 63.9 | 12,051 | 63.4 | 6,016 | 65.8 | 6,669 | 63.6 |
| Sub-assembly parts | <u>6,377</u> | <u>36.1</u> | <u>6,965</u> | <u>36.6</u> | <u>3,126</u> | <u>34.2</u> | <u>3,819</u> | <u>36.4</u> |
| Total | <u>17,680</u> | <u>100.0</u> | <u>19,016</u> | <u>100.0</u> | <u>9,142</u> | <u>100.0</u> | <u>10,488</u> | <u>100.0</u> |

The table below sets out the price range for component parts and sub-assembly parts for the periods indicated:

| | Year ended 31 December | | | | Six months ended 30 June | | | |
|------------------------------|------------------------|--------|---------------------|--------|--------------------------|--------|---------------------|--------|
| | 2015 | | 2016 | | 2016 | | 2017 | |
| | Low | High | Low | High | Low | High | Low | High |
| | <i>S\$ per unit</i> | | <i>S\$ per unit</i> | | <i>S\$ per unit</i> | | <i>S\$ per unit</i> | |
| Component parts | 0.02 | 160.47 | 0.02 | 160.47 | 0.02 | 160.47 | 0.02 | 111.22 |
| Sub-assembly parts | 0.80 | 1.52 | 0.80 | 1.52 | 0.80 | 1.52 | 0.80 | 1.86 |

Note: The unit price of the manufactured parts will depend on a number of factors such as, among others, complexity of parts to be made, size of injection molding machinery required to be used, timing, price of competitors and relationship with customer and thus may vary substantially.

There is no breakdown on the pricing for tooling services as a mold produced for each customer may be considerably different depending on the customers' requirements and the product to be made.

Injection Molding Business

We manufacture and sell injection molded plastic parts for disposable medical devices in accordance with our customers' design and specifications. The molded plastic parts include component parts or sub-assembly parts. The medical device that our component or sub-assembly parts are manufactured for, to the best knowledge of our Directors, are generally classified (with some variations in different jurisdictions) into one of the three classes – Class I, II, or III – based on their risks and the regulatory controls required for the assurance of safety and effectiveness. Class I devices generally pose the lowest risk to patient and/or user and Class III devices pose the highest risk to patients and/or users. We do not own any intellectual property rights in any of the component parts, sub-assembly parts or device manufactured by our Group. As we are not the product owners, we are not responsible for obtaining the product certifications or making regulatory filings for the sales of the products in the relevant jurisdictions of the customers. Please see the section headed "Business – Our Customers" below for further information. To the best of our knowledge, all of the finished products are registered, marketed and sold under our customers' own brand names.

BUSINESS

During the Track Record Period, we were requested by Customer A to procure certain parts for them from Supplier D as we had an existing relationship with Supplier D and Customer A did not want to go through a supplier qualification process for Supplier D. Other than providing quality assurance control on the products based on the specifications given by Customer A, we did not provide any manufacturing services for these parts. For the two years ended 31 December 2016 and the six months ended 30 June 2017, the amount of revenues from these services are approximately S\$0.5 million, S\$1.5 million and S\$1.5 million, representing approximately 3.4%, 7.9% and 14.3% of our total revenue, respectively. It is envisaged that we will still procure some parts for Customer A upon their request, as we believe this will enable us to continue to maintain an amicable business relationship with Customer A. However, we do not expect such revenue to be a material source of revenue for our Group.

SALES AND MARKETING

Mr. Phua and our business development team are primarily responsible for our Group's sales and marketing. Our sales are principally conducted through direct sales and our marketing strategy involves a variety of initiatives with the intent to increasing our penetration into the existing and targeted markets, expanding our range of services provided to our customers and diversifying range of products manufactured for our customers.

To further increase our exposure to the market, highlight our capabilities to potential new customers and keep abreast of the disposable medical device market, we also attend major international medical specialty trade fairs held annually throughout the world. During the Track Record Period, we have attended the following conventions and trade shows:

- MEDICA: an annual trade fair in Europe for the medical industry
- China International Medical Equipment Fair: an annual trade fair held in China
- Medical Manufacturing Asia: an annual event held in Singapore
- Medical Design & Manufacturing: an annual medtech event held in the US
- Lab-on-a-Chip, Microfluidics & Microarrays World Congress: an annual conference held in the US

In addition to the above marketing channels, we also promote our capabilities and services through our corporate website and medical related periodicals. Mr. Phua and other staff members also actively participate in the marketing of our Group through interviews by local newspapers and commentaries in periodicals. The total marketing expenses incurred by our Group for each of the two years ended 31 December 2016 and the six months ended 30 June 2017, was approximately S\$22,000, S\$53,000 and S\$18,000, respectively.

As part of our Group's business strategy to capture a larger market share of the medical device manufacturing industry, we propose to increase our Group's marketing efforts through hiring of additional marketing staff and attending the major international medical specialty trade fairs. For details on our business strategies, refer to the section headed "Business – Our Strategies" in this prospectus.

During the Track Record Period, we were granted government funding IE Singapore to assist in building our overseas presence. For details, see the section headed "Business – Government Grants" in this prospectus.

BUSINESS

Principal terms for arrangements

Once we have been qualified by our customers (if required), we may enter into a legally binding manufacturing and supply agreement with our major customers to manufacture the component parts or sub-assembly parts according to a set of agreed terms. The customers will then on a monthly basis provide purchase orders stating the required production quantity. Please refer to the section headed “Business – Quality Assurance and Control” in this prospectus for information on the qualification process that we may need to undergo. The terms of the manufacturing and supply agreements with each customer may differ depending on their specific requirements, however, the salient terms of the manufacturing and supply agreements typically will include the following terms:

Arrangements with major customers

| | | |
|------------------------------------|---|--|
| Term | : | Fixed term or without specified duration unless terminated. |
| Exclusivity | : | Generally we are not the sole supplier of the customer and in some cases we are not allowed to manufacture a similar product for other customers. |
| Pricing | : | Price is generally quoted to the customers before they provide purchase orders. Occasionally, if the raw materials are supplied by our customers, price adjustment with respect to the raw material price is allowed upon giving notice. |
| Delivery and acceptance | : | For customers located in Singapore, we deliver the products to their specified locations within Singapore. For customers that are outside of Singapore, we deliver based on FOB terms. |
| Molds ownership | : | All molds manufactured by us for our customers are owned by our customers. |
| Raw materials | : | The source of raw materials is generally specified by our customers. Some raw materials are supplied by our customers. |
| Product packaging | : | Products supplied and delivered are labelled and packed in accordance with customer’s specifications. |
| Production process and facility | : | The production facilities must conform to specifications as specified by the customers. The production facilities must be maintained structurally sound, in a state of good maintenance and repair and in a condition adequate and suitable for the business conducted by our Group. Production processes must conform to the specifications as set out by the customer. |
| Purchase plan or forecast | : | Customers issue purchase orders 90-180 days in advance or provide a twelve month forecast orders. |
| Site visit, inspections and audits | : | Customers regularly conduct site visits, inspections, and audits. |

BUSINESS

Arrangements with major customers

| | | |
|---|---|---|
| Insurance | : | We may be required, at our own expense, to purchase commercial general liability insurance, product liability and contractual liability insurance. |
| Intellectual property and proprietary information | : | The customers shall own the mold and title to all intellectual property rights in the manufactured products. |
| Termination | : | The agreement can be terminated by either party giving written notice. The duration of the written notice depends on each manufacturing and supply agreement, ranging from three months to two years. |

Our injection molded parts are manufactured and sold principally to medical devices companies and delivered to their customers' offices in Singapore or directly to their designated shipping port on FOB terms. We do not act as an importer of products for any of our customers that are located outside of Singapore and our customers that are outside of Singapore are solely responsible for ensuring the products fulfil the local market regulatory requirements.

Cooperation Agreement with an Independent Third Party for manufacturing of microfluidic products

In October 2017, we entered into a legally binding cooperation agreement (“**Cooperation Agreement**”) with an Independent Third Party regarding the mass production of microfluidic devices for them. As at the Latest Practicable Date, the Independent Third Party develops and commercializes technologies for assay platforms and is in the process of developing an improved lamination process with SIMTech. On 20 December 2017, pursuant to the said Cooperation Agreement, the Independent Third Party notified us the production process to be used to manufacture a microfluidic product which is the Independent Third Party's own manufacturing process. Salient terms of the Cooperation Agreement include:

- we are to implement a manufacturing process to manufacture a microfluidic product by 20 December 2018
- within 30 days of the implementation of the manufacturing process, the parties to the Cooperation Agreement will enter into an exclusive manufacturing agreement
- the indicative production requirements for the three years ending 31 December 2020 would be 70,000 units, 400,000 units and 1.3 million units
- we will be responsible for the costs of molds and the manufacturing scale up costs in relation to the manufacturing of the product
- the term of the exclusive manufacturing agreement is for seven years
- intellectual properties relating to any improvements, modifications, enhancements or additions that contribute to any improvement of the product is vested in the Independent Third Party
- any manufacturing process knowledge contributed by us towards the manufacturing of the product is owned by our Group
- agreement is governed by and construed in accordance with the laws of Singapore

As at the Latest Practicable Date, we are still in the process of developing and qualifying the mold for the manufacture of microfluidic devices. We propose to enter into the pilot production stage upon purchase of additional required machinery and qualification of the production process, which our Directors expect will be in second half of 2018.

The Independent Third Party to the Cooperation Agreement is a Singapore-based startup company that develops innovative tools for research, drug development and clinical diagnostics.

BUSINESS

Pricing Policy

For the manufacture and sale of molded plastic parts for disposable medical devices, we generally determine our pricing on a cost-plus basis taking into consideration factors such as technical requirements and timing for the production, expected production and sales volume, market conditions and our Group's expected profit margins. Generally for products that require value added services such as requiring assembly, we are able to price our services with higher margin.

For our tooling services we generally determine our prices on a cost plus basis taking into consideration, among other things, the type of customer and complexity of the mold.

Credit Policy

We generally offer credit terms of 30 days to our customers. For customers that we have established a long relationship with good payment history, we may offer a credit term of between 45 to 60 days.

Customer Service

We strive to (i) understand our customer needs; (ii) meet our customer expectations; and (iii) develop a long term partnership with our customers. In doing so, we produce quality products that meet the technical specifications of our customers and have implemented strict internal controls and measures to ensure that our products meet the specifications and design requirements of our customers. In addition to the quality control measures implemented by our Group, the details of which are set out in the section headed "Business – Quality Assurance and Control" below, we have established clear procedural guidelines for handling of any issues raised by our customers.

Customer Feedback and Complaint Handling

Maintaining good communication with our customers has been our Group's underlying principle for effective customer management. As part of our quality management system, we have established procedures and measures for (i) gathering feedback from our customers on our products and services which can provide us with necessary information to appropriately adjust and improve our level of service quality and is a key performance indicator for our Group's corporate health; (ii) dealing with complaints of non-conforming products; and (iii) procedures to correct non-conformities and prevent potential non-conformities.

Mr. Foo, our senior manager of our sales and customer service department, is responsible for dealing with complaints from customers and will accordingly assign the issue to the relevant department to investigate and resolve. Any matters relating to our customers will be initially handled by Mr. Foo and then discussed with the relevant head of departments depending on the issue or matter in question.

During the Track Record Period and up to the Latest Practicable Date, we have received a total of two complaints from customers which related to functional defects of the injection molded parts and the affected batch of products were returned to us for inspection. We received other feedback and complaints from customers but they were only related to immaterial cosmetic issues. None of the complaints received during the Track Record Period had any material impact on our business or results of our operations.

Product Returns and Warranty

The products manufactured by us are to the specifications determined by our customers. We do not provide any warranty period for the parts we manufacture since if the parts do not meet our customer's specifications, our customers have the right to return the manufactured parts. When customers have an issue with a product, they will typically return the affected batch of products to us and we will issue a credit note for the affected batch of products. According to Euromonitor, it is the industry practice that the whole batch of products would be returned as customers do not want to incur time and costs sorting through a batch of products which may have issues. Once the products are returned to us, members of our production team will inspect the items and sort out the items that may have issues from those that meet customer specifications. Those that do not meet our customer specifications will be sold as scrap and those that can meet our customer's specification will be repackaged and sold back to the same customer. The net amount of product returns for each of the two years ended 31 December 2016 and the six months ended 30 June 2017 was approximately S\$34,800, S\$69,700 and S\$37,800, representing approximately 0.2%, 0.4% and 0.4% of our total revenue, respectively. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product return nor had we had recalled any product due to quality or other issue.

During the Track Record Period and up to the Latest Practicable Date, our products had not been subject to any material claims, litigation or investigation, and there had not been any product recalls or been informed of any defects that are related to our products.

Seasonality

Our Directors believe that our operations are not subject to any seasonality.

OUR CUSTOMERS

During the Track Record Period, our customers comprised primarily of MNC medical device companies, many of whom we have maintained over 10 years of business relationships. Four of our top five customers during the Track Record Period are MNCs publicly traded on the NYSE, TASE or TSE. According to the Euromonitor Report, two of our MNC customers are considered as top 20 global medical device players. For the two years ended 31 December 2016 and the six months ended 30 June 2017, we manufactured products primarily for seven, nine and nine customers, respectively.

Top Five Customers

For the two years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, our five largest customers accounted for approximately 99.8%, 99.7% and 97.5% of our total turnover, respectively. Our Group's largest customer accounted for approximately 38.7%, 48.5% and 46.9% of our total turnover, respectively for the corresponding period.

During the Track Record Period, we manufactured injection molded parts for certain top five customers which in total accounted for over 90% of our revenue. However, during the Track Record Period, the percentage of revenue attributable to the certain top five customers has been decreasing during the Track Record Period from 99.8% for the year ended 31 December 2015 to 97.5% for the six months ended 30 June 2017. We manufacture injection molded parts for these customers based on monthly orders and if any one of these customers ceases to engage us to manufacture injection molded parts for them, this may have an adverse effect on our Group's financials. Please refer to the risk factors set out in the section headed "Risk Factors" in this prospectus.

Mutual and complementary reliance with our major customers

These certain top five customers have a long and established relationship with our Group of between nine to 25 years. During this time, we believe that we have established a mutual and complementary reliance with our major customer for the following reasons:

- (1) According to the Euromonitor Report, global medical device owners generally require their contract manufacturers to undergo a qualification process before engaging the contract manufacturers as a qualified supplier. We believe that our ability to comply with our customer's qualification requirements and the continued engagement of our Group as one of their qualified suppliers is an indication on the reliance of our customers on our technical capabilities within Singapore;
- (2) Our extensive working relationship with our major customers is an indication of their satisfaction of our product quality and ability to meet their technical demands and according to Euromonitor, medical device owners are likely to preserve the business relationship of existing suppliers due to quality products and consistent services and the changing of a contract manufacturer would incur delays and potential disruptions to its operations from requiring a new supplier to be qualified;
- (3) Two of our major customers have installed their assembly lines at our production premises in Singapore which we believe is an indication that they consider us a long term contract manufacturing partner and rely on our manufacturing facilities to house their assembly lines. We believe it would not be commercially feasible for these customers to easily move these assembly lines to a new supplier which would require the assembly lines to undergo a lengthy requalification process;
- (4) We have built up a reputation in the injection molding industry as being a reliable contract manufacturer capable of providing effective and efficient tooling and manufacturing solutions and quality products that meet customers' requirements; and
- (5) We believe that we are one of the few injection molding contract manufacturers in Singapore that specialises in medical products and therefore believe that our customers rely on our Group's speciality and expertise in the medical device industry to meet their technical requirements.

Based on the above factors, we believe that our Group's relationship with our major customers is mutual and complementary and it would not be commercially sensible for certain of our existing top five customers to seek alternative suppliers easily thus we believe our Group is capable of maintaining the business relationships and in turn our revenue in the future. Having established a solid and mutually reliant relationship with these major customers, we will continue to attend annual trade fairs and exhibitions to generate new potential customers as well as expand our Group's operations thus allowing for further diversification of our services and customers through our business strategies, which will reduce our reliance on these certain major top five customers. For details, please refer to "Business – Our Strategies" in this prospectus. Further, according to the Euromonitor Report, it is not uncommon for contract manufacturers in the plastic injection molding industry to rely on manufacturing for a few major customers. Our Group's plant and machinery used in the mold production and injection molding process are not solely specific to medical device products and can be used to produce a multitude of plastic products via injection molding process. As such, if any of our major customer no longer engages us to manufacture medical device products, our plant and machineries are capable of manufacturing generic plastic products, such as the ones we manufactured earlier in our Group's history.

BUSINESS

To the best knowledge of our Directors, all of our five largest customers during the Track Record Period are Independent Third Parties. To the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who owns more than 5% of our issued share capital or of any of our subsidiaries, had any interest in any of our five largest customers during the Track Record Period.

The table below set out information of our top five customers for the periods indicated.

For the year ended 31 December 2015

| Customer | Business nature | Product/Service | Approximate years of business relationship | Credit and payment terms | Transaction amount <i>S\$'000</i> | % of our turnover % |
|---|----------------------------------|--|---|--|---|---------------------------|
| Customer A | Medtech | Component parts/ sub-assembly parts | 23 | 60 days, bank transfer | 6,851 | 38.7 |
| Customer B | Medtech | Component parts/ sub-assembly parts | 13 | 60 days, bank transfer | 5,407 | 30.6 |
| JMS | Medtech | Component parts | 17 | 30 days, bank transfer or cheque | 3,847 | 21.8 |
| Customer C | Medtech | Component parts | 7 | 60 days, bank transfer | 1,491 | 8.4 |
| National University of Singapore | University/Research Institute | Component parts | 3 | 30 days, cheque | 50 | 0.3 |
| Total | | | | | <u>17,646</u> | <u>99.8</u> |

For the year ended 31 December 2016

| Customer | Business nature | Product/Service | Approximate years of business relationship | Credit and payment terms | Transaction amount <i>S\$'000</i> | % of our turnover % |
|----------------------|-----------------|--|---|--|---|---------------------------|
| Customer A | Medtech | Component parts/ sub-assembly parts | 24 | 60 days, bank transfer | 9,224 | 48.5 |
| Customer B | Medtech | Component parts/ sub-assembly parts | 14 | 60 days, bank transfer | 5,687 | 29.9 |
| JMS | Medtech | Component parts | 18 | 30 days, bank transfer or cheque | 2,714 | 14.3 |
| Customer C | Medtech | Component parts | 8 | 60 days, bank transfer | 1,252 | 6.6 |
| SIMTech | Medtech | Tooling services | 3 | 30 days, cheque | 83 | 0.4 |
| Total | | | | | <u>18,960</u> | <u>99.7</u> |

BUSINESS

For the six months ended 30 June 2017

| Customer | Business nature | Product/Service | Approximate years of business relationship | Credit and payment terms | Transaction amount <i>S\$'000</i> | % of our turnover % |
|----------------------|-----------------|--|---|--|---|---------------------------|
| Customer A | Medtech | Component parts/ sub-assembly parts | 25 | 60 days, bank transfer | 4,916 | 46.9 |
| Customer B | Medtech | Component parts/ sub-assembly parts | 15 | 60 days, bank transfer | 3,371 | 32.1 |
| JMS | Medtech | Component parts | 19 | 30 days, bank transfer or cheque | 901 | 8.6 |
| Customer C | Medtech | Component parts | 9 | 60 days, bank transfer | 801 | 7.6 |
| Customer E | Medtech | Tooling services | 1 | 30 days, bank transfer | 238 | 2.3 |
| Total | | | | | 10,227 | 97.5 |

Notes:

1. Customer A is a wholly-owned subsidiary of a US health care company that is publicly traded on the NYSE. According to the parent company's website, its headquarters are located in Deerfield, Illinois. The parent company primarily focuses on products to treat hemophilia, kidney disease, immune disorders and other chronic and acute medical conditions. According to publicly available information, the holding company of Customer A had revenues of over US\$10.0 billion for 2016 and employed approximately 48,000 staff.
2. Customer B is a wholly-owned subsidiary of a company that is publicly traded on the TASE and NYSE. According to the Euromonitor Report, Customer B is one of the world's leading generic pharmaceutical companies. According to the parent company's website, its headquarters are located in Israel. The parent company specialises in the development, production and marketing of generic and proprietary branded pharmaceuticals as well as active pharmaceutical ingredients. According to publicly available information, the holding company of this customer had revenues of over US\$21.9 billion for the year ended 31 December 2016 and employed approximately 57,000 staff worldwide and has production facilities in Israel, North America, Europe and Latin America.
3. JMS is a company established in 1979 with a paid up capital of S\$16.0 million. It is wholly-owned by a Japanese company which is publicly traded on the TSE. According to publicly available information, the parent company of JMS generated sales of approximately Yen55.6 billion and recorded a profit attributable to the owners of Yen1.1 billion. As at 31 March 2017, the parent company of JMS had 6,178 employees.
4. Customer C is a subsidiary of a Japanese incorporated company that is publicly traded on the TSE. According to publicly available information, the parent company of Customer C generated net sales of approximately Yen514 billion for the year ended 31 March 2017 and recorded profit attributable to owners of approximately Yen54 billion. According to the website of the parent company of Customer C, it had approximately 22,441 employees and is India's largest blood bag manufacturer. According to publicly available information, it is also the largest producer of blood bags in Asia, outside Japan.
5. Customer D is a company incorporated in Singapore and develops high-value manufacturing technology and human capital to enhance the competitiveness of Singapore's manufacturing industry. It collaborates with multinational and local companies in precision engineering, medtech, aerospace, automotive, marine, oil and gas, electronics, semiconductor, logistics and other sectors.
6. Customer E is a company incorporated in Germany and is a global manufacturer and distributor of endoscopes, medical instruments, and devices. Its range of endoscopic instruments for human medicine, veterinary medicine, and industrial endoscopy now includes more than 15,000 products. According to publicly available information, the company has over 50 subsidiaries in over 40 countries and has over 7,100 employees worldwide.
7. National University of Singapore is one of the universities located in Singapore.

BUSINESS

During the Track Record Period, Customer A, Customer B and JMS were also suppliers of some of the raw materials used by us for the production of injection molded parts that we sold to them. For further details, please see the section headed “Business – Entities Who are Our Customers and also Our Suppliers” in this prospectus.

PRODUCTION

Production Facility

As at the Latest Practicable Date, our Group has two production bases: (1) Singapore and (2) Batam, Indonesia. Our Singapore location is our headquarters. Our two production bases have a total GFA of approximately 7,880 sq.m., which includes (i) facilities for the design and fabrication of molds; (ii) five Class 10,000/100,000 clean rooms for injection molding and assembling of sub-assembly parts; (iii) offices; and (iv) storage facilities. As at the Latest Practicable Date, we have installed another Class 100,000 clean room to meet the requirements of future orders for an existing customer in Singapore. Our Class 10,000/100,000 clean rooms, which house our machineries for injection molding and assembling operation, have been validated and periodically re-validated by recognised third-party laboratory.

As at the Latest Practicable Date, we have 35 injection molding production lines and five assembly lines.

The table below sets out the details of our production facilities as at the Latest Practicable Date:

| <u>Location</u> | <u>Primary functions</u> | <u>Number of clean rooms</u> | <u>Number of major production lines machineries/equipments in operation</u> | <u>Total GFA (sq. m.) (approximate)</u> |
|---------------------------|---|------------------------------|--|---|
| Singapore | Mold design and fabrication and plastic injection molding (<i>Note 1</i>) | • 4 | <ul style="list-style-type: none"> • 28 plastic injection machineries • 19 key toolroom mold making equipments • 5 assembly machineries (<i>Note 2</i>) | 5,540 |
| Batam, Indonesia. | Plastic injection molding | • 1 | <ul style="list-style-type: none"> • 7 plastic injection machineries | 2,340 |
| Total | | | | 7,880 |

Notes:

1. Also includes our office.
2. Three assembly machineries are owned by Customer A and two are owned by Customer B. The assembly lines at our Singapore facility are owned by Customer A and Customer B and they are provided to us solely for the assembly of their respective products.

BUSINESS

Our production lines and machinery

Our production lines and machineries consist of (i) mold production machines such as CNC machines and tooling and measuring equipment; (ii) plastic injection molding machines; and (iii) assembly machines. Most of our machineries are imported from Japan and Germany. Our injection molding machines have an average remaining useful life of eight years as at 30 June 2017. Depending on the conditions of the machinery, our management will consider replacing them or upgrading them, so as to continue to achieve required quality standard of the products we produce. With the exception of the five assembly machineries owned by Customer A and Customer B, we own all of the other production machineries. During the Track Record Period, we have not experienced any material disruptions as a result of quality issues relating to our production machineries. For information on our quality control for our production, see the section headed “Business – Quality Assurance and Control” in this prospectus.

As at the Latest Practicable Date, the respective five assembly machineries are owned by Customer A and Customer B as they are only used for the assembly of their respective products.

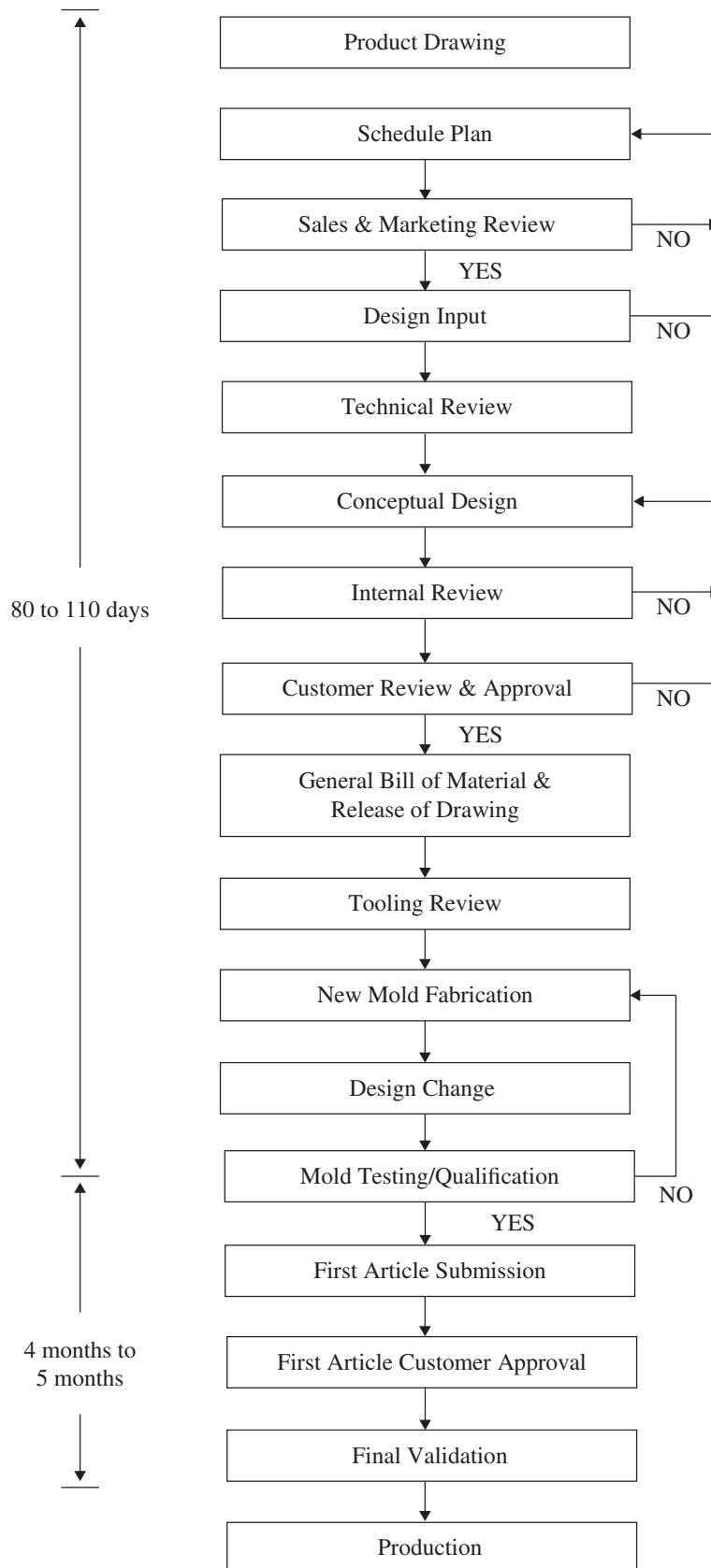
Tooling Service/Mold Production Processes

Since 1981, we have gradually developed from a general plastic injection molding company to become an injection molding company specialising in making medical device parts. Typically, an injection molding process starts with our Group providing tooling services which entails the design and fabrication of a mold that can manufacture an injection molded part in high quantities that meets our customers’ requirements.

During the Track Record Period, there were certain parts required by our customers but we did not have the capability to make them and such parts were subcontracted to an Independent Third Party. For information on our subcontractors, please refer to the section headed “Business – Subcontractor” in this prospectus.

BUSINESS

The following flowchart illustrates our typical new mold design and validation:



New mold/new product

Upon receipt of the customer's purchase order and product drawing with an acknowledgement stamp that is issued from the sales and marketing department, a schedule plan shall be prepared by toolroom head of department/designer. The schedule plan will clearly state the person in-charge and responsibilities for each respective task. The planned timing and actual timing in the schedule plan will be updated for reference and record purposes.

The design team member shall obtain and gather design inputs and requirements (e.g. product drawing, samples or specification) from the customer for technical review using the product design input checklist. The design team will review the customer's product drawing and the feasibility of design inputs. The designer shall prepare the conceptual design and the design team will conduct risk analysis based on design failure mode and effect analysis. The design team member shall conduct internal review on conceptual design and the results for the review shall be recorded in the design review record.

The finalized design/drawings shall be submitted to the customer's for review and approval. The drawings shall be amended according to customer's comments/amendments, if any, and recorded in the design review record. The amended drawing shall be re-submitted to the customer for further approval.

Once approval from the customer is received, the design team shall then prepare the product/mold drawings. Thereafter, the design team shall generate the bill of material-design and issue the drawing to the tool room.

The design team or person in charge shall conduct a tooling review on all technical aspects and any changes shall be recorded in the design review record, if necessary. The design team shall co-ordinate with toolroom for the fabrication of the tooling. Any design change shall be recorded in the design review record. Toolroom head of department/designer shall submit a request to production floor for mold testing through a mold test requisition and monitor the mold fabrication to meet the targeted schedule. For a first mold testing, the designer shall fill up the mold data cover. The first article is submitted to the customer for approval. Once approved by the customer we will proceed to the final validation and production.

Staff from the quality assurance department shall be responsible for the submission of first article inspection report to the customer for approval. Once the mold has been fabricated it will be put into storage until it is required for production use.

Existing molds

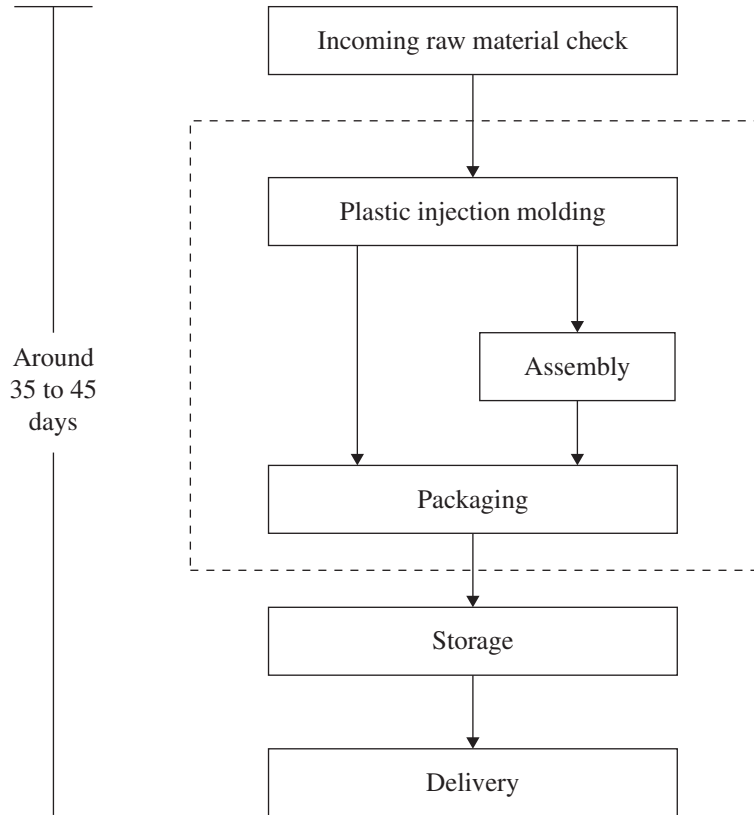
Sometimes our customers may have an existing mold which they will provide to us for manufacturing of the required component part. When we receive the existing mold, it will be put through a process verification to check whether there are any issues relating to the mold. The verification process may take between two to four weeks. If there are issues with the mold, then we will notify our customer to seek their approval on tooling alteration. After completion of the alteration, if any, the mold will be put through a process validation to ensure that the part is defect free. This alteration process will continue until the defect issue is resolved.

On the other hand, we may receive an existing mold and if after our inspection and testing, we consider that the mold is no longer possible to be used, we will then notify the customer accordingly and suggest to them that a new mold be made.

BUSINESS

Injection molding process

The following flowchart illustrates our typical injection molding processes at both of our production facilities once the mold has been approved and accepted by the customer and is ready for use:



The injection molding process produces large numbers of high quality parts with great accuracy. Plastic resin material in the form of granules is plasticised until they are molten resin and injected under pressure to fill the mold cavities. The result is that the resin is exactly molded to the shape of the cavity. Once the plastic molded parts cool sufficiently to a hardened state, the injection mold opens releasing the injection molded part. The whole injection molding process then repeats. Each cycle of an injection molding process may take approximately 12 to 45 seconds. Molded parts will either be packaged for storage and/or delivery, or may be required for further assembly before storage and/or delivery.

We believe that we possess in-depth mold design know-how which has enabled us to produce molds which can consistently produce 100% cavitation, which means that for each injection molding process, all cavities within the mold can produce molded parts according to the customer's product specifications.

BUSINESS

We believe that we have implemented an effective maintenance system for our production machineries. As our customers rely on our Group to manufacture the products under specific guidelines and requirements, our customers do not allow for the injection molded process to be subcontracted out. For details of our quality control of our systems, see the section headed “Business – Quality Assurance and Control” in this prospectus. During the Track Record Period, we had not experienced any material interruption to our production due to problem with our production facility.

Production capacity and utilisation rate

As our customers are in the medical device industry and have strict production and specification requirements as well as strict control on product quality, we believe that maintaining control of our product quality and the ability to consistently produce quality products may not translate into high utilisation rates of our machineries, and as such we believe that production capacity in terms of volume may not be meaningful or representative of our operations. Usage of the injection molding machinery will typically depend on the pressure required which in turn depends on the size of mold.

The following tables set out the designed production capacity, actual production volume and utilisation time of our injection molding lines with respect to injection molding pressure strength and on the available operating time for the periods indicated:

Singapore

| Machinery tonnage | No. of machineries | Maximum Capacity | Y2015 | Y2016 | 2015 | 2016 | Year on year increase | Maximum Capacity | Jan-June 2017 | No. of machineries | Utilisation rate |
|--------------------|--------------------|------------------|--------------------|--------------------|------------------|------------------|-----------------------|------------------|--------------------|--------------------|------------------|
| | | | Actual Utilisation | Actual Utilisation | Utilisation rate | Utilisation rate | | | Actual Utilisation | | |
| | | (Hours) | (Hours) | (Hours) | (approximate) | (approximate) | | (Hours) | (Hours) | | (approximate) |
| 60T/65T/75T. | 5 | 32,600 | 6,722 | 12,051 | 21% | 37% | 79.3% | 16,300 | 8,383 | 5 | 51% |
| 100T/130T . | 11 | 71,720 | 26,846 | 35,630 | 37% | 50% | 32.7% | 35,860 | 12,593 | 11 | 35% |
| 170T/180T . | 5 | 32,600 | 11,470 | 13,570 | 35% | 42% | 18.3% | 16,300 | 7,866 | 5 | 48% |
| 220T/230T . | 7 | 45,640 | 16,949 | 32,450 | 37% | (Note 3) 71% | 91.5% | 22,820 | 17,528 | 7 | 77% |
| Total . . . | 28 | | | | | | | | | 28 | |

Batam

| Machinery tonnage | No. of machineries | Maximum Capacity | Y2015 | Y2016 | 2015 | 2016 | Year on year increase | Maximum Capacity | Jan-June 2017 | No. of machineries | Utilisation rate |
|--------------------|--------------------|------------------|--------------------|--------------------|------------------|------------------|-----------------------|------------------|--------------------|--------------------|------------------|
| | | | Actual Utilisation | Actual Utilisation | Utilisation rate | Utilisation rate | | | Actual Utilisation | | |
| | | (Hours) | (Hours) | (Hours) | (approximate) | (approximate) | | (Hours) | (Hours) | | (approximate) |
| 80T | 3 | 19,560 | 1,474 | 2,021 | 8% | 10% | 37.1% | 9,780 | 1,357 | 3 | 14% |
| 110T/150T . | 4 | 26,080 | 14,132 | 14,812 | 54% | 57% | 4.8% | 13,040 | 8,746 | 4 | 67% |
| Total . . . | 7 | | | | | | | | | 7 | |

Notes:

- The annual designed capacity is calculated based on 24 hour working days per day and 276 days per year and approximately two hours per week maintenance time. The designed semi-annual production capacity was calculated by dividing the annual designed capacity by two.
- Utilisation rate is calculated based on actual hours of usage divided by maximum usage hours multiplied by 100%.
- Increase in utilisation rate was mainly due to an increase in orders from Customer A.
- Injection molding machinery in Singapore and Batam produce different product parts respectively. All component and sub-assembly parts of medical devices are manufactured in Singapore except for certain component parts for blood bag products and drug delivery products, which can only be manufactured in Batam.

Production Planning

Our production of the injection molded parts for medical devices is generally initiated based on the receipt of orders and rolling projections from our customers.

QUALITY ASSURANCE AND CONTROL

Ensuring the quality of our products and maintaining our reputation is critical to our Group's success and therefore we have established an effective quality management system throughout our operations. We have attained and adhered to internationally recognised standards for production of medical devices, and have undergone strict qualification process of our customers before we can be engaged as one of their approved/qualified suppliers. For our top five customers during the Track Record Period, the majority of them have required us to be qualified and we have not failed any qualifications of any of our existing or past customers during the Track Record Period.

Our quality assurance department is supported by 20 staff as at the Latest Practicable Date. Our quality assurance team is primarily responsible for formulating and implementing procedures under our quality management system in accordance with the adopted requirements and standards and ensuring that our product supply chain and production processes are in compliance with the stipulated standards and procedures. They are required to receive training before performing the relevant quality assurance tasks. The quality control team is primarily responsible for (i) inspection of incoming raw materials, semi-finished products and final products; (ii) perform audits and checks on the quality assurance system; and (iii) process validation.

Our quality control and assurance department establishes the procedures to be followed in respect of each of our production and operation processes set out in the paragraphs below, and monitors the implementation of and compliance with these procedures.

The implementation of our quality control system depends on our production and operation employees, and in this respect, we conduct regular trainings to our employees to enhance their understanding of the quality control requirements applicable to our production and operation.

During the Track Record Period, we have not experienced any material safety issues or product recalls with our products and we have not received any material complaints from our customers or from relevant government authorities or been a subject of any material product liability or legal claims due to the quality of our products.

BUSINESS

Quality Assurance Standards

We have implemented quality control and assurance systems that meet the international and industry standards for medical devices. We were certified as both ISO9001 and ISO13485 compliant in 2002.

The table below summarises the certificates that we currently hold.

| <u>Standards</u> | <u>Specifications</u> | <u>Issuing entity</u> | <u>Validity date</u> |
|------------------|---|------------------------|------------------------------------|
| ISO9001 | Specifies requirements for a quality management system where an organisation needs to demonstrate its ability to consistently provide product that meets customer and applicable regulatory requirements, and aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable regulatory requirements. | SGS United Kingdom Ltd | 22 October 2017 to 21 October 2020 |
| ISO13485 | Specifies requirements for a quality management system where an organisation needs to demonstrate its ability to provide medical devices and related services that consistently meet customer and applicable regulatory requirements. Such organisations can be involved in one or more stages of the life-cycle, including design and development, production, storage and distribution, installation, or servicing of a medical device and design and development or provision of associated activities (e.g. technical support). | SGS United Kingdom Ltd | 22 October 2017 to 31 March 2019 |

Quality Management Systems

Our Group's success and development have been driven by our dedication to meet the requirements of our customers. We have adopted a quality management system formulated on ISO9001 and ISO13485 for integrating all departments, standardising all documents as well as ensuring all of our Group's operations are well-documented. To achieve this, we have implemented extensive quality control measures throughout our operations including but not limited to (i) design and fabrication of molds; (ii) procurement of raw materials; (iii) injection molding and assembly process; and (iv) documentary control. These measures are reviewed annually. We believe this promotes good communication between departments with its policies, processes and procedures, and help improve quality consciousness in our company and our ability to meet customer requirements.

In every production process, staff from our quality assurance department are assigned to inspect each process according to the pre-determined standards and inspection conditions and to maintain a record of the inspection results.

Mold production process

As part of our mold production process and in order to ensure that the mold can be used to produce medical parts and components that meet our customers' specifications, molds are precisely measured using measuring machine that use precise measurements.

We perform a process validation to systematically collect and evaluate data from all production processes to determine its ability to consistently delivering quality products. The process validation is broken up into three distinctive protocols:



- IQ – entails the verification that the machine installation is up to standard.
- OQ – entails the verification required for the acceptance of molding tool operations.
- PQ – entails the verification and validation of both the product requirements and acceptance criteria, in order to assess the mold tool performance.

These three protocols are strictly adhered to by our Group and it allows for the production process to be assessed in detail. Failure in meeting requirements set in these protocols prevents the product or its production from receiving the necessary qualifications. The production is reassessed, corrected and goes through the process validation again. Only products and its production that have met the requirements set in all three protocols are approved and delivered to customers. Only after a production process can be successfully validated, will we commence the mass production.

Raw materials quality control

We purchase raw materials only from suppliers which are approved or designated by our customers. For the raw materials supplied by suppliers designated by customers, we will conduct limited quality control. Upon receipt of the raw materials at our facilities, our quality assurance team will randomly open one bag of resin and collect samples, stored in a zip lock bag to avoid contamination. If tests are required to be conducted on the resins, a sample will be sent to an Independent Third Party laboratory for testing. Only raw materials that satisfy all of our specifications and requirements will be accepted and used in our production on a first in first out basis. Defective raw materials may be returned to the supplier. During the Track Record Period and up to the Latest Practicable Date, we have not had any instances where raw materials were returned to the suppliers.

Production in-process and final product quality control

We have established procedures where members of both production and quality assurance team monitor and conduct random inspection on our medical device products. For each batch of production, we will maintain detailed records of production and require our members to adhere to our Group's standard operating procedures. We inspect and test disposable medical products on a sampling basis, in accordance

BUSINESS

with our quality control procedures or product specification. We conduct various testing such as dimension measurement, leak test, surface roughness, autoclave, push or pull test and break-force test. Before we deliver our finished products to our customer, our quality assurance team member will review the quality control documents for the product, including its batch record, production process record and other information that may impact product quality.

Qualification process required by customers

Some of our customers are MNCs that have strict internal control processes which require a potential supplier such as our Group to undergo a qualification process before we can become an approved supplier for these customers. The qualification process by customers, which may take approximately one month depending on the requirements and size of the project, including site visits, audit and inspection of our production facilities, processes and capability of the supplier and assurance personnel of the suppliers, these are to see if we are in compliance and be able to meet the quality and safety requirements, leading towards the final review and granting of our licences and certifications.

After the successful completion of the qualification process, our customers will engage us as their approved supplier and enter into a manufacturing and supply agreement. During the Track Record Period and up to the Latest Practicable Date, we have not failed to meet any qualification requirements of our customers.

RESEARCH AND DEVELOPMENT

During the Track Record Period and up to the Latest Practicable Date, we did not incur any research and development expenses which would have had a material impact on our business, financial condition or results of operations. All research and development of medical devices are carried out by our customers and our Group develops our manufacturing capabilities primarily through staff development and upgrading our manufacturing techniques.

COLLABORATIONS

Our collaboration with SIMTech

Our relationship with SIMTech and ETPL were developed in 2014, when ETPL and SIMTech were looking for a mass scaling partner for microfluidic manufacturing to develop the Singapore supply chain. ETPL introduced us to SIMTech which had ready microfluidics technology. After ETPL and SIMTech completed their evaluation of our operations and taking into consideration that we were ISO13485 certified and were able to produce quality molds, ETPL and SIMTech engaged us as a technology partner on the microfluidic manufacturing. Microfluidics is the science of designing, manufacturing and formulating devices and processes that deal with volumes of fluids in the order of nanolitres and picolitres. The microfluidics devices, which are miniaturised laboratories, have diverse and widespread potential applications in drug delivery, point-of-care diagnostics and quality monitoring.

In June 2014 and October 2017, we entered into two licence agreements with ETPL, respectively, whereby ETPL granted us a licence to use the following technologies:

- (1) Know-how relating to the manufacturing process of microfluidic chip and the related microfluidic device library; and
- (2) Know-how on plastic welding via laser transmission.

BUSINESS

Salient terms of the above license agreements are as follows:

| | | |
|----------------------------|---|---|
| Date of agreement | June 2014 | October 2017 |
| Term | 10 years | Perpetual (subject to termination by notice) |
| Field of use | Bio-tech, medtech, healthcare, cosmetic, environmental and food feedstuff related industries | Manufacture of devices in the healthcare and medical industry |
| Technology | Know-how relating to the manufacturing process of microfluidic chip, and the related microfluidic device library | Know-how on plastic welding via laser transmission |
| Licensed technology | Microfluidic chip and systems | Laser transmission polymer welding |
| Territory | Worldwide | Singapore |
| Fees | One-off fee, minimum royalty payments and annual royalty payments based on a percentage of gross revenue | One-off fee |
| | Royalty payments only commence from 1 June 2016 onwards until end of licence term | |
| Credit term | 30 days | 30 days |
| Payment method | Cheque | Cheque |
| Termination | <p>The above agreements can be terminated by us by providing no less than 30 days notice to ETPL. ETPL shall be entitled to terminate the agreement by given written notice to Inzign if:</p> <ol style="list-style-type: none"> (1) Inzign commits any breach of the Agreement and fails to rectify the breach within 30 days of being notice containing particulars of the breach; or (2) an encumbrance takes possession, or a receiver is appointed of any of the property or assets of Inzign; or (3) Inzign makes any voluntary arrangement with its creditors; or (4) Inzign goes into liquidation (except for the purpose of amalgamation or reconstruction where Inzign remains bound by or assume the obligations under the agreement); or (5) Inzign ceases, or threatens to cease, to carry on business. | |

BUSINESS

For the two years ended 31 December 2016 and the six months ended 30 June 2017, the total amount of fees and royalties paid to ETPL was approximately S\$37,450, nil and S\$315, respectively.

We will continue to collaborate with SIMTech wherever possible as we believe that their support will provide additional opportunities to our Group. In addition to collaborating with SIMTech, we will also consider other potential opportunities where we are able to participate in the early product design stages of potential customers. DFM capabilities will allow us to be engaged in the product design phase and we believe that this will enable us to secure future manufacturing contracts with customers.

Our collaboration with a US Company

We entered into a non-exclusive two year agreement with an Independent Third Party located in the United States that provides consultancy services focusing on technology innovation and product development for the medical and pharmaceutical industry, which became effective on 1 May 2016. Pursuant to the terms of the agreement, the Independent Third Party shall assist in marketing our services to their customers in the US and in return we will pay a commission to them of 5% of the revenues (excluding tooling and equipment not fabricated by us) generated from these customers. Commission are payable for a period of up to 5 years from the initial order, except if the order or contract is terminated within 5 years. Commissions payable to the Independent Third Party are to be paid within 30 days of receipt of payments from the customers by us. Either party to the agreement can terminate the agreement at any time after giving 90 calendar days' prior written notice. During the Track Record Period and up to the Latest Practicable Date, no customers were introduced to us by the Independent Third Party and therefore no revenue have been generated from this collaboration nor have we incurred any commission expenses.

SUPPLIERS

The principal raw materials used to manufacture products are resin, plastic and metal parts and packaging materials. We source raw materials from suppliers that are on our approved list of suppliers and through suppliers designated by our customers. For the two years ended 31 December 2016 and the six months ended 30 June 2017, we sourced raw materials from 16, 16 and 17 suppliers. Of these suppliers, three were our customers. We believe that it is industry practice that a customer may also designate the suppliers from whom to purchase as our customers will also engage other contract manufacturers in other countries that also require the same raw materials. As such, for customers to obtain a competitive pricing from buying in bulk, they will source raw materials from a single supplier that can supply raw materials to different locations. For suppliers that are not designated by customers, we select them based on their ability to meet our requirements, business reputation and production scale. We annually assess them based on their product quality, price and delivery time.

Under the sales arrangement with Customer A, B and JMS, we purchased resins from Customer A, Customer B and JMS, respectively during the Track Record Period. The raw materials purchased by our Group are not subject to any minimum purchase and is made with reference to the amount of purchase orders we receive from the customer.

As the majority of our suppliers are designated by customers which we believe is an industry practice, we believe that there is minimum risk for us in relying on us to source raw materials. As our customers require a large volume of raw materials to meet their global production requirements, our customers are in the better position to purchase raw materials at competitive prices.

BUSINESS

Save for the sales agreements with our customers who are also our suppliers, we do not enter into long-term supply agreement with our suppliers to order raw materials in accordance with our production schedule. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any supply shortage and we have not been subject to material price increases by our suppliers during the Track Record Period. We do not anticipate difficulty in procuring raw materials necessary for our production. Further, we believe that in the event of price increase, we have the ability to respond to a portion of the price increase by raising the prices of our products. Some of the manufacture and supply agreements that we signed have incorporated our ability to increase our pricing in the event of increase in raw material costs. Whilst some of our suppliers may also be our customers, all our suppliers are Independent Third Parties.

A sensitivity analysis in relation to changes to raw material costs is set out in the section headed “Financial Information – Summary of Results of Operations – Sensitivity analysis” in this prospectus.

Top Five Suppliers

For the two years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, our purchases from our five largest suppliers represented approximately 64.5%, 65.8% and 56.7%, respectively, of our total purchases and purchases from our single largest supplier accounted for approximately 25.5%, 28.4% and 20.5%, respectively, of our total purchases in the respective periods.

To the best knowledge of our Directors, our five largest suppliers during the Track Record Period are Independent Third Parties. To the best of our Directors’ knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of our Directors, owns more than 5% of our issued share capital or of any of our subsidiaries, had any interest in any of our five largest suppliers during the Track Record Period.

The table below set out information of our top five suppliers for the periods indicated:

For the year ended 31 December 2015

| Supplier | Background and business nature | Principal items supplied | Approximate years of relationship | Credit terms and payment method | Transaction amount <i>US\$'000</i> | % of our total purchases <i>%</i> |
|----------------------|---|--------------------------|-----------------------------------|----------------------------------|---------------------------------------|--------------------------------------|
| Supplier A | Supplier of industrial chemicals | Resin | 13 | 30 days, bank transfer or cheque | 2,137 | 25.5 |
| Supplier B | Provider of medical products and services | Resin | 23 | 60 days, bank transfer or cheque | 1,934 | 23.1 |
| JMS | Manufacturer and supplier of medical disposables | Resin | 17 | 30 days, bank transfer or cheque | 514 | 6.1 |
| Supplier C | Provider of precision plastic injection mold design and fabrication, precision plastic injection molding and value added services | Plastic parts | 2 | 60 days, bank transfer or cheque | 418 | 5.0 |
| Supplier D | Manufacture and sale of springs | Springs | 1 | 60 days, bank transfer or cheque | 403 | 4.8 |
| | | | | Total | 5,406 | 64.5 |

BUSINESS

For the year ended 31 December 2016

| Supplier | Background and business nature | Principal items supplied | Approximate years of relationship | Credit terms and payment method | Transaction amount (S\$'000) | % of our total purchases (%) |
|----------------------|---|--------------------------|-----------------------------------|----------------------------------|---------------------------------|---------------------------------|
| Supplier A | Supplier of industrial chemicals | Resin | 14 | 30 days, bank transfer or cheque | 2,679 | 28.4 |
| Supplier B | Provider of medical products and services | Resin | 24 | 60 days, bank transfer or cheque | 1,691 | 18.0 |
| Supplier C | Provider of precision plastic injection mold design and fabrication, precision plastic injection molding and value added services | Plastic parts | 3 | 60 days, bank transfer or cheque | 1,017 | 10.8 |
| Supplier E | Distributor of engineering plastics, specialty compounds, plastic commodities and rubber products | Resin | 2 | 30 days, bank transfer or cheque | 411 | 4.4 |
| Supplier D | Manufacturer and sale of springs | Springs | 2 | 60 days, bank transfer or cheque | 400 | 4.2 |
| Total | | | | | 6,198 | 65.8 |

For the six months ended 30 June 2017

| Supplier | Background and business nature | Principal items supplied | Approximate years of relationship | Credit terms and payment method | Transaction amount (S\$'000) | % of our total purchases (%) |
|----------------------|---|--------------------------|-----------------------------------|----------------------------------|---------------------------------|---------------------------------|
| Supplier C | Provider of precision plastic injection mold design and fabrication, precision plastic injection molding and value added services | Resin | 4 | 60 days, bank transfer or cheque | 1,188 | 20.5 |
| Supplier A | Supplier of industrial chemicals | Resin | 15 | 30 days, bank transfer or cheque | 1,089 | 18.8 |
| Supplier B | Provider of medical products and services | Resin | 25 | 60 days, bank transfer | 525 | 9.1 |
| Supplier D | Manufacturer and sale of springs | Springs | 3 | 60 days, bank transfer or cheque | 279 | 4.8 |
| Supplier F | Provider of medical products and services | Resin | 15 | 60 days, bank transfer | 203 | 3.5 |
| Total | | | | | 3,284 | 56.7 |

Notes:

1. Supplier A is a company incorporated in Singapore and is value added supplier of industrial chemicals; resins, tubings and films for medical products; pharmaceutical intermediates; polymer products and pollution control systems.
2. Supplier B is also our customer during the Track Record Period. Please refer to the information relating to Customer A above in this section.
3. JMS is also our customer during the Track Record Period. Please refer to the information relating to JMS above in this section.

BUSINESS

4. Supplier C is a provider of precision plastic injection mold design and fabrication, precision plastic injection molding and value added services. According to publicly available information, Supplier C provides design, fabrication and sale of precision plastic injection molds, precision plastic injection molding services and other PPIM-related value added services in a one-stop service to global customers in consumer electronics, computer peripherals, automotive and household appliances industries.
5. Supplier D is a company incorporated in Singapore and is engaged in the manufacture and sale of springs.
6. Supplier E is a Singapore-based company distributing branded engineering plastics, specialty compounds, plastic commodities and rubber products. According to publicly available information, Supplier E's main markets are automotive and electrical and engineering, and it works with a broad network of petrochemical producers to offer a one-stop shop solution to its customers.
7. Supplier F is also our customer during the Track Record Period. Please refer to the information relating to Customer B above in this section.

ENTITIES WHO ARE OUR CUSTOMERS AND ALSO OUR SUPPLIERS

During the Track Record Period, three of our customers (Customer A, Customer B and JMS) were also our suppliers. For the two years ended 31 December 2016 and the six months ended 30 June 2017, our sales to these three customers accounted for approximately 91.1%, 92.7% and 87.6%, respectively, of our total revenue.

During the same period, our purchase from these three customers and/or their related companies accounted for approximately 31.3%, 23.0% and 15.1%, of our total purchase of raw materials, respectively. Gross profit for the sale of injection molded parts to these three customers for the two years ended 31 December 2016 and the six months ended 30 June 2017 were approximately S\$3.0 million, S\$3.3 million and S\$1.4 million, respectively. The gross profit margin from Customer A, Customer B and JMS as compared to our Group's overall gross profit margin for the two years ended 31 December 2016 and the six months ended 30 June 2017 are as follows:

| Customer | Year ended 31 December 2015 | | Year ended 31 December 2016 | | Six months ended 30 June 2017 | |
|---------------------------|--------------------------------|------------------------|--------------------------------|------------------------|----------------------------------|------------------------|
| | Component parts | Sub-assembly parts | Component parts | Sub-assembly parts | Component parts | Sub-assembly parts |
| | Gross profit margin | Gross profit margin | Gross profit margin | Gross profit margin | Gross profit margin | Gross profit margin |
| | <i>(approximate)</i> | <i>(approximate)</i> | <i>(approximate)</i> | <i>(approximate)</i> | <i>(approximate)</i> | <i>(approximate)</i> |
| Customer A | 5% | 3% | 6% | 7% | 4% | 3% |
| Customer B | - | 41% | 61% | 42% | 62% | 35% |
| JMS | 15% | - | 21% | - | 17% | - |
| Group's average | 13% | - | 18% | - | 14% | - |

The gross profit margins from Customer A is lower than our other customers because of the better pricing offered to Customer A taking into consideration the higher volume and long term relationship with Customer A.

The gross profit margins from Customer B during the Track Record Period were higher than Customer A as the assembly process is more complicated. Other than for Customer A and Customer B, we do not have any other customers for which we produce sub-assembly services.

We believe that the terms and pricing offered to JMS are in line with the market and similar to those transactions with our Group's average.

Based on their historical record and credit, we granted a credit period of not more than 60 days to these three customers, which was in line with the credit period we granted to our other customers during the Track Record Period.

BUSINESS

To the best knowledge and belief of our Directors, these entities and their ultimate beneficial owners are Independent Third Parties. These three customers together with their related group companies are principally engage in the sale of medical devices and their respective parent companies are publicly traded on NYSE, TASE or TSE. Based on public information regarding the parent companies of Customer A, Customer B and JMS, these companies are MNCs and have operations located globally. Details of our customers are set out in the section headed “Business – Our Customers” in this prospectus.

Our Directors believe that it is not uncommon for these three customers to also be our raw material suppliers for the following reasons:

- (1) some of the raw materials are produced based on proprietary technology owned by the customer;
- (2) these customers have global production and sales and therefore to have a single supplier of the same raw materials will allow customers to reduce raw material costs through bulk discounts and for easier logistics arrangements; and
- (3) customers in the medical device industry have strict controls on the specifications of the raw materials used in accordance to their own risk management protocols.

We mainly purchased resins for our component parts production and we mainly sold the manufactured component parts or sub-assembly parts to these three customers for their further assembly or sale to end users.

Our Directors confirmed that, during the Track Record Period, the raw materials purchased from these three customers and/or their related companies were not resold back to these three customers. We believe the terms of the above transactions for the purchase of raw materials with these three entities are in line with the market.

Subcontractor

During the Track Record Period, there were some parts for the building of the mold that we could not make as we did not have the necessary machinery. As such, these parts were sub-contracted to an Independent Third Party. This subcontractor engaged during the Track Record Period was selected according to our established relationship with them, their pricing and their ability to produce the parts based on our requirements. Our Group has approximately one year of relationship with this subcontractor. Our Group has not entered into any long-term contract with this subcontractor and services are provided on an as required basis from time to time. Each invoice for the work to be done will specify, among other things, a description of the product, quantity, unit price, cost and the work required to be done. The fee payable to this subcontractor is calculated based on the work required to be done. For each of the two years ended 31 December 2016 and the six months ended 30 June 2017, our Group incurred total subcontracting fees of approximately nil, nil and S\$103,900 which formed part of our Group’s costs of sales and in total accounted for nil, nil and 1.2% of our Group’s costs of sales for the two years ended 31 December 2016 and the six months ended 30 June 2017, respectively.

BUSINESS

INVENTORY

Our inventory consists of raw materials (including mainly resin, plastic parts, metal parts and packing materials), work in progress and finished goods. We have established an inventory management system that can monitor each stage of the warehousing process.

The level of resin raw materials will generally depend on purchase orders on hand and forecasted, safety stock and lead time. We will typically maintain a raw material inventory level sufficient to meet purchase orders on hand and rolling orders for up to 3 months, after taking into account, among other things, lead time of raw material procurement and delivery and production lead time of our major products.

Raw materials are used and our manufactured products are sold on a first-in-first-out basis. To minimise the risk of building up inventory, we have implemented an inventory management policy, where we are required to regularly review our inventory level through our information technology system and by carrying out physical stock counts and internal audit.

As at 31 December 2015, 31 December 2016 and 30 June 2017, our inventory amount was approximately S\$1.3 million, S\$1.1 million and S\$1.4 million, respectively. During the Track Record Period, there is no provision for obsolete stock.

REGULATORY COMPLIANCE

As advised by our Singapore Legal Adviser and Indonesia Legal Adviser, there are no specific regulations relating to our injection molding operations which we are subject to under Singapore and Indonesia laws, respectively, and we have been in material compliance with all relevant laws and regulations in Singapore and Indonesia in all material aspects during the Track Record Period.

GOVERNMENT GRANTS

During the Track Record Period, we were granted various government grants from IE Singapore, SPRING Singapore and other government entities. The total amount of reimbursement from government grants for the two years ended 31 December 2016 and the six months ended 30 June 2017 were approximately S\$256,000, S\$162,000 and S\$58,000, respectively. The amount of government grant approved represents the maximum amount that can be reimbursed by the government entities and may not represent the actual amount reimbursed at any point of time. There is no assurance that we may be eligible to or be able to continue to secure the existing government grants. For details, please refer to the risk factor as set out in the “Risk Factors” section in this prospectus.

IE Singapore Grant

In May 2016, we were granted a government grant called Global Company Partnership Grant (the “GCP Grant”) from the Incentives Management Division of IE Singapore in the amount of S\$63,725. IE Singapore is a statutory board under the Ministry of Trade and Industry of the Singapore Government that facilitates the overseas growth of Singapore-based companies and promotes international trade of Singapore-based companies. The grant was available to all qualifying parties up to 31 March 2018. To qualify for the grant, an applicant had to have (i) headquarters in Singapore; (ii) annual sales turnover of over S\$500,000 based on the most recent audited report; and (iii) a minimum paid-up capital of S\$50,000. The GCP Grant specified that the grant monies were to be used for creating an overseas marketing presence in the US. Our intention was to (i) generate sales from these overseas marketing presence; (ii)

BUSINESS

adopt a different marketing approach as compared to attending trade shows; and (iii) become closer to the largest medical diagnostics market. As such, in 2016 we appointed an Independent Third Party as our US representative. As at the Latest Practicable Date, the US sales office was changed to a commission based arrangement after the funds granted by IE Singapore was fully utilised. As a result of appointing the US representative and attendance of trade shows, we were able to generate two new customers and are providing tooling services to them. For the two years ended 31 December 2016 and six months ended 30 June 2017, we have generated a revenue of nil, S\$35,000 and S\$35,000. As at 30 November 2017, we have sought reimbursement from IE Singapore of approximately S\$63,000.

We were granted a Market Readiness Assistance (“**MRA Grant**”) from the IE Singapore in collaboration with the Singapore Precision Engineering and Technology Association (“**SPETA**”). It is designed to accelerate the international expansion of Singapore SMEs and supports their overseas set-ups, identification of business partners and overseas market promotion. Under the MRA Grant, the IE Singapore will co-fund 70% of the eligible cost for their specified marketing activities, capped at S\$20,000 per company per fiscal year. Each company is only allowed to submit a maximum of two applications per fiscal year, starting on 1 April and ending on 31 March the following year. The MRA Grant is of a recurring nature unless otherwise subjected to the discretion of the government or expiry or failure to fulfill the requirements. The total amount of reimbursement received from MRA Grant for the two years ended 31 December 2016 and the six months ended 30 June 2017 were approximately S\$13,000, S\$5,000 and S\$3,000, respectively.

SPRING Singapore

For the two years ended 31 December 2016 and the six months ended 30 June 2017, we received two government Capability Development Grants from SPRING Singapore. The Capability Development Grant aims to support small medium enterprises to scale up business capabilities and ensure business sustainability. To be eligible for this grant, an applicant had to (i) be registered and operating in Singapore; (ii) have at least 30% local shareholding; and (iii) have group annual sales turnover less than or equal to S\$100 million or group employment of less than or equal to 200 employees. The funding from SPRING Singapore is available up to 31 March 2018. The government grant received in 2015 was for the development of molding and joining capabilities for a total amount of approximately S\$190,000 and the government grant received in 2017 was for the product development of our liquid silicon rubber manufacturing, manufacturing process knowhow for microfluidics and sterile packaging for a total amount of approximately S\$478,000. The total amount of reimbursement received from SPRING Singapore for the two years ended 31 December 2016 and the six months ended 30 June 2017 were approximately S\$103,000, nil and nil, respectively.

Other grants

The other grants obtained by our Group during the Track Record Period were all government related initiatives with the intent to assist Singapore businesses in their business development and/or promote and assist in the hiring of Singapore citizens. Other grants refer to (i) Productivity and Innovation Credit bonus; (ii) incentives from Ministry of Manpower (“**MOM**”) on childcare-leave, temporary employment and elderly workers; (iii) Wages Credit Scheme (“**WC Scheme**”); and (iv) Training Grants from Singapore Workforce Development Agency (“**WDA**”). The total amount of these other grants received for the two years ended 31 December 2016 and the six months ended 30 June 2017 were approximately S\$140,000, S\$157,000 and S\$55,000, respectively. Please refer to the section “Financial Information – Principal Income Statement Items – Other income” of this prospectus for further details.

BUSINESS

EMPLOYEES

We had a total of 133 employees as at the Latest Practicable Date, of which 114 are in Singapore and 19 are in Batam, Indonesia. Of these employees, 60 were foreign workers, representing approximately 52.6% of our employees in Singapore as at the Latest Practicable Date and fulfilled approximately 75.9% of our quota (being 79 foreign workers) allowed by the Ministry of Manpower, Singapore as shown on its website, which is determined by the average of CPF contribution by Inzign over a three-month period. Set forth below is a breakdown of the number of our employees by functions as at the Latest Practicable Date.

| | Number of employees | |
|---|---------------------|------------|
| | Batam | Singapore |
| Management | – | 11 |
| Finance | 1 | 3 |
| Sales and marketing | – | 1 |
| Operation | 13 | 49 |
| Quality assurance | 4 | 16 |
| Product development/Engineering | – | 33 |
| Human resources | 1 | 1 |
| TOTAL | 19 | 114 |

Our employees have been an important part of our Group’s growth and success during the Track Record Period and we believe they will continue to be critical to the success of our Group going forward. We recruit employees primarily from the open market, government, employment agencies and advertise openings through advertisements in newspapers and online job sites. During the Track Record Period, we have not paid any referral fees to recruitment agencies. During the Track Record Period and up to the Latest Practicable Date, there was no labour union established by our Group’s employees. All staff that join us are provided with an employee handbook detailing out our employment policies, procedures and benefits. We have also adopted a policy on affirmative actions which directs all employees of our Group to make special efforts in all areas of life and work at our Group with the intent to create a harmonious working environment for our staff. All new staff who join our Group will be subject to a probationary period of between three to six months, after which the staff’s performance will be reviewed by their supervisor to determine whether or not they will be converted to full time staff. All new staff are required to undergo an in-house orientation programme which will outline, among other things, our Group’s profile, their scope of work, expectations of our Group and its culture and core values. The new staff will also undergo training under the supervision of their relevant department heads which cover topics including medical device related regulations, production safety knowledge, and procedures and protocols relating to quality control. We also provide on the job training whilst the staff are employed with our Group and offer financial support to our full time staff who have been employed by our Group for over one year to attend courses for career development. We offer our staff remuneration that includes salary and other benefits. For the two years ended 31 December 2016 and the six months ended 30 June 2017, our expenses for labour costs were approximately S\$4.4 million, S\$4.6 million and S\$2.4 million, respectively.

In addition to our full time staff, we also engage an independent employment services company that provides staffing services for security guards and office cleaning workers. For the two years ended 31 December 2016 and the six months ended 30 June 2017, the amount paid to the employment services company was approximately S\$29,100, S\$30,000 and S\$18,000.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material dispute with our employees or any disruption to our operations due to labour dispute and we have not experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel.

BUSINESS

INSURANCE

As at the Latest Practicable Date, we have purchased insurance that covers, among other things, our plant and machinery, consequential loss, fire, theft and accident, public liability insurance and keyman insurance. Our Directors consider our insurance coverage to be customary for businesses of our size and type and in line with the industry practice. We purchase (i) product liability insurance for our products as our customers require; and (ii) general product liability insurance. For the two years ended 31 December 2016 and the six months ended 30 June 2017, total expenses paid for our insurances were approximately S\$116,000, S\$112,000 and S\$58,000, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had not made any material claims on our product liability insurance.

HEALTH AND WORK SAFETY

We stress work safety to our staff throughout our Group and this is emphasised in our new employee's orientation programme. We take appropriate measures to ensure that proper and adequate training is provided to our staff and that only staff that have undergone the necessary training are allowed to operate and handle equipment. We have further implemented measures to measure the daily safety requirements of consciousness at our operations. When an accident has occurred, we have further measures put in place which helps serve to review the accident with aim to reduce the chance of subsequent re-occurrence. Guided by an accident-prevention philosophy and having implemented safety measures throughout our operations, we try to eliminate all workplace hazards.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material claim or penalty in relation to health or work safety and none of our employees had not been involved in any accident resulting in fatality.

During the Track Record Period and up to the Latest Practicable Date, we had not encountered any fatal accidents involving our employees or any accidents that have materially damaged our products.

Our Directors consider that the annual cost of compliance with the applicable health and work safety laws and regulations to our Group was not material during the Track Record Period and we do not expect the cost of such compliance to be material going forward.

ENVIRONMENTAL MATTERS

Our Group's policy on environmental matters is to minimize our impact on the environment through pollution prevention, reduction of our natural resource consumption, emission, reduction and reuse and recycling of waste materials. To the best knowledge of our Directors, our injection molding operations do not cause any air, water or noise pollution. During the injection molding production process, any wastage of resin material created shall be sold for recycling. As advised by our Singapore Legal Adviser, save for the licence disclosed under the section headed "Business – Legal and Compliance Matters" of this prospectus, our injection molding operations in Singapore do not require any licensing under environmental regulations prior to commencement of our operations. Our Indonesia Legal Adviser has advised us that our operation in Indonesia requires us to meet the environmental licensing requirements prior to the commencement of and during our operation.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any claim or penalty in relation to environmental laws relevant to us in Indonesia.

BUSINESS

Our Directors consider that the annual cost of compliance with the applicable environmental and regulations applicable to our Group was not material during the Track Record Period and we do not expect the cost of such compliance to be material going forward.

PROPERTIES

As at the Latest Practicable Date, we leased all our premises for our business operation of our Group from Independent Third Parties. We leased a total of eight properties, including seven in Singapore and one in Batam, Indonesia. For the two years ended 31 December 2016 and the six months ended 30 June 2017, the amount of rental expenses were approximately S\$1.2 million, S\$1.3 million and S\$0.7 million, respectively. The following table sets out the details of our leased properties.

Singapore

| Address | Approximate GFA (sq.m.) | Current usage by our Group | Lease period |
|--|-------------------------------|--|--|
| 1. 16 Kallang Place #02-01 to #02-18 Singapore 339156 | 2,731 | Factory with clean room facility/offices | 1 June 2013 to 31 May 2018 |
| 2. 26 Kallang Place #02-08 to #02-17 Singapore 339157 | 822 | Factory with clean room facility | 16 April 2014 to 15 April 2019 |
| 3. 26 Kallang Place #03-06 to #03-07 Singapore 339157 | 182 | Factory with clean room facility | 16 April 2014 to 15 April 2019 |
| 4. 16 Kallang Place #02-25 to #02-27 Singapore 339156 | 446 | Factory | 19 June 2014 to 18 June 2019 |
| 5. 16 Kallang Place #02-19 to #02-24 Singapore 339156 | 904 | Factory | 15 October 2016 to 14 October 2021 |
| 6. 26 Kallang Place #02-07 Singapore 339157 | 92 | Factory | 2 June 2017 to 1 June 2022 |
| 7. 26 Kallang Place #01-08 to #01-11 Singapore 339157 | 366 | Factory with clean room facility | 1 December 2017 to 30 November 2022 |

BUSINESS

Batam, Indonesia

| | <u>Address</u> | <u>Approximate GFA</u> <i>(sq.m.)</i> | <u>Current usage by our Group</u> | <u>Lease period</u> |
|----|---|--|--|-----------------------------------|
| 1. | Factory Building at Lot 03, Type B3 of Panbil Industrial Estate Muka Kuning, Batam Indonesia | 2,342 | Factory with clean room facility | 15 March 2015 to 14 March 2018 |

As at the Latest Practicable Date, we did not own any real property. We use our leased properties for non-property activities as defined under Rule 8.01(2) of the GEM Listing Rules. According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we have registered two trademarks in Singapore and have one trademark application still pending registration. For details of our trademark and other intellectual property rights, please see the section “Statutory and General Information – Further Information about the Business of our Group – 8. Intellectual property” in Appendix IV to this prospectus.

To protect our proprietary rights, we have entered into confidentiality agreements with our senior management and employees who have access to secrets or confidential information of our Group. As our senior employees and employees have substantial knowledge regarding our Group’s knowhow, we require our staff to sign agreements acknowledging that we own the rights to all inventions, technology know-how and trade secrets generated in connection with their employment with us or their use of our resources that belong to our business or our property.

To the best of our Directors’ knowledge and belief, during the Track Record Period, there was no material instance of infringement of intellectual property rights or disputes between our Group, our customers and other third parties.

BUSINESS

LEGAL AND COMPLIANCE MATTERS

As advised by our Singapore Legal Adviser and Indonesia Legal Adviser, the following are specific licenses material for our Group's operations:

| <u>Certificate No.</u> | <u>Country</u> | <u>Issuing authority</u> | <u>Validity period</u> |
|---|----------------|--|---|
| Letter of Foreign Investment Approval No. 133/I/PMA/2003. | Indonesia | Investment Coordinating Board of Indonesia | From 10 March 2003 onwards so long as the company carries out its business activity |
| Decree No. 11/IUT/PMA/IV/2004 | Indonesia | Batam Free Zone Authority of Indonesia | 19 April 2004 to March 2034 |
| Approval of Investment Expansion No. 11/K1/II/PMA/2009 | Indonesia | Batam Free Zone Authority of Indonesia | From 11 June 2009 to so long as the company carries out its business activity |
| Decree No. 67/INDUSTRI/PMA/VII/2009 | Indonesia | Batam Free Zone Authority of Indonesia | From 16 July 2009 to so long as the company carries out its business activity |
| Decree No. 65/UKL-UPL/BAPEDAL/BTM/X/2005 | Indonesia | Environmental Impact Control Agency of Batam | 26 October 2005 onwards so long as the company carries out its business activity |
| License No. N2/05060/0002 | Singapore | National Environment Agency of Singapore | Up to 31 December 2019 |

Further details are set out in the section “Regulatory Overview” in this prospectus.

Our Directors confirm that as at the Latest Practicable Date, to the best of their knowledge and belief, we had obtained all necessary approvals, permits, licences and certificates that are material to our business operations from the relevant government authorities. We will apply for the renewal of the above licenses prior to its expiry.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any non-compliance matters which resulted or may result in a material impact on our business operation, financial condition or reputation.

Intra-group transactions

During the Track Record Period, our Group was engaged in a number of intra-group transactions, primarily involving the transactions between Inzign and P.T. Inzign. During the Track Record Period, Inzign performed quality inspections to ensure raw materials were suitable for use before selling them to P.T. Inzign for use to manufacture certain component parts for blood bag products at our Indonesia facility, and the finished component parts for blood bag products were then sold to Inzign since component parts manufactured by Inzign and P.T. Inzign are different in nature and certain component parts for blood bag products can only be manufactured in P.T. Inzign, which possesses the necessary qualification to do so. During the Track Record Period, the total amount of sales from Inzign to P.T. Inzign was approximately S\$0.5 million, S\$0.4 million and S\$0.2 million for the two years ended 31 December 2016 and the six months ended 30 June 2017, respectively, while the total amount of purchases of finished products from P.T. Inzign was approximately S\$0.8 million, S\$0.5 million and S\$0.3 million for the two years ended 31 December 2016 and the six months ended 30 June 2017, respectively.

BUSINESS

There is no assurance that these transactions will not be subject to the risk that the relevant tax authorities in various jurisdictions in which such transactions took place may challenge the appropriateness of our Group's transfer pricing arrangement. For details, please refer to "Risk Factors – Risks Relating To Our Business – Taxation authorities could challenge our allocation of taxable income which could increase our consolidated tax liability" of this prospectus. Our Group commissioned a reputable international firm (the "**Transfer Pricing Consultant**") to perform an independent transfer pricing review (the "**Review**") of our Group's principal intra-group transactions between Inzign and P.T. Inzign during the Track Record Period as detailed below:

- Purchase of raw materials by P.T. Inzign from Inzign for manufacture and sale of finished products by P.T. Inzign back to Inzign (the "**Transaction 1**")
- Purchase of raw materials by P.T. Inzign from Inzign for manufacture and sale of finished products by P.T. Inzign to external customers (the "**Transaction 2**") (Transaction 1 and Transaction 2 are collectively referred to as the "**Transactions**")

The Review has been performed in accordance with the transfer pricing guidelines promulgated by the Organisation for Economic Co-operation and Development (the "**OECD**") and takes into account the Indonesian and Singapore transfer pricing requirements. Based on the functional analysis performed on Inzign and P.T. Inzign the most appropriate transfer pricing methodology to remunerate the parties was identified, following which commonly observed marks-up/margins earned by similarly placed companies in the Asia Pacific region (the "**indicative range**") were applied to test the net profits achieved for the above identified Transactions.

Based on the Review, P.T. Inzign is characterised as a contract manufacturer under Transaction 1. Contract manufacturers are typically remunerated on a markup on full operating costs or net cost plus ("**NCP**"). They tested the overall profit margin of P.T. Inzign using the NCP methodology. Based on the indicative range for contract manufacturing activities, the NCP returns earned by P.T. Inzign for the year ended 31 December 2015 and the six months ended 30 June 2017 is within the indicative range while the NCP returns earned by P.T. Inzign for the year ended 31 December 2016 is lower than the indicative range. In this regard, if the adjustments were to be made, the operating margins earned for P.T. Inzign would be increased by approximately S\$13,000 to S\$20,500 in the forthcoming tax returns to bring the returns earned by P.T. Inzign in line with the indicative range for contract manufacturing activities. These adjustments are not material to our Group's financial statements.

Based on the Review, Inzign is characterised as a procurement services provider under Transaction 2. Service providers are typically remunerated on an NCP basis. They tested the overall profit margin of Inzign using the NCP methodology. Based on the Review, the mark up for the year ended 31 December 2016 was within the indicative range identified, while the NCP return earned by Inzign for the year ended 31 December 2015 and the six months ended 30 June 2017 is higher than the indicative range. In this regard, if the adjustments were to be made, the operating margins earned by Inzign would be decreased by approximately S\$9,500 to S\$14,500 for the year ended 31 December 2015 and S\$2,800 to S\$5,000 related for the six months ended 30 June 2017 in the forthcoming tax returns. These adjustments are not material to our Group's financial statements.

BUSINESS

Taking into account of the transfer pricing adjustments for Transactions to the returns derived by P.T. Inzign and Inzign such that their returns will fall within the indicative range, the Transfer Pricing Consultant advised our Group that the principal intra-group transactions can be regarded to be on an arm's length basis and in compliance with the transfer pricing rules and regulations in Indonesia and Singapore during the Track Record Period. In this regard, the Transfer Pricing Consultant is of the view that the likelihood of further transfer pricing adjustments by the relevant tax authorities in respect of the principal intra-group transactions for the Track Record Period should be low.

Moreover, since the incorporation of P.T. Inzign and Inzign, our transfer pricing arrangements have not been challenged or investigated by the tax authorities in Singapore or Indonesia in relation to the intra-group transactions between P.T. Inzign and Inzign reported to both Indonesia and Singapore tax authorities in our respective tax returns and filings.

In view of the above, our Directors are of the view that in respect of our Group's intercompany transaction arrangements, the likelihood of our Group's transfer pricing arrangements being subject to further challenge by the relevant tax authorities for the Track Record Period is low.

The Sole Sponsor has reviewed the advice from our Transfer Pricing Consultant and discussed the transfer pricing issues with our Directors and our Transfer Pricing Consultant. Based on the procedures carried out and its findings, the Sole Sponsor is of the view that we have sought specialist advice from a reputable firm and have no reason to doubt the sufficiency and effectiveness of the transfer pricing measures adopted by us. Our Directors will continue to monitor our transfer pricing arrangements to ensure compliance with the arm's length principle.

As at the Latest Practicable Date, our Directors were not aware of any challenge or investigation by any tax authority in the Singapore or Indonesia with respect to transfer pricing arrangement carried out by our Group. We have not been called upon to demonstrate to any relevant tax authorities the reasonableness of our transfer pricing arrangement as none of the entities within our Group have been requested or required to do so in accordance with applicable rules and regulations in the relevant jurisdictions in which they operate.

With a view to ensuring ongoing compliance of the applicable transfer pricing regulations, we will apply and monitor (i) transactional transfer pricing arrangements to ensure compliance with the arm's length principle; (ii) intercompany balances and transactions will be reconciled from time to time and at report periods to ensure that no significant difference exists; (iii) tax return prepared by P.T. Inzign will be reviewed and compared by our financial controller to identify any discrepancy before submitting to the Indonesia tax authority, and all the tax returns are properly filed and maintained in P.T. Inzign for inspection; (iv) our financial controller will monitor the amount of related party transactions to determine whether transfer pricing documentation reports are required to be prepared for the relevant tax authorities; and (v) our financial controller will be responsible for the review on a regular basis, of our Group's compliance with relevant transfer pricing laws and regulations in Singapore and Indonesia and where necessary, shall consult an independent tax adviser.

Litigation

In November 2014, our wholly-owned subsidiary, Inzign, commenced legal proceedings against one of its suppliers (the “**Defendant**”) that supplied certain materials, in particular amongst others, compression springs and flap valve spring strips, to Inzign. As part of our requirements specified to the Defendant, we required them to supply springs which was required to be cleaned before packaging. From 2008 up to December 2012, there were no issues with the springs supplied by the Defendant when our Group conducted quality control checks against our established quality control procedures and we did not receive any complaints from our customers relating to the product we supplied to them. In December 2012, our quality control procedures discovered potential issues with a certain batch of springs that were supplied to our Group. Our Directors confirmed that it was a one-off incident which does not represent there was deficiency in our Group’s internal quality control measures.

In July 2013, after further investigation on the defective batch of springs, Inzign discovered that the requisite cleaning before packaging was not complied with by the Defendant. As part of our claim against the Defendant, we believe that as the cleaning before packaging process had been contractually provided for and it is critical to the overall production process of the product, any failure to do so by the Defendant could cause severe adverse and damaging consequences if the requisite care and specifications were not complied with. Given that the Defendant did not carry out the cleaning as per our instructions and contract, we believe that we should not have been made to pay corresponding cleaning service fee. The total amount paid by Inzign to the Defendant from 2008 to 2013 for them to carry out the cleaning before packaging service was approximately S\$148,000. As a result of the above, we ceased to engage the Defendant since March 2014 and commenced the said litigation proceedings against the Defendant and claimed, among other things, approximately S\$148,000, being the amount paid to the Defendant, for the cleaning process which had not been properly carried out.

In January 2015, the Defendant filed a defence and counterclaim for, among other things, the payment of the outstanding amount due pursuant to orders made by Inzign from August 2013 to September 2013 in the amount of approximately S\$78,000 (the “**Counterclaim**”).

The above legal proceeding was heard before the Singapore Courts from 26 September 2017 to 3 October 2017 and the hearing for the hearing judge to deliver his full decision has been adjourned to 12 March 2018. Investors should be aware that the success of the case is not definite and it would be for the Singapore Courts to decide on what remedies will be awarded and in what proportions. Central Chambers, our legal adviser instructed by Inzign to act in these legal proceedings have advised that we have strong grounds for our claims against the Defendant. If after considering the facts and evidence available in this case, the Singapore Court delivers a judgment that is not favorable to Inzign, Inzign may be ordered to pay the Defendant’s Counterclaim and its legal fees. Please kindly refer to the section headed “Risk Factors” for the risks involved in litigation. To the best estimate of our Directors, our Group’s maximum exposure as a result of the litigation is approximately S\$300,000.

Save as disclosed above, during the Track Record Period and as at the Latest Practicable Date, there were no litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors.

INTERNAL CONTROL AND RISK MANAGEMENT

Our Group has established internal control systems covering corporate governance, financial reporting, revenue, expenditure management, human resources, treasury and general computer controls. In

BUSINESS

June 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 cater for our expansion.

In accordance with the applicable laws and regulations, we have established procedures for developing and maintaining internal control systems. Such systems cover corporate governance, operations, management, legal matters, finance and auditing, as appropriate for our needs. We believe that our internal control systems and current procedures are sufficient in terms of comprehensiveness, practicability and effectiveness.

For the purposes of controlling and managing certain business and financial risks of our Group, we have implemented, among others, the following policies and measures:

- to further assist our Board, our Group will establish three committees, namely, the remuneration committee, the nomination committee and the audit committee. The remuneration committee makes recommendations to our Directors on the policy and structure for all remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration. The nomination committee will assist our Board to make recommendation for replacements to our Board. The audit committee will, among other things, review the internal control system and procedures for compliance with the requirements of applicable laws, rules and regulations;
- to perform ongoing monitoring of our operating activities, we will engage an internal auditor to carry out annual internal reviews;
- to prevent, avoid and identify any fraudulent practices in our Group, we have established and implemented, among other things, an anti-fraud policy which will evaluate and develop anti-fraud processes and set up a whistle-blower policy;
- to prevent corruption and bribery activities, as part of our orientation, we remind our staff not be involved in any illegal activities;
- to ensure compliance with the GEM Listing Rules, we have appointed Fortune Financial Capital Limited as our compliance adviser to advise our Group and have arranged for our legal advisers as to Hong Kong laws to provide training to our Directors on the responsibilities and liabilities of directors after the Listing; and
- to prevent and avoid any leakage of price sensitive or inside information after the Listing, we have established a formal communication policy and framework which includes, among other things, classification of information, disclosure of information channels and proper dissemination of information.

Our Directors confirm that no material failure occurred and we believe that our internal control and risk management system were sufficient and effective during the Track Record Period.

Having considered the above enhanced internal control measures, our Directors and the Sole Sponsor are of the view that the internal control systems are adequate and sufficient in the circumstances.

Risk management

Our Directors confirm that during the ordinary course of our business, we are primarily exposed to (i) quality control risks; (ii) credit risks relating to customers; and (iii) operational risks. The following sets out the key risks for our business and the mitigating internal control procedures thereof:

Quality control risk management

We are exposed to quality risks if our products do not meet the specifications as specified by our customers. As such we have implemented quality control measures throughout our production process. Please refer to the section headed “Business – Quality Assurance and Control” in this prospectus.

Credit risk management

We are exposed to credit risk which may cause material financial loss to our Group if our counterparties fail to discharge an obligation. This is particularly the case if our customers fail to pay us on time given that during the Track Record Period, a substantial portion of our revenue was derived from our top five customers. Generally, we offer credit period of 30 to 60 days to our customers but for customers that we have established a long relationship we may offer a credit period of 45 to 60 days. Our staff will regularly review the status of outstanding payments with outstanding payments of 60 days being raised to our management for further follow-up. Our staff will also generate aging reports on trading receivables on a monthly basis for our management and inform their course of action. As at 30 June 2017, there was an amount of S\$35,000 receivable overdue from a customer, and among which, S\$26,500 has been settled as of the Latest Practicable Date and we are following up with this customer for them to settle the remaining outstanding balance.

Operational risk management

Our executive Directors and senior management are primarily responsible for maintaining the operation and assessing the operational risks of our projects. This includes implementation of our internal control policies and procedures adopted from time to time. In relation to specific aspects, our executive Directors and senior management may be assisted by relevant staff or departments. For example, we have adopted an internal control policy concerning legal and compliance which covers, among others, areas such as prevention of bribery, conflict of interest by our employees and illegal workers engaged for our projects. We also adopted a whistle blowing policy as our Company encourages employees and others to raise genuine concerns about malpractice and report suspicious circumstances in writing or otherwise to responsible managers as early as possible to enable our Company to take appropriate actions in an ethical manner. In relation to production delay risks, a production schedule is prepared in detail and updated regularly, we have implemented an internal control procedure that tracks production on a daily basis and we have regular meetings to discuss any actual or potential delays and measures need to be taken to rectify such delays.

DIRECTORS AND SENIOR MANAGEMENT

Our Board consists of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets out the information regarding our Directors and senior management:

DIRECTORS

| Name | Age | Position | Date of joining our Group | Date of appointment as a Director | Roles and responsibilities | Relationship with other Directors and senior management (other than that through or relating to our Group) |
|--|-----|---|---------------------------|-----------------------------------|---|--|
| <i>Executive Directors</i> | | | | | | |
| Mr. Phua Swee Hoe (潘瑞河) | 61 | Executive Director, chairman of the Board and chief executive officer | 16 May 1981 | 17 July 2017 | Responsible for overall management, strategic direction and business development of our Group | Spouse of Ms. Ng |
| Ms. Ng Hong Kiew (黃鳳嬌) | 58 | Executive Director and head of finance and administration | 23 March 1992 | 17 July 2017 | Responsible for finance, treasury and administration of our Group | Spouse of Mr. Phua |
| Mr. Ang Lai Seng (洪來成) | 55 | Executive Director and chief operating officer | 19 September 2016 | 25 August 2017 | Responsible for managing and leading the production operations | None |
| <i>Non-executive Director</i> | | | | | | |
| Mr. Tay Koon Chuan (鄭琨荃) | 56 | Non-executive Director | 10 August 2012 | 25 August 2017 | Responsible for formulating corporate and business strategies | None |
| <i>Independent non-executive Directors</i> | | | | | | |
| Mr. Tan Yew Bock | 57 | Independent non-executive Director | 19 December 2017 | 19 December 2017 | Responsible for providing independent judgement to the Board | None |
| Mr. Ong Kian Guan (王建源) | 49 | Independent non-executive Director | 19 December 2017 | 19 December 2017 | Responsible for providing independent judgement to the Board | None |
| Mr. Chow Wen Kwan (周文光) | 43 | Independent non-executive Director | 19 December 2017 | 19 December 2017 | Responsible for providing independent judgement to the Board | None |

DIRECTORS AND SENIOR MANAGEMENT

Senior management

| Name | Age | Position | Date of joining our Group | Date of appointment as senior management | Roles and responsibilities | Relationship with other Directors and senior management (other than that through or relating to our Group) |
|--------------------------------|-----|---|---------------------------|--|--|--|
| Mr. Foo Chee Wee (符致輝) . . . | 51 | Sales and customer service senior manager | 14 November 2005 | 1 May 2008 | Responsible for account management and customer service | None |
| Mr. Wong Quee Seng (黄桂成) . . . | 48 | Toolroom manager | 1 July 1993 | 1 October 2016 | Responsible for the design of products, tooling quotation, schedule plan and manufacturing process | None |
| Mr. Wang Yingzheng (王英正) . . . | 30 | Financial controller | 7 August 2017 | 7 August 2017 | Responsible for supervising the overall accounting and financial management of our Group | None |

DIRECTORS

Executive Directors

Mr. Phua Swee Hoe (潘瑞河), aged 61, is one of the founders of our Group and has been serving as a director of Inzign since May 1981. He is also a director of P.T. Inzign and Medizign. He was appointed as a Director on 17 July 2017. He was redesignated as an executive Director and appointed as the chairman of our Board and chief executive officer of our Group on 25 August 2017. He is primarily responsible for the overall management, strategic direction and business development of our Group. He is also the chairman of the nomination committee and a member of the remuneration committee of our Company.

Mr. Phua completed GCE Ordinary Level in Singapore in December 1972. He holds a National Trade Certificate in metal machining issued by the Industrial Training Board Singapore in June 1974 and a certificate of apprenticeship in tool and die making, where the training was conducted by General Electric (USA) Housewares Pte Ltd.

Mr. Phua's experience in the injection molding industry is primarily from his over 30 years after establishing Inzign. During this period, he has gained substantial experience in injection molding of component and sub-assembly parts for medical devices and has been instrumental in driving the development of our Group's operations over the years.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Phua was a director of the following company at the time it was dissolved. As far as he was aware, the dissolution of the following company has not resulted in any liability or obligation imposed against him. The relevant details are as follows:

| <u>Name</u> | <u>Place of incorporation</u> | <u>Nature of business</u> | <u>Date of dissolution</u> | <u>Means of dissolution</u> | <u>Reason for dissolution</u> |
|---------------------------------|-------------------------------|---|----------------------------|-----------------------------|-------------------------------|
| U2 (Singapore) Pte Ltd. | Singapore | Sale of handicrafts, collectibles and gifts | 13 November 1999 | Struck off | Cessation of business |

Mr. Phua has confirmed that the above company was solvent at the time of its dissolution and so far as he was aware, no claim has been made or will be made against him as a result of such dissolution.

Mr. Phua has not held any directorship in any listed companies in the last three years immediately preceding the Latest Practicable Date. Save as being the spouse of Ms. Ng, Mr. Phua does not have any relationship with other Directors and senior management.

Ms. Ng Hong Kiew (黃鳳嬌), aged 58, joined our Group in March 1992. She was appointed as a Director on 17 July 2017. She was redesignated as an executive Director on 25 August 2017.

Ms. Ng received a higher stage group diploma in auditing and accounting from the London Chamber of Commerce and Industry in 1978.

Ms. Ng has been with our Group for over 25 years. She served as a director of Inzign from March 1992 to March 2005. During this period, Ms. Ng has been responsible for overseeing our Group's cash flow and balance sheet, compiling schedules and financial statements for tax submission purposes and arranging monthly payroll for all employees. Since March 2005, she has been the head of finance and administration of our Group and is primarily responsible for finance, treasury and administration.

Ms. Ng has not held any directorship in any listed companies in the last three years immediately preceding the Latest Practicable Date. Save as being the spouse of Mr. Phua, Ms. Ng does not have any relationship with other Directors and senior management.

Mr. Ang Lai Seng (洪來成) ("Mr. Ang"), aged 55, joined our Group in September 2016 as an operations manager of Inzign. He was appointed as an executive Director and chief operating officer of our Group on 25 August 2017. He is primarily responsible for managing and leading the production operations.

Mr. Ang was awarded a diploma in industrial and operations management, a course offered by Management Development Institute of Singapore and in collaboration with University of Bradford, United Kingdom in February 1999.

Prior to joining our Group, from July 1989 to October 2015, Mr. Ang was employed by Baxter Healthcare SA, a company that develops, produces and distributes pharmaceutical products. During his employment with Baxter Healthcare SA, he served in various roles, including production supervisor, senior supervisor, material specialist, manufacturing superintendent and manager.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ang was qualified as a manufacturing management assistant as recognised by the SANNO Institute Tokyo Japan in September 1988. He also holds an industrial technician certificate in mechatronics engineering from the vocational and industrial training board in Singapore since December 1985.

Mr. Ang was the owner of the following business during or within 12 months when it was terminated. As far as he was aware, the termination of the business below has not resulted in any liability or obligation imposed against him. The relevant details are as follows:

| <u>Name</u> | <u>Principal place of business</u> | <u>Nature of business</u> | <u>Date of dissolution</u> | <u>Means of dissolution</u> | <u>Reason for dissolution</u> |
|-----------------------------------|------------------------------------|---------------------------|----------------------------|-----------------------------|-------------------------------|
| Thai Heng Impex Trading | Singapore | General wholesale trade | 31 December 1990 | Termination | Cessation of business |

Mr. Ang has confirmed that the above business was solvent at the time of its dissolution and so far as he was aware, no claim has been made or will be made against him as a result of such dissolution.

Mr. Ang has not held any directorship in any listed companies in the last three years immediately preceding the Latest Practicable Date.

Non-executive Director

Mr. Tay Koon Chuan (鄭琨荃) (“Mr. Tay”), aged 56, joined our Group as a director of Inzign in August 2012. He was appointed as a non-executive Director on 25 August 2017. He is primarily responsible for formulating our Group’s corporate and business strategies.

Mr. Tay obtained a bachelor’s degree of engineering from the National University of Singapore in June 1985. He further received a master of science degree in computer sciences from University of Wisconsin-Madison in the United States and a master of business administration degree from Nanyang Technological University in Singapore in May 1990 and July 1994, respectively.

Prior to joining our Group, from June 1985 to September 1986, Mr. Tay served as an applications engineer at the manpower division of the Economic Development Board in Singapore, where he was responsible for designing, developing and implementing industry programmes and applications. From September 1986 and June 1987, he worked as a software engineer at Modulo-2 Pte Ltd, a company engaged in the distribution of computer-aided design/manufacturing software and providing computer aided manufacturing technical support services. In June 1987, he joined Singapore Computer Systems Limited, an information technology services provider, as a systems engineer. He was later promoted to the position of business unit manager in June 1990 and held the same position until May 1994. From May 1994 and August 1999, he worked for Walden International Investment Group, a global venture capital firm, with his last position as vice president and responsible for managing investment portfolio in South Asia and Southeast Asia. From August 1999 to February 2000, he worked as the chief financial officer of Commerce Exchange Pte Ltd, a company that provides electronic payment solutions for business-to-business e-commerce platforms. He served as a director of VChain Corporation Ltd from December 1999 to November 2006 and also served as a director of VChain Solutions Pte Ltd from December 2000 to February 2007. From June 2004 to March 2006, he served as a director of Magzone Asia Pte Ltd, a company that operates internet electronic magazine publishing platforms, where he was responsible for recruitment, business development and sales and marketing. From September 2005 to December 2016, he was employed by Fortune Capital Management Pte Ltd as its president and was responsible for funds raising and fund management of the venture capital funds and private equity funds.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tay was a director of the following companies during or within 12 months when they were dissolved. As far as he was aware, the dissolution of these companies has not resulted in any liability or obligation imposed against him. The relevant details are as follows:

| <u>Name</u> | <u>Place of incorporation</u> | <u>Nature of business</u> | <u>Date of dissolution</u> | <u>Means of dissolution</u> | <u>Reasons for dissolution</u> |
|---|-------------------------------|--|----------------------------|-----------------------------|--------------------------------|
| Pacwin Systems (S) Pte Ltd | Singapore | Wholesale of computer hardware and peripheral equipment and development of software | 31 December 2003 | Struck off | Dormant |
| Strategic Internet Ventures Pte Ltd | Singapore | Holding company | 16 February 2002 | Struck off | Dormant |
| Vchain Solutions Pte Ltd. | Singapore | Telecommunication activities | 22 February 2007 | Struck off | Cessation of business |
| Onecapital Asia Pte Ltd. | Singapore | Financial advisory | 5 June 2012 | Struck off | Cessation of business |
| Nu Pacific Pte Ltd. | Singapore | Publishing of computer games, sale of computer hardware and accessories and software | 3 September 2011 | Struck off | Cessation of business |
| Fortune Growth Fund Pte Ltd. | Singapore | Holding company | 21 April 2015 | Struck off | Dormant |
| Mr Advisors Pte Ltd | Singapore | Business, management and marketing consultancy services | 4 September 2017 | Struck off | Cessation of business |

Mr. Tay has confirmed that each of the above companies was solvent at the time of their respective dissolution and so far as he was aware, no claim has been made or will be made against him as a result of such dissolutions.

Mr. Tay has not held any directorship in any listed companies in the last three years immediately preceding the Latest Practicable Date.

Independent non-executive Directors

Mr. Tan Yew Bock (“Mr. Tan”), aged 57, was appointed as an independent non-executive Director on 19 December 2017. He is the chairman of the remuneration committee and a member of each of the audit and nomination committee of our Company.

Mr. Tan obtained a bachelor’s degree in mechanical engineering from National University of Singapore in June 1986. He further received a master in business administration degree from Nanyang Technological University of Singapore in July 1994.

DIRECTORS AND SENIOR MANAGEMENT

Prior to joining our Group, from August 1986 to May 1996, Mr. Tan worked at Microelectronic Packaging Inc, a company engaged in the business of manufacturing of electronic packaging. During his employment with Microelectronic Packaging Inc, he held various positions ranging from engineering to general management. He was responsible for designing and developing package tooling and assembly processes. From July 1996 to March 2008, he was employed by Becton Dickinson Holdings for various roles, including deputy general manager, facilities & materials manager, manufacturing manager and director. He was mainly responsible for the overall operations of critical care business. Since April 2008, he has been working as a freelance consultant to companies that engaged in medical technology and biomedical engineering.

Mr. Tan was a director of the following company at the time when it was dissolved. As far as he was aware, the dissolution of the following company has not resulted in any liability or obligation imposed against him. The relevant details are as follows:

| <u>Name</u> | <u>Place of incorporation</u> | <u>Nature of business</u> | <u>Date of dissolution</u> | <u>Means of dissolution</u> | <u>Reason for dissolution</u> |
|--|-------------------------------|---------------------------|----------------------------|-----------------------------|-------------------------------|
| AorTech Singapore Holdings Private Limited | Singapore | Holding company | 2 August 2003 | Struck off | Cessation of business |

Mr. Tan has confirmed that the above company was solvent at the time of its dissolution and so far as he was aware, no claim has been made or will be made against him as a result of such dissolution.

Mr. Tan has not held any directorship in any listed companies in the last three years immediately preceding the Latest Practicable Date.

Mr. Ong Kian Guan (王建源) (“Mr. Ong”), aged 49, was appointed as an independent non-executive Director on 19 December 2017. He is the chairman of the audit committee and a member of the nomination and remuneration committee of our Company.

Mr. Ong obtained a bachelor’s degree in accountancy from Nanyang Technological University in Singapore in May 1992.

Prior to joining our Group, Mr. Ong worked as an audit assistant at Deloitte & Touche from November 1993 to June 1994. He was promoted to audit senior in July 1994 and served the same position till February 1995. From February 1995 to May 2002, he was employed by Arthur Andersen LLP, with his last position held as a manager. During his employment with Arthur Andersen LLP, he was responsible for managing portfolio of clients in audit of financial statements. From September 2002 to November 2004, he was the chief financial officer of Medtecs International Corporation Limited, a healthcare products and services provider, where he was responsible for overseeing financial matters. From October 2005 to December 2014, he was the audit partner of TeoFoongWongLCLoong. He has been an audit partner of Baker Tilly TFW LLP since September 2010 and from September 2016 he has been the head of its Assurances services. Since January 2007, he has been appointed as an executive director of Baker Tilly Consultancy (Singapore) Pte Ltd, a company engaged in corporate governance matters and consultancy services. Since March 2012, he has been serving as an executive director of TFW Management Services Pte Ltd, a company engaged in accounting and bookkeeping services. Since July 2014, he has been appointed as an executive director of Park Crescent Services Pte Ltd, a company which provides corporate secretarial services. Since October 2016, he has been serving as a director of Lightway Corporate Services Pte Ltd, a company which provides accountancy services.

DIRECTORS AND SENIOR MANAGEMENT

From December 2007 to June 2014, Mr. Ong was 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) and carries on the business of manufacturing, sale and distribution of animal drugs. From October 2006 to April 2015, he served as an independent director of China Haida Ltd, a company listed on the Singapore Stock Exchange (stock code: C92), which is principally engaged in the manufacturing of aluminum panels. Since May 2007, he has 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) and is principally engaged in the manufacturing and sale of compound fertilizer and fertilizer and ammonia solution business). Since May 2012, he has been appointed as an independent non-executive director of Weiye Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1570) and the Singapore Stock Exchange (stock code: BMA), which is engaged in property development business in the PRC. He is also an independent director of Alliance Mineral Assets Limited (stock code: 40F), a company engaged in the business of developing and exploiting tantalum in Australia, and Serrano Limited (stock code: 40R), a company engaged in interior fit-out services and wholesale and retain furnishing business, both of which are listed on the Singapore Stock Exchange. Since September 2017, he has been appointed as an independent non-executive director of RMH Holdings Limited, a company listed on the GEM (stock code: 8437) and which is engaged in the business of specialist dermatological and surgical practice in Singapore.

Mr. Ong was registered as a public accountant in Singapore in May 2005 and was awarded a fellow member of the Institute of Certified Public Accountants of Singapore in January 2010.

Mr. Ong was a director of the following company during or within 12 months when it was dissolved. As far as he was aware, the dissolution of the following company has not resulted in any liability or obligation imposed against him. The relevant details are as follows:

| <u>Name</u> | <u>Place of incorporation</u> | <u>Nature of business</u> | <u>Date of dissolution</u> | <u>Means of dissolution</u> | <u>Reason for dissolution</u> |
|---|-------------------------------|----------------------------|----------------------------|-----------------------------|-------------------------------|
| Tianfang Hospitality Trust Management Pte Ltd | Singapore | Asset/portfolio management | 7 August 2017 | Struck off | Business has been dormant |

Mr. Ong has confirmed that the above company was solvent at the time of its dissolution and so far as he was aware, no claim has been made or will be made against him as a result of such dissolution.

Save as disclosed above, Mr. Ong has not held any directorship in any listed companies in the last three years immediately preceding the Latest Practicable Date.

Mr. Chow Wen Kwan (周文光) (“Mr. Chow”), aged 44, was appointed as an independent non-executive Director on 19 December 2017. He is a member of the audit and nomination committee of our Company.

Mr. Chow graduated from the National University of Singapore in July 1998 with a Bachelor of Laws degree. He further received a Master of Laws degree from University of Virginia in United States in May 1999. He was admitted as an attorney at law of the State of New York, USA in November 2000. In 2002, he completed the Practical Law Course conducted by the Singapore Academy of Law in Singapore. He was admitted to practice as an advocate and solicitor of the High Court of Singapore in May 2003.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chow has more than 10 years of experience in legal practice. From 2000 to 2001, he was an associate with the corporate practice group of White & Case Pte. Ltd. in Singapore. From 2003 to 2004, he practised with Morgan Lewis Stamford (formerly known as Stamford Law Corporation) in Singapore as a senior associate, and later as an associate director from 2005 to 2006, both of which with the corporate practice group. In 2006, he joined Hogan Lovells (formerly known as Lovells) as senior associate of the corporate practice group in Hong Kong. He served as an assistant vice president at Singapore Exchange Securities Trading Limited from 2007 to 2008. From 2008 to 2012, he was a director of Drew and Napier LLC in Singapore. Since March 2012, he has been a partner in Bird & Bird LLP's Corporate/Commercial Practice Group. His practices focus on mergers and acquisitions, private equity and equity and debt capital markets. He also advises on corporate governance and Singapore stock exchange related matters.

Mr. Chow was the registered owner of the following business at the time when it was terminated. As far as he was aware, the termination of the following business has not resulted in any liability or obligation imposed against him. The relevant details are as follows:

| <u>Name</u> | <u>Principal place of business</u> | <u>Nature of business</u> | <u>Date of dissolution</u> | <u>Means of dissolution</u> | <u>Reason for dissolution</u> |
|----------------------|------------------------------------|--|----------------------------|-----------------------------|---|
| Precious Thots . . . | Singapore | Retail sale of handicrafts, collectibles and gifts | 1 September 2000 | Termination | Convert the sole-proprietorship into a private company with limited liability |

Mr. Chow has confirmed that the above business was solvent at the time of its dissolution and so far as he was aware, no claim has been made or will be made against him as a result of such dissolution.

Mr. Chow has not held any directorship in any listed companies in the last three years immediately preceding the Latest Practicable Date.

SENIOR MANAGEMENT

Mr. Foo Chee Wee (符致輝) (“Mr. Foo”), aged 51, first joined our Group in November 2005 and is currently a senior manager of the sales and customer service department of Inzign. He is primarily responsible for account management and customer service.

Mr. Foo completed GCE Ordinary Level in Singapore in December 1982. He also holds a diploma in mechanical engineering from Singapore Polytechnic.

Prior to joining our Group, from January 1989 to June 1990, Mr. Foo was the associate engineer in the trial molding department of Philips Singapore Pte Ltd, where he was responsible for supervising machine operators and injection molding machines. From June 1990 to October 1992, he worked as an engineer at Tonhow Industries Limited, a company engaged in the manufacturing and sale of injection molded plastic components. In October 1992, he joined Fowseng Plastics Industries Pte Ltd as a quality assurance engineer. He was later promoted to the position of production superintendent in June 1994 and served in the same position until May 1997. From May 1997 to May 2002, he worked as a material manager at Altum Precision Pte Ltd, a company which manufactures and markets die-casting and precision machining based components. From September 2003 to November 2005, he was employed as a logistics manager by Hi-P International Limited, a global manufacturer in the telecommunications, lifestyle, computing and automotive industries. From September 2007 to April 2008, he worked as a logistics/erp program manager at Fischer Tech Ltd, a specialist manufacturer of high volume precision engineering plastic components.

DIRECTORS AND SENIOR MANAGEMENT

From November 2005 to March 2007, Mr. Foo joined our Group as material manager, during which he was responsible for production planning and control, purchasing, inventory and logistics control, vendor selection and management and communication and coordination of delivery arrangements with customers of our Group. Mr. Foo rejoined our Group in May 2008 as sales and customer service senior manager. He has since been responsible for managing customer accounts, obtaining and negotiating quotations, managing marketing activities such as organizing and participating in overseas trade shows, following up on introduction of new products, monitoring product costing, controlling annual financial budgets and reviewing and monitoring production performances.

Mr. Wong Quee Seng (黃桂成) (“Mr. Wong”), aged 48, joined our Group in July 1993. Mr. Wong is currently the toolroom manager of Inzign and is primarily responsible for the design of products, tooling quotation, schedule plan and manufacturing process.

Mr. Wong was awarded a diploma in precision engineering by Nanyang Polytechnic in Singapore in December 2003.

Mr. Wong has been employed by our Group for over 20 years. He joined Inzign as a trainee machinist in July 1993, during which he was responsible for operating CNC milling, surface grinding machine, jig grinding machine and fabricating mold plates. He then worked as a mold designer from 1997 to 2005, during which his responsibilities included creating conceptual mold designs, electrode designs and 3D CAD designs, constructing detailed 2D drawings and programming CAD/CAM for machinists. He was promoted as a senior designer in 2005, during which he was responsible for the whole spectrum of tooling designs, overseeing ISO processes for design and development, creating mold standard guidelines and reviewing all mold designs. He was put in charge of the designer team between 2012 to 2015. In 2016, Mr. Wong was promoted to toolroom manager, since when he also became responsible for overlooking the incentive scheme for toolroom, giving toolroom working instructions, planning tooling fabrication and providing tooling quotations.

Mr. Wang Yingzheng (王英正) (“Mr. Wang”), aged 30, joined our Group in August 2017 as the financial controller. He is primarily responsible for supervising the overall accounting and financial management of our Group.

Mr. Wang graduated from the Singapore Polytechnic in March 2009 after completing the Diploma in Accountancy. In July 2011, Mr. Wang graduated from Queensland University of Technology, Australia, Brisbane with a Bachelor of Business with Distinction in accountancy.

From July 2012 to March 2013, Mr. Wang was employed by Maersk Drilling Holdings Singapore Pte Ltd as an accounts officer in the finance department and was responsible for accounts payable functions. From April 2013 to March 2015, whilst still with Maersk Drilling Holdings Singapore Pte Ltd, he became a site controller in the finance department and was responsible for project accounting and cost control functions. He was promoted to an accountant in April 2015 and held the same position until June 2015. From June 2016 to August 2017, Mr. Wang was employed by Otto Marine Limited as an accountant and was responsible for the company’s financial accounting and management accounting.

Since December 2016, Mr. Wang has been admitted as a certified public accountant of the Certified Public Accountants Australia.

None of our senior management has held any directorship in any listed companies in the last three years immediately preceding the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Mr. Lau Chung Wai (劉仲緯) (“**Mr. Lau**”), aged 35, was appointed as our company secretary on 25 August 2017.

Mr. Lau obtained his bachelor in business administration from the Hong Kong University of Science and Technology in 2004.

Mr. Lau has over 12 years of experience in accounting and finance. From September 2004 to September 2011, he was a manager of the assurance service team in Ernst & Young. From September 2011 to April 2013, he was a finance manager in a media company which is a subsidiary of Publicis Groupe SA, Starcom, a company listed on the Euronext Paris (stock code: PUB). From May 2013 to July 2015, he was a group financial controller of an enterprise engaging in the manufacturing of furniture and home decoration products in the PRC. Since August 2015, he has been the chief financial officer and company secretary of Da Sen Holdings Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1580), and is responsible for overseeing the investment, legal and financial affairs.

Mr. Lau is a fellow practising member of the Hong Kong Institute of Certified Public Accountants.

Mr. Lau does not act as an individual employee of our Company, but as an external service provider in respect of the proposed appointment of Mr. Lau as the company secretary of the Company. Pursuant to paragraph F.1.1 of the Corporate Governance Code, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external service provider can contact. While our Company is well aware of the importance of the company secretary in supporting the Board on governance matters, after having considered Mr. Lau’s experience, both our Company and Mr. Lau are of the view that there will be sufficient time, resources and supporting for fulfilment of the company secretary requirements of our Company.

COMPLIANCE OFFICER

Ms. Ng is the compliance officer of our Company for the purpose of the GEM Listing Rules. Please refer to the paragraph headed “Executive Directors” in this section for details of her qualification and experience.

REMUNERATION POLICY

The aggregate amounts of remuneration of our Directors for the two years ended 31 December 2016 and six months ended 30 June 2017 were S\$0.4 million, S\$0.5 million and S\$0.2 million, respectively. Details of the arrangement for remuneration are set out in note 10 to the Accountant’s Report in Appendix I to this prospectus. Under such arrangement and pursuant to our Directors’ service contracts and letters of appointment referred to in the paragraph headed “Further Information about Directors, Management and Substantial Shareholders – 11. Particulars of Directors’ service contracts and letters of appointment” in Appendix IV to this prospectus, the aggregate amount of Directors’ fee and other emoluments payable to our Directors (excluding any discretionary bonuses) for the year ending 31 December 2017 is estimated to be approximately S\$0.5 million.

Our Group’s principal policies concerning remuneration of Directors or staff of high calibre are determined based on the relevant Director’s or staff’s duties, responsibilities, experience and skills. Our

DIRECTORS AND SENIOR MANAGEMENT

Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of our Group. Our Company also reimburses them for expenses which are necessarily and reasonably incurred for providing services to our Company or executing their functions in relation to our operations. Our Company regularly reviews and determines the remuneration and compensation packages of our Directors and senior management. Our Company regularly provides discretionary bonuses to our senior management and key employees as incentive.

Our Company has conditionally adopted the Share Option Scheme on 19 December 2017 to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Please see the paragraph headed “Statutory and General Information – 15. Share Option Scheme” in Appendix IV to this prospectus for further details of the Share Option Scheme.

After Listing, our remuneration committee will review and determine the remuneration and compensation packages of our Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group. During the Track Record Period, no remuneration was paid by our Company to, or received by, our Directors as an inducement to join or upon joining our Company.

EMPLOYEES

We recognise the importance of having a good relationship with our employees. The remuneration payable to the employees include salaries, allowances incentives and bonuses. We have not experienced any significant problems with the recruitment and retention of experienced employees. In addition, we have not suffered from any material disruption of our normal business operations as a result of labour disputes or strikes.

Disclosure required under Rule 17.50(2) of the GEM Listing Rules

Except for Mr. Phua and Ms. Ng, each of our Directors and senior management are independent from and not related to any of our Directors, substantial shareholders, Controlling Shareholders, or senior management of our Company as at the Latest Practicable Date.

Inzign was involved in two separate petitions for winding up in Singapore respectively in 2012 (the “**First Winding Up Petition**”), when Mr. Phua was the director of Inzign, and in 2013 (the “**Second Winding Up Petition**”), when Mr. Phua and Mr. Tay were the directors of Inzign.

The First Winding Up Petition against Inzign commenced on 19 April 2012 in relation to disputes over redemption of convertible preference shares pursuant to a subscription agreement and a shareholders’ agreement entered into in March 2005 (the “**Shareholders’ Agreement**”) by Inzign with JAFCO Asia Technology Fund II and Arrow Asia Opportunity Fund Limited (the “**Petitioners**”), amounting to approximately S\$4,924,697. Pursuant to the Shareholders’ Agreement, the Petitioners required Inzign to redeem the redeemable convertible preference shares. As Inzign did not have sufficient working capital or external funds to effect the redemption in time, the Petitioners initiated the First Winding Up Petition against Inzign. To resolve the First Winding Up Petition, Inzign entered into a convertible bond agreement with Fortune Technology Fund Ltd to obtain financing and used the funds from Fortune Technology Fund Ltd to redeem the amounts due to the Petitioners. After the payment was made to the Petitioners, the First Winding Up Petition was concluded in July 2012. For further details of the subscription agreement and the Shareholders’ Agreement with the Petitioners and the convertible bond agreement with Fortune Technology Fund Ltd, see the section headed “History, Reorganisation and Group Structure – Corporate History” in this prospectus.

DIRECTORS AND SENIOR MANAGEMENT

The Second Winding Up Petition against Inzign commenced on 15 January 2013 in relation to the breach of the facility letter executed between Inzign and the United Overseas Bank (“UOB”), which required Inzign to procure written consent of UOB prior to any change of shareholders failing which, UOB has the rights to demand for full repayment of all moneys owing under the banking facilities granted to Inzign amounting to approximately S\$3,639,000. As a result of the redemption notices issued under the Shareholders’ Agreement entered into with the Petitioners and despite negotiations with UOB, UOB demanded for full repayment of the banking facilities from Inzign. The amount owed by Inzign to UOB were subsequently paid in full. The Second Winding Up petition was withdrawn on 1 February 2013.

As a result of the Second Winding Up Petition, ancillary bankruptcy proceedings against Mr. Phua and Ms. Ng were also brought by UOB as Mr. Phua and Ms. Ng were guarantors to the relevant banking facilities. The ancillary bankruptcy proceedings were also withdrawn on 1 February 2013.

Save as disclosed above, each of our Directors confirms with respect to him or her that: (i) he/she has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he/she does not hold any other position in our Company or any of its subsidiaries; (iii) save as disclosed in the section headed “Further Information about Directors, management and substantial shareholders” in Appendix IV to this prospectus, he/she does not have any interests in the Shares within the meaning of Part XV of the SFO; (iv) there is no other information that should be disclosed for pursuant to Rule 17.50(2) of the GEM Listing Rules; and (v) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders.

BOARD COMMITTEES

The audit committee, remuneration committee and nomination committee of our Company were approved to be established by resolutions passed by our Board on 19 December 2017. Each of the three committees has written terms of reference. The functions of the three committees are summarised as follows:

Audit Committee

Our Company established an audit committee by a resolution of our Board passed on 19 December 2017 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The audit committee comprises three independent non-executive Directors: Mr. Ong Kian Guan, Mr. Tan Yew Bock and Mr. Chow Wen Kwan. Mr. Ong Kian Guan was appointed to serve as the chairman of our audit committee. The primary duties of our audit committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control and risk management procedures of our Company.

Nomination Committee

Our Company established a nomination committee by a resolution of our Board passed on 19 December 2017 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

The nomination committee comprises our Chairman and three independent non-executive Directors: Mr. Phua, Mr. Tan Yew Bock, Mr. Ong Kian Guan and Mr. Chow Wen Kwan. Mr. Phua was appointed as the chairman of our nomination committee. The primary functions of our nomination committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board on any proposed changes to the Board to complement our Company's corporate strategy; identify individuals suitably qualified as potential Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; assess the independence of our independent non-executive Directors; and make recommendations to the Board on the appointment or reappointment of Directors and succession planning of Directors, in particular that of our chairman and the chief executive officer.

Remuneration Committee

Our Company established a remuneration committee by a resolution of our Board passed on 19 December 2017 with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and paragraph B.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The remuneration committee comprises our Chairman and two independent non-executive Directors: Mr. Phua, Mr. Ong Kian Guan and Mr. Tan Yew Bock. Mr. Tan Yew Bock was appointed as the chairman of our remuneration committee. The primary functions of our remuneration committee are to make recommendations to the Board on the overall remuneration policy and the 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.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Our Company complies or intends to comply with the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules with the exception for Code A.2.1, which requires the roles of chairman and chief executive be different individuals.

Under code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Phua currently holds both positions. Since establishment of our Group in 1981, Mr. Phua has been the key leadership figure of our Group who has been deeply involved in the formulation of business strategies and determination of the overall direction of our Group. He has also been chiefly responsible for our Group's operations as he directly supervises our Directors (other than himself) and members of our senior management. Taking into account the continuation of the implementation of our business plans, our Directors (including our independent non-executive Directors) consider Mr. Phua is the best candidate for both positions and the present arrangements are beneficial and in the interests of our Company and our Shareholders as a whole.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code in each financial year and comply with the "comply or explain" principle in our corporate governance report which will be included in our annual reports after the Listing.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, we have appointed Fortune Financial Capital Limited as the compliance adviser (the “**Compliance Adviser**”). The Compliance Adviser will provide us with guidance and advice as to compliance with the requirements under the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the Compliance Adviser will advise us in the following circumstances:

- (i) before the publication of any regulatory announcement, circular, or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (iii) where we propose to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry to our Company in accordance with Rule 17.11 of the GEM Listing Rules.

The term of appointment of the Compliance Adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Share Offer (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:

| <u>Name</u> | <u>Capacity/Nature of interest</u> | <u>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)</u> | |
|---------------------------|---|---|--|
| | | <u>Number of Shares⁽¹⁾</u> | <u>Approximate percentage of shareholding in our Company</u> |
| Mr. Phua | Interest in controlled corporation ⁽²⁾ /interest of spouse ⁽³⁾ | 300,000,000 (L) | 75.0% |
| Ms. Ng | Interest of spouse ⁽³⁾ | 300,000,000 (L) | 75.0% |
| Team One Global | Beneficial owner ⁽²⁾ | 300,000,000 (L) | 75.0% |

Notes:

1. The Letter “L” denotes the person’s long position in the relevant Shares.
2. The entire issued share capital of Team One Global is legally and beneficially owned as to 87.9% and 12.1% by Mr. Phua and Ms. Ng, respectively. Accordingly, Mr. Phua is deemed to be interested in the 300,000,000 Shares held by Team One Global by virtue of the SFO.
3. Mr. Phua and Ms. Ng are spouses. Therefore, Mr. Phua is deemed to be interested in Shares held by Ms. Ng, and vice versa pursuant to the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the Capitalisation Issue and the Share Offer (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.

SUBSTANTIAL SHAREHOLDERS

UNDERTAKINGS

Each of Team One Global, Mr. Phua and Ms. Ng has given certain undertakings in respect of the Shares held by them to our Company, the Sole Sponsor, the Joint Lead Managers, the Sole Bookrunner and the Underwriters, details of which are set out under the section headed “Underwriting – Underwriting Arrangements and Expenses – Undertakings pursuant to the Public Offer Underwriting Agreement – Undertakings by our Controlling Shareholders” in this prospectus. Each of the Controlling Shareholders has also given undertakings in respect of the Shares to our Company and the Stock Exchange as required by Rules 13.16A(1) and 13.19 of the GEM Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately upon completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), our current Controlling Shareholders will be interested in 300,000,000 Shares, representing 75.0% of our Company's entire issued share capital. Mr. Phua and Ms. Ng (through Team One Global) will each hold 87.9% and 12.1% respective attributable interest of our Company's share capital and in aggregate control 75.0% of the Shares in issue. As such, Mr. Phua and Ms. Ng will continue to remain as the dominating group of Shareholders which would continue to hold a controlling interest in our Company upon completion of the Share Offer and the Capitalisation Issue.

During the Track Record Period, 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. For details, please refer to note 32 "Related party transactions" to the Accountant's Report set out in Appendix I to this prospectus.

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.

INDEPENDENCE FROM OUR 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 team. Our Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors. The overlapping Directors between our Group and the Controlling Shareholders are Mr. Phua and Ms. Ng. Save for them, none of the other Directors nor do any of members of our senior management team hold(s) any directorships and positions in companies privately owned by Mr. Phua and Ms. Ng and their respective close associates. We consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (a) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interest of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interests;
- (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 close 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 of our senior management members are independent from our Controlling Shareholders. Our Group has established our own project management, accounting and finance, administration and human resources, procurement and sourcing and quantity surveying departments which are responsible for daily operations of our Group.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Operational independence

We do not share operation team, facilities and equipment with our Controlling Shareholders and their close associates. We have independent access to suppliers and customers and an independent management team 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 close 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 certain banking facilities that were secured by guarantees given by our Controlling Shareholders and a first legal mortgage on a property owned by our Controlling Shareholders. Such guarantees and mortgage will be released upon Listing and be replaced by corporate guarantee from our Company. As at the Latest Practicable Date, there were also amounts due to Mr. Phua and Ms. Ng which represent funds advanced for our Group's working capital. As at 31 October 2017, the amount due to Mr. Phua and Ms. Ng are approximately S\$1.8 million and S\$0.2 million respectively and such amounts have been capitalised as at the Latest Practicable Date. 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.

DEED OF NON-COMPETITION

Our Controlling Shareholders (each a “**Covenantor**” and collectively, the “**Covenantors**”) have entered into the Deed of Non-competition in favour of our Company, under which each of the Covenantors has irrevocably and unconditionally, jointly and severally, warranted and undertook to our Company (for ourselves and as trustee for each of our subsidiaries) that:

- (a) he/she/it will not, and will procure any Covenantor and his/her/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 our 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 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 any business that is similar to or in competition directly or indirectly (in each case whether as a shareholder, director, partner, agent or otherwise and whether for profit, reward or otherwise) with any business currently and from time to time engaged by our Group in Singapore and any other country or jurisdiction to which our Group carries on our business from time to time (the “**Restricted Business**”);

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (b) if any Controlled Person and/or any Controlled Company is offered or becomes aware of any project or business opportunity relating to the Restricted Business (the “**New Business Opportunity**”) whether directly or indirectly, he/she/it (i) shall promptly notify our Company of such New Business Opportunity in writing, refer the same to our Company for consideration first and provide such information as may be reasonably required by our Company to make an informed assessment of such New Business Opportunity; and (ii) shall not, and shall procure that the Controlled Persons 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 and the principal terms of which he/she/it and/or his/her/its close associates invest or participate in are no more favourable than those made available to our Company.

Our independent non-executive Directors will review the New Business Opportunity and decide whether to invest in the New Business Opportunity. If our Group has not given written notice of our desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within 30 business days (the “**30-day Offering Period**”) of receipt of notice from our Controlling Shareholders, our Controlling Shareholders and/or his/her/its associates shall be permitted to invest in or participate in the New Business Opportunity on his/her/its own accord. With respect to the 30-day Offering Period, our Directors consider that such period is adequate for our Company to assess any New Business Opportunity. In the event that our Company requires additional time to assess the New Business Opportunity, our Company may give a written notice to our Controlling Shareholders during the 30-day Offering Period and our Controlling Shareholders agree to extend the period to a maximum of 60 business days.

The Deed of Non-competition does not apply to the holding of or interests in shares or other securities by any of the Covenantors and/or his/her/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:

- (a) 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
- (b) the total number of the shares held by any of the Covenantors and his/her/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/her/its close associates, whether acting singly or jointly, are not entitled to appoint majority of the directors of that company and that at all times there is a holder of such shareholding (together, where appropriate, with its close associates) a larger percentage of shares then in question than the Covenantors and his/her/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 a controlling shareholder (as defined under the GEM Listing Rules from time to time) of our Company; or (ii) the Shares cease to be listed and traded on GEM or other recognised stock exchange.

FINANCIAL INFORMATION

You should read this section in conjunction with our audited combined financial statements, including the notes thereto, as set out in the Accountant's Report in Appendix I to this prospectus. Our Group's combined financial statements have been prepared in accordance with the IFRSs. You should read the entire Accountant's Report and not merely rely on the information contained in this section.

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depends on a number of risks and uncertainties over which our Group does not have control. For further information, you should see "Risk Factors" in this prospectus.

OVERVIEW

We are a contract manufacturer based in Singapore that specialises in the manufacture and sale of injection molded plastic parts for disposable medical devices and the provision of tooling services. Established in 1981, we have established ourselves as a trusted contract manufacturer for major international healthcare and medical device companies. Our Group's revenue can be categorised as (i) manufacture and sale of molded plastic parts for disposable medical devices; and (ii) provision of tooling services. Molded plastic parts could be further categorised as (i) a component part or (ii) an assembly of plastic parts assembled into a sub-assembly product. The injection molded plastic parts are made for a range of medical uses such as, among others, respiratory products, dialysis products, blood bag products, drug delivery products and diagnostic tools. We believe our Group's success has been a result of our quality assurance standards, our in-depth industry experience and our specialised and efficient production capability. According to the Euromonitor Report, our Group is ranked seventh among the companies operating in Singapore in 2016 that have generated revenue from medical device sector within the precision engineering industry. We believe that we have established a reputation in the industry of producing high quality injection molded parts for disposable medical devices and possess production knowhow that allows us to meet the strict requirements of our customers, which positions us to further develop new capabilities and new markets.

Our Directors believe that quality assurance is critical in the manufacture of parts for the medical device industry and has therefore implemented a quality management system throughout our operations. In 2002, we were certified under both ISO9001 and the ISO13485 standards for comprehensive quality management system for the design and manufacture of medical devices. Whilst ensuring quality control and compliance with customer's specifications, we adopt a DFM engineering practice to assist customers in the design of products making it easier and more cost efficient to manufacture.

With our in-depth market understanding and injection molding production knowhow, we strive to develop new business lines through collaborations with research institutions or industry partners. As at the Latest Practicable Date, we had collaborated with SIMTech, a research institute of A*STAR, to develop cutting edge manufacturing technologies for the manufacturing of microfluidics diagnostic tools and a US company for referral of their customers to us. Further information on the two collaborations is set out in the section headed "Business – Collaborations" in this prospectus.

With the growing demand from existing customers and new demand from customers with new products, we target to expand our in-house capabilities and processes to develop new potential products with new customers and diversify the product range that we currently manufacture for our existing customers.

FINANCIAL INFORMATION

Whilst we aim to continue to strengthen our existing operations, we believe that our extensive operating history in this industry, our in-depth experience in mold design and manufacture of injection molded parts for medical products, stable customer base and commitment to maintaining high quality assurance measures provide us with a strong platform to expand and diversify our injection molding operations.

BASIS OF PRESENTATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 17 July 2017. Our Company is an investment holding company. Our Company and its subsidiaries are principally engaged in the manufacturing of molds, dies and production tools, as well as the manufacturing of plastics articles and products using various methods of molding (the “**Listing Business**”). Pursuant to the Reorganisation, our Company became the holding company of our Group.

Immediately prior to and after the Reorganisation, the Listing Business had been and continues to be conducted through companies managed and collectively controlled by Mr. Phua and Ms. Ng. Our Company has not been involved in any business prior to the Reorganisation. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Our Group established resulting from the Reorganisation is regarded as a continuation of the Listing Business.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATION AND FINANCIAL CONDITION

Our financial conditions and results of operations have been, and will continue to be, affected by a number of factors, including those set out below and the risk factors set out in “Risk Factors”.

Our business is significantly dependent on several of our major customers’ business performance and our relationship with them, and we may be unable to attract or be successful in attracting new customers

Our aggregated sales generated from our top five customers amounted to approximately 99.5%, 99.7% and 96.6% of our turnover for the two years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, respectively. In particular, sales to our largest customer amounted to approximately S\$6.9 million, S\$9.2 million and S\$4.9 million, representing approximately 38.7%, 48.5% and 46.9% of our turnover for the two years ended 31 December 2016 and the six months ended 30 June 2017, respectively. Three of our largest customers are also our suppliers during the Track Record Period as we purchased raw materials from them for the manufacturing of parts for their medical device. Accordingly, our sales would be significantly affected by the business performance of these customers, as well as other factors affecting their purchases from us, many of which are beyond our control. Adverse changes in the economic conditions in the markets in which our customers operate, unfavourable changes in the exchange rate of foreign currencies, weak demand for our customers’ products and unsuccessful sales and marketing efforts by our customers, among other factors, may negatively affect their purchasing practices and result in a reduction of their purchase orders for our molded plastic parts. Although we will continue to endeavor to diversify and expand our customer base, we expect that our present major customers will continue to account for a relatively large percentage of our sales in the coming years. If our customers are unable to sell the end products which we take part in manufacturing parts for to the market successfully, our business and results of operations could be materially and adversely affected.

FINANCIAL INFORMATION

In addition to growing or maintaining our business with existing customers, the success of our business also depends on our ability to attract new customers. If we are unable to attract new customers, our business growth will be hampered and the results of operations may be materially and adversely affected.

Our customers may amend their demand forecasts, change production quantities or delay production, which may in turn affect our results of operations

Our major customers generally provide us with rolling forecasts of purchase orders with estimated quantities, pricing and timing for the upcoming three months. These forecasts are, however, non-binding and may not reflect the actual quantities, pricing or timing that the final purchase orders will include. We may face the risks that our customers will substantially amend their forecasts, require shortened delivery times or renegotiate prices, as a result of which their purchase orders may significantly differ from our expectations based on their forecasts. These changes may occur at any time without prior notice and we cannot assure you that we will be able to respond to these changes efficiently in order to accept or fulfil the purchase orders in a timely fashion. While we generally procure raw materials based on purchase orders, we may consult these forecasts as a basis for our procurement of certain raw materials that require a longer lead time to procure. Substantial differences between our customers' purchase orders and their forecasts may result in excess or shortage of key raw materials in our inventory. As a result, our results of operations could be negatively affected by any cancellation, reduction or delay of purchase orders that our customers otherwise indicated in their forecasts.

We may be unable to meet specifications of our customers

The injection molding industry is characterised by rapid development in science and technology and continuous emergence of new diseases. Our future success depends on our ability to launch new molded plastic parts for disposable medical devices that meet evolving market demands of our customers, in particular, new molded plastic parts or parts compatible with new medical devices sold by our customers that are effective in treating and/or diagnosing new diseases and illnesses. We cannot assure you that we will be able to respond to changes in specifications of our customers resulted from emerging trends in a timely manner. The preferences and purchasing patterns of our customers with regard to molded plastic parts can change rapidly due to emerging trends and new diseases. Our success depends on our ability to adapt our products to preferences and specifications of our customers. We cannot assure you that we will be able to sufficiently and promptly respond to changes in customer preferences and emergence of new diseases to make corresponding adjustments to our development plans, product portfolio and inventory level, and failing which may have a material and adverse effect on our business, financial condition, results of operations and profitability.

FINANCIAL INFORMATION

Our ability to control the prices of our key raw materials may significantly impact our results of operations

During the Track Record Period, three of our major customers are also our suppliers. These customers generally require us to purchase raw materials from them directly due to proprietary technology present in the raw material, price concerns or as part of their risk management protocols. For details, please refer to section headed “Business – Entities Who are Our Customers and also Our Suppliers” in this prospectus. In addition, some customers would require us to source raw materials from suppliers designated by them. These arrangements limit our ability to manage the source of our raw materials and thus, our control over the prices of our key raw materials. In the event that we are not able to pass the increase in cost materials to our major customers through raising the product price under circumstances which are beyond our control, our profitability will be materially and adversely affected. If the prices of our medical device products decrease or fluctuate, it will materially affect our operating results, profit and financial results.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Please refer to the section headed “Summary of significant accounting policies” and “Critical accounting estimates and judgements” in Appendix I to this prospectus for details of the accounting policies applied in the preparation of the financial statements.

SUMMARY OF RESULTS OF OPERATIONS

The selected financial information from our combined statements of profit or loss and other comprehensive income for the two years ended 31 December 2016 and each of the six months ended 30 June 2016 and 2017 set out below are extracted from the Accountant’s Report in Appendix I to this prospectus, and should be read in conjunction with the Accountant’s Report set forth in Appendix I to this prospectus.

| | <u>Year ended 31 December</u> | | <u>Six months ended 30 June</u> | |
|--|-------------------------------|---------------------|---------------------------------|-------------------|
| | <u>2015</u> | <u>2016</u> | <u>2016</u> | <u>2017</u> |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| Revenue | 17,680 | 19,016 | 9,142 | 10,488 |
| Cost of sales | <u>(14,043)</u> | <u>(14,450)</u> | <u>(7,292)</u> | <u>(8,408)</u> |
| Gross profit | 3,637 | 4,566 | 1,850 | 2,080 |
| Other income | 403 | 254 | 164 | 99 |
| Other gains/(losses) – net | 142 | (65) | (7) | 76 |
| Selling and distribution expenses | (207) | (203) | (96) | (104) |
| Administrative expenses | (2,234) | (2,329) | (1,130) | (1,389) |
| Finance costs – net | <u>(403)</u> | <u>(204)</u> | <u>(125)</u> | <u>(78)</u> |
| Profit before income tax | 1,338 | 2,019 | 656 | 684 |
| Income tax expense | <u>(252)</u> | <u>(341)</u> | <u>(81)</u> | <u>(116)</u> |
| Profit and total comprehensive income for the year/period | <u>1,086</u> | <u>1,678</u> | <u>575</u> | <u>568</u> |

FINANCIAL INFORMATION

PRINCIPAL INCOME STATEMENT ITEMS

Revenue

Revenue breakdown by segments

Our revenue was generated from the manufacture and sale of (i) component parts and (ii) sub-assembly parts for medical devices and the sales of such for the two years ended 31 December 2016 and each of the six months ended 30 June 2017 are as follows:

| | Year ended 31 December | | | | Six months ended 30 June | | | |
|--------------------------------------|------------------------|---------------------|----------------------|---------------------|--------------------------|---------------------|----------------------|---------------------|
| | 2015 | | 2016 | | 2016 | | 2017 | |
| | <i>S\$'000</i> | % | <i>S\$'000</i> | % | <i>S\$'000</i> | % | <i>S\$'000</i> | % |
| Component parts . . . | 11,303 | 63.9 | 12,051 | 63.4 | 6,016 | 65.8 | 6,669 | 63.6 |
| – Blood bags products | 863 | 4.8 | 1,146 | 6.0 | 504 | 5.5 | 701 | 6.7 |
| – Dialysis products | 5,615 | 31.8 | 6,146 | 32.4 | 3,281 | 35.9 | 2,470 | 23.6 |
| – Drug delivery products | 3,804 | 21.5 | 2,698 | 14.2 | 1,478 | 16.1 | 898 | 8.6 |
| – Respiratory products | – | – | 5 | – | – | – | 1 | – |
| – Parts for infusion pumps | 579 | 3.3 | 1,455 | 7.7 | 608 | 6.7 | 1,493 | 14.2 |
| – Parts for mold | – | – | 120 | 0.6 | 3 | – | 498 | 4.7 |
| Disposable medical devices | 10,861 | 61.4 | 11,570 | 60.8 | 5,874 | 64.2 | 6,061 | 57.8 |
| Tooling services | 442 | 2.5 | 481 | 2.5 | 142 | 1.6 | 608 | 5.8 |
| Sub-assembly parts . . | 6,377 | 36.1 | 6,965 | 36.6 | 3,126 | 34.2 | 3,819 | 36.4 |
| – Blood bags products | 629 | 3.6 | 62 | 0.3 | 62 | 0.7 | 34 | 0.3 |
| – Respiratory products | 5,124 | 29.0 | 5,316 | 28.0 | 2,415 | 26.4 | 3,010 | 28.7 |
| – Dialysis products | 624 | 3.5 | 1,587 | 8.3 | 649 | 7.1 | 775 | 7.4 |
| Disposable medical devices | <u>6,377</u> | <u>36.1</u> | <u>6,965</u> | <u>36.6</u> | <u>3,126</u> | <u>34.2</u> | <u>3,819</u> | <u>36.4</u> |
| Total | <u><u>17,680</u></u> | <u><u>100.0</u></u> | <u><u>19,016</u></u> | <u><u>100.0</u></u> | <u><u>9,142</u></u> | <u><u>100.0</u></u> | <u><u>10,488</u></u> | <u><u>100.0</u></u> |

The majority of our top five customers during the Track Record Period have a business relationship with our Group for over 10 years. For further details of our customers, see the section headed “Business – Our Customers” in this prospectus.

Revenue from our component parts recorded an increase by approximately S\$0.8 million or 7.1% from approximately S\$11.3 million for the year ended 31 December 2015 to approximately S\$12.1 million for the year ended 31 December 2016, and an increase by approximately S\$0.7 million or 11.7% from approximately S\$6.0 million for the six months ended 30 June 2016 to approximately S\$6.7 million for the six months ended 30 June 2017.

FINANCIAL INFORMATION

Revenue from our sub-assembly parts recorded an increase by approximately S\$0.6 million or 9.4% from approximately S\$6.4 million for the year ended 31 December 2015 to approximately S\$7.0 million for the year ended 31 December 2016, and an increase by approximately S\$0.7 million or 22.6% from approximately S\$3.1 million for the six months ended 30 June 2016 to approximately S\$3.8 million for the six months ended 30 June 2017.

Revenue breakdown by geographical locations

The table below is a breakdown of our revenue during the Track Record Period by geographical locations of our customers:

| | Year ended 31 December | | | | Six months ended 30 June | | | |
|---------------------------|------------------------|--------------|---------------|--------------|--------------------------|--------------|---------------|--------------|
| | 2015 | | 2016 | | 2016 | | 2017 | |
| | S\$'000 | % | S\$'000 | % | S\$'000 | % | S\$'000 | % |
| Asia (Note 1) | 12,273 | 69.4 | 13,294 | 69.9 | 6,614 | 72.3 | 6,844 | 65.3 |
| Europe (Note 2) | 5,407 | 30.6 | 5,687 | 29.9 | 2,528 | 27.7 | 3,609 | 34.4 |
| Others (Note 3) | – | – | 35 | 0.2 | – | – | 35 | 0.3 |
| Total | 17,680 | 100.0 | 19,016 | 100.0 | 9,142 | 100.0 | 10,488 | 100.0 |

Notes:

- (1) Asia includes Singapore, Indonesia, India and Vietnam.
- (2) Europe includes Ireland and Germany.
- (3) Others includes Brazil and United States.

The below table is a breakdown of our gross profit and gross profit margin by geographical location during the Track Record Period:

| | Year ended 31 December | | | | Six months ended 30 June | | | |
|---------------------------|------------------------|-------------|-----------------|-------------|--------------------------|-------------|-----------------|-------------|
| | 2015 | | 2016 | | 2016 | | 2017 | |
| | Gross profit | margin | Gross profit | margin | Gross profit | margin | Gross profit | margin |
| | S\$'000 | % | S\$'000 | % | S\$'000 | % | S\$'000 | % |
| Asia (Note 1) | 1,373 | 11.2 | 2,121 | 15.6 | 872 | 13.2 | 755 | 11.0 |
| Europe (Note 2) | 2,264 | 41.9 | 2,429 | 42.7 | 978 | 38.7 | 1,311 | 36.3 |
| Others (Note 3) | – | – | 16 | 42.3 | – | – | 14 | 40.9 |
| Total | 3,637 | 20.6 | 4,566 | 24.0 | 1,850 | 20.2 | 2,080 | 19.8 |

Notes:

- (1) Asia comprises Singapore, Indonesia, India and Vietnam.
- (2) Europe comprises Ireland and Germany.
- (3) Others comprises Brazil and United States.

Our Group has two production bases which are in Singapore and Batam, Indonesia. Our Singapore production base is well-equipped with specialised production facilities for medical devices, including Class 10,000 and Class 100,000 clean rooms installed with equipment for injection molding and assembling of plastic parts. Our Batam production base has a Class 100,000 clean room facility.

FINANCIAL INFORMATION

Pricing

Prices are quoted in S\$. Our Group has adopted a cost-plus pricing policy based on production costs, profit margin and market price of similar products, taking into account factors, such as costs of major raw materials, the prices of which may fluctuate from time to time. Generally, our Group can pass on part of or all the production costs to the customers when the cost of raw materials increases for both of our component parts and sub-assembly parts.

The below table is a breakdown of the number of units of injection molded plastic parts for disposable medical devices manufactured and average selling price during the Track Record Period:

| | Year ended 31 December | | | | Six months ended 30 June | | | |
|---|-----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | 2015 | | 2016 | | 2016 | | 2017 | |
| | Average selling Units | price | Average selling Units | price | Average selling Units | price | Average selling Units | price |
| | <i>thousand pieces</i> | <i>S\$/ piece</i> | <i>thousand pieces</i> | <i>S\$/ piece</i> | <i>thousand pieces</i> | <i>S\$/ piece</i> | <i>thousand pieces</i> | <i>S\$/ piece</i> |
| Manufacture and sale of injection molded plastic parts for disposable medical devices | 261,537 | 0.066 | 284,690 | 0.065 | 132,816 | 0.068 | 146,584 | 0.064 |

Cost of sales

Our cost of sales comprises cost of materials, direct labour and other direct costs. For the two years ended 31 December 2016 and each of the six months ended 30 June 2016 and 2017, our cost of sales amounted to approximately S\$14.0 million, S\$14.5 million, S\$7.3 million and S\$8.4 million, respectively. The following table sets out a breakdown of our cost of sales for the periods indicated:

| | Year ended 31 December 2015 | | | |
|-----------------------------|-----------------------------|---------------------------|----------------|--------------|
| | Component parts | Sub- assembly parts | Total | |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> | % |
| Cost of materials | 5,468 | 2,295 | 7,763 | 55.3 |
| Direct labour | 2,204 | 925 | 3,129 | 22.3 |
| Others | 2,219 | 932 | 3,151 | 22.4 |
| Total | 9,891 | 4,152 | 14,043 | 100.0 |

FINANCIAL INFORMATION

Year ended 31 December 2016

| | Component parts | Sub-assembly parts | Total | |
|-----------------------------|-----------------|--------------------|----------------|--------------|
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> | % |
| Cost of materials | 5,772 | 2,682 | 8,454 | 58.5 |
| Direct labour | 2,140 | 994 | 3,134 | 21.7 |
| Others | 1,954 | 908 | 2,862 | 19.8 |
| Total | 9,866 | 4,584 | 14,450 | 100.0 |

Six months ended 30 June 2016

| | Component parts | Sub-assembly parts | Total | |
|-----------------------------|-----------------|--------------------|----------------|--------------|
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> | % |
| Cost of materials | 3,044 | 1,244 | 4,288 | 58.8 |
| Direct labour | 1,051 | 430 | 1,481 | 20.3 |
| Others | 1,081 | 442 | 1,523 | 20.9 |
| Total | 5,176 | 2,116 | 7,292 | 100.0 |

Six months ended 30 June 2017

| | Component parts | Sub-assembly parts | Total | |
|-----------------------------|-----------------|--------------------|----------------|--------------|
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> | % |
| Cost of materials | 3,494 | 1,651 | 5,145 | 61.2 |
| Direct labour | 985 | 466 | 1,451 | 17.2 |
| Others | 1,230 | 582 | 1,812 | 21.6 |
| Total | 5,709 | 2,699 | 8,408 | 100.0 |

Cost of materials is a significant component of our cost of sales and which comprises purchase cost of raw materials. For the two years ended 31 December 2016 and each of the six months ended 30 June 2016 and 2017, cost of materials represented approximately 55.3%, 58.5%, 58.8% and 61.2% of our total cost of sales, respectively.

Direct labour comprises salaries and related costs of our operational and technical staff involved in our manufacturing business. For the two years ended 31 December 2016 and each of the six months ended 30 June 2016 and 2017, direct labour represented approximately 22.3%, 21.7%, 20.3% and 17.2% of our total cost of sales, respectively.

Others mainly comprises rental expenses, utilities, depreciation, repair and maintenance expenses. For the two years ended 31 December 2016 and each of the six months ended 30 June 2016 and 2017, other direct costs represented approximately 22.4%, 19.8%, 20.9% and 21.6% of our total cost of sales, respectively.

FINANCIAL INFORMATION

Sensitivity analysis

We generally use a cost-plus method to price our component and sub-assembly parts. Accordingly, any fluctuation in the cost of materials could generally shift to our customers while fluctuations in direct labour cost are shared between our customers and us. Fluctuations are hypothetically assumed to be 5%, 10%, 15% and 20% for each of the two years ended 31 December 2016 and the six months ended 30 June 2017, which corresponds to the range of historical price fluctuations of the major items in our cost of sales during the Track Record Period.

The following table illustrates the sensitivity analysis of the estimated increase/(decrease) of our gross profit in relation to general percentage changes to cost of materials with all other variables being constant.

| | Impact on gross profit for the year ended 31 December | | Impact on gross profit for the six months ended |
|--------------------------|---|----------------|--|
| | 2015 | 2016 | 30 June |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| Cost of materials | | | |
| Increase/(decrease) by: | | | |
| 20% | 1,553 | 1,691 | 1,029 |
| 15% | 1,164 | 1,268 | 772 |
| 10% | 776 | 845 | 515 |
| 5% | 388 | 423 | 257 |
| (5%) | (388) | (423) | (257) |
| (10%) | (776) | (845) | (515) |
| (15%) | (1,164) | (1,268) | (772) |
| (20%) | (1,553) | (1,691) | (1,029) |

The following table illustrates the sensitivity analysis of the estimated increase/(decrease) of our gross profit in relation to general percentage changes to labour cost with all other variables being constant.

| | Impact on gross profit for the year ended 31 December | | Impact on gross profit for the six months ended |
|-------------------------|---|----------------|--|
| | 2015 | 2016 | 30 June |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| Direct labour | | | |
| Increase/(decrease) by: | | | |
| 20% | 626 | 627 | 290 |
| 15% | 469 | 470 | 218 |
| 10% | 313 | 313 | 145 |
| 5% | 156 | 157 | 73 |
| (5%) | (156) | (157) | (73) |
| (10%) | (313) | (313) | (145) |
| (15%) | (469) | (470) | (218) |
| (20%) | (626) | (627) | (290) |

FINANCIAL INFORMATION

Gross profit and gross profit margin

The following table sets out our Group's gross profit and gross profit margin by segment for the periods indicated.

| | Year ended 31 December | | | | Six months ended 30 June | | | |
|--------------------------------------|------------------------|---------------------|--------------|---------------------|--------------------------|---------------------|--------------|---------------------|
| | 2015 | | 2016 | | 2016 | | 2017 | |
| | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin | Gross profit | Gross profit margin |
| | S\$'000 | % | S\$'000 | % | S\$'000 | % | S\$'000 | % |
| Component parts . . . | 1,412 | 12.5 | 2,185 | 18.1 | 840 | 14.0 | 959 | 14.4 |
| – Blood bags products | 176 | 20.3 | 381 | 33.3 | 238 | 47.2 | 140 | 20.0 |
| – Dialysis products | 263 | 4.7 | 386 | 6.3 | 137 | 4.2 | 104 | 4.1 |
| – Drug delivery products | 582 | 15.3 | 570 | 21.1 | 251 | 17.0 | 149 | 16.5 |
| – Respiratory products | – | – | 3 | 61.2 | – | – | – | – |
| – Parts for infusion pumps | 158 | 27.4 | 567 | 39.0 | 213 | 35.0 | 114 | 7.6 |
| – Parts for mold | – | – | 55 | 46.3 | 1 | 33.3 | 204 | 40.9 |
| Disposable medical devices | 1,179 | 10.9 | 1,962 | 17.1 | 840 | 14.3 | 711 | 12.8 |
| Tooling services | 233 | 52.5 | 223 | 46.3 | – | – | 248 | 40.9 |
| Sub-assembly parts . . | 2,225 | 34.9 | 2,381 | 34.2 | 1,010 | 32.3 | 1,121 | 29.3 |
| – Blood bags products | 92 | 14.7 | 20 | 32.8 | 25 | 41.0 | 32 | 93.5 |
| – Respiratory products | 2,115 | 41.3 | 2,256 | 42.4 | 979 | 40.5 | 1,066 | 35.4 |
| – Dialysis products | 18 | 2.8 | 105 | 6.6 | 6 | 0.9 | 23 | 3.0 |
| Disposable medical devices | 2,225 | 34.9 | 2,381 | 34.2 | 1,010 | 32.3 | 1,121 | 29.3 |
| Total | 3,637 | 20.6 | 4,566 | 24.0 | 1,850 | 20.2 | 2,080 | 19.8 |

Our gross profit increased by approximately S\$1.0 million, or approximately 27.8%, from approximately S\$3.6 million for the year ended 31 December 2015 to S\$4.6 million for the year ended 31 December 2016. Our gross profit increased approximately S\$0.2 million, or approximately 10.5%, from approximately S\$1.9 million for the six months ended 30 June 2016 to approximately S\$2.1 million for the six months ended 30 June 2017. Our gross profit margin was approximately 20.6%, 24.0%, 20.2% and 19.8% for the two years ended 31 December 2016 and the six months ended 30 June 2016 and 2017, respectively.

Gross profit from our component parts increased from approximately S\$1.4 million for the year ended 31 December 2015 to approximately S\$2.2 million for the year ended 31 December 2016. This segment recorded an increase in gross profit margin from approximately 12.5% for the year ended 31 December 2015 to approximately 18.1% for the year ended 31 December 2016. Gross profit from our component parts increased from approximately S\$0.8 million for the six months ended 30 June 2016 to approximately S\$1.0 million for the six months ended 30 June 2017. Our gross profit margin for this segment remained relatively stable at approximately 14.0% for the six months ended 30 June 2016 and approximately 14.4% for the six months ended 30 June 2017.

FINANCIAL INFORMATION

Gross profit from our sub-assembly parts slightly increased from approximately S\$2.2 million for the year ended 31 December 2015 to approximately S\$2.4 million for the year ended 31 December 2016. Gross profit margin from sub-assembly parts segment remained relatively stable at approximately 34.9% for the year ended 31 December 2015 and approximately 34.2% for the year ended 31 December 2016. Gross profit from sub-assembly parts increased from approximately S\$1.0 million for the six months ended 30 June 2016 to approximately S\$1.1 million for the six months ended 30 June 2017. While gross profit increased, our gross profit margin for this segment decreased from approximately 32.3% for the six months ended 30 June 2016 to approximately 29.3% for the six months ended 30 June 2017.

Other income

Our other income consists of government grants and sales of scrap materials. For the two years ended 31 December 2016 and each of the six months ended 30 June 2016 and 2017, our other income amounted to approximately S\$0.4 million, S\$0.3 million, S\$0.2 million and S\$0.1 million, respectively.

Our Government grants refer to (i) GCP Grant from the Incentives Management Division of IE Singapore; (ii) subsidy from MRA Grant from IE Singapore; (iii) SPRING Singapore; (iv) Productivity and Innovation Credit bonus (“PIC”); (v) incentives from MOM on childcare-leave, temporary employment and elderly workers; (vi) WC Scheme; and (vii) Training Grants from WDA. All grants are of recurring nature unless otherwise subjected to the discretion of the government or expiry or failure to fulfill the requirements as stated in the below paragraphs. For the two years ended 31 December 2016 and each of the six months ended 30 June 2016 and 2017, we received reimbursements from MRA Grant, SPRING Singapore, PIC, MOM, WC Scheme and WDA of approximately S\$256,000, S\$162,000, S\$116,000 and S\$58,000, respectively. Please refer to the section “Business – Government grant” of this prospectus for further details.

| | For the year ended 31 December | | For the six months ended 30 June | |
|------------------------------------|-----------------------------------|----------------|-------------------------------------|----------------|
| | 2015 | 2016 | 2016 | 2017 |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| Government grants | | | | |
| SPRING | 103 | – | – | – |
| IE Singapore – MRA Grant | 13 | 5 | – | 3 |
| PIC | 78 | 66 | 47 | 19 |
| MOM | 31 | 39 | 19 | 21 |
| WC Scheme | 31 | 48 | 49 | 15 |
| WDA | – | 4 | 1 | – |
| Total | 256 | 162 | 116 | 58 |

The MRA Grant from IE Singapore in collaboration with SPETA is designed to accelerate the international expansion of Singapore SMEs and supports their overseas set-ups, identification of business partners and overseas market promotion. Under the MRA Grant, IE Singapore will co-fund 70% of the eligible cost for their specified marketing activities, capped at S\$20,000 per company per fiscal year. Each company is only allowed to submit a maximum of two applications per fiscal year, starting on 1 April and ending on 31 March the following year.

SPRING Singapore granted two government Capability Development Grants. It aims to support small medium enterprises to scale up business capabilities and ensure business sustainability. To be eligible for this grant, an applicant had to (i) be registered and operating in Singapore; (ii) have at least

FINANCIAL INFORMATION

30% local shareholding; and (iii) have group annual sales turnover less than or equal to S\$100 million of group employment of less than or equal to 200 employees. The funding from SPRING Singapore is available up to 31 March 2018.

The PIC Scheme by the Inland Revenue Authority of Singapore supports business investments in the form of cash payout and/or tax reduction and our Group has certain items of equipment and machinery which qualifies for the PIC Scheme. The PIC Scheme was introduced in the Singapore Budget 2010 to provide tax benefits for investments by businesses in a broad range of activities along the innovation value chain. Enhancements to the PIC Scheme were introduced in subsequent Singapore Budgets. In the Singapore Budget 2014, the PIC was extended for three years. Currently, tax benefits provided under the PIC Scheme will depend on the quantum of expenditure incurred for the qualifying activities from year of assessment 2015 to year of assessment 2018 and fulfilment of the relevant conditions. In the Singapore Budget 2016, the cash payout rate will be lowered from 60% to 40% for qualifying expenditure incurred from 1 August 2016 while the tax deduction of the schemes remained unchanged. The PIC Scheme, which has been extended for the year of assessment 2016 to year of assessment 2018, will expire thereafter and will not be available from year of assessment 2019.

Under the Special Employment Credit (SEC Scheme) from the MOM, the Singapore government will co-fund employers who hire Singaporean citizens aged above 50 earning a gross monthly wage of S\$4,000 and below of up to 8.5% of an eligible employee's monthly wage for the year ended 31 December 2015 and 8% for the year ended 31 December 2016. Over the periods, the Singaporean government will further co-fund a 3% of an eligible employee's monthly wage if employers voluntarily re-employ Singaporeans aged 65 and above. The Scheme was first introduced in 2011 and will be extended for three years from 1 January 2017 to 31 December 2019.

Temporary Employment Credit (TEC) from the MOM was introduced in the Singapore Budget 2014 as a one-year measure to help employers cope with higher wage costs arising from a 1 percentage point increase in the CPF employer contribution rate from January 2015. Under the original TEC, employers would receive an offset of 0.5% of wages for Singaporean and Singapore Permanent Resident employees in 2015. Enhancements to the TEC were introduced in the Singapore Budget 2015. The TEC was raised to 1% of wages in 2015 and will also be extended by 2 years to help companies adjust to cost increases associated with the increase in CPF salary ceiling and the employer CPF contribution rates for older workers. Employers will receive a TEC to offset the wages of their Singaporean and Singapore Permanent Resident workers based on CPF contributions paid to eligible employees from January 2015 to December 2017. For year of assessment 2015, TEC was 1% of wages up to the CPF salary ceiling of S\$5,000, while that for years of assessments 2016 and 2017 was 1% and 0.5% of wages up to the CPF salary ceiling of S\$6,000, respectively.

Under the WC Scheme, the Singapore government will co-fund 40% of wage increases given to Singapore citizen employees earning a gross monthly wage of S\$4,000 and below in 2013 to 2015. Over the period 2016 to 2017, the Singapore government will co-fund 20% of wage increases given to Singaporean employees earning a gross monthly wage of S\$4,000 and below. In addition, for wage increases given in 2015 which are sustained in 2016 and 2017 by the same employer, employer will continue to receive co-funding at 20% for 2016 and 2017.

Under the Training Grants from WDA, the Singapore government will provide Course Fee Funding and Absentee Payroll Funding to employers for continuing education and training courses provided to Singapore Citizens and Permanent Residents employees aged above 40 and/or Singapore citizens employees aged above 35 earning a gross monthly income of S\$2,000 and below.

FINANCIAL INFORMATION

Other gains/(losses) – net

The following table sets out the breakdown of our Group’s other gains/(losses) for the Track Record Period:

| | For the year ended 31 December | | For the six months ended 30 June | |
|--|-----------------------------------|----------------|-------------------------------------|----------------|
| | 2015 | 2016 | 2016 | 2017 |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| Other gains/(losses) | | | | |
| Fair value gains: | | | | |
| – Financial assets at fair value through profit or loss | 45 | 46 | 35 | 39 |
| – Financial liabilities at fair value through profit or loss | 165 | 1 | 1 | – |
| Currency exchange (loss)/gain – net | (41) | (70) | (1) | 16 |
| Gain on disposal of plant and equipment . . | – | – | – | 21 |
| Loss on redemption of convertible bond . . | (27) | (42) | (42) | – |
| | 142 | (65) | (7) | 76 |

Our other gains/(losses) mainly comprise fair value gains on financial assets and liabilities at fair value through profit or loss, currency exchange (loss)/gain and loss on redemption of convertible bond.

The fair value gains on financial assets and liabilities at fair value through profit or loss represents the net gains arising from the change in fair value. During the two years ended 31 December 2016, the financial assets and liabilities at fair value through profit or loss were cash surrender value retained in the insurance contracts and the fair value of the convertible bond.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains/(losses) were resulted from purchases of raw materials and sales to customers in foreign currencies other than S\$, and the foreign currency giving rise to such gain/(losses) for the two years ended 31 December 2016 and each of the six months ended 30 June 2016 and 2017 was primarily U.S. dollars. Our Group mainly operates in Singapore and Indonesia with a majority of the sales transactions denominated and settled in S\$, a substantial amount of purchases transactions denominated in U.S. dollars, and a minimal amount of operating expenses denominated in Rp for the business production in Indonesia. The foreign exchange exposure, however, was insignificant due to the relatively stable U.S. dollars and Rp against S\$ in the Track Record Period.

Our Group had redeemed S\$1.0 million of the convertible bond in cash during the year ended 31 December 2015 and fully redeemed the remaining S\$1.5 million of the convertible bond in cash during the year ended 31 December 2016, which resulted in a loss of redemption of convertible bond with nominal value of S\$2.5 million.

FINANCIAL INFORMATION

Selling and distribution expenses

Our selling and distribution expenses was approximately S\$207,000, S\$203,000, S\$96,000 and S\$104,000 for the two years ended 31 December 2016 and each of the six months ended 30 June 2016 and 2017, respectively. The following table sets out the breakdown of our Group's selling and distribution expenses for the Track Record Period:

| | For the year ended 31 December | | For the six months ended 30 June | |
|--|-----------------------------------|-------------------|-------------------------------------|-------------------|
| | 2015 | 2016 | 2016 | 2017 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Selling and distribution expenses | | | | |
| Staff salaries and benefits | 183 | 146 | 80 | 81 |
| Marketing and exhibition | 22 | 53 | 15 | 18 |
| Advertisement and recruitment | <u>2</u> | <u>4</u> | <u>1</u> | <u>5</u> |
| Total | <u><u>207</u></u> | <u><u>203</u></u> | <u><u>96</u></u> | <u><u>104</u></u> |

Our selling and distribution expenses mainly comprise expenses for salaries and benefits paid to our sales and marketing staffs, marketing and exhibition expenses, and advertisement and recruitment expenses. For more details, please see "Future Plans and Use of Proceeds – Implementation plans" in this prospectus.

Administrative expenses

Our administrative expenses was approximately S\$2.2 million, S\$2.3 million, S\$1.1 million and S\$1.4 million for the two years ended 31 December 2016 and each of the six months ended 30 June 2016 and 2017, respectively. The following table sets out the breakdown of our Group's administrative expenses for the Track Record Period:

| | For the year ended 31 December | | For the six months ended 30 June | |
|---|-----------------------------------|---------------------|-------------------------------------|---------------------|
| | 2015 | 2016 | 2016 | 2017 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Administrative expenses | | | | |
| Staff salaries and benefits | 853 | 869 | 440 | 489 |
| Directors' remuneration | 277 | 311 | 157 | 158 |
| Rental and utilities | 227 | 202 | 94 | 95 |
| Legal and professional fees | 170 | 151 | 89 | 101 |
| Travelling and transportation | 119 | 141 | 66 | 47 |
| Depreciation | 320 | 349 | 168 | 193 |
| Amortisation | 25 | 21 | 11 | 14 |
| Insurance | 116 | 112 | 38 | 58 |
| Listing expenses | – | – | – | 120 |
| Others | <u>127</u> | <u>173</u> | <u>67</u> | <u>114</u> |
| Total | <u><u>2,234</u></u> | <u><u>2,329</u></u> | <u><u>1,130</u></u> | <u><u>1,389</u></u> |

Our administrative expenses mainly comprise salaries and benefits paid to our staffs in the administrative function, directors' remuneration, rental and utilities expenses, legal and professional fees, travelling and transportation expenses, depreciation expenses, amortisation expenses, insurance expenses, listing expenses and others such as repair and maintenance fees, entertainment fees, telephone and bank charges.

FINANCIAL INFORMATION

Finance cost – net

Finance costs mainly represents interest expenses on (i) convertible bond; (ii) various bank borrowings; and (iii) hire purchases. Our finance cost was approximately S\$403,000, S\$204,000, S\$125,000 and S\$78,000 for the two years ended 31 December 2016 and each of the six months ended 30 June 2016 and 2017, respectively. The following table sets forth a breakdown of our finance costs for the periods indicated:

| | For the year ended 31 December | | For the six months ended 30 June | |
|---|-----------------------------------|---------|-------------------------------------|---------|
| | 2015 | 2016 | 2016 | 2017 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Finance income/(cost) | | | | |
| Convertible bond | (321) | (84) | (84) | – |
| Trust receipt | (45) | (68) | (26) | (32) |
| Term loan | (18) | (28) | (9) | (25) |
| Bank overdraft | (32) | (36) | (12) | (18) |
| Finance lease liabilities | (11) | (12) | (6) | (15) |
| Amount due from a shareholder | 24 | 24 | 12 | 12 |
| Fixed deposit | – | – | – | – |
| Total | (403) | (204) | (125) | (78) |

Income tax expense

Our Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which we are domiciled and operate. The Cayman Islands currently levy no taxes on our Company based upon income. We are subjected to corporate tax rate of 17% on the chargeable income arising in Singapore during the Track Record Period.

Income tax expenses were attributable to the profit before income tax for the respective periods, which were adjusted mainly for expenses not deductible for tax purposes and income not subject to tax. For the year ended 31 December 2015, income not subject to tax comprised fair value gain on financial liabilities at fair value through profit or loss and non-taxable government grants, while that for the six months ended 30 June 2017 comprised unrealised currency translation gains and gain on disposal of property, plant and equipment.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2016 compared to year ended 31 December 2015

Revenue

Our Group recorded an increase in our revenue by approximately S\$1.3 million or 7.3% from approximately S\$17.7 million for the year ended 31 December 2015 to approximately S\$19.0 million for the year ended 31 December 2016, which was primarily due to the increase in the number of both component and sub-assembly parts for dialysis products sold for the year ended 31 December 2016.

FINANCIAL INFORMATION

Revenue from our component parts recorded an increase by approximately S\$0.8 million or 7.1% from approximately S\$11.3 million for the year ended 31 December 2015 to approximately S\$12.1 million for the year ended 31 December 2016. The increase in revenue of our component parts was mainly attributed to the increase in the number of component parts for dialysis products sold by approximately 18.0 million units or 20.7% from approximately 87.1 million units for the year ended 31 December 2015 to approximately 105.1 million units for the year ended 31 December 2016.

Revenue from our sub-assembly parts recorded an increase by approximately S\$0.6 million or 9.4% from approximately S\$6.4 million for the year ended 31 December 2015 to approximately S\$7.0 million for the year ended 31 December 2016. The increase in revenue of our sub-assembly parts was mainly attributed to the increase in the number of sub-assembly parts for dialysis products sold by our Group by approximately 27.7 million units or 152.2% from approximately 18.2 million units for the year ended 31 December 2015 to approximately 45.9 million units for the year ended 31 December 2016, offset by the decrease in the number of sub-assembly parts for blood bags sold by our Group by approximately 9.0 million units or 94.7% from approximately 9.5 million units for the year ended 31 December 2015 to approximately 0.5 million units for the year ended 31 December 2016.

Cost of sales

Our cost of sales increased from approximately S\$14.0 million for the year ended 31 December 2015 to approximately S\$14.5 million for the year ended 31 December 2016, representing an increase of approximately S\$0.5 million or 3.6%. Such increase in cost of sales was in line with the increase in revenue, offset by the reduction in electricity bills due to a revision of electricity tariffs starting from the year ended 2015, which resulted in a significant drop in utilities costs for the year ended 31 December 2016.

Gross profit and gross profit margin

Our Group's gross profit increased from approximately S\$3.6 million for the year ended 31 December 2015 to approximately S\$4.6 million for the year ended 31 December 2016. Our gross profit margin for the year ended 31 December 2016 was approximately 24.0%, recording an increase as compared with the gross profit margin of approximately 20.6% for the year ended 31 December 2015. The increase was mainly due to the increase in the number of component parts for blood bag products and parts for infusion pumps sold at higher gross margins for the year ended 31 December 2016 than to the year ended 31 December 2015, which were resulted from the higher cost efficiency due to the increased production of the mentioned product parts.

Other income

Our other income decreased from approximately S\$0.4 million for the year ended 31 December 2015 to approximately S\$0.3 million for the year ended 31 December 2016. Such slight decrease was mainly due to the decrease in both government grants and scrap sales.

Other gains/(losses) – net

Our other gains decreased from approximately S\$142,000 for the year ended 31 December 2015 to other losses of S\$65,000 for the year ended 31 December 2016. This was mainly due to the fair value revaluation and redemption of the convertible bond for the year ended 31 December 2016.

FINANCIAL INFORMATION

Selling and distribution expense

Our staff salaries and benefits decreased slightly from approximately S\$207,000 for the year ended 31 December 2015 to approximately S\$204,000 for the year ended 31 December 2016 due to (i) a replacement of staff and (ii) a drop of one staff headcount in the year ended 31 December 2016. We consider that our total selling and distribution expenses remained stable at approximately S\$0.2 million for both years ended 31 December 2015 and 2016.

Administrative expenses

Our administrative expenses remained stable at approximately S\$2.2 million for the year ended 31 December 2015 and approximately S\$2.3 million for the year ended 31 December 2016.

Finance cost – net

Our net finance costs decreased from approximately S\$0.4 million for the year ended 31 December 2015 to approximately S\$0.2 million for the year ended 31 December 2016. This amount mainly represented interest expenses on convertible bond and trust receipt loan, and the decrease of finance costs incurred was mainly due to the full settlement of convertible bond in June 2016.

Income tax expense

Our income tax expenses remained at approximately S\$0.3 million for the year ended 31 December 2015 and 2016. The effective tax rates for the two years ended 31 December 2016 were approximately 18.9% and 16.9%, respectively. The effective income tax rate was higher than the prevailing statutory tax rate in 2015 due to non-deductible expenses related to the provision for reinstatement of the leased office premises incurred while that for 2016 was lower than the prevailing statutory tax rate which was attributed to tax exemptions and income tax incentives received for the year.

Profit for the year

Our Group's profit and total comprehensive income for the year ended 31 December 2016 was approximately S\$1.7 million, representing an increase of approximately S\$0.6 million, or 54.5% on a year-on-year basis, and was mainly due to the increase in revenue during the year. Our net profit margin increased from approximately 6.1% to approximately 8.8% mainly due to the increase in gross profit.

Period ended 30 June 2017 compared to period ended 30 June 2016

Revenue

Our Group recorded an increase in our revenue by approximately S\$1.4 million or 15.4% from approximately S\$9.1 million for the six months ended 30 June 2016 to approximately S\$10.5 million for the six months ended 30 June 2017, which was primarily due to the increase in the number of component and sub-assembly parts sold in 2017.

FINANCIAL INFORMATION

Revenue from our component parts recorded an increase by approximately S\$0.7 million or 11.7% from approximately S\$6.0 million for the six months ended 30 June 2016 to approximately S\$6.7 million for the six months ended 30 June 2017. The increase in revenue in our component parts was mainly attributed to the increase in the number of component parts for blood bag products sold by our Group by approximately 17.3 million units or 60.3% from approximately 28.7 million units for the six months ended 30 June 2016 to approximately 46.0 million units for the six months ended 30 June 2017.

Revenue from our sub-assembly parts recorded an increase by approximately S\$0.7 million or 22.6% from approximately S\$3.1 million for the six months ended 30 June 2016 to approximately S\$3.8 million for the six months ended 30 June 2017. The increase in revenue in our sub-assembly parts was mainly attributed to the increase in the number of sub-assembly parts for dialysis products sold by our Group by approximately 4.9 million units or 25.0% from approximately 19.6 million units for the six months ended 30 June 2016 to approximately 24.5 million units for the six months ended 30 June 2017. Further, the increase in revenue was also caused by the increased number of sub-assembly parts for respiratory products sold by our Group by approximately 0.3 million units or 13.6% from approximately 2.2 million units for the six months ended 30 June 2016 to approximately 2.5 million units for the six months ended 30 June 2017.

Cost of sales

Our cost of sales increased from approximately S\$7.3 million for the six months ended 30 June 2016 to approximately S\$8.4 million for the six months ended 30 June 2017, representing an increase of approximately S\$1.1 million or 15.1%. Such increase was in line with the increase in revenue of approximately 15.4% for the six months ended 30 June 2017.

Gross profit and gross profit margin

Our Group's gross profit increased from approximately S\$1.9 million for the six months ended 30 June 2016 to approximately S\$2.1 million for the six months ended 30 June 2017. Our gross profit margin for the six months ended 30 June 2016 and 2017 was approximately 20.2% and 19.8%, respectively. The gross profit margin remained relatively stable during the aforesaid period.

Other income

Our other income dropped from approximately S\$164,000 for the six months ended 30 June 2016 to approximately S\$99,000 for the six months ended 30 June 2017 mainly due to less government grant income from approximately S\$116,000 to S\$58,000.

Other gains/(losses) – net

Our other losses for the six months ended 30 June 2016 recorded a loss of approximately S\$7,000 mainly due to a realised loss on convertible bond upon redemption, and a gain of approximately S\$76,000 was recorded for the six months ended 30 June 2017 due to a fair value gain on insurance for our key management.

Selling and distribution expenses

Our selling and distribution expenses remained stable at approximately S\$0.1 million for each of the six months ended 30 June 2016 and 2017.

FINANCIAL INFORMATION

Administrative expenses

Our administrative expenses increased from approximately S\$1.1 million for the six months ended 30 June 2016 to approximately S\$1.4 million for the six months ended 30 June 2017 mainly due to the listing expenses and depreciation incurred for the six months ended 30 June 2017.

Finance costs – net

Our net finance costs decreased from approximately S\$125,000 for the six months ended 30 June 2016 to approximately S\$78,000 for the six months ended 30 June 2017. This amount represented interest expenses on banking borrowings and term loans, and the decrease was mainly due to the full settlement of convertible bond in June 2016.

Income tax expense

Our income tax expense increased by approximately S\$35,000 from approximately S\$81,000 for the six months ended 30 June 2016 to approximately S\$116,000 for the six months ended 30 June 2017. The effective tax rates for each of the six months ended 30 June 2016 and 2017 were approximately 12.3% and 17.0%, respectively. Since listing expenses incurred for the six months ended 30 June 2017 and higher capital allowance arising from the addition of property, plant and equipment in 2017, which were non tax-deductible, the effective tax rate for the six months ended 30 June 2017 was higher than that for the six months ended 30 June 2016.

Profit for the year

Our Group's profit and total comprehensive income remained stable at approximately S\$0.6 million for each of the six months ended 30 June 2016 and 2017.

Losses for the periods for P.T. Inzign:

During the Track Record Period, one of our Group's top customers placed sales orders of more complex component parts for drug delivery products with Inzign and less complex component parts for drug delivery products, in particular AVF Folded Wings directly with P.T. Inzign. As P.T. Inzign does not possess the necessary qualification, machinery and equipment to support the production of the more complex parts, the more complex component parts for drug delivery products are requested by customers to be performed by Inzign. Likewise, P.T. Inzign cannot transfer productions to Inzign since Inzign does not have the necessary qualification to do so. Since component parts manufactured by Inzign and P.T. Inzign are different in nature, there is a distinct segregation of production carried out in the Singapore and Indonesia operation sites.

For the year ended 31 December 2016 and the six months ended 30 June 2017, P.T. Inzign recorded a loss of approximately S\$222,000 and S\$18,000, respectively, as opposed to a profit for the year ended 31 December 2015 of approximately S\$12,000. Profit in the year ended 31 December 2015 was mainly arisen from intra-group transactions between Inzign and P.T. Inzign in 2015, and the losses were mainly due to the decrease in sales orders for intra-group transactions from 2016 onwards and the decrease in sales orders for AVF Folded Wings from one of our Group's top customers with P.T. Inzign, which led to a lower revenue with fixed overhead costs and resulted in gross losses for the year ended 31 December 2016 and the six months ended 30 June 2017. For details of the intra-group transactions, please refer to "Business – Legal and Compliance Matters – Intra-group transactions" in this prospectus.

FINANCIAL INFORMATION

Our Directors were aware of the loss-making position of P.T. Inzign but consider it is a temporary situation and will not cease the operation of P.T. Inzign since a large amount of resources have been invested to build a clean room, train staffs and obtain the ISO13485 and ISO9001 qualification for manufacturing the aforementioned component parts. Furthermore, Indonesia offers a lower labour cost and in turn may increase labour intensity as compared to Singapore for potential customers looking for manufacturing partners in developing countries. Before a customer places bulk orders for the highly-automated assembly of product parts with Inzign, we target that P.T. Inzign may offer a manual assembly option such that they may place orders with pilot volume for testing, evaluation and clinical trials first. Hence, our Group will continue to operate P.T. Inzign as part of our strategic plan for manual assembly jobs in the future. Furthermore, we are actively seeking for new customers and opportunities to increase productions at P.T. Inzign as well, and will benefit from the economies of scales when the level of production grows over time.

LIQUIDITY AND CAPITAL RESOURCES

Our Group had met its liquidity requirements principally through a combination of internal resources, bank borrowings and finance leases during the Track Record Period. Our Group's principal uses of cash have been, and are expected to continue to be, operational costs and investing activities on capital expenditures.

Cash flows

The following table presents selected cash flow data from our combined statement of cash flows for the Track Record Period:

| | For the year ended | | For the six months ended | |
|--|--------------------|----------------|--------------------------|----------------|
| | 31 December | | 30 June | |
| | 2015 | 2016 | 2016 | 2017 |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| Net cash generated from/(used in) | | | | |
| operating activities | 3,099 | 1,214 | (340) | (234) |
| Net cash (used in)/generated from | | | | |
| investing activities | (276) | (74) | (11) | 785 |
| Net cash used in financing activities | (1,598) | (1,051) | (942) | (392) |
| Net increase/(decrease) in cash and cash equivalents | 1,225 | 89 | (1,293) | 159 |
| Cash and cash equivalents at beginning of the year/period | (246) | 974 | 974 | 1,063 |
| Effects of currency transaction on cash and cash equivalents | (5) | – | 1 | 4 |
| Cash and cash equivalents at end of the year/period | 974 | 1,063 | (318) | 1,226 |
| Cash flow generated from operating activities before changes in working capital and taxes paid | 2,828 | 2,880 | 1,110 | 1,094 |

FINANCIAL INFORMATION

Net cash generated from/(used in) operating activities

Year ended 31 December 2015

For the year ended 31 December 2015, we recorded net cash flows generated from operating activities of approximately S\$3.1 million. Our cash generated from operations primarily reflects our profit before tax of approximately S\$1.3 million, adjusted mainly for depreciation of property, plant and equipment and finance costs of approximately S\$1.2 million and S\$0.4 million, respectively and net of the working capital inflows of approximately S\$0.3 million.

The change in working capital consisted of increase in inventories of approximately S\$0.2 million and trade and other payables of S\$0.1 million, offset by the decrease in trade and other receivables of approximately S\$0.4 million. The increase in inventories was primarily to cope with our increasing sales for the year ended 31 December 2015.

Year ended 31 December 2016

For the year ended 31 December 2016, we recorded net cash flows generated from operating activities of approximately S\$1.2 million. Our cash generated from operations was approximately S\$1.4 million, partially offset by income tax paid of approximately S\$0.2 million. Our cash generated from operations primarily reflects our profit before tax of approximately S\$2.0 million, adjusted for depreciation of property, plant and equipment and finance costs of approximately S\$0.6 million and S\$0.2 million, respectively, and net of the working capital outflows of approximately S\$1.5 million.

The change in working capital consisted of the increase in trade and other receivables of approximately S\$1.3 million and the decrease in trade and other payables of approximately S\$0.4 million, offset by the decrease in inventories of approximately S\$0.2 million for the year ended 31 December 2016. The increase in trade receivables was primarily driven by the increase in revenue for the year ended 31 December 2016 when compared to the year ended 31 December 2015.

Six months ended 30 June 2017

For the six months ended 30 June 2017, we recorded net cash used in operating activities of approximately S\$0.2 million. Our cash used in operations was approximately S\$0.1 million, before income tax paid of approximately S\$0.2 million. Our cash used in operations primarily reflects our profit before tax of approximately S\$0.7 million, adjusted mainly for depreciation of property, plant and equipment and finance cost of approximately S\$0.4 million and S\$0.1 million, respectively and net of the working capital outflows of approximately S\$1.2 million.

The change in working capital consisted of the increase in trade and other receivables of approximately S\$1.3 million and the increase in inventories of approximately S\$0.3 million, offset by the increase in trade and other payables of approximately S\$0.5 million. The increase in trade receivables was primarily driven by the increase in revenue during the six months ended 30 June 2017. Our net cash outflow from operating activities was mainly caused by the increase in trade receivables. During the six months ended 30 June 2017, our trade receivables turnover days increased but our customers generally settle payments within the credit period.

FINANCIAL INFORMATION

Net cash (used in)/generated from investing activities

Year ended 31 December 2015

For the year ended 31 December 2015, we recorded net cash used in investing activities of approximately S\$0.3 million which mainly represented the purchase of property, plant and equipment of approximately S\$0.2 million.

Year ended 31 December 2016

For the year ended 31 December 2016, we recorded net cash used in investing activities of approximately S\$0.1 million as a result of the purchase of property, plant and equipment of approximately S\$0.1 million.

Six months ended 30 June 2017

For the six months ended 30 June 2017, we recorded net cash generated from investing activities of approximately S\$0.8 million as a result of the decrease in amount due from a shareholder of approximately S\$1.3 million.

Net cash used in financing activities

Year ended 31 December 2015

For the year ended 31 December 2015, we recorded net cash used in financing activities of approximately S\$1.6 million mainly as a result of repayment of bank borrowings of approximately S\$4.6 million, repayment of convertible loan of S\$1.0 million, offset by proceeds from bank borrowings of approximately S\$4.6 million.

Year ended 31 December 2016

For the year ended 31 December 2016, we recorded net cash used in financing activities of approximately S\$1.1 million mainly as a result of repayment of bank borrowings of approximately S\$4.4 million, repayment of convertible loan of S\$1.5 million, offset by proceeds from bank borrowings of approximately S\$5.3 million.

Six months ended 30 June 2017

For the six months ended 30 June 2017, we recorded net cash used in financing activities of approximately S\$0.4 million mainly as a result of repayment of bank borrowings of approximately S\$2.0 million, dividends paid during the year of approximately S\$1.4 million, offset by proceeds from bank borrowings of approximately S\$2.9 million.

FINANCIAL INFORMATION

NET CURRENT ASSETS/(LIABILITIES)

The following table sets forth the breakdown of our Group's current assets and liabilities as at the dates indicated below:

| | As at | | As at | As at |
|--|----------------|----------------|----------------|----------------|
| | 31 December | 2016 | 30 June | 31 October |
| | 2015 | 2016 | 2017 | 2017 |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| CURRENT ASSETS | | | | |
| Inventories | 1,309 | 1,107 | 1,422 | 1,787 |
| Trade and other receivables | 2,480 | 3,809 | 5,154 | 6,665 |
| Amount due from a shareholder | 1,307 | 1,309 | – | – |
| Cash and cash equivalents | <u>1,249</u> | <u>1,789</u> | <u>1,776</u> | <u>446</u> |
| Total current assets | <u>6,345</u> | <u>8,014</u> | <u>8,352</u> | <u>8,898</u> |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 2,515 | 2,158 | 2,621 | 3,367 |
| Borrowings | 3,378 | 3,016 | 4,043 | 3,889 |
| Current income tax liabilities | 187 | 363 | 313 | 318 |
| Amounts due to shareholders | <u>–</u> | <u>–</u> | <u>358</u> | <u>2,012</u> |
| Total current liabilities | <u>6,080</u> | <u>5,537</u> | <u>7,335</u> | <u>9,586</u> |
| NET CURRENT | | | | |
| ASSETS/(LIABILITIES) | <u>265</u> | <u>2,477</u> | <u>1,017</u> | <u>(688)</u> |

Net current assets/(liabilities)

Our net current assets increased by approximately S\$2.2 million, from approximately S\$0.3 million as at 31 December 2015 to approximately S\$2.5 million as at 31 December 2016. This is primarily due to (i) the increase in trade and other receivables of approximately S\$1.3 million; and (ii) the increase in cash and cash equivalents of approximately S\$0.5 million received from customers due to the increase of our revenue and better cash management for the year ended 31 December 2016; (iii) the decrease in trade and other payables of approximately S\$0.4 million; and partially offset by (iv) the decrease in inventories of approximately S\$0.2 million.

Our net current assets decreased by approximately S\$1.5 million, from approximately S\$2.5 million as at 31 December 2016 to approximately S\$1.0 million as at 30 June 2017. This is primarily due to (i) the increase in trade and other payables of approximately S\$0.5 million; (ii) the increase in borrowings of approximately S\$1.0 million; and (iii) the increase in amounts due to shareholders of approximately S\$0.4 million; and offset by (iv) the increase in trade and other receivables of approximately S\$1.3 million.

As at 31 October 2017, we recorded net current liabilities of approximately S\$0.7 million. Our net current assets decreased by approximately S\$1.6 million as compared to our net current assets as at 30 June 2017, which was mainly due to the decrease in cash and cash equivalents due to the payment of legal and professional fees in relation to the Listing and the increase in non-trade amounts due to shareholders primarily related to listing expenses which were commitments made by installments to the legal and professional parties pursuant to the Listing, and the amounts have been capitalised as at the Latest Practicable Date. Please refer to the section headed “Relationship With Our Controlling Shareholders — Financial Independence” in this prospectus for further details.

FINANCIAL INFORMATION

Working capital

As at 31 October 2017, cash and cash equivalents amounted to approximately S\$0.4 million and unutilised banking facilities amounted to approximately S\$0.8 million. Our Directors confirm that, after due and careful enquiry and taking into consideration the financial resources available to us, including internally generated funds, cash and cash equivalents, the existing borrowings, the available banking facilities and the estimated net proceeds of the Share Offer, we have sufficient funds to meet the working capital and financial requirements for at least the next 12 months from the date of this prospectus.

DISCUSSION OF CERTAIN ITEMS FROM THE COMBINED STATEMENT OF FINANCIAL POSITION

Inventories

Our inventories comprise raw materials, work-in-progress and finished goods. The total net carrying amount of our inventories decreased by approximately S\$0.2 million from approximately S\$1.3 million as at 31 December 2015 to approximately S\$1.1 million as at 31 December 2016. Such decrease was primarily related to higher sales as at 31 December 2016 and improvement in stock management, which resulted in a drop in inventory level. The net carrying amount of our inventories increased by approximately S\$0.3 million from approximately S\$1.1 million as at 31 December 2016 to approximately S\$1.4 million as at 30 June 2017. Such increase was due to the stock up of inventories to cope with the increase in sales order in the year of 2017.

Our Directors review inventory aging analysis quarterly and are of the opinion that no specific provision for inventory impairment has to be made.

As at the Latest Practicable Date, approximately S\$1.4 million, or 96.4%, of inventory as at 30 June 2017 had been subsequently used and sold.

Inventory turnover

Turnover days of inventory for a year/period equal the average inventory divided by total cost of sales for the relevant year/period and multiplied by 365 for a year or by 183 days for a six-month period. Our Group's inventory turnover for the years ended 31 December 2015 and 2016, and the six months ended 30 June 2017, were approximately 31.3 days, 30.5 days and 27.5 days, respectively. Turnover days for the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017 remained relatively stable.

Trade and other receivables

| | As at 31 December | | As at 30 June |
|--|------------------------------|----------------|--------------------------|
| | 2015 | 2016 | 2017 |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| Trade receivables | 1,951 | 2,828 | 4,146 |
| Deposits | 416 | 577 | 545 |
| Goods and services tax receivables | 63 | 22 | 51 |
| Prepayment | 42 | 73 | 388 |
| Other receivables | 8 | 309 | 24 |
| | 2,480 | 3,809 | 5,154 |

FINANCIAL INFORMATION

Trade receivables

Trade receivables as at 31 December 2016 increased by approximately S\$0.9 million or 45.0% from approximately S\$2.0 million as at 31 December 2015 to approximately S\$2.8 million as at 31 December 2016. The increase was primarily due to the increase of our revenue for the year ended 31 December 2016. Trade receivables as at 30 June 2017 increased by approximately S\$1.3 million or 46.4% from approximately S\$2.8 million as at 31 December 2016 to S\$4.1 million as at 30 June 2017.

Our Group generally grants credit terms to its customers on a 30 to 60 days basis. They are recognized at their original invoice amounts which represent their fair values on initial recognition.

The aging analysis of the trade receivables based on invoice date is as follows:

| | As at 31 December | | As at 30 June |
|--------------------------|-------------------|----------------|------------------|
| | 2015 | 2016 | 2017 |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| 1 to 30 days | 1,570 | 1,544 | 2,235 |
| 31 to 60 days | 381 | 590 | 1,666 |
| 61 to 90 days | – | 694 | 210 |
| 91 to 120 days | – | – | – |
| Over 120 days | – | – | 35 |
| | 1,951 | 2,828 | 4,146 |

Based on our internal control policy, in order to minimize credit risk, our management is responsible for determination of credit limits, credit approvals and monitoring procedures on credit quality of trade receivables and credit history of debtors. We seek to maintain strict control over our outstanding receivables to minimize credit risk. Receivables that were past due but not impaired for each of the reporting period relate to a number of independent customers who had good payment track records with us. Based on past experience, our Directors were of the opinion that no provision for impairment was necessary in respect of these balances at the end of each reporting period as there had not been a significant change in credit quality of these customers and the balances were still considered fully recoverable. As at 30 June 2017, there was an amount of S\$35,000 receivable overdue from a customer, and among which, S\$26,500 has been settled as of the Latest Practicable Date and we are following up with this customer for them to settle the remaining outstanding balance. We have not made any provision for the outstanding balance of S\$8,500 as our Directors believe that we are able to collect such balance and we are still negotiating the repayment schedule.

As at the Latest Practicable Date, an aggregate amount of approximately S\$4.1 million, or 97.7% of our trade receivables as at 30 June 2017 has been settled.

FINANCIAL INFORMATION

Trade receivables turnover

Turnover days of trade receivables for a year/period equal the average trade receivables divided by revenue for the relevant year/period and multiplied by 365 for a year or by 183 days for a six-month period. Our average trade receivable turnover days for the years ended 31 December 2016 and 2017 and the six months ended 30 June 2017, were 44.0 days, 45.9 days and 60.8 days, respectively. The credit period granted to customers is generally 30 to 60 days, and 60-days credit period is granted to customers with long-term business relationship. During the Track Record Period, our average trade receivable turnover days were generally within the credit period.

Deposits

Deposits mainly comprise rental and utilities deposits. The balance increased by approximately S\$0.2 million or 50.0% from approximately S\$0.4 million as at 31 December 2015 to approximately S\$0.6 million as at 31 December 2016. The increase was primarily due to the rental deposit paid for a new clean room for business operation in 2017. The balance remained relatively stable at approximately S\$0.5 million as at 30 June 2017.

Prepayment

Prepayment mainly comprises legal and professional fees for our listing purpose. The balance increased by approximately S\$315,000 from approximately S\$73,000 as at 31 December 2016 to approximately S\$388,000 as at 30 June 2017. The increase is caused mainly by the prepayment of listing expenses of approximately S\$262,000 in 2017.

Other receivables

Other receivables increased by approximately S\$301,000 from approximately S\$8,000 as at 31 December 2015 to approximately S\$309,000 as at 31 December 2016 due to receivables from a one-off mold repairment services provided to a customer in the year of 2016. The balance dropped to approximately S\$24,000 as at 30 June 2017 due to the settlement of payment by the customer in June 2017.

Amount due from a shareholder

The amount represented a temporary advance to a shareholder and executive Director, Mr. Phua, and was unsecured, bears interest at 2% per annum and repayable on demand. Such amount of approximately S\$1.3 million was fully recovered during the six months ended 30 June 2017.

Cash and cash equivalents

Our cash and cash equivalents comprise cash held at bank and on hand and unsecured fixed deposits. The balance amounted to approximately S\$1.2 million, S\$1.8 million, S\$1.8 million and S\$0.4 million as at 31 December 2015, 31 December 2016, 30 June 2017 and 31 October 2017, respectively. As at 31 December 2016 and 30 June 2017, our cash and cash equivalent balance did not comprise any unsecured fixed deposits.

FINANCIAL INFORMATION

Trade and other payables

| | As at 31 December | | As at 30 June |
|--------------------------------------|----------------------|---------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$'000 | S\$'000 | S\$'000 |
| Trade payables | 1,894 | 1,564 | 1,974 |
| Accrued operating expenses | 403 | 371 | 409 |
| Other payables | 218 | 223 | 238 |
| | 2,515 | 2,158 | 2,621 |

Trade payables

Trade payables as at 31 December 2016 decreased by approximately S\$0.3 million or 15.8% from approximately S\$1.9 million as at 31 December 2015 to approximately S\$1.6 million as at 31 December 2016 which was mainly due to the prompt settlement of payments in purchasing of raw materials. Trade payables as at 30 June 2017 increased by approximately S\$0.4 million or 25.0% from approximately S\$1.6 million as at 31 December 2016 to S\$2.0 million as at 30 June 2017 due to the increase in purchase of raw materials to meet the overall increasing sales demand during 2017.

We are generally granted credit terms of 30 to 60 days for our trade payables.

Trade payables turnover

Turnover days of trade payables for a year/period equal the average trade payables divided by total cost of sales for the relevant year/period and multiplied by 365 for a year or by 183 days for a six-month period. Our Group's trade payables turnover days for the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017 were approximately 49.5 days, 43.7 days and 38.5 days, respectively. The decrease was due to management's prompt settlement of payments to develop better relationship with its suppliers. We closely monitor the level of our trade payables to ensure that we settle all payables within the credit period. Our Directors confirm that we did not have any material defaults in payment of trade payables or receive any penalties in regard to payments beyond the credit period during the Track Record Period.

The aging analysis of the trade payables as at the end of the reporting period, based on invoice date, as follows:

| | As at 31 December | | As at 30 June |
|-----------------------------|----------------------|---------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$'000 | S\$'000 | S\$'000 |
| 1 to 30 days | 1,045 | 893 | 1,066 |
| 31 to 60 days | 691 | 601 | 804 |
| 61 to 90 days | 106 | 60 | 104 |
| More than 90 days | 52 | 10 | – |
| | 1,894 | 1,564 | 1,974 |

As at 30 June 2017, we had approximately S\$2.0 million of trade payables of which approximately S\$1.9 million or 94.7% has been settled as at the Latest Practicable Date.

FINANCIAL INFORMATION

Accrued operating expenses

Our accrued operating expenses mainly comprise productivity incentives and bonus and CPF contributions and salaries. The balance remained at approximately S\$0.4 million as at 31 December 2015 and 2016 and 30 June 2017.

Other payables

Our other payables mainly comprise payables for utilities and rental. The balance remained stable at S\$0.2 million as at 31 December 2015 and 2016 and 30 June 2017.

Borrowings

The following table sets forth the aggregate amount of our current borrowings as at the relevant balance sheet dates indicated.

| | As at 31 December | | As at 30 June |
|-------------------------------------|----------------------|---------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$'000 | S\$'000 | S\$'000 |
| Convertible bond | 1,459 | – | – |
| Bank borrowings | 822 | 1,090 | 1,298 |
| Trust receipt | 681 | 1,047 | 1,876 |
| Bank overdrafts | 275 | 726 | 550 |
| Finance lease liabilities | 141 | 153 | 319 |
| | 3,378 | 3,016 | 4,043 |

On 30 September 2014, Inzign issued a convertible bond with a nominal value of S\$2.5 million with coupon rate of 13.5% per annum, payable quarterly in arrears. The convertible bond was due for repayment two years from the issue date or may be converted in part or all of the outstanding bond into shares of Inzign at 50% discount to the IPO price in the event of an IPO or trade sales price of Inzign. During the year ended 31 December 2015, Inzign redeemed S\$1.0 million of the convertible bond in cash. During the year ended 31 December 2016, Inzign fully redeemed the remaining outstanding convertible bond amounting to S\$1.5 million in cash. Subsequent to 31 December 2016, our Directors confirm that there is no outstanding convertible bond.

Our bank borrowings was secured by personal joint and several guarantee by the shareholders. We recorded an effective interest rate of 4.9%, 4.7% and 6.0% for our bank loans as at the year ended 31 December 2015 and 2016 and the six months ended 30 June 2017, respectively. They are secured by a life insurance policy undertaken by our Company for a key management.

Our trust receipts are secured by a mortgage on a shareholder's property and personal joint and several guarantee by the shareholders.

Our bank overdrafts are secured by a mortgage on a shareholder's property and personal joint and several guarantee by the shareholders.

Our Group leases certain property, plant and equipment and motor vehicles from third parties under finance leases. Please refer to the sub-section entitled "Finance lease liabilities" below to this prospectus for details.

FINANCIAL INFORMATION

The amounts of borrowings are repayable in accordance with scheduled repayment dates set out as follows:

| | As at 31 December | | As at 30 June |
|---|-------------------|----------------|------------------|
| | 2015 | 2016 | 2017 |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| Within one year | 822 | 1,090 | 1,298 |
| In the second year | 131 | 244 | 130 |
| In the third to fifth years, inclusive. | – | 90 | 37 |
| | 953 | 1,424 | 1,465 |

Subsequent to 31 October 2017, our Group had no additional borrowings.

Interest rates for the borrowings

The following table sets out the range of interest rates on our bank borrowings as at 31 December 2015 and 2016 and 30 June 2017.

| | As at 31 December | | As at 30 June |
|--|--------------------------|-----------|------------------|
| | 2015 | 2016 | 2017 |
| | Interest rates | 2.5%-7.5% | 2.5%-7.5% |

Our Directors confirm that the bank borrowings and bank facilities are subject to standard banking conditions and covenants and our Group had complied with all of the covenants under the bank borrowings and bank facilities during the Track Record Period and up to the Latest Practicable Date. Therefore, to the best knowledge and belief of our Directors, such debt covenants will not affect our ability to undertake additional debt or equity financing.

INDEBTEDNESS

The following table sets out our Group's borrowings as at 31 October 2017.

| | As at 31 October 2017 |
|-------------------------------------|--------------------------|
| | <i>S\$'000</i> |
| Non-current | |
| Bank borrowings | 97 |
| Finance lease liabilities | 394 |
| | 491 |
| Current | |
| Bank borrowings | 1,165 |
| Bank overdrafts | 714 |
| Trust receipts | 1,739 |
| Finance lease liabilities | 271 |
| | 3,889 |
| Total | 4,380 |

FINANCIAL INFORMATION

As at 31 October 2017, being the date for the purpose of the indebtedness statement in this document, we had available credit facilities from banks for bank overdrafts and trust receipts of approximately S\$3.2 million of which approximately S\$0.8 million was unutilized. Approximately S\$1.7 million and S\$0.7 million was utilized in the form of trust receipts and bank overdrafts, respectively, as at 31 October 2017. We also had bank borrowings of approximately S\$1.3 million and finance lease liabilities of approximately S\$0.7 million, which totalled our Group's borrowings to approximately S\$4.4 million.

The borrowings were secured by the followings:

- (i) bank borrowings of approximately S\$1.3 million, of which:
 - (a) approximately S\$0.1 million are secured by personal joint and several guarantees by the shareholders and mortgage on a shareholder's property;
 - (b) approximately S\$0.3 million are secured by personal joint and several guarantees by the shareholders;
 - (c) approximately S\$0.6 million are secured by a life insurance policy undertaken by our Company for a key management of our Company; and
 - (d) approximately S\$0.3 million are unsecured;
- (ii) bank overdrafts of approximately S\$0.7 million are fully secured by mortgage on a shareholder's property and personal joint and several guarantee by the shareholders;
- (iii) trust receipts of approximately S\$1.7 million, of which:
 - (a) approximately S\$1.3 million are secured by personal joint and several guarantee by the shareholders and mortgage on a shareholder's property; and
 - (b) approximately S\$0.4 million are secured by personal joint and several guarantee by the shareholders;
- (iv) finance leases of approximately S\$0.7 million, of which only approximately S\$0.5 million are secured by personal guarantees by the Shareholders of the Company and approximately S\$0.2 million are unsecured.

Our Directors confirm that the personal guarantees provided and mortgages guaranteed by our Shareholders in respect of our Group's bank facilities will be released upon Listing and/or replaced by corporate guarantee by our Group.

Save as disclosed in the sub-sections below entitled "Finance leases liabilities" and "Contingent liabilities" under the section "Financial Information – Indebtedness" of this prospectus, we did not have, as at 31 October 2017, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

FINANCIAL INFORMATION

Finance leases liabilities

Our Group leases certain property, plant and equipment and motor vehicles from third parties under finance lease. The table below sets forth the maturity profile of our finance leases as at the respective dates indicated.

| | As at 31 December | | As at 30 June |
|---|----------------------|----------------|------------------|
| | 2015 | 2016 | 2017 |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| No later than one year | 141 | 153 | 319 |
| Later than one year but not later than five years | 262 | 135 | 444 |
| | 403 | 288 | 763 |

The effective interest rates on the leases were 3.52%, 3.17% and 5.23% for the two years ended 31 December 2016 and the six months ended 30 June 2017, respectively. The carrying amounts of all finance lease liabilities were denominated in S\$. The increase in our finance leases from approximately S\$0.3 million as at 31 December 2016 to approximately S\$0.8 million as at 30 June 2017 was attributed to the addition of machinery and renovation for the new lease of clean room.

Contingent liabilities

As at 31 October 2017, being the latest practicable date for the purpose of indebtedness statement in this document, our Group had contingent liabilities of S\$78,000. As disclosed in the section headed “Business – Legal and Compliance Matters – Litigation” of this prospectus, in November 2014, our Group commenced legal proceedings against one of its suppliers (“**Defendant**”). In January 2015, the Defendant filed a defence and counterclaim amounting to approximately S\$78,000. The above legal proceeding was heard before the Singapore Courts from 26 September 2017 to 3 October 2017 and the hearing for the hearing judge to deliver his full decision has been adjourned to 12 March 2018. As advised by Central Chambers, our legal adviser acting on behalf of Inzign for the said litigation proceedings, we have strong grounds on which to claim against the Defendants. Our Directors are of the opinion that our Group has acted appropriately and as such, it is likely that the Defendant’s allegations against our Group will not succeed.

For the risks relating to the above litigation, please refer to the section headed “Risk Factors” in this prospectus.

Commitments

The following table sets out our Group’s outstanding commitment in respect of future minimum lease payments under non-cancellable operating leases in respect of office premises at the end of each reporting period.

| | As at 31 December | | As at 30 June |
|----------------------------------|----------------------|----------------|------------------|
| | 2015 | 2016 | 2017 |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| Not later than one year. | 1,291 | 1,309 | 1,162 |

FINANCIAL INFORMATION

| | As at 31 December | | As at 30 June |
|---|----------------------|----------------|------------------|
| | 2015 | 2016 | 2017 |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| Later than one year but not later than five years | 2,871 | 1,622 | 1,156 |
| Later than five years | 161 | – | – |
| | 4,323 | 2,931 | 2,318 |

Operating lease payments represented rental payables by our Group for its lease office premises. There was no option for renewal of the office premises.

ANALYSIS OF KEY FINANCIAL RATIOS

| | As at/ Year ended 31 December | | As at period ended 30 June |
|---|--|-------|----------------------------------|
| | 2015 | 2016 | 2017 |
| | Current ratio ⁽¹⁾ | 1.0x | 1.4x |
| Quick ratio ⁽²⁾ | 0.8x | 1.2x | 0.9x |
| Gearing ratio ⁽³⁾ | 2.9x | 1.2x | 2.1x |
| Net debt to equity ratio ⁽⁴⁾ | 1.9x | 0.6x | 1.3x |
| Net debt to asset ratio ⁽⁵⁾ | 0.3x | 0.2x | 0.2x |
| Interest coverage ⁽⁶⁾ | 4.1x | 9.8x | 8.6x |
| Return on total assets ⁽⁷⁾ | 11.9% | 15.9% | N/A |
| Return on equity ⁽⁸⁾ | 82.6% | 56.1% | N/A |
| Net profit margin ⁽⁹⁾ | 6.1% | 8.8% | 5.4% |

Notes:

- (1) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective period end.
- (2) Quick ratio is calculated based on our total current assets minus inventories divided by our total current liabilities as at the respective period end.
- (3) Gearing ratio is calculated based on the interest-bearing bank and other borrowings divided by the total equity as at the respective period end.
- (4) Net debt to equity ratio is calculated by the interest-bearing bank and other borrowings less cash and cash equivalents divided by the total equity as at the respective period end.
- (5) Net debt to asset ratio is calculated by the interest-bearing bank and other borrowings less cash and cash equivalents divided by the total assets as at the respective period end.
- (6) Interest coverage is calculated by the profit before interest and tax divided by the interest expenses for the respective period.
- (7) Return on total assets is calculated by the profit (loss) for the year divided by the total assets as at the respective period end and multiplied by 100.0%. Calculation of return on total assets is on a full year basis.
- (8) Return on equity is calculated by the profit (loss) for the year divided by the total equity as at the respective year end and multiplied by 100.0%. Calculation of return on total equity is on a full year basis.
- (9) Net profit margin is calculated by the profit for the period divided by the revenue for the respective year and multiplied by 100.0%.

FINANCIAL INFORMATION

Current ratio

Our Group's current ratio increased from 1.0 times as at 31 December 2015 to 1.4 times as at 31 December 2016. The increase was mainly attributable to the increase in trade receivables due to increase in revenue in the year ended 31 December 2016. Our current ratio slightly decreased from 1.4 times to 1.1 times as at 30 June 2017. The current ratio decreased slightly due to the increase in current borrowings to support its capital expenditure and business operations, the increase in trade payables due to the increase in purchase of raw materials, offset by the increase in trade receivables resulted from the increase in revenue.

Quick ratio

Our Group's quick ratio increased from 0.8 times as at 31 December 2015 to 1.2 times as at 31 December 2016. The slight increase was mainly attributable to the increase in trade receivables due to increase in revenue for the year ended 31 December 2016. Our quick ratio slightly decreased from 1.2 times as at 31 December 2016 to 0.9 times as at 30 June 2017. The quick ratio decreased slightly due to the increase in current borrowings to support its capital expenditure and business operations, the increase in trade payables due to the increase in purchase of raw materials, offset by the increase in trade receivables resulted from the increase in revenue.

Gearing ratio

Our Group's gearing ratio decreased from 2.9 times as at 31 December 2015 to 1.2 times as at 31 December 2016. The decrease was mainly due to the increased retained earning and partial repayment of borrowings which reduced our interest-bearing borrowings during the year ended 31 December 2016. Our gearing ratio increased from 1.2 times as at 31 December 2016 to 2.1 times as at 30 June 2017. The increase was due to the increase in utilisation of trust receipts for financing in 2017.

Net debt to equity ratio

Our Group's net debt to equity ratio decreased from 1.9 times as at 31 December 2015 to 0.6 times as at 31 December 2016. The decrease was due to a partial repayment of borrowings which reduced our interest-bearing borrowings as at 31 December 2016 and also the increase in equity contributed by the net profit of approximately S\$1.7 million earned during the year ended 31 December 2016. Our net debt to equity ratio increased from 0.6 times as at 31 December 2016 to 1.3 times as at 30 June 2017. The increase was due to the increase in utilisation of trust receipts for financing in 2017.

Net debt to asset ratio

Our Group's net debt to asset ratio remained relatively stable at 0.3 times, 0.2 times and 0.2 times as at 31 December 2015, 31 December 2016 and 30 June 2017, respectively.

Interest coverage

Our Group's interest coverage increased from 4.1 times for the year ended 31 December 2015 to 9.8 times for the year ended 31 December 2016. The increase was mainly attributed to the increase in our profit before interest and tax and the full settlement of convertible bond for the year ended 31 December 2016. Our net interest coverage was 8.6 times for the six months ended 30 June 2017. The slight decrease was due to a relative decrease in profit in the first half of 2017 when compared to the profit increase for the year ended 31 December in 2016.

FINANCIAL INFORMATION

Return on total assets

Our Group's return on total assets increased from 11.9% for the year ended 31 December 2015 to 15.9% for the year ended 31 December 2016. The increase was mainly due to the higher increase in our net profits than to our increase in total assets for the year ended 31 December 2016. Our return on total assets for the six months ended 30 June 2017 was not applicable to our Group since the calculation is on a full year basis.

Return on equity

Our Group's return on equity decreased from 82.6% for the year ended 31 December 2015 to 56.1% for the year ended 31 December 2016. The decrease was mainly due to the larger equity base resulted from the profit of approximately S\$1.7 million earned for the year ended 31 December 2016. Our return on equity for the six months ended 30 June 2017 was not applicable to our Group since the calculation is on a full year basis.

Net profit margin

Our Group's net profit margin increased from 6.1% for the year ended 31 December 2015 to 8.8% for the year ended 31 December 2016. The increase was mainly due to the higher growth in revenue than to growth in costs of sales and expenses for the year ended 31 December 2016. Our net profit margin decreased from 8.8% as at 31 December 2016 to 5.4% as at 30 June 2017. The decrease was due to the recognition of the listing expenses and depreciation expenses under administration expenses which reduced our profits for the six months ended 30 June 2017.

CAPITAL EXPENDITURE

Our capital expenditure incurred during the Track Record Period was primarily used for the purchasing of (i) factory equipment and machinery and clean room facilities; (ii) office equipment, furniture and fittings; (iii) air conditioners; (iv) electrical installations; (v) renovation; and (vi) motor vehicles, which was funded by the financial resources generated from our business operations.

The table below sets forth, for the periods indicated, our capital expenditure.

| | As at 31 December | | As at 30 June |
|--|----------------------|----------------|------------------|
| | 2015 | 2016 | 2017 |
| | <i>S\$'000</i> | <i>S\$'000</i> | <i>S\$'000</i> |
| Factory equipment, machinery and clean room facilities | 161 | 94 | 447 |
| Office equipment, furniture and fittings | 107 | 14 | 25 |
| Air conditioners | 20 | 6 | 237 |
| Electrical installations | – | 26 | 55 |
| Renovation. | – | 233 | 155 |
| Motor vehicles | – | – | 290 |
| Total | 288 | 373 | 1,209 |

FINANCIAL INFORMATION

During the Track Record Period, our capital expenditure was approximately S\$0.3 million, S\$0.4 million and S\$1.2 million, respectively. Our capital expenditures for the year ending 31 December 2017 will be primarily used for (i) acquiring new machineries and equipments; (ii) developing manufacturing processes; (iii) renting new premises; and (iv) upgrading information technology and project management systems. Further information is set forth in the “Future Plans and Use of Proceeds” section in this prospectus. We expect our capital expenditure will be funded by both our internally generated financial resources and listing proceeds.

Planned capital expenditure

Our planned expenditure in the coming two years ending 31 December 2018 will include the purchase of machinery and equipment to enhance and diversify our existing production line as well as for the establishment of new production lines as disclosed in the section headed “Future plans and use of proceeds” in this prospectus. Our Directors expect that the planned capital expenditure will be funded by net proceeds from the Share Offer and internal resources.

Our capital expenditure for the years ending 31 December 2017 and 2018 is expected to amount to approximately S\$1.2 million and S\$2.5 million, respectively.

Save as disclosed above and any additional expenditures relating to property, plant and equipment necessary for our business operations made by our Group from time to time, our Group had no material planned capital expenditures as at the Latest Practicable Date.

CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital management

Our Group manages our capital structure in order to safeguard our ability to continue as a going concern and to provide adequate cash flows to meet our operating requirements, and makes adjustments to the capital structure in light of changes in economic conditions. Our Group monitors our capital structure on the basis of the gearing ratio.

Financial risk management

Our Group is exposed to foreign currency risk, interest risk, credit risk and liquidity risk in the normal course of business. Further details on our financial risk management policies and practices are set out in Note 3 to the Accountant’s Report in Appendix I to this prospectus. We will have sufficient foreign exchange to meet our foreign exchange liabilities as they become due, which will be funded by our cash generated from operating activities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we have not entered into any off-balance sheet transactions.

FINANCIAL INFORMATION

LISTING EXPENSES

Our estimated expenses in relation to the Listing primarily consists of legal and professional fees in relation to the Listing, the commissions together with SFC transaction levy and Stock Exchange trading fee. Assuming the Offer Price of HK\$0.65 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus, estimated listing expenses in connection with the Share Offer are approximately HK\$25.0 million. Listing expenses of approximately HK\$0.9 million were incurred during the six months ended 30 June 2017 of which HK\$0.7 million has been charged to our combined statements of comprehensive income and HK\$0.2 million was recorded as deferred expenses and will be subsequently charged against equity upon completion of the Share Offer. Approximately HK\$12.1 million and approximately HK\$4.3 million is expected to be charged to our combined statements of comprehensive income for the year ending 31 December 2017 and 31 December 2018 respectively and approximately HK\$8.6 million is expected to be capitalised as deferred expenses and charged against equity upon completion of the Share Offer under the relevant accounting standards.

As a result of the listing expenses to be charged to our combined statements of comprehensive income for the year ending 31 December 2017, our Group's financial performance is expected to be adversely affected and is expected to incur a net loss for the year ending 31 December 2017.

In view of the above, prospective investors should note that the non-recurring expenses in relation to the Listing will have a material adverse effect on the financial results of our Group for the year ending 31 December 2017. Prospective investors are specifically warned that given the aforesaid expenses, our Group's net profit for the six months ended 30 June 2017 and the year ending 31 December 2017 may show a decline as compared to that for the previous financial year. Our Directors wish to emphasise that the aforesaid amount of listing expenses is a current estimate for reference only and the final amount to be recognised in the combined statements of comprehensive income for the year ending 31 December 2017 is subject to adjustment due to changes in estimates and assumptions.

DIVIDENDS

We currently do not have a dividend policy. The declaration and payment of dividends and the amount of dividends in 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 and there is no assurance that any particular dividend amount, or any dividend at all, will be declared and paid in the future. For the two years ended 31 December 2016 and the six months ended 30 June 2017, nil, nil and S\$1.4 million, respectively, were paid as dividends to the Shareholders. However, this should not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 17 July 2017 and our Group had no reserves available for distribution to our Shareholders.

RECENT DEVELOPMENTS

After the Track Record Period and up to the Latest Practicable Date, we have signed a cooperation agreement with an Independent Third Party for the production of microfluidic devices and on 20 December 2017 we were notified by the Independent Third Party of the production process to be used. For details of the cooperation agreement, please refer to the section headed "Business – Sales and Marketing – Cooperation Agreement with an Independent Third Party for manufacturing of microfluidic products" in this prospectus. After the Track Record Period and up to the Latest Practicable Date, our production of injection molded parts for our customers has remained stable and we have continued to receive purchase order from our major customers and which were in line with the order we received from them for the corresponding period in 2016.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

During the Track Record Period, there is no related party transactions included save as the key management compensation disclosed.

Please see Note 32 to the Accountant's Report as set out in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors confirmed that, as at the Latest Practicable Date, they were not aware of any circumstances which, had they been required to comply with Rules 17.15 to 17.21 of the GEM Listing Rules, would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 7.31 of the GEM Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Share Offer on the net tangible assets of the Group attributable to equity holders of the Company as at 30 June 2017 as if the Share Offer had taken place on that date.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group as at 30 June 2017 or at any future dates following the Share Offer. It is prepared based on the combined net assets of the Group as at 30 June 2017 as set out in the Accountant's Report of the Group, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

| | Audited combined net tangible assets of the Group attributable to equity holders of the Company as at 30 June 2017 <i>(Note 1)</i> | Estimated net proceeds from the Share Offer <i>(Note 2)</i> | Unaudited pro forma adjusted combined net tangible assets attributable to equity holders of the Company as at 30 June 2017 <i>(Note 3)</i> | Unaudited pro forma adjusted net tangible assets per Share <i>(Note 4)</i> | Unaudited pro forma adjusted net tangible assets per Share <i>(Note 5)</i> |
|--|---|--|---|--|--|
| | S\$ | S\$ | S\$ | S\$ | HK\$ |
| Based on the minimum indicative Offer Price of HK\$0.60 per Share | 2,146,743 | 6,415,950 | 8,562,693 | 0.02 | 0.12 |
| Based on the maximum indicative Offer Price of HK\$0.70 per Share | 2,146,743 | 8,094,521 | 10,241,264 | 0.03 | 0.14 |

FINANCIAL INFORMATION

Notes:

- (1) The audited combined net tangible assets attributable to equity holders of the Company as at 30 June 2017 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to equity holders of the Company as at 30 June 2017 of approximately S\$2,219,824 with an adjustment for the intangible assets as at 30 June 2017 of approximately S\$73,081.
- (2) The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK\$0.60 per Offer Share and HK\$0.70 per Offer Share after deduction of the underwriting fees and other related expenses paid/payable by the Company (excluding approximately HK\$670,320 (S\$119,700) which have been recognised in the combined statement of comprehensive income during the Track Record Period) but takes no account of any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by our Company pursuant to the General Mandate as described in the section headed "Share Capital" in this prospectus.
- (3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 400,000,000 Shares were in issue assuming that the share offer has been completed on 30 June 2017 but takes no account of any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by our Company pursuant to the General Mandate as described in the section headed "Share Capital" in this prospectus.
- (4) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to 30 June 2017. In particular, the unaudited pro forma adjusted net tangible assets has not adjusted the capitalisation of the amount due to a shareholder of S\$2,000,000 on 16 December 2017. Had the capitalisation been taken into account, the unaudited pro forma adjusted net tangible assets per Share would be HK\$0.15 and HK\$0.17 based on the Offer Price of HK\$0.60 and HK\$0.70 per Share, respectively.
- (5) For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in Singapore Dollars are converted into Hong Kong Dollars at a rate of HK\$1.00 to S\$0.1786. No representation is made that Singapore Dollars amounts have been, could have been or may be converted to Hong Kong Dollars, or vice versa, at that rate.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that save for the expenses in connection with the Listing, subsequent to the Track Record Period and up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group.

FUTURE PLANS AND USE OF PROCEEDS

REASONS FOR AND BENEFITS OF THE LISTING

Our Group has operated in the injection molding industry since its establishment in 1981. We have gradually transformed our operations to specialise in injection molding for the customers in the medtech industry and believe that we have a successful track record of manufacturing for large MNCs. With the advancement of technology and increase in requirements of medtech customers over the years, our Directors believe that by becoming more vertically integrated and by diversifying our Group's processes will strengthen our capabilities.

Our Directors believe that the Listing will facilitate the implementation of our business strategies as stated in the section headed "Business – Our Strategies" in this prospectus as well as:

- (i) the net proceeds from the Share Offer will provide additional financial resources to our Group to acquire additional machinery and equipment to expand our manufacturing processes which will further strengthen our competitiveness in Singapore;
- (ii) the Listing will also enhance our corporate profile and assist us in reinforcing our market reputation. We believe that a Listing is a complementary marketing means for our Group to potential investors and customers and can enhance our corporate profile and our credibility with the public and potential business partners;
- (iii) the Listing will provide our Group with an additional platform to raise capital for our future business expansion and long-term development, and to access to capital markets for future secondary fund raising through the issuance of shares and debt securities of our Company, which could involve lower financing cost as opposed to interest-bearing bank loans, and which can also provide funding source to cater for our Group's further expansion plans as and when necessary;
- (iv) the Listing may expand and diversify our capital base and Shareholders base as institutional funds and retail investors in Hong Kong can easily participate in the equity of our Company. We also believe that our internal control and corporate governance practices could be further enhanced following the Listing;
- (v) the Listing will enable our Company to offer an equity-based incentive program (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 using our Shares as a means of reward and to create a team of eager and enthusiastic staff with incentive programs that are closely aligned with the objective of creating value for our Shareholders. The Listing status will also help raise staff confidence. It will improve our ability to recruit, motivate and retain key management personnel so as to expediently and effectively capture any business opportunities that may arise;
- (vi) as a listed entity, our customers and potential customers will have more confidence in (a) the quality of our services; (b) our financial strength and credibility; (c) transparency in operations and financial reporting; and (d) our internal control systems to regulate and monitor our operations and manufacturing processes.

Accordingly, our Directors are of the view that it is necessary and appropriate for our Company to apply for a Listing to fulfill our business plans and future growth.

FUTURE PLANS AND USE OF PROCEEDS

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 objective. 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 or Indonesia;
- (ii) there will be no outbreak of contagious diseases or occurrence of force majeure events or natural disasters in Singapore or Indonesia, 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 or Indonesia 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 or Indonesia 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” in 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” in this prospectus;
- (viii) 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;
- (ix) we will be able to recruit additional key management personnel when required;
- (x) 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
- (xi) 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 aspects.

FUTURE PLANS AND USE OF PROCEEDS

The above bases and assumptions are inherently subject to uncertainties and unpredictable factors, in particular the risk factors set forth in the section “Risk Factors” in this prospectus. Our actual course of business may vary from the business objective set out in this prospectus. There is no assurance that our plans will materialise in accordance with our expected timeframe or that our objective 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.

From the Latest Practicable Date to 31 December 2017 and from 1 January 2018 to 30 June 2018

| <u>Business strategy</u> | <u>Implementation activities</u> | <u>Use of proceeds</u> <i>(HK\$ million)</i> |
|---|---|---|
| Develop and strengthen our Group’s injection molding business by enhancing and diversifying our capability and services | • Purchase of machinery for sterile packaging | 4.4 |
| Improve and expand our tooling capabilities to achieve greater efficiency. | • Purchase of micro machining machinery | 3.0 |
| Increase our sales and marketing of our Group’s services. | • Participate in trade exhibitions and conferences | 0.2 |
| Establish the new technical department | • Recruit one technical manager at S\$4,000 per month, one engineer at S\$5,000 per month and one microbiologist at S\$7,000 per month to focus on developing our new processes | 0.5 |
| Hire sales and marketing staff | • Recruit two marketing managers | 0.7 |
| Upgrade our information technology systems . . | N/A | N/A |
| General working capital | N/A | <u>2.2</u> |
| | Total | <u><u>11.0</u></u> |

FUTURE PLANS AND USE OF PROCEEDS

From 1 July 2018 to 31 December 2018

| <u>Business strategy</u> | <u>Implementation activities</u> | <u>Use of proceeds</u> <i>(HK\$ million)</i> |
|---|--|---|
| Develop and strengthen our Group's injection molding business by enhancing and diversifying our capability and services | • Purchase of liquid silicon rubber injection molding machinery | 2.4 |
| | • Purchase of thermal bonding system for microfluidics | 2.6 |
| Improve and expand our tooling capabilities to achieve greater efficiency. | • Purchase of CNC wire cut EDM machinery | 1.4 |
| Increase our sales and marketing of our Group's services. | N/A | N/A |
| Establish the new technical department | • Continued employment of the technical manager, engineer and microbiologist | 0.5 |
| Hire sales and marketing staff | • Continued employment of the additional staff | 0.7 |
| Upgrade our information technology systems . . | • Purchase of manufacturing execution system | 0.2 |
| | Total | 7.8 |

FUTURE PLANS AND USE OF PROCEEDS

From 1 January 2019 to 30 June 2019

| <u>Business strategy</u> | <u>Implementation activities</u> | <u>Use of proceeds</u> <i>(HK\$ million)</i> |
|---|---|---|
| Develop and strengthen our Group's injection molding business by enhancing and diversifying our capability and services | • Purchase of liquid silicon rubber injection molding machinery | 1.7 |
| | • Building new Class 100,000 clean room facilities for microfluidics | 10.4 |
| | • Purchase metrology system, and injection molding sodick and testing for microfluidics | 3.8 |
| | • Rental of additional factory space for microfluidics | 1.5 |
| Improve and expand our tooling capabilities to achieve greater efficiency. | N/A | N/A |
| Increase our sales and marketing of our Group's services. | • Participate in trade exhibitions and conferences | 0.2 |
| Establish the new technical department | • Continued employment of the technical manager, engineer and microbiologist | 0.5 |
| Hire sales and marketing staff | • Continued employment of the additional staff | 0.7 |
| Upgrade our information technology systems | • Purchase of paperless system software | 0.2 |
| | Total | 19.0 |

FUTURE PLANS AND USE OF PROCEEDS

From 1 July 2019 to 31 December 2019

| <u>Business strategy</u> | <u>Implementation activities</u> | <u>Use of proceeds</u> <i>(HK\$ million)</i> |
|---|--|---|
| Develop and strengthen our Group's injection molding business by enhancing and diversifying our capability and services | • Continued rental of factory space for microfluidics | 0.8 |
| Improve and expand our tooling capabilities to achieve greater efficiency. | N/A | N/A |
| Increase our sales and marketing of our Group's services. | N/A | N/A |
| Establish the new technical department | • Continued employment of the technical manager, engineer and microbiologist | 0.5 |
| Hire sales and marketing staff | • Continued employment of the additional staff | 0.7 |
| Upgrade our information technology systems | • Purchase of document centre archiving system | 0.2 |
| | Total | 2.2 |

USE OF PROCEEDS

Our Directors consider that 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 "Business – Our Strategies" of this prospectus. 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\$40.0 million (equivalent to approximately S\$7.1 million) based on an Offer Price of HK\$0.65 per Offer Share (being the mid-point of the Offer Price range between HK\$0.60 and HK\$0.70 per Offer Share). It is at present intended that the net proceeds will be applied as follows:

- approximately HK\$27.6 million (equivalent to approximately S\$4.9 million) or approximately 69.0% of the net proceeds will be used to develop and strengthen our Group's injection molding business by enhancing and diversifying our capability and services for microfluidics, liquid silicon rubber and sterile packaging;
- approximately HK\$4.4 million (equivalent to approximately S\$0.8 million) or approximately 11.0% of the net proceeds will be used to improve our tooling capabilities;

FUTURE PLANS AND USE OF PROCEEDS

- approximately HK\$2.8 million (equivalent to approximately S\$0.5 million) or approximately 7.0% of the net proceeds will be used to hire sales and marketing staff;
- approximately HK\$2.0 million (equivalent to approximately S\$0.4 million) or approximately 5.0% of the net proceeds will be used to establish the new technical department and hire a technical manager, an engineer and a microbiologist;
- approximately HK\$0.6 million (equivalent to approximately S\$0.1 million) or approximately 1.5% of the net proceeds will be used to upgrade our Group's information technology systems;
- approximately HK\$0.4 million (equivalent to approximately S\$0.1 million) or approximately 1.0% of the net proceeds will be used to increase our sales and marketing of our Group's services; and
- approximately HK\$2.2 million (equivalent to approximately S\$0.4 million) or approximately 5.5% of the net proceeds will be used general working capital.

If the Offer Price is set at the high-end of the indicative Offer Price range at HK\$0.70 per Share, the net proceeds from the Share Offer will increase by approximately HK\$4.7 million. If the Offer Price is set at the low-end of the indicative Offer Price range, at HK\$0.60 per Share, the net proceeds from the Share Offer will decrease by approximately HK\$4.7 million. If the Offer Price is finally determined to be either more or less than expected, our Group will adjust the proposed use of net proceeds on a pro rata basis and will finance any shortfall by internal cash resources, working capital and/or other financing, as and when appropriate.

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 Hong Kong and/or 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 as set out in the section headed "Business – Our Strategies" of this prospectus.

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 under the section headed "Business – Our Strategies" of this prospectus due to various factors such as changes in customers' demand and changes in market conditions. Under such circumstances, our Directors will evaluate carefully the situations and will hold the funds as short-term deposits in authorised banks and/or financial institutions in Hong Kong and/or Singapore until the relevant business plan materialises.

FUTURE PLANS AND USE OF PROCEEDS

In summary, the implementation of our Group's business objectives and strategies from the Latest Practicable Date to 31 December 2019 will be funded by the net proceeds from the Share Offer as follows:

| | From the Latest Practicable Date to 31 December 2017 | | For the six months ending | | | Total |
|---|---|---------------------|----------------------------------|---------------------|---------------------|--------------|
| | and for the six months ended 30 | 31 December | 30 June | 31 December | | |
| | June 2018 | 2018 | 2019 | 2019 | | |
| | <i>HK\$ million</i> | <i>HK\$ million</i> | <i>HK\$ million</i> | <i>HK\$ million</i> | <i>HK\$ million</i> | |
| Develop and strengthen our Group's injection molding business by enhancing and diversifying our capability and services | 4.4 | 5.0 | 17.4 | 0.8 | 27.6 | |
| Improve and expand our tooling capabilities | 3.0 | 1.4 | – | – | 4.4 | |
| Hire sales and marketing staff | 0.7 | 0.7 | 0.7 | 0.7 | 2.8 | |
| Establish the new technical department | 0.5 | 0.5 | 0.5 | 0.5 | 2.0 | |
| Upgrade our information technology systems | – | 0.2 | 0.2 | 0.2 | 0.6 | |
| Increase our sales and marketing of our Group's services. | 0.2 | – | 0.2 | – | 0.4 | |
| General working capital | 2.2 | – | – | – | 2.2 | |
| | 11.0 | 7.8 | 19.0 | 2.2 | 40.0 | |

SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the Capitalisation Issue and the Share Offer (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):

| | Nominal value |
|--|----------------------|
| | <i>HK\$</i> |
| Authorised share capital: | |
| <u>1,000,000,000</u> Shares of HK\$0.01 each | <u>10,000,000</u> |
| Shares issued and to be issued, fully paid or credited as fully paid: | |
| 100 Shares in issue as at the date of this prospectus | 1 |
| 299,999,900 Shares to be issued pursuant to the Capitalisation Issue | 2,999,999 |
| <u>100,000,000</u> New Shares to be issued under the Share Offer | <u>1,000,000</u> |
| <u>400,000,000</u> Total | <u>4,000,000</u> |

ASSUMPTIONS

The above table assumes that the Share Offer becomes unconditional and the issue of Shares pursuant to the Capitalisation Issue and the Share Offer are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme or any Shares which may be issued or 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 our 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

GENERAL MANDATE TO ISSUE NEW SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with an aggregate number of Shares of not more than the sum of:

- (1) 20% of the number of Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer (excluding Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme); and
- (2) the total number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

Our Directors may, in addition to our Shares which they are authorised to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement, or on the exercise of any option which may be granted under the Share Option Scheme.

This general mandate to issue Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) the expiry of the period within which our Company is required by any applicable Cayman Islands laws or the Articles to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in the section headed "Statutory and General Information – Further Information about our Company – 4. Resolutions in writing of our sole Shareholder passed on 19 December 2017" in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with a total nominal amount of not more than 10% of the total number of Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer (excluding Shares which may be allotted and issued pursuant to the exercise of the any options that may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange or any other stock exchange on which our Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the section headed "Statutory and General Information – Further Information about our Company – 6. Repurchase by our Company of our own securities" in Appendix IV to this prospectus.

SHARE CAPITAL

This general mandate to repurchase Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) the expiration of the period within which our Company is required by any applicable Cayman Islands laws or the Articles to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in the section headed "Statutory and General Information – Further Information about our Company – 4. Resolutions in writing of our sole Shareholder passed on 19 December 2017" in Appendix IV to this prospectus.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole Shareholder dated 19 December 2017, we conditionally adopted the Share Option Scheme. Summaries of the principal terms of the Share Option Scheme are set out in the section headed "Statutory and General Information – 15. Share Option Scheme" in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares.

Pursuant to the Cayman Islands Companies Law and the terms of the Memorandum and the Articles, our Company may from time to time by ordinary resolution of Shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may, subject to the provisions of the Cayman Islands Companies Law, reduce its share capital or capital redemption reserve by its Shareholders passing special resolution. For further details, please refer to the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law – 2. Articles of Association – (a)(iii) Alteration of capital" in Appendix III to this prospectus.

Pursuant to the Cayman Islands Companies Law and the terms of the Memorandum and the Articles, all or any of the special rights attached to our Shares or any class of our Shares may 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 our Shares of that class. For further details, please refer to the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law – 2. Articles of Association – (a)(ii) Variation of rights of existing shares or classes of shares" in Appendix III to this prospectus.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Pacific Foundation Securities Limited
I-Access Investors Limited
Aristo Securities Limited

SOLE BOOKRUNNER

Pacific Foundation Securities Limited

JOINT LEAD MANAGERS

Pacific Foundation Securities Limited
I-Access Investors Limited
Aristo Securities Limited

CO-MANAGER

Oceanwide Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is initially offering for subscription by members of the public in Hong Kong of 10,000,000 Public Offer Shares at the Offer Price under the Public Offer, on and subject to the terms and conditions set forth in this prospectus and the Application Forms. The Public Offer Underwriters have agreed, severally, but not jointly (nor “jointly and severally”), on and subject to the terms and conditions in the Public Offer Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Public Offer Shares.

The Public Offer Underwriting Agreement is subject to various conditions, which include, but without limitation, the Listing Division granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus. In addition, the Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

Grounds for termination

The respective obligations of the Public Offer Underwriters to subscribe for or procure subscribers for the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Sole Bookrunner (for itself and on behalf of other Public Offer Underwriters) may in their absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by written notice to our Company at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (the “**Termination Time**”) if prior to the Termination Time:

- (a) there has come to the notice of the Sole Bookrunner or any of the Public Offer Underwriters:
 - (i) any matter or event showing any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any respect when given or repeated or there has been a breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting

UNDERWRITING

Agreement or any other provisions of the Public Offer Underwriting Agreement by any party thereto (other than the Sole Bookrunner and the Public Offer Underwriters) which, in any such cases, is considered, in the sole and absolute opinion of the Sole Bookrunner, to be material in the context of the Share Offer; or

- (ii) any statement contained in this prospectus, the Application Forms, the post hearing information pack, the formal notice or any announcements issued by our Company (including any supplement or amendment to each of the said documents) has become or been discovered to be untrue, incorrect or misleading in any respect which is considered, in the sole and absolute opinion of the Sole Bookrunner, to be material in the context of the Share Offer; or
 - (iii) any event, series of events, matter or circumstance occurs or arises on or after the date of the Public Offer Underwriting Agreement and before the Termination Time, being an event, matter or circumstance which, if it had occurred before the date of the Public Offer Underwriting Agreement, would have rendered any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement untrue, incorrect or misleading in any respect, and which is considered, in the sole and absolute opinion of the Sole Bookrunner, to be material in the context of the Share Offer; or
 - (iv) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole and absolute opinion of the Sole Bookrunner, a material omission in the context of the Share Offer; or
 - (v) any event, act or omission which gives or is likely to give rise to any liability of our Company or any of our executive Directors or our Controlling Shareholders arising out of or in connection with the breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement; or
 - (vi) any breach by any party to the Public Offer Underwriting Agreement (other than the Sole Bookrunner and the Public Offer Underwriters) of any provision of the Public Offer Underwriting Agreement which, in the sole and absolute opinion of the Sole Bookrunner, is material; or
- (b) there shall have developed, occurred, existed, or come into effect any event or series of events, matter or circumstance whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (i) any new law or regulation or any change in existing laws or regulations, or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, BVI, the Cayman Islands, Singapore, Indonesia, the European Union, the U.S. or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business and/or operation of our Group (the “**Relevant Jurisdictions**”); or
 - (ii) any change in, or any event or series of events or development resulting or likely to result in any change in the local, regional or international financial, equity securities, currency,

UNDERWRITING

political, military, industrial, economic, stock market or other market conditions or prospects in or affecting the Relevant Jurisdictions; or

- (iii) any change in the system under which the value of the HK dollars or Renminbi is linked to that of the U.S. dollars; or
- (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in the Relevant Jurisdictions; or
- (vi) any change or prospective change in the business or in the financial or trading position or prospects of any member of our Group; or
- (vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the Relevant Jurisdictions; or
- (viii) a general moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance service in or affecting the Relevant Jurisdictions; or
- (ix) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, tsunami, fire, flood, explosion, epidemic, terrorism (whether or not responsibility has been claimed), strike or lock-out; or
- (x) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting the Relevant Jurisdictions; or
- (xi) a demand by any creditor for repayment or payment of any material indebtedness of any other member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (xii) 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); or
- (xiii) a petition 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 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 anything analogous thereto occurs in respect of any member of our Group; or
- (xiv) any litigation or claim of importance of any third party being instigated or threatened against any member of our Group,

UNDERWRITING

which, in the sole and absolute opinion of the Sole Bookrunner:

- (1) is or will be, or is likely to be, adverse to the business, financial, trading or other condition or prospects of our Group taken as a whole or any member of our Group; or
- (2) has or will have or is likely to have an adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted, the distribution of the Offer Shares or the demand or market price of the Shares following the Listing; or
- (3) for any other reason makes it impracticable, inadvisable or inexpedient for the Underwriters to proceed with the Share Offer as a whole.

For the above purpose:

- (a) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. or a devaluation of the Renminbi against any foreign currencies shall be taken as an event resulting in a change in currency conditions; and
- (b) any normal market fluctuations shall not be construed as events or series of events affecting market conditions referred to above.

Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company, our executive Directors and our Controlling Shareholders will enter into the Placing Underwriting Agreement with, amongst others, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager and the Placing Underwriters in respect of the Placing, 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 severally, but not jointly (nor “jointly and severally”), agree to procure subscribers and purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the 90,000,000 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 and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and our Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “Undertakings pursuant to the Public Offer Underwriting Agreement” below in this section.

UNDERWRITING

Undertakings to the Stock Exchange pursuant to the GEM Listing Rules

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, we have undertaken to the Stock Exchange that during the period commencing from the Listing Date up to the date falling six months from the Listing Date, no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for the prescribed circumstances as stated in Rule 17.29 of the GEM Listing Rules.

Undertaking by Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and our Company that he/she/it shall not and shall procure that the relevant registered Shareholder(s) shall not:

- (a) during the period commencing on the date by reference to which disclosure of his/her/its shareholding is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, 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 he/she/it is shown by this prospectus to be the beneficial owners; or
- (b) without prejudice to the additional undertakings mentioned below) during 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, he/she/it would cease either individually or taken together to be a Controlling Shareholder.

Our Controlling Shareholders have also undertaken to the Stock Exchange and our Company respectively that, at any time during the period which is twelve months from the Listing Date, in the event that any of them:

- (1) pledge or charge any direct or indirect interest in relevant securities under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rules 13.18(4) of the GEM Listing Rules, he/she/it must inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and
- (2) having pledged or charged any interest in securities under sub-paragraph (1) above, he/she/it must inform our Company immediately in event that he/she/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of securities affected.

Our Company will inform the Stock Exchange in writing as soon as we have been informed of matters referred to above by any of our Controlling Shareholders and disclose such matters by way of announcement pursuant to the requirements under the GEM Listing Rules as soon as possible.

UNDERWRITING

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertaking by our Company

Pursuant to the Public Offer Underwriting Agreement, our Company has undertaken to and covenanted with each of the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager and the Public Offer Underwriters that, and each of our executive Directors and Controlling Shareholders has undertaken to the Sole Sponsor, the Sole Bookrunner, the Joint Lead Manager, the Co-Manager and the Public Offer Underwriters that he/she/it will procure that:

- (a) without the prior written consent of Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the other Public Offer Underwriters) (such consent not to be unreasonably withheld or delayed) and 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 Public Offer, the Capitalisation Issue or upon the exercise of any option which may be granted under the Share Option Scheme at any time within the period commencing on the date by reference to which disclosure of the shareholding of our executive Directors and our Controlling Shareholders is made in this prospectus and ending on the date which falls six months from the Listing Date (the “**First Six-month Period**”), our Company will not (and our Company will procure none of our subsidiaries will):
 - (i) accept subscription for, pledge, mortgage, charge, offer, allot, issue, agree to allot or issue, sell, lend, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or disposal of, either directly or indirectly, conditionally or unconditionally, or repurchase any of the share capital or other securities of the Company or any interest therein (including, but not limited to, any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such share capital or securities or any interest therein); or
 - (ii) enter into any swap, derivative, repurchase, lending, pledge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such share capital, including but not limited to rights as to voting, dividend or distribution, in cash or otherwise; or
 - (iii) enter into any transaction with the same economic effect as any of the above transactions; or
 - (iv) publicly disclose or announce any intention to enter into any of the foregoing transactions (whether or not such transaction will be completed in the aforesaid period); whether any of the foregoing transactions described in (i), (ii) or (iii) above is to be settled by delivery of the Shares or other securities, in cash or otherwise and in the event of our Company doing any of the foregoing by virtue of the aforesaid exceptions; and
- (b) during the period of six months immediately following the First Six-month Period, our Company will take all reasonable steps to ensure that any such act will not create a disorderly or false market for the Shares or other securities of our Company.

UNDERWRITING

Undertaking by our Controlling Shareholders

Each of our Controlling Shareholders has irrevocably undertaken to and covenanted with each of our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager and the Public Offer Underwriters that, he/she/it shall not, and will procure that his/her/its associates or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it not to:

- (a) at any time during the First-Six month Period:
 - (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, any Shares or debt capital or other securities of our Company or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein) whether now owned or hereinafter acquired, directly or indirectly by any of our Controlling Shareholders (including holding as a custodian) or with respect to which any of our Controlling Shareholders has beneficial interest or any interest therein or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution; or
 - (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 any such capital or securities or any interest therein or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution; or
 - (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or
 - (iv) offer or agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraph (i) or (ii) or (iii) above, whether any such transaction described in paragraph (i) or (ii) or (iii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise;
- (b) at any time during the period of six months commencing from the expiry date of the First Six-month Period (the “**Six-month Period**”), enter into any of the foregoing transactions in paragraphs (a)(i) or (a)(ii) or (a)(iii) or (a)(iv) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such sale, transfer or disposal, or upon the exercise or enforcement of such offer, pledge, charge, option, right, interests or encumbrances, our Controlling Shareholders would, taken together, cease to own more than 30% of the issued Shares of our Company; and
- (c) until the expiry of the Six-month Period, in the event that any of our Controlling Shareholders enters into the foregoing transactions or agrees or contracts to, or publicly announces any intention to enter into any such transactions, he/she/it will take all reasonable steps to ensure that he/she/it will not create a disorderly or false market in the Shares or other securities of our Company.

UNDERWRITING

The above undertakings are irrevocable and cannot be waived by the consent (whether written or not) of our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager or the Public Offer Underwriters. Each of our Controlling Shareholders further undertakes to and covenants with each of our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager and the Public Offer Underwriters that:

- (i) in the event that he/she/it pledges or charges any of his/her/its direct or indirect interest in the Shares or other securities of our Company or interests or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution in the securities of the Company pursuant to Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange under Rule 13.18(4) of the GEM Listing Rules at any time before the expiry of the Six-month Period, he/she/it must inform our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager and the Public Offer Underwriters in writing immediately, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
- (ii) if and when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in or rights attaching to the securities of the Company will be sold, transferred or disposed of, or he/she/it becomes aware that such pledgee or chargee has disposed of or intends to dispose such interest, he/she/it shall immediately inform the Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager and the Public Offer Underwriters in writing of such indications or disposal and the number of Shares or other securities of the Company so involved.

Our Company will also inform the Stock Exchange as soon as our Company has been informed of the above matters (if any) by any of our Controlling Shareholders and disclose such matters by way of announcement in accordance with Rule 17.43 of the GEM Listing Rules as soon as possible after being so informed by any of our Controlling Shareholders.

It is expected that similar undertakings will be given by our Company, our executive Directors and the Controlling Shareholders in favour of the Placing Underwriters under the Placing Underwriting Agreement.

Our Company, our Controlling Shareholders and our executive Directors have agreed to indemnify the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Public Offer Underwriters from certain losses which they may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by our Company or our Controlling Shareholders or our executive Directors of the Public Offer Underwriting Agreement.

Commission and expenses

The Public Offer Underwriters will, and the Placing Underwriters are expected to, receive a commission of 5% of the aggregate Offer Price payable for the Offer Shares underwritten by them, out of which they shall pay any sub-underwriting commissions. The Sole Bookrunner will receive a praecipium of 1% of the aggregate Offer Price payable for the Offer Shares. The Sole Sponsor will also receive an advisory fee.

UNDERWRITING

The underwriting commission, praecipium, advisory fee, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Share Offer, assuming an Offer Price of HK\$0.65 (being the mid-point of the indicative Offer Price range), are estimated to amount to approximately HK\$25.0 million in total, and are payable by our Company.

SOLE SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sole Sponsor will receive an advisory fee. The Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set out in the paragraph headed "Underwriting arrangements and expenses – Commission and expenses" above in this section.

We have appointed Fortune Financial Capital Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the year ending 31 December 2019.

Save for their obligations under the Underwriting Agreements, none of the Underwriters is interested legally or beneficially in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Share Offer.

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 6A.07 of the GEM Listing Rules.

MINIMUM PUBLIC FLOAT

Our Directors and the Sole Bookrunner will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 11.23(7) of the GEM Listing Rules after completion of the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

Share Offer

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer comprises:

- (a) the Public Offer of 10,000,000 new Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in “– The Public Offer” below; and
- (b) the Placing of an aggregate of 90,000,000 new Shares (subject to reallocation as mentioned below) to professional, institutional and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong as described below in “– The Placing” below.

Investors may apply for Public Offer Shares under the Public Offer or apply for or indicate an interest for Placing Shares under the Placing, but may not do both.

The 100,000,000 Offer Shares in the Share Offer will represent 25.0% of the total issued share capital of our Company immediately after completion of the Capitalisation Issue and the Share Offer, without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

THE PUBLIC OFFER

Number of Shares initially offered

We are initially offering 10,000,000 Public Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10.0% of the total number of Shares initially available under the Share Offer. Subject to the reallocation of Shares between the Public Offer and the Placing, the Public Offer Shares will represent 2.5% of the total issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer. The Public Offer is open to members of the public in Hong Kong as well as to professional, institutional and/or other investors. Professional 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.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed “Structure and Conditions of the Share Offer – Conditions of the Public Offer” below.

Basis of Allocation

Allocation of Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares. In addition, multiple or suspected multiple application under the Public Offer and any application for more than 10,000,000 Public Offer Shares are liable to be rejected (being 100% of the initial number of Public Offer Shares).

Reallocation

The total number of Offer Shares to be issued pursuant to the Public Offer and Placing may change as a result of the clawback arrangement as described above in “The Public Offer – Reallocation” and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

- (a) if the number of the Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of the Offer 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 the Offer Shares available under the Public Offer will be 30,000,000 Offer Shares, representing approximately 30% of the number of the Offer Shares initially available under the Share Offer;
- (b) if the number of the Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of the Offer 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 the number of Offer Shares available under the Public Offer will be 40,000,000 Offer Shares, representing approximately 40% of the number of the Offer Shares initially available under the Share Offer; and
- (c) if the number of the Offer Shares validly applied for under the Public Offer represents 100 times or more the number of the Offer 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 the Offer Shares available under the Public Offer will be 50,000,000 Offer Shares, representing approximately 50% of the number of the Offer Shares initially available 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 may in its sole and absolute discretion reallocate Offer Shares of the Placing to the Public Offer to satisfy valid applications under the Public Offer. The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Bookrunner. In addition, if the Public Offer Shares are undersubscribed, the Sole Bookrunner has the authority to reallocate all or any of the unsubscribed Public Offer Shares to the Placing.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making 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 Placing Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Placing Shares under the Placing.

Applicants under the Public Offer are required to pay, on application, the maximum price of HK\$0.70 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable amounting to a total of HK\$2,828.22 per board lot of 4,000 Offer Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed "Structure and Conditions of the Share Offer – The Placing – Price Determination of the Share Offer" in this prospectus, is less than the maximum price of HK\$0.70 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for the Public Offer Shares" in this prospectus.

THE PLACING

Number of Offer Shares offered

The Placing will consist of an initial offering of 90,000,000 Offer Shares, representing 90% of the total number of Offer Shares initially available under the Share Offer and approximately 22.5% of the total issued share capital immediately after completion of the Capitalisation Issue and the Share Offer. The Placing will be offered by us to professional, institutional and/or other investors in Hong Kong.

Allocation

The Placing will include selective marketing of the Placing Shares to professional, institutional and/or other investors anticipated to have a sizeable demand for the Placing Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Placing Shares pursuant to the Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Price Determination of the Share Offer" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and the Shareholders as a whole.

The Sole Bookrunner (for itself and on behalf of the other Underwriters) may require any investor who has been offered Placing Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Sole Bookrunner so as to allow it to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application of the Public Offer Shares under the Public Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Price Determination of the Share Offer

The Placing Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the Placing. Prospective investors will be required to specify the number of the Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, which is expected to be on or about Thursday, 4 January 2018, and in any event on or before Monday, 15 January 2018, by agreement between the Joint Lead Managers (for themselves and on behalf of the other Underwriters), and our Company and the number of Offer Shares to be allocated or sold under various offerings will be determined shortly thereafter. If for any reason, the Offer Price is not agreed by Monday, 15 January 2018 between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), the Share Offer will not proceed and will lapse.

The Offer Price will not be more than HK\$0.70 per Share and is expected to be not less than HK\$0.60 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Lead Managers (for themselves on behalf of the other Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and/or other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Share Offer and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause there to be published on the website of our Company at www.inzign.com and the website of the Stock Exchange at www.hkexnews.hk a notice of the reduction or to be announced in such manner as permitted under the GEM Listing Rules and agreed between our Company and the Sole Bookrunner. Upon issue of such a notice, the number of Offer Shares offered in the Share Offer and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company, will be fixed within such revised offer price range. Such notice will include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer. In the event there is a reduction in the Offer Shares and/or indicative Offer Price range, if the applicants have already submitted an application for the Public Offer Shares before the last day for lodging applications under the Public Offer, they will be allowed to subsequently withdraw their applications. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Joint Lead Managers, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The net proceeds of the Share Offer accruing to our Company (after deduction of underwriting fees and estimated expenses payable by our Company in relation to the Share Offer) are estimated to be approximately HK\$40.0 million, assuming an Offer Price per Share of HK\$0.65 (being the mid-point of the indicative Offer Price range). See “Future Plans and Use of Proceeds” in this prospectus for details.

The final Offer Price, the indications of interest in the Share Offer, the results of applications and the basis of allotment of the Public Offer Shares available under the Public Offer, are expected to be announced on Thursday, 18 January 2018 on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.inzign.com.

If the Joint Lead Managers (for themselves and on behalf of other Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before Monday, 15 January 2018, the Share Offer will not become unconditional and will lapse.

UNDERWRITING AGREEMENTS

The Public Offer is fully underwritten by the Public Underwriters and the Placing is expected to be fully underwritten by the Placing Underwriters. The Public Offer and the Placing are subject to the conditions described in the section headed “Underwriting” in this prospectus. In particular, we and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), must agree on the Offer Price for the Share Offer. The Public Offer Underwriting Agreement was entered into on Thursday, 28 December 2017 and, is subject to an agreement on the Offer Price between the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and us for the purposes of the Public Offer. The Placing Underwriting Agreement including the agreement on the Offer Price among us and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) is expected to be entered into on Monday, 15 January 2018, being the Price Determination Date. The Public Offer Underwriting Agreement and the Placing Underwriting Agreement are inter-conditional upon each other.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus. If the Stock Exchange grants the listing of and permission to deal in the Shares and our Company complies 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 on the Stock Exchange or, under contingent situation, any other date HKSCC chooses. 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 necessary arrangements have been made for the Shares to be admitted into CCASS.

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 stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interest.

Details of the Share Offer will be announced in accordance with Rules 10.12(f), 16.08 and 16.16 of the GEM Listing Rules.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Our Company expects to announce the level of indication of interest in the Share Offer on or before Thursday, 18 January 2018 on our Company's website at **www.inzign.com** and the Stock Exchange at **www.hkexnews.hk**.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Public Offer Shares pursuant to the Public Offer will be conditional upon, among other things:

- (i) the Listing Division granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein including any Shares which may fall to be issued upon the exercise of the options that may be granted under the Share Option Scheme;
- (ii) the Offer Price having been fixed on or about the Price Determination Date;
- (iii) the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and
- (iv) the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Bookrunner (for itself and on behalf of the other Underwriters)) and the Placing Underwriting Agreement not being terminated in accordance with its terms.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), or the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

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 the above conditions are not fulfilled or waived 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 Public Offer will be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.inzign.com** on the next day following such lapse. In such an event, all application monies will be returned, without interest, on the terms set out in "How to Apply for Public Offer Shares – 13. Refund of Application Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Shares are expected to be issued on Thursday, 18 January 2018 but will only become valid certificates of title at 8:00 a.m. on Friday, 19 January 2018 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 – Public Offer – Grounds for Termination" in this prospectus has not been exercised.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence on Friday, 19 January 2018. Shares will be traded in board lots of 4,000 Shares each and are freely transferable.

HOW TO APPLY FOR THE 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;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; 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 Sponsor, the Sole Bookrunner, the Joint Lead Managers, the **HK eIPO White Form** Service Provider 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

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 apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

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, the Sole Sponsor or the Sole Bookrunner or the Joint Lead Managers 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 and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

HOW TO APPLY 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 in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the GEM Listing Rules) of any of the above;
- a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; or
- 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 or apply online through **www.hkeipo.hk**.

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 Prospectus and Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 29 December 2017 until 12:00 noon on Thursday, 4 January 2018 from:

- (i) Fortune Financial Capital Limited, 35/F Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong; or
- (ii) Pacific Foundation Securities Limited, 11/F New World Tower II, 16-18 Queen's Road Central, Hong Kong; or
- (iii) I-Access Investors Limited, Suites 3208-11, 32/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong; or
- (iv) Aristo Securities Limited, Room 101, 1st Floor, On Hong Commercial Building, 145 Hennessy Road, Wanchai, Hong Kong; or
- (v) Oceanwide Securities Company Limited, 18/F-19/F China Building, 29 Queen's Road Central, Hong Kong; or
- (vi) any of the following branches of Industrial and Commercial Bank of China (Asia) Limited:

| <u>District</u> | <u>Branch Name</u> | <u>Address</u> |
|-----------------------------------|----------------------|--|
| Hong Kong Island | Admiralty Branch | Shop 1013-1014, 1/F, United Centre, 95 Queensway, Admiralty, Hong Kong |
| | Electric Road Branch | 113-115 Electric Road, Hong Kong |

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

| <u>District</u> | <u>Branch Name</u> | <u>Address</u> |
|----------------------------------|--------------------|---|
| Kowloon | Yaumatei Branch | 542 Nathan Road, Yaumatei, Kowloon |
| New Territories | Kwai Fong Branch | C63A-C66, 2/F, Kwai Chung Plaza, Kwai Fong, New Territories |

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 29 December 2017 until 12:00 noon on Thursday, 4 January 2018 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 "**ICBC (Asia) Nominee Limited – IAG Holdings 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 December 2017 | – | 9:00 a.m. to 5:00 p.m |
| Saturday, 30 December 2017 | – | 9:00 a.m. to 1:00 p.m |
| Tuesday, 2 January 2018 | – | 9:00 a.m. to 5:00 p.m |
| Wednesday, 3 January 2018 | – | 9:00 a.m. to 5:00 p.m |
| Thursday, 4 January 2018 | – | 9:00 a.m. to 12:00 noon |

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 4 January 2018, the last application day or such later time as described in the paragraph headed "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

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 or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Bookrunner (or its 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 Law, Companies (WUMP) Ordinance, the Companies Ordinance and the Memorandum and 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;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (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 Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-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, the receiving bank, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-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 Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager, and the Underwriters nor any of their respective 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 of America (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 e-Auto Refund payment instructions 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 have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (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, our Directors, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager, and the Underwriters 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 or through the **HK eIPO White Form** 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.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICES

General

Individuals who meet the criteria in the paragraph headed “2. Who can apply”, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form**.

Time for Submitting Applications under the HK eIPO White Form Services

You may submit your application through the **HK eIPO White Form** service at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 29 December 2017 until 11:30 a.m. on Thursday, 4 January 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 4 January 2018 or such later time under the paragraph headed “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instructions** under **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (WUMP) Ordinance

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 Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

6. 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.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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 Sponsor, the Sole Bookrunner, the Joint Lead Managers 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;
- (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 Offer 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 Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager and the Underwriters 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;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- 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 Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-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 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 Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Manager, the Underwriters and/or its respective advisers and agents;
- 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 Companies (WUMP) Ordinance 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 (WUMP) Ordinance, Companies Ordinance and the Articles of Association; 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 THE 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 4,000 Public Offer Shares. Instructions for more than 4,000 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 December 2017 | – | 9:00 a.m. to 8:30 p.m. | ^(Note 1) |
| Saturday, 30 December 2017 | – | 8:00 a.m. to 1:00 p.m. | ^(Note 1) |
| Tuesday, 2 January 2018 | – | 8:00 a.m. to 8:30 p.m. | ^(Note 1) |
| Wednesday, 3 January 2018 | – | 8:00 a.m. to 8:30 p.m. | ^(Note 1) |
| Thursday, 4 January 2018 | – | 8:00 a.m. | ^(Note 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 December 2017 until 12:00 noon on Thursday, 4 January 2018 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 4 January 2018, the last application day or such later time as described in the paragraph headed “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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 Companies (WUMP) Ordinance

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 Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

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 Sponsor, the Sole Bookrunner, the Joint Lead Managers, 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.

7. 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. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. 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 Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** 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 Thursday, 4 January 2018.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

8. 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 or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form**, 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 dealings 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).

9. 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 Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 4,000 Public Offer Shares. Each application or **electronic application instructions** in respect of more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

HOW TO APPLY FOR THE 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” in this prospectus.

10. 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 Thursday, 4 January 2018. 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 Thursday, 4 January 2018 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” in this prospectus, an announcement will be made in such event.

11. 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, 18 January 2018 on our Company’s website at www.inzign.com 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 (where appropriate) 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.inzign.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Thursday, 18 January 2018;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Thursday, 18 January 2018 to 12:00 midnight on Wednesday, 24 January 2018;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 18 January 2018 to Tuesday, 23 January 2018 on a business day;
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 18 January 2018 to Monday, 22 January 2018 at all the receiving bank’s designated branches on a business day.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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” in this prospectus.

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.

12. 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 or through the **HK eIPO White Form**, 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 Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) 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 its agents exercise their discretion to reject your application:

Our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the **HK eIPO White Form** Service Provider 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 THE 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 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 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 **electronic application instructions** through the **HK eIPO White Form** are not completed in accordance with the instructions, terms and conditions on the designated website;
- 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 believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for 100% of the Public Offer Shares initially offered under the Public Offer.

13. 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\$0.70 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading Fee thereon), or if the conditions of the Public Offer set out in the section headed "Structure and Conditions of the Share Offer – Conditions of the Public Offer" in this prospectus are not fulfilled 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, 18 January 2018.

14. 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).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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, 18 January 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 19 January 2018 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” in 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.

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 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, 18 January 2018 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.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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, 18 January 2018, 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. 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, 18 January 2018, 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, 18 January 2018, 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.

- *If you apply 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 the paragraph headed "11. 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, 18 January 2018 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 through the HK eIPO White Form

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from 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, 18 January 2018, or such other date as notified by our Company in the newspapers as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 18 January 2018 by ordinary post at your own risk.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) 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, 18 January 2018, 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 paragraph headed "11. Publication of results" above on Thursday, 18 January 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 18 January 2018 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 Investor Participants" in effect from time to time) on Thursday, 18 January 2018. 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.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- 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, 18 January 2018.

15. 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 stockbrokers or other professional advisers 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 set out on pages I-1 to I-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of HKSIR 200 Accountant's Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

29 December 2017

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF IAG HOLDINGS LIMITED AND FORTUNE FINANCIAL CAPITAL LIMITED

Introduction

We report on the historical financial information of IAG Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-38, which comprises the combined statements of financial position as at 31 December 2015 and 2016 and 30 June 2017, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the periods then ended (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-3 to I-38 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 December 2017 (the "Prospectus") in connection with the initial listing of shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

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 presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's 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, Accountant's 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 accountant's 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 accountant considers 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 presentation and preparation set out in Notes 1.3 and 2.1 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, 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 accountant's report, a true and fair view of the combined financial position of the Group as at 31 December 2015 and 2016 and 30 June 2017, and of its combined financial performance and its combined cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 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 statements of comprehensive income, changes in equity and cash flows for the six months ended 30 June 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 presentation and preparation set out in Notes 1.3 and 2.1 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 International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board ("IAASB"). 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 International 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 accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 30 to the Historical Financial Information which states that no dividends have been paid by IAG Holdings Limited in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
29 December 2017

I 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 accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the IAASB ("Underlying Financial Statements").

The Historical Financial Information is presented in Singapore dollars ("S\$").

(A) COMBINED STATEMENTS OF COMPREHENSIVE INCOME

| | Section II Note | Year ended 31 December | | Six months ended 30 June | |
|--|--------------------|-------------------------|-------------------------|-----------------------------|-----------------------|
| | | 2015 | 2016 | 2016 | 2017 |
| | | S\$ | S\$ | S\$ | S\$ |
| | | | | <i>(unaudited)</i> | |
| Revenue | 6 | 17,680,377 | 19,016,026 | 9,141,864 | 10,488,268 |
| Cost of sales | 9 | (14,043,286) | (14,450,234) | (7,292,297) | (8,408,400) |
| Gross profit | | <u>3,637,091</u> | <u>4,565,792</u> | <u>1,849,567</u> | <u>2,079,868</u> |
| Other income | 7 | 403,941 | 253,781 | 164,205 | 99,584 |
| Other gains/(losses) – net | 8 | 142,205 | (64,640) | (6,829) | 76,223 |
| Selling and distribution expenses | 9 | (207,243) | (203,492) | (96,068) | (103,751) |
| Administrative expenses | 9 | (2,234,426) | (2,328,779) | (1,130,428) | (1,389,323) |
| Operating profit | | <u>1,741,568</u> | <u>2,222,662</u> | <u>780,447</u> | <u>762,601</u> |
| Finance cost | 11 | (427,949) | (228,274) | (137,293) | (89,687) |
| Finance income | 11 | <u>24,767</u> | <u>24,565</u> | <u>12,383</u> | <u>11,739</u> |
| Finance costs – net | | <u>(403,182)</u> | <u>(203,709)</u> | <u>(124,910)</u> | <u>(77,948)</u> |
| Profit before income tax | | <u>1,338,386</u> | <u>2,018,953</u> | <u>655,537</u> | <u>684,653</u> |
| Income tax expense | 12 | (252,477) | (340,748) | (80,760) | (116,328) |
| Profit for the year/period | | <u><u>1,085,909</u></u> | <u><u>1,678,205</u></u> | <u><u>574,777</u></u> | <u><u>568,325</u></u> |
| Profit and total comprehensive income for the year/period attributable to: | | | | | |
| Equity holders of the Company | | 1,085,786 | 1,680,427 | 575,523 | 568,507 |
| Non-controlling interests | | <u>123</u> | <u>(2,222)</u> | <u>(746)</u> | <u>(182)</u> |
| | | <u><u>1,085,909</u></u> | <u><u>1,678,205</u></u> | <u><u>574,777</u></u> | <u><u>568,325</u></u> |
| Earnings per share for profit attributable to equity holders of the Company | | | | | |
| – Basic and diluted | 13 | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

(B) COMBINED STATEMENTS OF FINANCIAL POSITION

| | <i>Section II Note</i> | As at 31 December | | As at |
|--|----------------------------|--------------------------|-------------------|-------------------|
| | | 2015 | 2016 | 30 June |
| | | S\$ | S\$ | S\$ |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 14 | 1,994,645 | 1,734,851 | 2,530,951 |
| Intangible assets | 15 | 107,176 | 86,404 | 73,081 |
| Financial asset at fair value through profit or loss | 16 | <u>690,367</u> | <u>736,451</u> | <u>774,950</u> |
| | | <u>2,792,188</u> | <u>2,557,706</u> | <u>3,378,982</u> |
| Current assets | | | | |
| Inventories | 21 | 1,309,443 | 1,106,932 | 1,422,203 |
| Trade and other receivables | 19 | 2,480,202 | 3,809,199 | 5,153,724 |
| Amount due from a shareholder | 20 | 1,306,639 | 1,308,653 | – |
| Cash and bank balances | 22 | <u>1,248,935</u> | <u>1,789,377</u> | <u>1,776,439</u> |
| | | <u>6,345,219</u> | <u>8,014,161</u> | <u>8,352,366</u> |
| Total assets | | <u>9,137,407</u> | <u>10,571,867</u> | <u>11,731,348</u> |
| EQUITY AND LIABILITIES | | | | |
| Capital and reserve attributable to equity holders of the Company | | | | |
| Combined capital | 23 | 1,118,000 | 1,118,000 | 1,118,000 |
| Retained earnings | | <u>202,890</u> | <u>1,883,317</u> | <u>1,101,824</u> |
| | | 1,320,890 | 3,001,317 | 2,219,824 |
| Non-controlling interests | | <u>(6,773)</u> | <u>(8,995)</u> | <u>(9,177)</u> |
| Total equity | | <u>1,314,117</u> | <u>2,992,322</u> | <u>2,210,647</u> |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Borrowings | 26 | 393,336 | 468,489 | 611,413 |
| Provision | 28 | 1,194,128 | 1,426,791 | 1,426,791 |
| Deferred income tax liabilities | 18 | <u>156,077</u> | <u>146,849</u> | <u>146,849</u> |
| | | <u>1,743,541</u> | <u>2,042,129</u> | <u>2,185,053</u> |
| Current liabilities | | | | |
| Trade and other payables | 25 | 2,514,640 | 2,158,336 | 2,621,079 |
| Borrowings | 26 | 3,377,813 | 3,015,855 | 4,043,150 |
| Current income tax liabilities | | 187,296 | 363,225 | 313,419 |
| Amounts due to shareholders | 24 | <u>–</u> | <u>–</u> | <u>358,000</u> |
| | | <u>6,079,749</u> | <u>5,537,416</u> | <u>7,335,648</u> |
| Total liabilities | | <u>7,823,290</u> | <u>7,579,545</u> | <u>9,520,701</u> |
| Total equity and liabilities | | <u>9,137,407</u> | <u>10,571,867</u> | <u>11,731,348</u> |

(C) COMBINED STATEMENTS OF CHANGES IN EQUITY

| | <i>Section II Note</i> | Attributable to the equity holders of the Company | | | | Total equity |
|--|----------------------------|--|--|-------------|------------------------------|-----------------|
| | | Combined capital | (Accumulated losses)/ retained earnings | Total | Non-controlling interests | |
| | | | | | | |
| At 1 January 2015 | | 1,118,000 | (882,896) | 235,104 | (6,896) | 228,208 |
| Comprehensive income | | | | | | |
| Profit for the year | | — | 1,085,786 | 1,085,786 | 123 | 1,085,909 |
| Balance as at | | | | | | |
| 31 December 2015 | | 1,118,000 | 202,890 | 1,320,890 | (6,773) | 1,314,117 |
| At 1 January 2016 | | 1,118,000 | 202,890 | 1,320,890 | (6,773) | 1,314,117 |
| Comprehensive income | | | | | | |
| Profit for the year | | — | 1,680,427 | 1,680,427 | (2,222) | 1,678,205 |
| Balance as at | | | | | | |
| 31 December 2016 | | 1,118,000 | 1,883,317 | 3,001,317 | (8,995) | 2,992,322 |
| At 1 January 2016 | | 1,118,000 | 202,890 | 1,320,890 | (6,773) | 1,314,117 |
| Comprehensive income | | | | | | |
| Profit for the period (unaudited) | | — | 575,523 | 575,523 | (746) | 574,777 |
| Balance as at 30 June | | | | | | |
| 2016 (unaudited) | | 1,118,000 | 778,413 | 1,896,413 | (7,519) | 1,888,894 |
| At 1 January 2017 | | 1,118,000 | 1,883,317 | 3,001,317 | (8,995) | 2,992,322 |
| Comprehensive income | | | | | | |
| Profit for the period | | — | 568,507 | 568,507 | (182) | 568,325 |
| Transaction with owners | | | | | | |
| Dividends paid | 30 | — | (1,350,000) | (1,350,000) | — | (1,350,000) |
| Balance as at | | | | | | |
| 30 June 2017 | | 1,118,000 | 1,101,824 | 2,219,824 | (9,177) | 2,210,647 |

(D) COMBINED STATEMENTS OF CASH FLOWS

| | Section II Note | Year ended 31 December | | Six months ended 30 June | |
|---|--------------------|------------------------|-------------|-----------------------------|-------------|
| | | 2015 | 2016 | 2016 | 2017 |
| | | S\$ | S\$ | S\$ | S\$ |
| <i>(unaudited)</i> | | | | | |
| Cash flow from operating activities | | | | | |
| Profit before income tax | | 1,338,386 | 2,018,953 | 655,537 | 684,653 |
| Adjustments for: | | | | | |
| – Depreciation of property, plant and equipment | 9, 14 | 1,221,945 | 632,205 | 310,744 | 395,861 |
| – Amortisation of intangible assets | 9, 15 | 24,738 | 21,392 | 10,665 | 13,943 |
| – Loss/(gain) on disposal of property, plant and equipment | 8 | 47 | 41 | – | (21,254) |
| – Finance cost | 11 | 427,949 | 228,274 | 137,293 | 89,687 |
| – Finance income | 11 | (24,767) | (24,565) | (12,383) | (11,739) |
| – Fair value gains on financial asset at fair value through profit or loss | 8 | (45,298) | (46,084) | (35,441) | (38,499) |
| – Fair value gains on financial liabilities at fair value through profit or loss | 8 | (165,412) | (967) | (967) | – |
| – Loss on redemption of convertible bond | 8 | 27,150 | 41,691 | 41,691 | – |
| – Unrealised currency translation losses/(gains) | | 23,364 | 9,445 | 2,402 | (18,185) |
| Operating profit before working capital changes | | 2,828,102 | 2,880,385 | 1,109,541 | 1,094,467 |
| Changes in working capital: | | | | | |
| – Inventories | | (173,619) | 202,511 | 11,375 | (315,271) |
| – Trade and other receivables | | 361,547 | (1,328,997) | (1,139,865) | (1,324,882) |
| – Trade and other payables | | 83,460 | (365,629) | (233,175) | 477,337 |
| Cash generated from/(used in) operations | | 3,099,490 | 1,388,270 | (252,124) | (68,349) |
| Income tax paid | | – | (174,047) | (88,079) | (166,134) |
| Net cash generated from/(used in) operating activities | | 3,099,490 | 1,214,223 | (340,203) | (234,483) |
| Cash flows from investing activities | | | | | |
| Proceeds from disposal of property, plant and equipment | | – | 146 | – | 38,600 |
| Additions of property, plant and equipment | | (191,274) | (95,535) | (20,506) | (572,815) |
| Additions of intangible assets | | (111,470) | (620) | (620) | (620) |
| Interest received | | 24,767 | 24,565 | 12,383 | 11,739 |
| Decrease/(increase) in amount due from a shareholder | | 2,014 | (2,014) | (2,014) | 1,308,653 |
| Net cash (used in)/generated from investing activities | | (275,963) | (73,458) | (10,757) | 785,557 |
| Cash flows from financing activities | | | | | |
| Proceeds from bank borrowings | | 4,559,653 | 5,259,698 | 2,492,069 | 2,879,687 |
| Repayment of bank borrowings | | (4,598,651) | (4,423,704) | (1,716,997) | (2,008,913) |
| Repayment of convertible bond | | (1,000,000) | (1,500,000) | (1,500,000) | – |
| Repayment of finance lease liabilities | | (131,514) | (159,112) | (79,597) | (161,440) |
| Listing expenses paid (equity portion) | | – | – | – | (19,643) |
| Interest expenses paid | | (427,949) | (228,274) | (137,293) | (89,687) |
| Increase in amounts due to shareholders | | – | – | – | 358,000 |
| Dividends paid | | – | – | – | (1,350,000) |
| Net cash used in financing activities | | (1,598,461) | (1,051,392) | (941,818) | (391,996) |
| Net increase/(decrease) in cash and cash equivalents | | | | | |
| | | 1,225,066 | 89,373 | (1,292,778) | 159,078 |
| Cash and cash equivalents at beginning of the year/period | | (245,959) | 974,191 | 974,191 | 1,063,444 |
| Effects of currency translation on cash and cash equivalents | | (4,916) | (120) | 187 | 3,590 |
| Cash and cash equivalents at end of the year/period | 22 | 974,191 | 1,063,444 | (318,400) | 1,226,112 |

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands on 17 July 2017 as an exempted company with limited liability under Companies Law (Cap 22 Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sales of injection molded plastic parts for disposable medical devices and the provision of tooling services (the "Listing Business"). The immediate and ultimate holding company of the Company is Team One Global Limited ("Team One Global"). The controlling parties of the Group are Mr. Phua Swee Hoe and Ms. Ng Hong Kiew (the "Ultimate Shareholders").

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the principal activities were mainly carried out by Inzign Pte Ltd ("Inzign"), a company incorporated in Singapore and its subsidiaries (the "Operating Companies"). Inzign Pte Ltd is collectively controlled by Mr. Phua Swee Hoe and Ms. Ng Hong Kiew throughout the Track Record Period.

In preparation for listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the Group underwent the Reorganisation to transfer the Listing Business to the Company principally through the following steps:

- (i) On 17 July 2017, the Company was incorporated in the Cayman Islands with limited liabilities with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of a par value of HK\$0.01 each. Upon incorporation, one original share was allotted and issued to Team One Global.
- (ii) Eastlyn Global Limited ("Eastlyn Global") is a company limited by shares incorporated in the British Virgin Islands ("BVI") on 10 May 2017. Eastlyn Global is authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1 each. The Ultimate Shareholders respectively applied for, and Eastlyn Global allotted and issued to Mr. Phua Swee Hoe and Ms. Ng Hong Kiew, 879 and 121 nil paid shares, respectively on 1 August 2017.
- (iii) On 14 December 2017, Mr. Phua Swee Hoe and Ms. Ng Hong Kiew entered into a sale and purchase agreement with Eastlyn Global, pursuant to which Mr. Phua Swee Hoe and Ms. Ng Hong Kiew agreed to transfer their respective shares of Inzign Pte Ltd, in consideration of Eastlyn Global crediting as fully paid the 789 and 121 nil-paid shares held by Mr. Phua Swee Hoe and Ms. Ng Hong Kiew in Eastlyn Global.
- (iv) On 19 December 2017, Mr. Phua Swee Hoe and Ms. Ng Hong Kiew and the Company entered into a sale and purchase agreement, pursuant to which Mr. Phua Swee Hoe and Ms. Ng Hong Kiew agreed to transfer their respective shares of Eastlyn Global to the Company, in consideration of the Company (i) allotting and issuing 99 shares, credit as fully paid, to Team One Global; and (ii) credit as fully paid the share held by Team One Global which was issued to Team One Global upon the incorporation of the Company.

Upon completion of the Reorganisation and as at the date of the report, the Company had direct or indirect interests in the following subsidiaries:

| Name of companies | Principal activities | Country of operation/ incorporation | Date of incorporation | Registered/ issued and paid-up share capital | Effective interest held | | |
|---|---|-------------------------------------|-----------------------|--|-------------------------|------|---------------|
| | | | | | As at 31 December | | As at 30 June |
| | | | | | 2015 | 2016 | 2017 |
| | | | | | % | % | % |
| <u>Directly held by the Company</u> | | | | | | | |
| Eastlyn Global Limited | Investment holding | British Virgin Islands | 10 May 2017 | US\$1,000 | - | - | - |
| <u>Indirectly held by the Company</u> | | | | | | | |
| Inzign Pte Ltd ⁽¹⁾ | Manufacturing of plastics articles and products | Singapore | 16 May 1981 | US\$1,000 | 100 | 100 | 100 |
| P.T. Inzign ⁽²⁾ | Manufacturing of plastics articles and products | Indonesia | 11 March 2003 | RP443,750,000 | 99 | 99 | 99 |
| Medizign Pte Ltd ⁽³⁾ | Dormant | Singapore | 9 December 2013 | S\$1,000 | 100 | 100 | 100 |

(1) Audited by A Garanzia LLP, Public Accountants and Chartered Accountants, Singapore, for the year ended 31 December 2015.

Audited by Robert Yam & Co., Public Accountants and Chartered Accountants, Singapore, for the year ended 31 December 2016.

(2) Audited by Jamaludin, Ardi, Sukimoto & Rekan, Certified Public Accountants, Indonesia, for the years ended 31 December 2015 and 2016.

(3) Not required to be audited under the laws of the country of incorporation.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business is mainly conducted through the Operating Companies. Pursuant to the Reorganisation, the Operating Companies and the Listing Business are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, the Historical Financial Information of the companies now comprising the Group is presented using the carrying values of the Listing Business for all periods presented.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years and periods presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board (the "IASB"). The Historical Financial Information have been prepared under the historical cost convention, as modified by the revaluation of financial asset at fair value through profit or loss and financial liabilities designated at fair value through profit or loss which are carried at fair value.

The preparation of Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The following new standards and amendments to existing standards have been published but are not yet effective for the financial year beginning on or after 1 January 2017 and which the Group has not early adopted:

| | |
|-------------------------------|---|
| IFRS 2 (Amendment) | Classification and measurement of share-based payment transactions (amendments) ¹ |
| IFRS 4 | Insurance contracts ¹ |
| IFRS 9 | Financial instruments ¹ |
| IFRS 15 | Revenue from contracts with customers ¹ |
| IFRS 15 (Amendment) | Clarification to IFRS 15 (amendments) ¹ |
| IFRS 16 | Leases ² |
| IFRS 10 and IAS 28 | Sale or contribution of assets between an investor and its associate or joint venture (amendments) ³ |
| IFRIC 22 | Foreign currency transactions and advance consideration ¹ |

Notes:

¹ Effective for the Group for annual period beginning on 1 January 2018

² Effective for the Group for annual period beginning on 1 January 2019

³ Effective date is to be determined

Except as disclosed below, the Group has already commenced an assessment of the likely impact of adopting the above new standards but is not yet in a position to state whether they will have a significant impact on the reporting results of operations and financial position. The management of the Group plans to adopt these new standards and amendments to existing standards when they become effective.

IFRS 9 “Financial instrument” addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments.

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review. Other than the adoption of an expected credit losses impairment model and disclosure changes, adoption of IFRS 9 is currently not expected to have a material impact on the Historical Financial Information of the Group.

IFRS 15 “Revenue from contracts with customers” replaces the previous revenue standards IAS 18 “Revenue” and IAS 11 “Construction Contracts” and the related interpretations on revenue recognition. IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when performance obligation is satisfied. IFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. Under IFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Impact on the revenue recognition may arise when multiple performance obligations are identified. The Group is in the process of assessing the impact of the application of IFRS 15 and based on its preliminary assessment, does not expect the adoption would have a material impact to the Group’s results of operations and financial position.

IFRS 16 “Leases” addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The Group is a lessee of various properties which are currently classified as operating leases. The Group’s current accounting policy for such leases is set out in Note 2.19 with the Group’s future operating lease commitments, which are not reflected in the combined statements of financial position, falling due as follows:

| | As at 31 December | | As at 30 June |
|--|--------------------------|------------------|----------------------|
| | 2015 | 2016 | 2017 |
| Not later than 1 year | S\$ 1,291,018 | S\$ 1,308,775 | S\$ 1,161,872 |
| Later than 1 year and not later than 5 years | 2,870,981 | 1,622,368 | 1,156,367 |
| Later than 5 years | 160,989 | – | – |
| Total | <u>4,322,988</u> | <u>2,931,143</u> | <u>2,318,239</u> |

IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the combined statements of financial position. Instead, when the Group is the lessee, almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus, each lease will be mapped in the Group's combined statements of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the combined statements of financial position. As for the financial performance impact in the combined statements of comprehensive income, rental expenses will be replaced with straight-line depreciation expense on the right-of-use asset and interest expenses on the lease liability.

The combination of the straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard is not expected to be applied until the financial year ending 31 December 2019, and management expects the impacts on the Group's financial results and position upon the adoption of IFRS 16 are not material.

2.2 Subsidiaries

Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the combined statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the combined statement of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the Historical Financial Information of the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Historical Financial Information is presented in Singapore dollars ("S\$"), which is the Company's functional and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting currency translation differences are recognised in other comprehensive income.

2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

| | <u>Useful lives</u> |
|---|---------------------|
| Air conditioner | 7 years |
| Electrical installations | 7 years |
| Factory equipment and machinery and clean room facilities | 5 to 7 years |
| Factory furniture | 10 years |
| Office equipment, furniture and fittings | 4 years |
| Renovation | 5 years |
| Motor vehicle | 5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains/losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains/(losses) – net" in the combined statements of comprehensive income.

2.5 Intangible assets

Trademarks, patents and licences

Separately acquired trademark, patents and licences are shown at historical cost. Trademark, patents and licences acquired in a business combination are recognised at the acquisition date. Trademarks, patents and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks, patents and licences over the estimated useful lives of 3 to 10 years.

2.6 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise they are classified as non-current.

The Group acquired a life insurance contract which includes both investment and insurance elements. The investment insurance contracts are initially recognised at the amount of the premium paid and subsequently carried at fair values at the end of each reporting period, with changes in fair values recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the statement of financial position date which are presented as non-current assets. Loans and receivables comprise "trade and other receivables", "amount due from a shareholder" and "cash and cash equivalents" in the combined statements of financial position.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the combined statements of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains and losses from changes in the fair value of the 'financial asset at fair value through profit or loss' category are presented in the combined statements of comprehensive income within 'Other gains/(losses)-net' in the period in which they arise. Dividend income from financial assets through profit or loss is recognised in the combined statements of comprehensive income as part of other income when the group's right to receive payments is established.

(c) Impairment*Assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the combined statements of comprehensive income.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the combined statements of comprehensive income.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing cost. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.10 Cash and cash equivalents

In the combined statements of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.11 Share capital and dividends

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13 Borrowings**(a) Borrowings**

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in combined statements of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the statement of financial position date, in which case they are presented as non-current liabilities.

(b) Convertible bonds

On issuance of the convertible bond, the entire proceeds are designated as a financial liability at fair value through profit or loss. The financial liability is subsequently carried at its fair value with fair value changes recognised in profit or loss. Gains or losses arising from changes in fair value of the 'financial liabilities at fair value through profit or loss' category are presented in the combined statements of comprehensive income within 'Other gains/(losses)-net' in the period in which they arise.

When an equity conversion option is exercised, the carrying amounts of the financial liability is derecognised with a corresponding recognition of share capital.

2.14 Borrowing costs

General and specific 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the combined statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group operates and generates taxable income. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the combined statements of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the combined statements of financial position.

2.17 Employee benefits

(a) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contributions to defined contribution plans are recognised in the financial year to which they relate.

(b) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(c) *Bonus plans*

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and sales tax. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction, the specifics of each arrangement and volume discounts.

(a) *Sale of goods*

Sale of goods are recognised when the Company are delivered the products to the customers, which is taken to be the point in time when the customer has accepted the goods and the collectability of the related receivables is reasonably assured.

(b) *Sale of services*

Sale of services revenue is recognised in the accounting period in which the services are rendered.

(c) *Interest income*

Interest income is recognised using the effective interest method.

2.19 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the combined statements of comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the combined statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.20 Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised in the combined statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the combined statements of comprehensive income on a straight-line basis over the expected lives of the related assets.

2.21 Provisions

Provisions for asset reinstatement are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated. Provisions are not recognised for future operating loss.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

2.22 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including foreign exchange risk and rate interest risk), credit risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group has exposure to foreign exchange risk as a result of sales and purchases that are denominated in currencies other than S\$. The foreign currencies giving rise to this risk are primarily United States Dollar ("USD"). The exposure to foreign currency risk is not significant during the Track Record Period.

(ii) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings and finance lease liabilities. Bank borrowings and finance lease liabilities at variable rates and fixed rates exposes the Group to cash flow interest rate risk and fair value interest rate risk, respectively.

The Group manages its interest cost by using a mix of fixed and variable rate debt and to obtain the most favourable interest rates available.

The sensitivity analysis for changes in interest rate is not disclosed as the effect on the combined statements of comprehensive income is considered not significant.

(b) Credit risk

The credit risk of the Group mainly arises from trade and other receivables, amount due from a shareholder and cash and cash equivalents.

Management considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk. Majority of bank balances are deposited with reputable banks. The Group has not incurred significant loss from non-performance by these parties in the past and management does not expect so in the future.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The trade receivables of the Group comprise three debtors that represented approximately 90.3%, 90.3% and 86.9% of trade receivables as at 31 December 2015, 2016 and 30 June 2017 respectively. The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the shorter and longer term. As at 31 December 2015 and 2016 and 30 June 2017, the Group held cash and cash equivalents of S\$1,248,935, S\$1,789,377 and S\$1,776,439 respectively, that are expected to be readily available to generate cash inflows for managing liquidity risk.

The Group maintains liquidity by a number of sources including orderly realisation of short-term financial assets, receivables and certain assets that the Group considers appropriate and long term financing including long-term borrowings are also considered by the Group in its capital structuring. The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest bearing borrowings which enable the Group to continue its business for the foreseeable future. As at 31 December 2015 and 2016 and 30 June 2017, the Group's total available banking facilities (excluding convertible bond) amounted to approximately S\$2,500,000, S\$2,500,000, and S\$3,200,000 respectively, of which approximately S\$1,000,000, S\$1,800,000 and S\$2,400,000 respectively, have been utilised.

The table below analyses the non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Group can be required to pay.

Specifically, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

| | <u>On demand</u> | <u>Less than one year</u> | <u>One to five years</u> | <u>Total</u> |
|---------------------------------------|------------------|-------------------------------|------------------------------|------------------|
| | S\$ | S\$ | S\$ | S\$ |
| As at 31 December 2015 | | | | |
| Trade and other payables | – | 2,514,640 | – | 2,514,640 |
| Borrowings | – | 3,335,584 | 133,598 | 3,469,182 |
| Finance lease liabilities | – | 152,281 | 284,679 | 436,960 |
| | <u>–</u> | <u>6,002,505</u> | <u>418,277</u> | <u>6,420,782</u> |
| As at 31 December 2016 | | | | |
| Trade and other payables | – | 2,158,336 | – | 2,158,336 |
| Borrowings | – | 2,897,146 | 351,260 | 3,248,406 |
| Finance lease liabilities | – | 165,235 | 146,320 | 311,555 |
| | <u>–</u> | <u>5,220,717</u> | <u>497,580</u> | <u>5,718,297</u> |
| As at 30 June 2017 | | | | |
| Trade and other payables | – | 2,621,079 | – | 2,621,079 |
| Borrowings | 285,658 | 3,463,755 | 173,266 | 3,922,679 |
| Finance lease liabilities | – | 345,170 | 502,229 | 847,399 |
| Amounts due to shareholders | – | 358,000 | – | 358,000 |
| | <u>285,658</u> | <u>6,788,004</u> | <u>675,495</u> | <u>7,749,157</u> |

The table below analyses the borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates.

| | <u>Less than 1 year</u> | <u>Between 2 and 5 years</u> | <u>Total</u> |
|-----------------------------|-----------------------------|----------------------------------|--------------|
| | S\$ | S\$ | S\$ |
| As at 30 June 2017. | 110,881 | 213,022 | 323,903 |

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including obligations under finance leases) less cash and bank balances. Total capital is calculated as "Equity" as shown in the combined statements of financial position plus net debt.

As at 31 December 2015, 2016 and 30 June 2017, the gearing ratios are as follows:

| | As at 31 December | | As at 30 June |
|---|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Borrowings (<i>Note 26</i>) | 3,771,149 | 3,484,344 | 4,654,563 |
| Less: Cash and bank balances (<i>Note 22</i>) | (1,248,935) | (1,789,377) | (1,776,439) |
| Net debt | 2,522,214 | 1,694,967 | 2,878,124 |
| Total equity | 1,314,117 | 2,992,322 | 2,210,647 |
| Total capital | <u>3,836,331</u> | <u>4,687,289</u> | <u>5,088,771</u> |
| Gearing ratio | 66% | 36% | 57% |

(e) **Fair value estimation**

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2015, 31 December 2016 and 30 June 2017 by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

| | Level 1 | Level 2 | Level 3 |
|--|---------|---------|-----------|
| | S\$ | S\$ | S\$ |
| As at 31 December 2015 | | | |
| Assets | | | |
| Financial asset at fair value through profit or loss | | | |
| – Insurance contract | – | – | 690,367 |
| Liabilities | | | |
| Financial liabilities at fair value through profit or loss | | | |
| – Convertible bond | – | – | 1,459,276 |
| As at 31 December 2016 | | | |
| Assets | | | |
| Financial asset at fair value through profit or loss | | | |
| – Insurance contract | – | – | 736,451 |
| As at 30 June 2017 | | | |
| Assets | | | |
| Financial asset at fair value through profit or loss | | | |
| – Insurance contract | – | – | 774,950 |

There were no transfers among levels 1, 2 and 3 during the years/period ended 31 December 2015, 2016 and 30 June 2017.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the changes in Level 3 instruments:

| | Year ended 31 December | | Six months ended 30 June |
|--|------------------------|--------------------|--------------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Financial asset at fair value through profit or loss | | | |
| Beginning of financial year/period | 645,069 | 690,367 | 736,451 |
| Fair value gains in combined statements of comprehensive income | 45,298 | 46,084 | 38,499 |
| End of financial year/period | <u>690,367</u> | <u>736,451</u> | <u>774,950</u> |
| Financial liabilities at fair value through profit or loss | | | |
| Beginning of financial year/period | 2,597,538 | 1,459,276 | – |
| Fair value gains recognised in the combined statements of comprehensive income | (165,412) | (967) | – |
| Loss on redemption of convertible bonds | 27,150 | 41,691 | – |
| Redemption | <u>(1,000,000)</u> | <u>(1,500,000)</u> | <u>–</u> |
| End of financial year/period | <u>1,459,276</u> | <u>–</u> | <u>–</u> |

The fair value of the life insurance contracts purchased for a key management personnel of the Group are determined based on the cash surrender value of the life insurance contracts which is not an observable input. Management estimates the fair value based on the latest information of the life insurance contracts provided by respective insurance companies.

Based on historical change in the cash surrender value of the insurance policy, there is an average increase in cash surrender value of approximately 7% per annum during the Track Record Period. Applying this percentage of increase/decrease in the cash surrender value, the Group's profit for the year/period and retained earnings would be increased/decreased by approximately S\$94,000, S\$95,000 and S\$90,000 for the years ended 31 December 2015, 2016 and six months period ended 30 June 2017, respectively.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of the financial liabilities at fair value through profit or loss categorised under Level 3 of the fair value hierarchy:

| Description | Fair value | Valuation technique | Unobservable inputs | Range | Relationship of unobservable inputs to fair value | Sensitivity |
|----------------------------|--------------|----------------------|--|-----------|--|---|
| As at 31 December 2015 | | | | | | |
| Convertible bond | S\$1,459,276 | Option-pricing model | Probability of Initial Public Offering ("IPO") | 0% – 20% | The higher the probability of IPO, the higher the valuation. | If the probability of IPO is 5% lesser/higher, while all other variables were held constant, the fair value gains would increase/decrease by S\$117,000. |
| | | | Annualised volatility | 30% – 50% | The higher the annualised volatility, the lower the valuation. | If the annualised volatility is 10% higher/lower, while all other variables were held constant, the fair value gains would increase/decrease by \$85,000. |

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Fair value of financial instruments at fair value through profit or loss

The fair value of financial instruments at fair value through profit or loss that are not traded in an active market (for example, unlisted securities) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each Track Record Period.

Please refer to Note 3(e) for details of valuation and fair value hierarchy of these financial instruments measured at fair value.

(b) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned, or sold.

5 SEGMENT INFORMATION

The Group Managing Director monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment results which in certain respects, set out below, are presented differently from operating profit or loss in the combined financial statements of the Group. The Group's reportable operating segments are as follows:

- (i) component parts; and
- (ii) sub-assembly parts.

Segment profit

Segment profit include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly depreciation and amortisation, selling and distribution expenses, administrative expenses, finance cost, finance income, other income and income tax expense.

Segment assets and liabilities

The Group Managing Director does not monitor the measure of total assets and liabilities by each reportable segments due to the nature of the Group's operations.

Segment breakdown for the year ended 31 December 2015:

| | Component parts | Sub-assembly parts | Total |
|------------------------------------|--------------------|-----------------------|------------------|
| | S\$ | S\$ | S\$ |
| Segment revenue | 11,303,212 | 6,377,165 | 17,680,377 |
| Segment profit | 1,412,151 | 2,224,940 | 3,637,091 |
| Unallocated expenses: | | | |
| Depreciation | | | (320,187) |
| Amortisation | | | (24,738) |
| Finance costs | | | (427,949) |
| Finance income | | | 24,767 |
| Others | | | (1,550,598) |
| Profit before income tax | | | 1,338,386 |
| Tax expense | | | (252,477) |
| Profit for the year | | | <u>1,085,909</u> |
| Other segment items: | | | |
| Depreciation | (635,132) | (266,626) | <u>(901,758)</u> |

Segment breakdown for the year ended 31 December 2016:

| | Component parts | Sub-assembly parts | Total |
|------------------------------------|--------------------|-----------------------|------------------|
| | S\$ | S\$ | S\$ |
| Segment revenue | 12,050,666 | 6,965,360 | 19,016,026 |
| Segment profit | 2,184,421 | 2,381,371 | 4,565,792 |
| Unallocated expenses: | | | |
| Depreciation | | | (349,148) |
| Amortisation | | | (21,392) |
| Finance costs | | | (228,274) |
| Finance income | | | 24,565 |
| Others | | | (1,972,590) |
| Profit before income tax | | | 2,018,953 |
| Tax expense | | | (340,748) |
| Profit for the year | | | <u>1,678,205</u> |
| Other segment items: | | | |
| Depreciation | (193,264) | (89,793) | <u>(283,057)</u> |

Segment breakdown for the six months ended 30 June 2016:

(unaudited)

| | <u>Component parts</u> | <u>Sub-assembly parts</u> | <u>Total</u> |
|------------------------------------|----------------------------|-------------------------------|------------------|
| | S\$ | S\$ | S\$ |
| Segment revenue | 6,015,704 | 3,126,160 | 9,141,864 |
| Segment profit | 839,741 | 1,009,826 | 1,849,567 |
| Unallocated expenses: | | | |
| Depreciation | | | (168,022) |
| Amortisation | | | (10,665) |
| Finance costs | | | (137,293) |
| Finance income | | | 12,383 |
| Others | | | (890,433) |
| Profit before income tax | | | 655,537 |
| Tax expense | | | (80,760) |
| Profit for the period | | | <u>574,777</u> |
| Other segment items: | | | |
| Depreciation | (101,302) | (41,420) | <u>(142,722)</u> |

Segment breakdown for the six months ended 30 June 2017:

| | <u>Component parts</u> | <u>Sub-assembly parts</u> | <u>Total</u> |
|------------------------------------|----------------------------|-------------------------------|------------------|
| | S\$ | S\$ | S\$ |
| Segment revenue | 6,668,790 | 3,819,478 | 10,488,268 |
| Segment profit | 959,171 | 1,120,697 | 2,079,868 |
| Unallocated expenses: | | | |
| Depreciation | | | (193,055) |
| Amortisation | | | (13,943) |
| Finance costs | | | (89,687) |
| Finance income | | | 11,739 |
| Others | | | (1,110,269) |
| Profit before income tax | | | 684,653 |
| Tax expense | | | (116,328) |
| Profit for the period | | | <u>568,325</u> |
| Other segment items: | | | |
| Depreciation | (132,763) | (70,043) | <u>(202,806)</u> |

Information about major customers

For the year ended 31 December 2015 and 2016 and for the six months ended 30 June 2016 and 2017, revenue generated from our top three customers accounted for approximately 91.1%, 92.7%, 93.8% and 87.6% of the total revenue of the Group, respectively.

External customers contribute over 10% of total revenue of the Group for the years ended 31 December 2015 and 2016 and six months ended 30 June 2016 and 2017 are as follows:

| | <u>Year ended 31 December</u> | | <u>Six months ended 30 June</u> | |
|----------------------|-------------------------------|-------------------|---------------------------------|------------------|
| | <u>2015</u> | <u>2016</u> | <u>2016</u> | <u>2017</u> |
| | S\$ | S\$ | S\$ | S\$ |
| | | | <i>(unaudited)</i> | |
| Customer A | 6,850,529 | 9,223,582 | 4,554,622 | 4,916,421 |
| Customer B | 5,407,287 | 5,686,760 | 2,527,797 | 3,371,238 |
| Customer C | 3,846,757 | 2,713,793 | 1,489,599 | 901,273 |
| | <u>16,104,573</u> | <u>17,624,135</u> | <u>8,572,018</u> | <u>9,188,932</u> |

Geographical segment

The following table shows the distribution of the Group's revenue from external customers based on the geographical location where goods are sold and services are rendered:

| | Year ended 31 December | | Six months ended 30 June | |
|------------------|-------------------------------|-------------------|---------------------------------|-------------------|
| | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| | | | <i>(unaudited)</i> | |
| Asia | 12,273,090 | 13,294,266 | 6,614,067 | 6,844,489 |
| Europe | 5,407,287 | 5,686,760 | 2,527,797 | 3,608,779 |
| Others | – | 35,000 | – | 35,000 |
| | <u>17,680,377</u> | <u>19,016,026</u> | <u>9,141,864</u> | <u>10,488,268</u> |

The following table shows the distribution of the Group's non-current assets, by country:

| | As at 31 December | | As at 30 June |
|---------------------|--------------------------|------------------|----------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Singapore | 2,746,959 | 2,521,096 | 2,500,863 |
| Indonesia | 45,229 | 36,610 | 30,088 |
| | <u>2,792,188</u> | <u>2,557,706</u> | <u>2,530,951</u> |

6 REVENUE

| | Year ended 31 December | | Six months ended 30 June | |
|---|-------------------------------|-------------------|---------------------------------|-------------------|
| | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| | | | <i>(unaudited)</i> | |
| Sale of goods | 17,237,867 | 18,534,935 | 8,999,774 | 9,880,245 |
| Rendering of tooling services | 442,510 | 481,091 | 142,090 | 608,023 |
| | <u>17,680,377</u> | <u>19,016,026</u> | <u>9,141,864</u> | <u>10,488,268</u> |

7 OTHER INCOME

| | Year ended 31 December | | Six months ended 30 June | |
|----------------------------------|-------------------------------|----------------|---------------------------------|---------------|
| | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| | | | <i>(unaudited)</i> | |
| Government grants | 256,076 | 161,796 | 115,789 | 58,296 |
| Sale of scrap material | 147,865 | 91,985 | 48,416 | 41,288 |
| | <u>403,941</u> | <u>253,781</u> | <u>164,205</u> | <u>99,584</u> |

8 OTHER GAINS/(LOSSES) – NET

| | Year ended 31 December | | Six months ended 30 June | |
|---|------------------------|-----------------|--------------------------|---------------|
| | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| | | | (unaudited) | |
| Fair value gains: | | | | |
| – Financial asset at fair value through profit or loss | 45,298 | 46,084 | 35,441 | 38,499 |
| – Financial liabilities at fair value through profit or loss (Note 26(a)) | 165,412 | 967 | 967 | – |
| Currency exchange (loss)/gain – net | (41,308) | (69,959) | (1,546) | 16,470 |
| (Loss)/gain on disposal of property, plant and equipment | (47) | (41) | – | 21,254 |
| Loss on redemption of convertible bond (Note 26(a)) | (27,150) | (41,691) | (41,691) | – |
| | <u>142,205</u> | <u>(64,640)</u> | <u>(6,829)</u> | <u>76,223</u> |

9 EXPENSES BY NATURE

| | Year ended 31 December | | Six months ended 30 June | |
|---|------------------------|-------------------|--------------------------|------------------|
| | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| | | | (unaudited) | |
| Costs of inventories sold | 7,436,501 | 8,347,199 | 4,288,439 | 5,145,559 |
| Employee benefit expenses (Note 10) | 4,423,018 | 4,637,043 | 2,265,234 | 2,457,815 |
| Depreciation of property, plant and equipment (Note 14) | 1,221,945 | 632,205 | 310,744 | 395,861 |
| Amortisation of intangible assets (Note 15) | 24,738 | 21,392 | 10,665 | 13,943 |
| Rental expenses | 1,184,816 | 1,278,482 | 612,143 | 728,070 |
| Entertainment | 7,785 | 9,586 | 4,175 | 7,026 |
| Repair and maintenance of property, plant and equipment | 411,530 | 506,135 | 265,494 | 247,084 |
| Insurance | 116,019 | 111,752 | 38,577 | 57,550 |
| Travelling expenses | 118,641 | 140,808 | 66,067 | 47,282 |
| Printing and stationery | 23,048 | 18,066 | 8,894 | 12,796 |
| Telephone charges | 22,877 | 24,688 | 12,363 | 13,134 |
| Utilities | 1,108,905 | 855,583 | 437,892 | 396,245 |
| Advertisement | 24,421 | 57,452 | 16,595 | 23,491 |
| Professional fees | 158,489 | 135,169 | 83,500 | 92,953 |
| Auditor's remuneration | 11,168 | 16,021 | 5,451 | 7,978 |
| Postage and courier service | 5,549 | 5,134 | 271 | 241 |
| Bank charges | 17,142 | 26,689 | 10,053 | 16,097 |
| Listing expenses | – | – | – | 119,700 |
| Others (a) | 168,363 | 159,101 | 82,236 | 118,649 |
| | <u>16,484,955</u> | <u>16,982,505</u> | <u>8,518,793</u> | <u>9,901,474</u> |
| Represented by: | | | | |
| Cost of sales | 14,043,286 | 14,450,234 | 7,292,297 | 8,408,400 |
| Selling and distribution expenses | 207,243 | 203,492 | 96,068 | 103,751 |
| Administrative expenses | 2,234,426 | 2,328,779 | 1,130,428 | 1,389,323 |
| | <u>16,484,955</u> | <u>16,982,505</u> | <u>8,518,793</u> | <u>9,901,474</u> |

(a) Others mainly comprise of office expenses, including office supplies, office equipment expenses and newspaper subscriptions fees.

10 EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS

(a) Employee benefit expenses during the year/period are as follows:

| | Year ended 31 December | | Six months ended 30 June | |
|--|------------------------|------------------|--------------------------|------------------|
| | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| | | | <i>(unaudited)</i> | |
| Wages, salaries and allowances | 3,531,239 | 3,661,245 | 1,815,404 | 1,933,050 |
| Incentives | 275,546 | 289,765 | 134,194 | 163,547 |
| Retirement benefit costs | | | | |
| – defined contribution plans | 265,632 | 265,169 | 129,622 | 143,311 |
| Others | 350,601 | 420,864 | 186,014 | 217,907 |
| | <u>4,423,018</u> | <u>4,637,043</u> | <u>2,265,234</u> | <u>2,457,815</u> |

(b) Directors' emoluments

The emoluments of individual director of the Company paid/payable by companies comprising the Group during the years ended 31 December 2015 and 2016 and the six months ended 30 June 2016 and 2017 are presented as below:

The remuneration of each director for the year ended 31 December 2015 is set out below:

| | Fees | Salaries, allowances and benefits in kind | Bonus | Employer's contribution to defined contribution plans | Other benefits | Total |
|-------------------------------|------|---|---------------|---|----------------|----------------|
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Executive directors | | | | | | |
| – Mr. Phua Swee Hoe | – | 212,100 | 55,000 | 10,200 | – | 277,300 |
| – Ms. Ng Hong Kiew | – | 104,400 | 17,400 | 9,288 | – | 131,088 |
| – Mr. Ang Lai Seng | – | – | – | – | – | – |
| | – | <u>316,500</u> | <u>72,400</u> | <u>19,488</u> | – | <u>408,388</u> |

The remuneration of each director for the year ended 31 December 2016 is set out below:

| | Fees | Salaries, allowances and benefits in kind | Bonus | Employer's contribution to defined contribution plans | Other benefits | Total |
|-------------------------------|------|---|----------------|---|----------------|----------------|
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Executive directors | | | | | | |
| – Mr. Phua Swee Hoe | – | 228,100 | 76,000 | 9,420 | – | 313,520 |
| – Ms. Ng Hong Kiew | – | 104,400 | 21,750 | 12,188 | – | 138,338 |
| – Mr. Ang Lai Seng | – | 20,000 | 2,763 | 3,785 | – | 26,548 |
| | – | <u>352,500</u> | <u>100,513</u> | <u>25,393</u> | – | <u>478,406</u> |

The remuneration of each director for the six months ended 30 June 2016 is set out below:

(Unaudited)

| | Fees | Salaries, allowances and benefits in kind | Bonus | Employer's contribution to defined contribution plans | Other benefits | Total |
|-------------------------------|------|--|--------|---|-------------------|---------|
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Executive directors | | | | | | |
| – Mr. Phua Swee Hoe | – | 114,000 | 38,000 | 6,180 | – | 158,180 |
| – Ms. Ng Hong Kiew. | – | 52,200 | 8,700 | 5,811 | – | 66,711 |
| – Mr. Ang Lai Seng. | – | – | – | – | – | – |
| | – | 166,200 | 46,700 | 11,991 | – | 224,891 |

The remuneration of each director for the six months ended 30 June 2017 is set out below:

| | Fees | Salaries, allowances and benefits in kind | Bonus | Employer's contribution to defined contribution plans | Other benefits | Total |
|-------------------------------|------|--|-------|---|-------------------|---------|
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Executive directors | | | | | | |
| – Mr. Phua Swee Hoe | – | 114,100 | – | 3,240 | – | 117,340 |
| – Ms. Ng Hong Kiew. | – | 52,200 | – | 4,680 | – | 56,880 |
| – Mr. Ang Lai Seng. | – | 39,000 | – | 6,120 | – | 45,120 |
| | – | 205,300 | – | 14,040 | – | 219,340 |

During the Track Record Period, no directors of the Company waived any emoluments paid or payable by the group companies and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(i) **Directors' retirement benefits**

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the Track Record Period.

(ii) **Directors' termination benefits**

No payment was made to directors as compensation for the early termination of the appointment during the Track Record Period.

(iii) **Consideration provided to third parties for making available directors' services**

No payment was made to the former employer of directors for making available the services of them as a director of the Company during the Track Record Period.

(iv) **Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors**

The information about the loans, quasi-loans and other dealings entered into by the Group, where applicable, in favour of a director is disclosed in Note 20.

(v) **Directors' material interests in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

Mr. Phua Swee Hoe, Ms. Ng Hong Kiew were appointed as the Company's executive directors on 17 July 2017 and Mr. Ang Lai Seng was appointed as the Company's executive director on 25 August 2017. Mr. Tay Koon Chuan was appointed as the Company's non-executive director on 25 August 2017.

Mr. Tan Yew Bock, Mr. Ong Kian Guan and Mr. Chow Wen Kwan were appointed as the Company's independent non-executive directors on 19 December 2017.

(c) **Five highest paid individuals**

The five individuals whose emoluments were the highest in the Company include two directors for the years ended 31 December 2015 and 2016 and the six months ended 30 June 2016 and 2017, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three individuals for the years ended 31 December 2015 and 2016 and six months ended 30 June 2016 and 2017 are as follows:

| | For the year ended 31 December | | Six months ended 30 June | |
|--|-----------------------------------|----------------|--------------------------|----------------|
| | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| | | | <i>(unaudited)</i> | |
| Wages, salaries and allowances | 260,160 | 260,360 | 130,080 | 133,666 |
| Bonuses | 29,458 | 21,570 | – | – |
| Retirement benefit costs | | | | |
| – defined contribution plans | 32,335 | 36,307 | 16,920 | 17,580 |
| | <u>321,953</u> | <u>318,237</u> | <u>147,000</u> | <u>151,246</u> |

The emoluments of above individuals are within the following band:

| | Number of individuals | | | |
|---|-----------------------------------|----------|--------------------------|----------|
| | For the year ended 31 December | | Six months ended 30 June | |
| | 2015 | 2016 | 2016 | 2017 |
| Emolument band | | | | |
| Nil – HK\$1,000,000 (equivalent to S\$178,571) | <u>3</u> | <u>3</u> | <u>3</u> | <u>3</u> |

11 FINANCE COSTS – NET

| | Year ended 31 December | | Six months ended 30 June | |
|---|------------------------|-----------------|--------------------------|-----------------|
| | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| | | | <i>(unaudited)</i> | |
| Interest expenses on: | | | | |
| – Finance lease liabilities | 11,126 | 12,379 | 6,208 | 15,390 |
| – Bank overdraft | 32,776 | 35,718 | 11,730 | 17,412 |
| – Term loan | 18,250 | 28,082 | 8,629 | 24,768 |
| – Convertible bond | 320,625 | 84,375 | 84,375 | – |
| – Trust receipts | 45,172 | 67,720 | 26,351 | 32,117 |
| | <u>427,949</u> | <u>228,274</u> | <u>137,293</u> | <u>89,687</u> |
| Interest income from: | | | | |
| – Fixed deposit interest income | (388) | (179) | (195) | – |
| – Amount due from a shareholder | (24,379) | (24,386) | (12,188) | (11,739) |
| | <u>(24,767)</u> | <u>(24,565)</u> | <u>(12,383)</u> | <u>(11,739)</u> |
| Finance costs – net | <u>403,182</u> | <u>203,709</u> | <u>124,910</u> | <u>77,948</u> |

12 INCOME TAX EXPENSE

Singapore income tax has been provided at the rate of 17% on the estimated assessable profit during the Track Record Period.

The amount of income tax expense charged to the combined statement of comprehensive income represents:

| | <u>Year ended 31 December</u> | | <u>Six months ended 30 June</u> | |
|--|-------------------------------|----------------|---------------------------------|----------------|
| | <u>2015</u> | <u>2016</u> | <u>2016</u> | <u>2017</u> |
| | S\$ | S\$ | S\$ | S\$ |
| | | | <i>(unaudited)</i> | |
| Current income tax | 213,997 | 349,976 | 80,760 | 116,328 |
| Deferred income tax (<i>Note 18</i>) | 38,480 | (9,228) | – | – |
| Income tax expense | <u>252,477</u> | <u>340,748</u> | <u>80,760</u> | <u>116,328</u> |

The tax on the Group's profit before income tax differs from the theoretical amount as follows:

| | <u>Year ended 31 December</u> | | <u>Six months ended 30 June</u> | |
|--|-------------------------------|----------------|---------------------------------|----------------|
| | <u>2015</u> | <u>2016</u> | <u>2016</u> | <u>2017</u> |
| | S\$ | S\$ | S\$ | S\$ |
| | | | <i>(unaudited)</i> | |
| Profit before income tax | 1,338,386 | 2,018,953 | 655,537 | 684,653 |
| Tax calculated at domestic tax rate of 17% . . . | 227,526 | 343,222 | 111,441 | 116,391 |
| Tax effect of: | | | | |
| – different tax rates in other countries | 2,210 | (13,164) | (5,965) | (1,455) |
| – income not subject to tax | (43,624) | – | – | (7,173) |
| – expenses not deductible for tax purposes . . . | 151,108 | 103,545 | 45,018 | 34,463 |
| – Singapore statutory income exemption | (25,925) | (25,925) | (25,925) | (25,925) |
| – utilisation of previously unrecognised investment allowance | (22,171) | – | – | – |
| – tax incentives | (42,940) | (59,120) | (43,133) | (20,654) |
| – others | 6,293 | (7,810) | (676) | 20,681 |
| Income tax expense | <u>252,477</u> | <u>340,748</u> | <u>80,760</u> | <u>116,328</u> |

13 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results for each of the years ended 31 December 2015 and 2016 and the six months ended 30 June 2016 and 2017 on a combined basis as disclosed in Note 1.3 above.

14 PROPERTY, PLANT AND EQUIPMENT

| | Air conditioner | Electrical installations | Factory equipment and machinery and clean room facilities | Office equipment, furniture and fittings | Renovation | Motor vehicles | Total |
|------------------------------------|--------------------|-----------------------------|---|---|----------------|-------------------|------------------|
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| At 1 January 2015 | | | | | | | |
| Cost | 144,187 | 125,948 | 13,634,249 | 1,005,349 | 1,668,883 | 451,598 | 17,030,214 |
| Accumulated depreciation | (49,687) | (59,840) | (12,198,366) | (835,338) | (761,295) | (197,395) | (14,101,921) |
| Net book amount | <u>94,500</u> | <u>66,108</u> | <u>1,435,883</u> | <u>170,011</u> | <u>907,588</u> | <u>254,203</u> | <u>2,928,293</u> |
| Year ended 31 December 2015 | | | | | | | |
| Opening net book amount | 94,500 | 66,108 | 1,435,883 | 170,011 | 907,588 | 254,203 | 2,928,293 |
| Additions | 19,953 | - | 161,011 | 107,380 | - | - | 288,344 |
| Disposals | - | - | - | (47) | - | - | (47) |
| Depreciation (Note 9) | (21,327) | (12,184) | (814,025) | (54,448) | (243,299) | (76,662) | (1,221,945) |
| Closing net book amount | <u>93,126</u> | <u>53,924</u> | <u>782,869</u> | <u>222,896</u> | <u>664,289</u> | <u>177,541</u> | <u>1,994,645</u> |
| At 1 January 2016 | | | | | | | |
| Cost | 164,140 | 125,948 | 13,795,260 | 1,086,666 | 1,668,883 | 451,598 | 17,292,495 |
| Accumulated depreciation | (71,014) | (72,024) | (13,012,391) | (863,770) | (1,004,594) | (274,057) | (15,297,850) |
| Net book amount | <u>93,126</u> | <u>53,924</u> | <u>782,869</u> | <u>222,896</u> | <u>664,289</u> | <u>177,541</u> | <u>1,994,645</u> |
| Year ended 31 December 2016 | | | | | | | |
| Opening net book amount | 93,126 | 53,924 | 782,869 | 222,896 | 664,289 | 177,541 | 1,994,645 |
| Additions | 5,600 | 25,500 | 94,456 | 14,379 | 232,663 | - | 372,598 |
| Disposals | - | - | - | (187) | - | - | (187) |
| Depreciation (Note 9) | (20,810) | (12,822) | (200,810) | (66,200) | (254,894) | (76,669) | (632,205) |
| Closing net book amount | <u>77,916</u> | <u>66,602</u> | <u>676,515</u> | <u>170,888</u> | <u>642,058</u> | <u>100,872</u> | <u>1,734,851</u> |
| At 1 January 2017 | | | | | | | |
| Cost | 161,906 | 151,448 | 13,663,369 | 1,095,540 | 1,901,546 | 451,598 | 17,425,407 |
| Accumulated depreciation | (83,990) | (84,846) | (12,986,854) | (924,652) | (1,259,488) | (350,726) | (15,690,556) |
| Net book amount | <u>77,916</u> | <u>66,602</u> | <u>676,515</u> | <u>170,888</u> | <u>642,058</u> | <u>100,872</u> | <u>1,734,851</u> |
| Period ended 30 June 2017 | | | | | | | |
| Opening net book amount | 77,916 | 66,602 | 676,515 | 170,888 | 642,058 | 100,872 | 1,734,851 |
| Additions | 236,976 | 55,200 | 446,631 | 25,015 | 155,297 | 290,188 | 1,209,307 |
| Disposals | - | - | - | (146) | - | (17,200) | (17,346) |
| Depreciation (Note 9) | (18,708) | (11,388) | (116,676) | (33,998) | (153,870) | (61,221) | (395,861) |
| Closing net book amount | <u>296,184</u> | <u>110,414</u> | <u>1,006,470</u> | <u>161,759</u> | <u>643,485</u> | <u>312,639</u> | <u>2,530,951</u> |
| At 30 June 2017 | | | | | | | |
| Cost | 398,882 | 206,648 | 14,001,130 | 1,119,472 | 2,056,843 | 678,086 | 18,461,061 |
| Accumulated depreciation | (102,698) | (96,234) | (12,994,660) | (957,713) | (1,413,358) | (365,447) | (15,930,110) |
| Net book amount | <u>296,184</u> | <u>110,414</u> | <u>1,006,470</u> | <u>161,759</u> | <u>643,485</u> | <u>312,639</u> | <u>2,530,951</u> |

Depreciation expense of S\$901,758 and S\$320,187 has been charged to cost of sales and administrative expenses, respectively, for the year ended 31 December 2015. Depreciation expense of S\$283,057 and S\$349,148 has been charged to cost of sales and administrative expenses, respectively, for the year ended 31 December 2016. Depreciation expense of S\$202,806 and S\$193,055 has been charged to cost of sales and administrative expenses, respectively, for the period ended 30 June 2017.

Included within additions in the Historical Financial Information are factory equipment, machinery, renovation and motor vehicle acquired under finance lease amounting to S\$97,070, S\$44,400 and S\$636,492 for the years ended 31 December 2015 and 2016 and for the six months ended 30 June 2017 respectively. Included within additions in the Historical Financial Information for the year ended 31 December 2016 are provision for reinstatement cost amounting to S\$232,663 as disclosed in Note 28.

The carrying amounts of machinery under finance leases are S\$301,738, S\$248,257 and S\$544,649 as at 31 December 2015, 31 December 2016 and 30 June 2017 respectively. The carrying amounts of office equipment under finance leases are S\$23,577 S\$63,438 and S\$50,930 as at 31 December 2015, 31 December 2016 and 30 June 2017 respectively. The carrying amounts of motor vehicles under finance leases are S\$156,672, S\$84,344 and S\$298,419 as at 31 December 2015, 31 December 2016 and 30 June 2017 respectively. The carrying amounts of renovation under finance leases is S\$145,294 as at 30 June 2017.

15 INTANGIBLE ASSETS

| | S\$ |
|--|-----------------|
| At 1 January 2015 | |
| Cost | 50,661 |
| Accumulated amortisation | <u>(30,217)</u> |
| Net book amount | <u>20,444</u> |
| Year ended 31 December 2015 | |
| Opening net book amount | 20,444 |
| Additions | 111,470 |
| Amortisation (<i>Note 9</i>) | <u>(24,738)</u> |
| Closing net book amount | <u>107,176</u> |
| At 1 January 2016 | |
| Cost | 162,131 |
| Accumulated amortisation | <u>(54,955)</u> |
| Net book amount | <u>107,176</u> |
| Year ended 31 December 2016 | |
| Opening net book amount | 107,176 |
| Additions | 620 |
| Amortisation (<i>Note 9</i>) | <u>(21,392)</u> |
| Closing net book amount | <u>86,404</u> |
| At 1 January 2017 | |
| Cost | 162,751 |
| Accumulated amortisation | <u>(76,347)</u> |
| Net book amount | <u>86,404</u> |
| Period ended 30 June 2017 | |
| Opening net book amount | 86,404 |
| Additions | 620 |
| Amortisation (<i>Note 9</i>) | <u>(13,943)</u> |
| Closing net book amount | <u>73,081</u> |
| At 30 June 2017 | |
| Cost | 163,371 |
| Accumulated amortisation | <u>(90,290)</u> |
| Net book amount | <u>73,081</u> |

Intangible assets mainly represent patents and trademarks and license rights for technical know-how relating to the manufacturing processes for microfluidic chips and systems.

16 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

| | <u>As at 31 December</u> | | <u>As at 30 June</u> |
|-------------------------------------|--------------------------|----------------|----------------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| | S\$ | S\$ | S\$ |
| Unlisted investment | | | |
| – Life insurance contract | <u>690,367</u> | <u>736,451</u> | <u>774,950</u> |

The life insurance contract relates to an insurance policy insured on a key management of the Company. The insurance policy can be voluntarily terminated before the maturity in May 2040 or the insured event occurs. The key man insurance contract is denominated in S\$ and is secured for a loan facility granted by the insurance company to the Company (Note 26).

The change in fair value of other investment during the Track Record Period is recorded in “other gains/(losses)-net” in the combined statements of comprehensive income (Note 8).

For the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, the fair value of the life insurance contract were estimated by making reference to the cash surrender values set out in the life insurance contract.

17 FINANCIAL INSTRUMENTS BY CATEGORY

| | As at 31 December | | As at 30 June |
|---|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Financial assets as per combined statements of financial position | | | |
| Financial assets at fair value through profit or loss | 690,367 | 736,451 | 774,950 |
| Loans and receivables | | | |
| – Trade and other receivables | 2,438,047 | 3,736,242 | 4,766,246 |
| – Amount due from a shareholder | 1,306,639 | 1,308,653 | – |
| – Cash and cash equivalents | 1,248,935 | 1,789,377 | 1,776,439 |
| Total | 5,683,988 | 7,570,723 | 7,317,635 |
| Financial liabilities as per combined statements of financial position | | | |
| Financial liabilities at fair value through profit or loss | | | |
| – Convertible bond | 1,459,276 | – | – |
| Financial liabilities measured at amortised cost | | | |
| – Trade and other payables | 2,514,640 | 2,158,336 | 2,621,079 |
| – Borrowings | 2,311,873 | 3,484,344 | 4,654,563 |
| – Amounts due to shareholders | – | – | 358,000 |
| Total | 6,285,789 | 5,642,680 | 7,633,642 |

18 DEFERRED INCOME TAX

The analysis of deferred income tax liability is as follows:

| | As at 31 December | | As at 30 June |
|---|-------------------|---------|---------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Deferred income tax liability: | | | |
| – Deferred income tax liability to be settled after more than 12 months | 156,077 | 146,849 | 146,849 |

The net movements in the deferred income tax account are as follows:

| | As at 31 December | | As at 30 June |
|--|-------------------|----------------|----------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| At beginning of the year | 117,597 | 156,077 | 146,849 |
| Charged/(credited) to combined statements of comprehensive income (<i>Note 12</i>) | 38,480 | (9,228) | – |
| At end of the year | 156,077 | 146,849 | 146,849 |

The movements in deferred income tax during the Track Record Period are as follows:

Deferred income tax liability:

| | Accelerated tax depreciation |
|---|---|
| | S\$ |
| At 1 January 2015 | 117,597 |
| Charged to combined statements of comprehensive income | 38,480 |
| At 31 December 2015 | <u>156,077</u> |
| At 1 January 2016 | 156,077 |
| Credited to combined statements of comprehensive income | (9,228) |
| At 31 December 2016 | <u>146,849</u> |
| At 1 January 2017 | 146,849 |
| Charged to combined statements of comprehensive income | – |
| At 30 June 2017 | <u>146,849</u> |

The Group takes into account the probability that tax losses carried forward can be utilised against future taxable profits on recognition of deferred income tax assets. In assessing recoverability of deferred income tax assets, the Group takes into account scheduled reversal of deferred income tax liabilities, projected future taxable profit and tax planning.

As a result of the assessment of the recoverability of deferred income tax assets, the Group does not recognise deferred income tax assets for tax losses carried forward. The amounts of tax losses carried forward for which deferred income tax assets that are not recognised as at 31 December 2015, 2016 and 30 June 2017 are as follows:

| | As at 31 December | | As at 30 June |
|----------------------------------|--------------------------|----------------|----------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Losses carried forward | <u>54,025</u> | <u>248,533</u> | <u>263,604</u> |

The expiration of tax losses carried forward for which deferred income tax assets are not recognised is as follows:

| | As at 31 December | | As at 30 June |
|--------------------|--------------------------|----------------|----------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| 1st Year | – | – | – |
| 2nd Year | – | – | – |
| 3rd Year | – | – | 54,025 |
| 4th Year | – | 54,025 | 194,508 |
| 5th Year | 54,025 | 194,508 | 15,071 |
| | <u>54,025</u> | <u>248,533</u> | <u>263,604</u> |

19 TRADE AND OTHER RECEIVABLES

| | As at 31 December | | As at 30 June |
|--|--------------------------|------------------|----------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Trade receivables (<i>Note a</i>): | | | |
| – Third parties | 1,951,058 | 2,828,192 | 4,146,198 |
| Goods and services tax receivables | 62,779 | 21,786 | 51,383 |
| Deposits | 416,470 | 577,284 | 544,692 |
| Prepayments | 42,155 | 72,957 | 387,478 |
| Others | 7,740 | 308,980 | 23,973 |
| | <u>2,480,202</u> | <u>3,809,199</u> | <u>5,153,724</u> |

(a) Trade receivables

| | As at 31 December | | As at 30 June |
|---|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Trade receivables | 1,951,058 | 2,828,192 | 4,146,198 |
| Less: provision for impairment of trade receivables | — | — | — |
| | <u>1,951,058</u> | <u>2,828,192</u> | <u>4,146,198</u> |

The carrying amounts of trade receivables approximate their fair values.

The Group's trade receivables are denominated in the following currencies:

| | As at 31 December | | As at 30 June |
|---------------------------------|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Singapore dollars | 1,762,830 | 2,587,067 | 3,847,074 |
| United States dollars | 188,228 | 241,125 | 299,124 |
| | <u>1,951,058</u> | <u>2,828,192</u> | <u>4,146,198</u> |

The Group normally grants credit terms to its customers ranging from 30 to 60 days. The aging analysis of these trade receivables based on invoice date is as follows:

| | As at 31 December | | As at 30 June |
|--------------------------|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| 1 to 30 days | 1,570,046 | 1,543,647 | 2,235,584 |
| 31 to 60 days | 381,012 | 590,365 | 1,665,988 |
| 61 to 90 days | — | 694,180 | 209,626 |
| 91 to 120 days | — | — | — |
| Over 120 days | — | — | 35,000 |
| | <u>1,951,058</u> | <u>2,828,192</u> | <u>4,146,198</u> |

As at 31 December 2015, 2016 and 30 June 2017, trade receivable of S\$38,970, S\$939,583 and \$559,623, respectively, were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables based on due date is as follows:

| | As at 31 December | | As at 30 June |
|----------------------------|-------------------|----------------|----------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Past due but not impaired: | | | |
| 1 to 30 days | 38,970 | 939,583 | 524,623 |
| 31 to 60 days | — | — | — |
| 61 to 90 days | — | — | — |
| Over 90 days | — | — | 35,000 |
| | <u>38,970</u> | <u>939,583</u> | <u>559,623</u> |

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables mentioned above. The Group does not hold any collateral as security.

20 AMOUNT DUE FROM A SHAREHOLDER

The non-trade amount due from a shareholder is denominated in Singapore dollars, unsecured, bears interest at 2% per annum and repayable on demand. The maximum outstanding balance during the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017 were S\$1,306,639, S\$1,308,653 and S\$1,308,653 respectively. The amount due from a shareholder was fully recovered during the six months ended 30 June 2017.

21 INVENTORIES

| | As at 31 December | | As at 30 June |
|----------------------------|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Raw materials | 628,823 | 413,607 | 701,177 |
| Work-in-progress | 253,490 | 204,800 | 376,111 |
| Finished goods | 427,130 | 488,525 | 344,915 |
| | <u>1,309,443</u> | <u>1,106,932</u> | <u>1,422,203</u> |

The cost of inventories included in cost of sales amounted to S\$7,436,501, S\$8,347,199 and, S\$5,145,559 for the years ended 31 December 2015, 2016 and the six months ended 30 June 2017 respectively.

22 CASH AND CASH EQUIVALENTS

| | As at 31 December | | As at 30 June |
|----------------------------------|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Cash and bank balances | 1,093,610 | 1,789,377 | 1,776,439 |
| Fixed deposits | 155,325 | – | – |
| | <u>1,248,935</u> | <u>1,789,377</u> | <u>1,776,439</u> |

The Group's cash and cash equivalents are denominated in the following currencies:

| | As at 31 December | | As at 30 June |
|---------------------------------|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Singapore dollars | 1,159,898 | 1,776,683 | 1,706,559 |
| Indonesia Rupiah | 990 | 3,358 | 35,200 |
| Japanese yen | – | 1,945 | 1,932 |
| Renminbi | – | 1,578 | 2,150 |
| United States dollars | 88,047 | 5,813 | 30,598 |
| | <u>1,248,935</u> | <u>1,789,377</u> | <u>1,776,439</u> |

For the purpose of presenting the statement of cash flows, the cash and cash equivalents comprise the following at the end of the reporting period:

| | As at 31 December | | As at 30 June |
|--|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Cash and cash equivalents | 1,248,935 | 1,789,377 | 1,776,439 |
| Bank overdrafts (<i>Note 26</i>) | (274,744) | (725,933) | (550,327) |
| | <u>974,191</u> | <u>1,063,444</u> | <u>1,226,112</u> |

23 COMBINED CAPITAL

The reorganisation was not completed as at 30 June 2017. For the purpose of preparing the Historical Financial Information, the combined capital in the combined statements of financial position as at 31 December 2015 and 2016 and 30 June 2017 represents the share capital of the companies now comprising the Group after elimination of intercompany investments.

24 AMOUNTS DUE TO SHAREHOLDERS

The non-trade amounts due to shareholders are denominated in S\$, unsecured, interest-free and repayable on demand.

25 TRADE AND OTHER PAYABLES

| | As at 31 December | | As at 30 June |
|----------------------------------|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Trade payables (<i>Note a</i>) | | | |
| – Third parties | 1,894,144 | 1,563,679 | 1,973,995 |
| Other payables and accruals | | | |
| – Accrued expenses | 403,161 | 371,650 | 408,628 |
| – Others | 217,335 | 223,007 | 238,456 |
| | <u>2,514,640</u> | <u>2,158,336</u> | <u>2,621,079</u> |

(a) Trade payables

As at 31 December 2015 and 2016 and 30 June 2017, the aging analysis of the trade payables by invoice date is as follows:

| | As at 31 December | | As at 30 June |
|-----------------------------|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| 1 to 30 days | 1,044,692 | 892,664 | 1,065,683 |
| 31 to 60 days | 690,798 | 600,777 | 803,875 |
| 61 to 90 days | 106,384 | 59,685 | 104,437 |
| More than 90 days | 52,270 | 10,553 | – |
| | <u>1,894,144</u> | <u>1,563,679</u> | <u>1,973,995</u> |

The Group's trade payables are denominated in the following currencies:

| | As at 31 December | | As at 30 June |
|---------------------------------|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Singapore dollars | 1,222,842 | 555,140 | 1,195,621 |
| Euro | – | 444 | 132,000 |
| Indonesian Rupiah | 49,465 | 58,584 | – |
| Swiss France | 60,880 | 63,937 | 34,822 |
| United States dollars | 560,957 | 885,574 | 611,552 |
| | <u>1,894,144</u> | <u>1,563,679</u> | <u>1,973,995</u> |

The carrying amounts of trade payables approximate their fair values.

26 BORROWINGS

| | As at 31 December | | As at 30 June |
|--|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| <u>Non-current</u> | | | |
| Bank borrowings | 131,250 | 333,844 | 167,001 |
| Finance lease liabilities (<i>Note 27</i>) | 262,086 | 134,645 | 444,412 |
| | <u>393,336</u> | <u>468,489</u> | <u>611,413</u> |
| <u>Current</u> | | | |
| Bank borrowings | 821,561 | 1,090,180 | 1,297,642 |
| Bank overdrafts | 274,744 | 725,933 | 550,327 |
| Trust receipts | 681,627 | 1,046,408 | 1,876,563 |
| Convertible bonds (<i>Note 26(a)</i>) | 1,459,276 | – | – |
| Finance lease liabilities (<i>Note 27</i>) | 140,605 | 153,334 | 318,618 |
| | <u>3,377,813</u> | <u>3,015,855</u> | <u>4,043,150</u> |
| Total borrowings | <u>3,771,149</u> | <u>3,484,344</u> | <u>4,654,563</u> |

As at 31 December 2015, 2016 and 30 June 2017, the Group's bank borrowings were repayable as follows:

| | As at 31 December | | As at 30 June |
|---------------------------------|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Within 1 year | 821,561 | 1,090,180 | 1,297,642 |
| Between 1 and 2 years | 131,250 | 243,883 | 130,370 |
| Between 2 and 5 years | – | 89,961 | 36,631 |
| | <u>952,811</u> | <u>1,424,024</u> | <u>1,464,643</u> |

The average effective interest rates per annum at the end of each Track Record Period were set out as follows:

| | As at 31 December | | As at 30 June |
|---------------------------|-------------------|-------------|---------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Bank borrowings | 4.9% | 4.7% | 6.0% |
| Bank overdrafts | 6.3% | 6.3% | 6.3% |
| Trust receipts | <u>6.0%</u> | <u>6.0%</u> | <u>6.0%</u> |

The carrying amounts of borrowings of the Group approximate their fair values as at 31 December 2015, 2016 and 30 June 2017 and are denominated in S\$.

Total bank borrowings of S\$372,917, S\$809,667 and S\$548,580 as at 31 December 2015, 2016 and 30 June 2017, respectively, are secured by personal joint and several guarantee by the shareholders. Total bank borrowings of S\$291,667, S\$375,000 and S\$216,667 as at 31 December 2015, 2016 and 30 June 2017, respectively, are secured by first legal mortgage on a shareholder's property. Total bank borrowings of S\$579,894, S\$614,357 and S\$630,405 as at 31 December 2015, 2016 and 30 June 2017, respectively, are secured by a life insurance policy undertaken by the Company for a key management of the Company (Note 16).

Bank overdrafts are secured by a first legal mortgage on a shareholder's property and personal joint and several guarantee by the shareholders.

Trust receipts are secured by personal joint and several guarantee by the shareholders. Total trust receipts of S\$681,627, S\$1,046,408 and S\$1,491,563 as at 31 December 2015, 2016 and 30 June 2017, respectively, are secured by first legal mortgage on a shareholder's property.

(a) Convertible bond

On 30 September 2014, the Group issued convertible bond ("Bond") denominated in S\$ with a nominal value of S\$2,500,000. The Bond carries a coupon of 13.5% per annum, payable quarterly in arrears.

The Bond is due for repayment in two years from the issue date or may be converted in part or all of the outstanding balance into shares of the Group at 50% discount to the IPO price in the event of an IPO or trade sales price. The Bond may be redeemed at any time after 12 months from the date the Bond was issued without penalty.

The Bond is secured by first legal mortgage on the shareholder's property, personal joint and several guarantee by the shareholders and the shareholders collectively pledged 45% of the issued and paid-up ordinary shares of the Company.

During the year ended 31 December 2015, the Group redeemed S\$1,000,000 of the Bond in cash. During the year ended 31 December 2016, the Group fully redeemed the remaining outstanding balance amounting to S\$1,500,000 in cash.

The Bond recognised in the statement of financial position is analysed as follows:

| | Year ended 31 December | |
|---|------------------------|--------------------|
| | 2015 | 2016 |
| | S\$ | S\$ |
| Beginning of financial year | 2,597,538 | 1,459,276 |
| Fair value gain recognised in statement of comprehensive income | (165,412) | (967) |
| Loss on redemption | 27,150 | 41,691 |
| Redemption | <u>(1,000,000)</u> | <u>(1,500,000)</u> |
| End of financial year | <u>1,459,276</u> | <u>–</u> |

Loss on redemption is as follows:

| | As at 31 December | |
|--|-------------------|---------------|
| | 2015 | 2016 |
| Amount paid | S\$ 1,000,000 | S\$ 1,500,000 |
| Less: Fair value at the date of redemption | (972,850) | (1,458,309) |
| Loss on redemption | <u>27,150</u> | <u>41,691</u> |

27 FINANCE LEASE LIABILITIES

The Group leases certain property, plant and equipment and motor vehicles from third parties under finance leases. As at 31 December 2015 and 2016 and 30 June 2017, the Group's finance leases were repayable as follows:

| | As at 31 December | | As at 30 June |
|--|-------------------|----------------|----------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Minimum lease payments due | | | |
| – Not later than 1 year | 152,281 | 165,235 | 345,170 |
| – Later than 1 year and not later than 5 years | 284,679 | 146,320 | 502,229 |
| | <u>436,960</u> | <u>311,555</u> | <u>847,399</u> |
| Less: Future finance charges | (34,269) | (23,576) | (84,369) |
| Present value of finance lease liabilities | <u>402,691</u> | <u>287,979</u> | <u>763,030</u> |

The present values of finance lease liabilities are analysed as follows:

| | As at 31 December | | As at 30 June |
|--|-------------------|----------------|----------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Not later than 1 year (<i>Note 26</i>) | 140,605 | 153,334 | 318,618 |
| Later than one year (<i>Note 26</i>) | | | |
| – Later than 1 year and not later than 5 years | 262,086 | 134,645 | 444,412 |
| Total | <u>402,691</u> | <u>287,979</u> | <u>763,030</u> |

Total obligations under finance leases of S\$307,774, S\$220,122 and S\$556,193 as at 31 December 2015, 2016 and 30 June 2017, respectively, are secured by personal guarantees by the shareholders of the Company.

Effective interest rates on the finance leases were 3.52%, 3.17% and 5.23% per annum during the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, respectively.

28 PROVISIONS

| | As at 31 December | | As at 30 June |
|--|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Non-current | | | |
| Provision for reinstatement cost | <u>1,194,128</u> | <u>1,426,791</u> | <u>1,426,791</u> |

Provision for reinstatement costs were recognised for the expected costs associated with restoring the leased office and factory space by the Group upon expiry of leases from landlords to its original condition based on the requirements of the lease contract. Provision for reinstatement costs is the present value of the estimated costs of dismantlement, removal and restoration to be incurred for the leased office and factory space. The provision is based on estimates made from historical data associated with reinstatement works on contracts of similar nature using technology and materials that are currently available.

Movement in provision for reinstatement cost is as follows:

| | Year ended 31 December | | Six months ended 30 June |
|--|------------------------|------------------|--------------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| Beginning of financial year/period | 1,194,128 | 1,194,128 | 1,426,791 |
| Provision made | – | 232,663 | – |
| End of financial year/period | <u>1,194,128</u> | <u>1,426,791</u> | <u>1,426,791</u> |

29 OPERATING LEASE COMMITMENTS

The Group leases office premises from third parties under non-cancellable operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises are as follows:

| | As at 31 December | | As at 30 June |
|--|-------------------|------------------|------------------|
| | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ |
| – Not later than 1 year | 1,291,018 | 1,308,775 | 1,161,872 |
| – Later than 1 year and not later than 5 years | 2,870,981 | 1,622,368 | 1,156,367 |
| – Later than 5 years | 160,989 | – | – |
| | <u>4,322,988</u> | <u>2,931,143</u> | <u>2,318,239</u> |

The Group has no other material commitments as at 31 December 2015, 2016 and 30 June 2017.

30 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

Dividends paid during the six months ended 30 June 2017 represented dividends declared by the company now comprising the Group to the then equity holders of the Company for the year ended 31 December 2016. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

31 CONTINGENCIES

In November 2014, the Group commenced legal proceedings against one of its suppliers (“Defendant”). In January 2015, the Defendant filed a defence and counterclaim amounting to approximately S\$78,000. As at the date of this report, the trial of the above legal proceedings was heard before the Singapore Courts and the hearing for the hearing judge to deliver his full decision has been adjourned to March 2018. The Board of Directors, pursuant to the advice from the Company’s legal adviser, is of the opinion that the Group has acted appropriately and as such, it is likely that the Defendant’s counterclaim against the Group will not succeed.

32 RELATED PARTY TRANSACTIONS

For the purposes of this Historical Financial Information, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors are of the view that the following individuals were related parties that had material transactions or balances with the Group during the years ended 31 December 2015 and 2016 and the six months ended 30 June 2016 and 2017:

| Name | Relationship with the Group |
|----------------------------|---|
| Mr Phua Swee Hoe | A shareholder and executive director of the Company |
| Ms Ng Hong Kiew | Spouse of the executive director of the Company |

In addition to the related party information disclosed elsewhere in this report, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the Track Record Period.

(a) Key management compensation

Key management includes executive directors of the Group. The compensation paid or payable to key management for employee services is disclosed in Note 10(b).

33 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Save as disclosed elsewhere in this report, the following significant event took place subsequent to 30 June 2017:

By a shareholder’s resolution dated 19 December 2017 and conditional on the share premium account of the Company being credited as a result of issue of new shares pursuant to the proposed offering of the Company’s shares, the Company will issue additional 299,999,000 shares, credited as fully paid, to the existing shareholders of the Company.

On 16 December 2017, Mr. Phua Swee Hoe, Ms. Ng Hong Kiew, Eastlyn Global Limited and Inzign Pte Ltd entered into a deed of novation (“Novation”), pursuant to which Eastlyn Global Limited will assume part of the amount due to shareholders of S\$2,000,000. Immediately following the Novation, on 16 December 2017, Eastlyn Global Limited capitalised this amount due to shareholders in consideration for the allotment and issue by Eastlyn Global to Mr. Phua Swee Hoe and Ms. Ng Hong Kiew of an aggregate of 1,000 shares, as to 879 and 121 shares respectively.

III HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

As at 30 June 2017, the Company had not been incorporated and, accordingly, it had no assets, liabilities or distributable reserves as at that date.

IV SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2017 and up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2017.

| | |
|--------------------|--|
| APPENDIX II | UNAUDITED PRO FORMA FINANCIAL INFORMATION |
|--------------------|--|

The following information does not form part of the Accountant’s Report prepared by PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section entitled “Financial Information” in this prospectus and the “Accountant’s Report” set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 7.31 of the GEM Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Share Offer on the net tangible assets of the Group attributable to equity holders of the Company as at 30 June 2017 as if the Share Offer had taken place on that date.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group as at 30 June 2017 or at any future dates following the Share Offer. It is prepared based on the combined net assets of the Group as at 30 June 2017 as set out in the Accountant’s Report of the Group, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

| | Audited combined net tangible assets of the Group attributable to equity holders of the Company as at 30 June 2017 <i>(Note 1)</i> | Estimated net proceeds from the Share Offer <i>(Note 2)</i> | Unaudited pro forma adjusted combined net tangible assets attributable to equity holders of the Company as at 30 June 2017 <i>(Note 3)</i> | Unaudited pro forma adjusted net tangible assets per Share <i>(Note 4)</i> | Unaudited pro forma adjusted net tangible assets per Share <i>(Note 5)</i> |
|---|---|--|---|---|---|
| | <i>S\$</i> | <i>S\$</i> | <i>S\$</i> | <i>S\$</i> | <i>HK\$</i> |
| Based on the minimum indicative Offer Price of HK\$0.60 per Share | 2,146,743 | 6,415,950 | 8,562,693 | 0.02 | 0.12 |
| Based on the maximum indicative Offer Price of HK\$0.70 per Share | 2,146,743 | 8,094,521 | 10,241,264 | 0.03 | 0.14 |

Notes:

- (1) The audited combined net tangible assets attributable to equity holders of the Company as at 30 June 2017 is extracted from the Accountant’s Report set out in Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to equity holders of the Company as at 30 June 2017 of approximately S\$2,219,824 with an adjustment for the intangible assets as at 30 June 2017 of approximately S\$73,081.

- (2) The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK\$0.60 per Offer Share and HK\$0.70 per Offer Share after deduction of the underwriting fees and other related expenses paid/payable by the Company (excluding approximately HK\$670,320 (S\$119,700) which have been recognised in the combined statements of comprehensive income during the Track Record Period) but takes no account of any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by our Company pursuant to the General Mandate as described in the section headed “Share Capital” in this prospectus.
- (3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 400,000,000 Shares were in issue assuming that the share offer has been completed on 30 June 2017 but takes no account of any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by our Company pursuant to the General Mandate as described in the section headed “Share Capital” in this prospectus.
- (4) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to 30 June 2017. In particular, the unaudited pro forma adjusted net tangible assets has not adjusted the capitalisation of the amounts due to shareholders of approximately S\$2,000,000 on 16 December 2017. Had the capitalisation been taken into account, the unaudited pro forma adjusted net tangible assets per Share would be HK\$0.15 and HK\$0.17 based on the Offer Price of HK\$0.60 and HK\$0.70 per Share, respectively.
- (5) For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in Singapore Dollars are converted into Hong Kong Dollars at a rate of HK\$1.00 to S\$0.1786. No representation is made that Singapore Dollars amounts have been, could have been or may be converted to Hong Kong Dollars, or vice versa, at that rate.

B. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

Independent Reporting Accountant's Assurance Report On The Compilation of Unaudited Pro Forma Financial Information

To the Directors of IAG Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of IAG Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 30 June 2017 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 29 December 2017, in connection with the proposed share offer of the Company. 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.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed share offer of the Company on the Group's financial position as at 30 June 2017 as if the proposed share offer of the Company had taken place at 30 June 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 the period ended 30 June 2017, on which an accountant's report has been published.

Directors' Responsibility 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 "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 ("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 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 Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the 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 accountant plans and performs 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 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 a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity 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 proposed share offer of the Company at 30 June 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 accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

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 by the directors of the Company 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 Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 29 December 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 17 July 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 19 December 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 instalment 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 authorized 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 3 August 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 the Company are listed on the Stock Exchange, the Company is 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.

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 17 July 2017. Our Company has established a place of business in Hong Kong at 57/F., 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 1 September 2017. In connection with such registration, Mr. Ko Wai Lun Warren has been appointed as the authorised representative 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 Companies Law and its constitution, which comprises the Memorandum and the Articles. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Changes in authorised and issued share capital of our Company

Our Company was incorporated in the Cayman Islands on 17 July 2017. 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, of which one nil-paid Share was allotted and issued to the initial subscriber on the date of incorporation and transferred to Team One Global on the same date.

On 19 December 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 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 as mentioned in the section headed "History, Reorganisation and Group Structure – Reorganisation" of this prospectus, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus.

3. Changes in share capital of our subsidiaries

Our Company's subsidiaries are referred to in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed "History, Reorganisation and Group Structure" in this prospectus, there has been no alteration in the registered share capital of our subsidiaries during the two years preceding the date of this prospectus.

4. Resolutions in writing of our sole Shareholder passed on 19 December 2017

Pursuant to the resolutions in writing passed by our sole Shareholder on 19 December 2017:

- (a) our Company adopted its new Memorandum with immediate effect and conditionally adopted the new Articles with effect from the Listing Date;
- (b) our Company increased its authorised share capital 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;

- (c) our Company adopted and approved the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “15. Share option scheme” below, and our Directors were authorised to grant options to (1) subscribe for Shares thereunder and, conditional on the Listing Division granting of 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, (2) approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and (3) take all such steps as may be necessary, desirable or expedient to implement the Share Option Scheme;
- (d) conditional upon (i) the Listing Division granting the listing of, and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may fall to be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme); (ii) the Offer Price having been fixed on or about the Price Determination Date; (iii) the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and (iv) the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Lead Managers (for themselves and on behalf of the other Underwriters)) and the Placing Underwriting Agreement not being terminated in accordance with its terms or otherwise, in each case on or before such dates as may be specified in the Placing Underwriting Agreement:
- (i) the Share Offer was approved and our Directors were authorised to (1) approve to allot and issue the Offer Shares subject to the terms and conditions stated in this prospectus; (2) implement the Share Offer and the Listing; and (3) do all things and execute all documents in connection with or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;
- (ii) conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares of the Share Offer, our Directors were authorised to capitalise approximately HK\$2,999,999 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 299,999,900 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 preceding 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 respective 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 and our Directors were authorised to give effect to such capitalisation;
- (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, 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, our Shares with an aggregate number of Shares not exceeding (aa) 20% of the number of Shares in

issue immediately following completion of the Capitalisation Issue and the Share Offer (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 number of Shares which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in paragraph (iv) 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 or any applicable Cayman Islands laws 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 (iii), 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 our Shares 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 not exceeding 10% of the number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer (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 or any applicable Cayman Islands laws 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.

5. Reorganisation

Our Group underwent the Reorganisation to rationalise our Group’s structure in preparation for the Listing. For information relating to the Reorganisation, please refer to the section headed “History, Reorganisation and Group Structure” in 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 the resolutions in writing passed by our sole Shareholder on 19 December 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 number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer (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 or any applicable Cayman Islands laws 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 the Memorandum, Articles 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 the Articles 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 the Articles and subject to the provisions of the Companies Law, out of capital.

(iii) Connected parties

A company is prohibited from knowingly repurchasing securities from a "core 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 the Memorandum and Articles, 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 400,000,000 Shares in issue immediately after the listing of the Shares on the Stock Exchange, would result in up to 40,000,000 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 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 connected person 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.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

7. 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) the sale and purchase agreement dated 14 December 2017 entered into among Mr. Phua, Ms. Ng and Eastlyn Global for the transfer of the entire issued share capital of Inzign to Eastlyn Global, in an aggregate consideration of S\$3,845,487 which is to be satisfied by Eastlyn Global crediting the 879 and 121 nil-paid shares respectively held by Mr. Phua and Ms. Ng in Eastlyn Global as fully paid;

- (b) the deed of novation dated 16 December 2017 entered into among Mr. Phua, Ms. Ng, Inzign and Eastlyn Global in connection with the novation from Inzign to Eastlyn Global of all obligations, liabilities and rights of Inzign to repay a shareholders' loan in an aggregate sum of S\$2,000,000 to Mr. Phua and Ms. Ng;
- (c) the sale and purchase agreement dated 19 December 2017 entered into among Mr. Phua, Ms. Ng and our Company for the transfer of the entire issued share capital of Eastlyn Global to our Company, in consideration of our Company (i) allotting and issuing 99 Shares, credited as fully paid, to Team One Global (being the nominee of Mr. Phua and Ms. Ng); and (ii) crediting as fully paid the initial Share held by Team One Global;
- (d) the Deed of Non-competition;
- (e) the Deed of Indemnity; and
- (f) the Public Offer Underwriting Agreement.


8. Intellectual property

(a) Trademarks

As at the Latest Practicable Date, our Group has registered the following trademarks which are material to our business.

| <u>Trademark</u> | <u>Applicant</u> | <u>Class</u> | <u>Trademark number</u> | <u>Place of Application</u> | <u>Registration Date</u> |
|---|------------------|--------------|-------------------------|-----------------------------|--------------------------|
|  | Inzign | 40 | 40201712579T | Singapore | 7 December 2017 |
| INZIGN | Inzign | 40 | 40201712584P | Singapore | 7 December 2017 |

As at the Latest Practicable Date, our Group has applied for the following trademark which is material to our business:

| <u>Trademark</u> | <u>Applicant</u> | <u>Class</u> | <u>Trademark number</u> | <u>Place of Application</u> | <u>Application Date</u> |
|---|------------------|--------------|-------------------------|-----------------------------|-------------------------|
|  | Inzign | 40 | 40201712585T | Singapore | 3 July 2017 |

(b) Domain name

As at the Latest Practicable Date, our Group had registered the following domain names:

| <u>Domain Name</u> | <u>Commencement Date</u> | <u>Expiry Date</u> |
|--|--------------------------|--------------------|
| www.inzign.com | 22 May 2001 | 22 May 2020 |
| www.inzign.net | 22 May 2001 | 22 May 2020 |

Information contained in the above website does 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.

FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

9. Interests and short positions of Directors and chief executive in the shares, underlying shares and debentures of our Company or its associated corporations

Immediately following completion of the Capitalisation Issue and the Share Offer and taking no account of any Shares which may be 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 directors to be notified to our Company and the Stock Exchange, will be as follows:

| <u>Name of Director</u> | <u>Capacity/nature of interest</u> | <u>Number of Shares held after the Share Offer⁽¹⁾</u> | <u>Approximate percentage of interest in our Company after the Share Offer</u> |
|-------------------------|--|--|--|
| Mr. Phua | Interest in controlled corporation ⁽²⁾ / interest of spouse ⁽³⁾ | 300,000,000 (L) | 75% |
| Ms. Ng | Interest of spouse ⁽³⁾ | 300,000,000 (L) | 75% |

Notes:

1. The letter "L" denotes the person's long position in the relevant Shares.
2. All the issued shares of Team One Global are legal and beneficially owned as to 87.9% and 12.1% by Mr. Phua and Ms. Ng, respectively. Accordingly, Mr. Phua is deemed to be collectively interested in 300,000,000 Shares held by Team One Global by virtue of the SFO.
3. Mr. Phua and Ms. Ng are spouses. Therefore, Mr. Phua is deemed to be interested in Shares held by Mr. Ng, and vice versa, pursuant to the SFO.

10. Interests and short positions of substantial shareholders in the shares, underlying shares and debentures of our Company or its associated corporations

Immediately following completion of the Capitalisation Issue and the Share Offer and taking no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, so far as it is known to our Directors, the following persons/entities, not being a Director or chief executive of our Company, 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 which would be recorded in the register of our Company required to be kept under section 336 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:

| <u>Name</u> | <u>Capacity/nature of interest</u> | <u>Number of Shares held after the Share Offer⁽¹⁾</u> | <u>Approximate percentage of interest in our Company after the Share Offer</u> |
|-----------------------|------------------------------------|--|--|
| Team One Global . . . | Beneficial owner ⁽²⁾ | 300,000,000 (L) | 75% |

Notes:

1. The letter "L" denotes the person's long position in the relevant Shares.
2. All the issued shares of Team One Global are legally and beneficially owned as to 87.9% and 12.1% by Mr. Phua and Ms. Ng, respectively. Accordingly, Mr. Phua is deemed to be collectively interested in 300,000,000 Shares held by Team One Global by virtue of the SFO.

11. Particulars of Directors' service contracts and letters of appointment

(a) Executive Directors' service contracts

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. Each service agreement is for an initial term of three years with effect from the Listing Date and shall continue thereafter 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:

| <u>Name</u> | <u>Amount per annum</u> |
|----------------------------|-------------------------|
| Mr. Phua | HK\$170,000 |
| Ms. Ng | HK\$170,000 |
| Mr. Ang Lai Seng | HK\$170,000 |

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 and the performance of our executive Director. 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) Non-executive Director and independent non-executive Directors' letters of appointment

Each of our non-executive Director and independent non-executive Directors has entered into a letter of appointment with our Company on 19 December 2017. Each letter of appointment is for an initial term of one year commencing on the date of the letter of appointment and shall continue thereafter unless terminated by either party giving at least one month's notice in writing.

| <u>Name</u> | <u>Amount per annum</u> |
|------------------------------|-------------------------|
| Mr. Tay Koon Chuan | HK\$170,000 |
| Mr. Tan Yew Bock | HK\$170,000 |
| Mr. Ong Kian Guan | HK\$170,000 |
| Mr. Chow Wen Kwan | HK\$170,000 |

Save for the annual Director's fees mentioned above, none of the non-executive Director and independent non-executive Directors is entitled to receive any other remuneration for holding his office as a non-executive director an independent non-executive Director (as the case may be).

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

During the two years ended 31 December 2016 and six months ended 30 June 2017, the aggregate of the remuneration (including salaries, discretionary benefits or bonus or other fringe benefits and allowance, if any) paid and benefits in kind granted by our Group to our Directors was approximately S\$0.4 million, S\$0.5 million and S\$0.2 million, respectively.

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 financial year ending 31 December 2017 is estimated to be approximately S\$0.5 million.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for the two financial years ended 31 December 2016 and six months ended 30 June 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 two financial years ended 31 December 2016 and the six months ended 30 June 2017.

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.

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.

12. Agency fees or commissions received

Information on the agency fees or commissions payable to the Underwriters is set out in the section headed "Underwriting – Commission and expenses" of this prospectus.

None of our Directors or experts (as named in the paragraph headed "22. Qualifications 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 Shares within three years immediately preceding the date of this prospectus.

13. Related party transactions

During the Track Record Period, our Group was engaged in related party transactions as described in note 32 of Appendix I of this prospectus.

14. 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 Capitalisation Issue and the Share Offer 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 which would be recorded in the register of our Company required to be kept under section 336 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 paragraph headed “22. Qualifications 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;
- (e) none of the experts named in the paragraph headed “22. 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; and
- (f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

15. Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme, which was approved by written resolutions passed by our sole Shareholder on 19 December 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:

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

(a) 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.

(b) 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.

(c) 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 each participant and shall be at least the higher of: (i) the closing price per Share as stated in the Stock Exchange's daily quotation sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices per Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; or (iii) the nominal value of the 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.

(d) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within ten business 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 shall be a nominal amount determined by the Board.

(e) Maximum number of Shares

- (i) Subject to sub-paragraphs (ii) and (iii) below, the maximum number of Shares issuable upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from its adoption date (excluding, for this purpose, Shares issuable upon the 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 40,000,000 Shares (or such numbers of Shares as shall result from a subdivision or a consolidation of such 40,000,000 Shares from time to time) to the participants under the Share Option Scheme.
- (ii) The 10% limit as mentioned above may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon the 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 the Shareholders containing the information as required under Chapter 23 of the GEM Listing Rules in this regard.
- (iii) Our Company may seek separate approval by the 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 the 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.

- (iv) The aggregate number of Shares which may be issued upon the 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 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.

(f) *Maximum entitlement of each participant*

The total number of Shares issued and to be issued upon the 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/her close associates abstaining from voting. In such event, our Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under Chapter 23 of 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 the 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.

(g) *Grant of options to certain connected persons*

- (i) Any grant of options to a Director, chief executive of our Company or substantial Shareholder or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (ii) 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 the 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:
 - (a) representing in aggregate over 0.1% of the Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 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 the Shareholders containing all information as required under Chapter 23 of the GEM Listing Rules in this regard. The grantee, his/her 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.

(h) Restrictions on the times of grant of options

- (i) 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:
 - (a) 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
 - (b) 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).
- (ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of our Company are published and:
 - (a) 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
 - (b) 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.

(i) 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 ten years from the date of grant subject to the provisions of early termination thereof.

(j) 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.

(k) 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, assign, 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).

(l) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (m) 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 (q), (r) and (s) occurs prior to his/her death or within such period of 12 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.

(m) 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.

(n) 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 (m) above, the option (to the extent not already lapsed or 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 on which the grantee was physically at work with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

(o) Effects of alterations to share capital

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, open offer, consolidation, 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 any member of our Group 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 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 or confirmation 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.

(p) 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 the 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, as the case may be, 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.

(q) 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 dispatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his/her 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.

(r) *Rights on compromise or arrangement*

In the event of a compromise or arrangement between our Company and the 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 the Shareholders or the creditors of our Company to consider such a compromise or arrangement and the options (to the extent not already lapsed or 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 for the Shares in respect of which the notice is given 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.

(s) *Lapse of options*

Subject to paragraph (l) above, an option shall lapse automatically on the earliest of:

- (i) the expiry of the period referred to in paragraph (i) above;
- (ii) 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 (k);
- (iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (l), (n), (p), (q) or (r) above;
- (iv) subject to paragraph (q) above, the date of the commencement of the winding-up of our Company;
- (v) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his/her creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his/her integrity or honesty;
- (vi) 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
- (vii) subject to the compromise or arrangement as referred to in paragraph (r) becoming effective, the date on which such compromise or arrangement becomes effective.

(t) 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.

(u) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on its adoption date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

(v) Alteration to the Share Option Scheme

- (i) 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 the Shareholders in general meeting.
- (ii) 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 the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

(w) Termination 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.

(x) Conditions of the Share Option Scheme

The Share Option Scheme is conditional 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.

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 document, no option has been granted or agreed to be granted under the Share Option Scheme.

OTHER INFORMATION**16. 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.

Each of Team One Global, Mr. Phua and Ms. Ng (collectively, the “**Indemnifiers**”) has, pursuant to the Deed of Indemnity, given indemnity in favour of our Company (for ourselves and as trustee for each of our subsidiaries) from and against, among other things, any tax liabilities which might be paid or payable by any member of our Group (the “**Group Member(s)**”) in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received before the Listing Date, save:

- (a) to the extent that provision has been made for such taxation in the audited combined accounts of our Group as set out in Appendix I to this prospectus;
- (b) to the extent that such taxation claim arises or is incurred as a consequence of any retrospective change in laws or regulations or the interpretation or practice by the Hong Kong Inland Revenue Department or any other tax or government authorities in any part of the world coming into force after the date of the Deed of Indemnity or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect;
- (c) to the extent that the liability for such taxation is caused by the act or omission of, or transaction voluntarily effected by, our Group Member which is carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the date on which the Deed of Indemnity becomes effective (the “**Effective Date**”);
- (d) to the extent that such taxation or liability is/are discharged by another person who is not a Group Member and that none of our Company and Group Members is required to reimburse such person in respect of the discharge of such taxation or liability;
- (e) to the extent that such taxation or liability would not have arisen but for any act or omission by any Group Member (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the prior written consent or agreement of the Indemnifiers, otherwise than in the ordinary course of business after the date hereof or carried out, made or entered into pursuant to a legally binding commitment created before the Effective Date;
- (f) to the extent of any provisions or reserve made for taxation in the audited accounts of our Group as set out in Appendix I to this prospectus which is finally established to be an over-provision or an excessive reserve; and
- (g) to the extent that such taxation claim arises or is incurred as a consequence of a change in any accounting policy or practice adopted by any Group Members after the Effective Date.

Further, pursuant to the Deed of Indemnity, the Indemnifiers have jointly and severally given our Group indemnity in respect of, among other matters, any liability for Hong Kong estate duty, if any, which might be incurred by any of the Group Members by reason of any transfer of property to any of the members of our Group on or before the Listing Date. Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, the BVI, Singapore and Indonesia being jurisdictions in which the companies comprising our Group are incorporated.

In addition, pursuant to the Deed of Indemnity, the Indemnifiers have agreed and undertaken to jointly and severally indemnify the members of our Group and each of them and at all times keep the same indemnified on demand from and against, save to the extent that full provision has been made as set out in Appendix I to this prospectus, all claims, damages, losses, costs, expenses, fines, actions and proceedings whatsoever and howsoever arising at any time whether present or in the future as a result of or in connection with:

- (a) any and all expenses, payments, sums, outgoing fees, demands, claims, actions, proceedings, judgments, damages, losses, costs (including but not limited to, legal and other professional costs), charges, contributions, liabilities, fines, penalties which any Group Members incur, suffer or accrue, directly or indirectly from or on the basis of or in connection with any failure, delay or defects of corporate or regulatory compliance;
- (b) any and all costs which our Company or any Group Members may incur, suffer or accrue, directly or indirectly, from or on the basis of or in connection with any failure to obtain the necessary licenses, consents or permits under Singapore and Indonesia laws for any Group Member's valid and legal establishment and/or operation on or before the Effective Date;
- (c) any and all costs which any Group Members may incur, suffer or accrue, directly or indirectly, from or on the basis of or in connection with any errors, discrepancies or missing documents in the statutory records of any Group Members arising or accruing in relation to any Group Members on or before the Effective Date; and
- (d) all direct losses and damages that we may suffer as a result of the breach of non-compliance incidents (if any) on or before the Effective Date.

17. Litigation

Save for the litigation disclosed in the section headed "Business – Legal and Compliance Matters" in this prospectus, 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.

18. 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\$4.2 million to the Sole Sponsor to act as the sponsor to our Company for purposes of the Share Offer.

19. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed Fortune Financial 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 commencing after the Listing Date.

20. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK\$42,000 and are payable by our Company.

21. Promoter

Our Company has no promoter for the purpose of GEM Listing Rules.

22. Qualifications of experts

The qualifications of the experts who have given reports, letter or opinions (as the case may be) in this prospectus are as follows:

| <u>Name</u> | <u>Qualification</u> |
|---|---|
| Fortune Financial Capital Limited . . . | Licensed corporation to carry on type 6 (advising on corporate finance) regulated activities as defined under the SFO |
| PricewaterhouseCoopers | Certified Public Accountants |
| Drew & Napier LLC | Legal advisers to our Company as to Singapore law |
| Adnan Kelana Haryanto & Hermanto | Legal advisers to our Company as to Indonesia law |
| Conyers Dill & Pearman | Legal advisers to our Company as to Cayman Islands law |
| Euromonitor International Limited . . . | Independent industry consultant |
| Central Chambers Law Corporation . . | Legal advisers to Inzign Pte Ltd |

Each of the experts named above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports, letter, opinion and/or the references to its name included herein in the form and context in which it is respectively included.

None of the experts named above 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.

23. 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 (WUMP) Ordinance so far as applicable.

24. 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, there is no stamp duty payable in the Cayman Islands on transfers of Shares other than on transfers of Shares of companies that hold 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 our 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.

25. 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 our 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;
 - (bb) no commissions, discounts, brokerages (other than under the Underwriting Agreements) 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;
 - (cc) no commission has been paid or payable for subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of its subsidiaries; and
 - (dd) 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;
 - (ii) our Directors confirm there has been no material adverse change in the financial position or trading position or prospects of our Group since 30 June 2017 (being the date to which the latest audited combined financial statements of our Group were made up);
 - (iii) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months preceding the date of this prospectus;
 - (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 “22. 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;
 - (ix) there is no arrangement under which future dividends have been waived;
 - (x) no company within our Group is presently listed on any stock exchange or traded on any trading system; and

- (xi) 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.

26. 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.

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:

- (a) copies of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the paragraph headed “Statutory and General Information – Other information – 22. Qualifications of experts” in Appendix IV to this prospectus; and
- (c) a copy of each of the material contracts referred to in the paragraph headed “Statutory and General Information – Further information about the business of our Group – 7. Summary of material contracts” in Appendix IV to this prospectus.

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 accountant’s report of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- 3. the audited combined financial statements of the companies now comprising our Group for the two financial years ended 31 December 2016 and the six months ended 30 June 2017;
- 4. the report on the unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;
- 5. the rules of the Share Option Scheme;
- 6. the letter prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in Appendix III to this prospectus;
- 7. the Companies Law;
- 8. the material contracts referred to in the paragraph headed “Statutory and General Information – Further information about the business of our Group – 7. Summary of material contracts” in Appendix IV to this prospectus;
- 9. the written consents referred to in the paragraph headed “Statutory and General Information – Other information – 22. Qualifications of experts” in Appendix IV to this prospectus;
- 10. the service contracts and letters of appointment with each of our Directors referred to in the paragraph headed “Statutory and General Information – Further information about Directors, management and substantial Shareholders – 11. Particulars of Directors’ service contracts and letters of appointment” in Appendix IV to this prospectus;

11. the legal opinion issued by Drew & Napier LLC, legal advisers to our Company as to Singapore law;
12. the legal opinion issued by Central Chambers;
13. the legal opinion issued by Adnan Kelana Haryanto & Hermanto, legal advisers to our Company as to Indonesia law; and
14. the Euromonitor Report referred to in the section headed “Industry Overview” in this prospectus.



IAG Holdings Limited
迎宏控股有限公司