



Union Medical Healthcare Limited
香港醫思醫療集團有限公司*
(Incorporated in the Cayman Islands with limited liability) Stock Code: 2138

GLOBAL OFFERING



CREDIT SUISSE
Sole Global Coordinator and Sole Sponsor

CREDIT SUISSE   
Joint Bookrunners and Joint Lead Managers

* For identification purpose only

IMPORTANT

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



Union Medical Healthcare Limited

香港醫思醫療集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

Global Offering

Number of Offer Shares under the Global Offering	: 245,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 24,500,000 Shares (subject to adjustment)
Number of International Offer Shares	: 220,500,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	: HK\$3.88 per Offer Share, plus brokerage fee 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\$0.00001 per Share
Stock code	: 2138

Sole Global Coordinator and Sole Sponsor

CREDIT SUISSE

Joint Bookrunners and Joint Lead Managers

CREDIT SUISSE

 **海通國際
HAITONG**

 **CIMB**

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, with the documents specified in the section headed "Appendix V—Documents Delivered to the Registrar of Companies and Available for Inspection" herein, has been registered with 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 for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Monday 7 March 2016 and, in any event, not later than Thursday 10 March 2016. The Offer Price will not be more than HK\$3.88 and is currently expected to be not less than HK\$2.88. Applicants for Hong Kong Offer Shares are required to pay, on application, the Maximum Offer Price of HK\$3.88 for each Hong Kong Offer Share together with a brokerage of 1%, an SFC transaction levy of 0.0027% and a Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK\$3.88 per Offer Share.

The Sole Global Coordinator, on behalf of the Underwriters, may, with our consent, reduce the number of Offer Shares 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 Hong Kong Public Offering. In such case, notices of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Such notice will also be available at the website of the Stock Exchange at www.hkexnews.hk and our website at www.umhgp.com. If applications for Hong Kong Offer Shares have been submitted prior to the last day for lodging applications under the Hong Kong Public Offering, then even if the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications cannot be subsequently withdrawn. Further details are set out in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Employee Reserved Shares" in this prospectus. If, for any reason, the Sole Global Coordinator (on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price by 10 March 2016, the Global Offering will not become unconditional and will lapse immediately.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus and the related Application Forms, including the risk factors set out in "Risk Factors" in this prospectus.

Prospective investors of the Hong Kong Offer Shares should note that the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by the Sole Global Coordinator (on behalf of the Underwriters) if certain events shall occur prior to 8:00 a.m. on the day on which trading in the Shares commences on the Stock Exchange. Such grounds are set out in "Underwriting" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirement under the U.S. Securities Act. The Offer Shares are being offered and sold (1) to qualified institutional buyers in reliance on Rule 144A or another exemption from registration under the U.S. Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

* For identification purpose only

1 March 2016

EXPECTED TIMETABLE^(note 1)

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published in the South China Morning Post (in English), and in the Hong Kong Economic Times (in Chinese).

Latest time for lodging **PINK** Application Forms
at Suites 7-9, 21/F,
Office Tower, Langham Place,
8 Argyle Street, Mong Kok
Kowloon, Hong Kong12:00 noon on Thursday, 3 March 2016

Latest time to complete electronic applications under
White Form eIPO service through the designated
website at www.eipo.com.hk ^(note 2)11:30 a.m. on Friday, 4 March 2016

Application lists open ^(note 3)11:45 a.m. on Friday, 4 March 2016

Latest time for lodging **WHITE, YELLOW**
Application Forms and giving
electronic application instructions to HKSCC ^(note 4)12:00 noon on Friday, 4 March 2016

Latest time to complete payment of **White Form eIPO**
Applications by effecting internet banking transfer(s)
or PPS payment transfer(s)12:00 noon on Friday, 4 March 2016

Application lists close ^(note 3)12:00 noon on Friday, 4 March 2016

Expected Price Determination Date ^(note 5)Monday, 7 March 2016

(1) Announcement of:
• the Offer Price
• the level of indication of interest in the International Offering
• the level of applications in the Hong Kong Public Offering
and the Employee Preferential Offering; and
• the basis of allotment under the Hong Kong Public Offering
and the Employee Preferential Offering
to be published in the The Standard (in English)
and in the Hong Kong Economic Times (in Chinese) on Thursday, 10 March 2016

(2) Results of allocations in the Hong Kong Public Offering and the
Employee Preferential Offering (with successful Applicants'
identification document numbers, where appropriate) to be available
through a variety of channels. (See "How to apply for Hong Kong
Offer Shares and Employee Reserved Shares—Publication of Results"
in this prospectus) from Thursday, 10 March 2016

(3) A full announcement of the Hong Kong Public Offering and the
Employee Preferential Offering containing (1) and (2) above
to be published on the website of the Stock Exchange
at www.hkexnews.hk and the Company's website
at www.umhgp.com from Thursday, 10 March 2016

Results of allocations in the Hong Kong Public Offering
and the Employee Preferential Offering will be available
at www.iporeresults.com.hk with a "search by ID" functionThursday, 10 March 2016

Dispatch of Share certificates or deposit of the Share certificates
into CCASS in respect of wholly or partially successful applications
pursuant to the Hong Kong Public Offering and
the Employee Preferential Offering on ^(note 6)Thursday, 10 March 2016

Dispatch of White Form e-refund payment instructions/refund
cheques in respect of wholly or partially successful applications
(if applicable) or wholly or partially unsuccessful applications
pursuant to the Hong Kong Public Offering and
the Employee Preferential Offering on ^(note 6)Thursday, 10 March 2016

Dealings in Shares on the Stock Exchange to commence onFriday, 11 March 2016

EXPECTED TIMETABLE^(note 1)

Notes:

- (1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates. Details of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering” in this prospectus.
- (2) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application 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 monies) 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 Friday, 4 March 2016, the application lists will not open and will close on that day. Further information is set out in “How to Apply for Hong Kong Offer Shares and Employee Reserved Shares—Effect of Bad Weather on the Opening of the Applications Lists” in this prospectus.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to “How to Apply for Hong Kong Offer Shares and Employee Reserved Shares—Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus.
- (5) The Price Determination Date is expected to be on or about Monday, 7 March 2016, and in any event, not later than Thursday, 10 March 2016. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Underwriters) and us on or before Thursday, 10 March 2016, the Global Offering will not proceed and will lapse.
- (6) **Share certificates for the Hong Kong Offer Shares and Employee Reserved Shares will only become valid certificates of title provided that (i) the Global Offering has become unconditional, and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.**

e-refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and the Employee Preferential Offering and also in respect of successful applications if the Offer Price is less than the price payable on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate the refund cheque.

Applicants who apply on **WHITE** Application Forms or through the **White Form eIPO** service for 1,000,000 Shares or more under the Hong Kong Public Offering and have provided all information required by Application Forms may collect refund cheques and (where applicable) Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 10 March 2016 or any other date notified by the Company in the newspaper as the date of dispatch of Share certificates/e-Refund payment instructions/refund cheques. Individual applicants who opt for personal collection must not authorise any other person to make their collection on their behalf. Corporate applicants who opt for personal collection must attend by their authorised representatives, each bearing a letter of authorisation from such 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 Computershare Hong Kong Investor Services Limited at the time of collection. Uncollected Share certificates and refund cheques will be dispatched by ordinary post at the applicant’s own risk to the address specified in the relevant Application Forms. Further information is set out in “How to Apply for Hong Kong Offer Shares and Employee Reserved Shares” in this prospectus.

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

Share certificates for the Hong Kong Offer Shares to be distributed via CCASS are expected to be deposited into CCASS on Thursday, 10 March 2016 for credit to the respective CCASS Participant’s stock accounts designated by the International Purchasers, the purchasers or their agents, as the case may be.

Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should see “How to Apply for Hong Kong Offer Shares and Employee Reserved Shares” in this prospectus for further details.

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

If you have applied for less than 1,000,000 Hong Kong Offer Shares, your Share certificates and/or refund cheques will be dispatched by ordinary post at the applicant’s own risk to the address specified on the Application Form.

Uncollected Share certificates and/or refund cheques (if any) will be dispatched by ordinary post at the applicants’ own risk to the addresses specified in the Application Forms promptly after the expiry of the time for their collection. See “How to Apply for Hong Kong Offer Shares and Employee Reserved Shares—14. Dispatch/Collection of Share Certificates and Refund Monies” in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering, the Employee Preferential Offering, the Hong Kong Offer Shares and the Employee Reserved Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares and the Employee Reserved Shares. 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. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We 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 or the Application Forms must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering. Information contained in our website, located at www.umhgp.com, does not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the entire prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks associated with an investment in the Offer Shares are set out in the “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this section are defined in “Definitions” and “Glossary” in this prospectus.

OVERVIEW

We are the largest aesthetic medical service provider in Hong Kong in terms of revenue in the year ended 31 December 2014, according to the Frost & Sullivan Report. We are well-positioned to further extend our leading position in the growing aesthetic medical service market in Hong Kong and broaden the types of services that we offer, as well as to expand our business in the rest of Greater China. According to the Frost & Sullivan Report, for each of the years ended 31 December 2012, 2013 and 2014, we ranked first in Hong Kong in terms of: (i) the number of aesthetic injection procedures performed involving utilisation of the top-six revenue-generating aesthetic medications in Hong Kong, including BOTOX®, Dysport®, Sculptra®, Restylane®, JUVÉDERM® and TEOSYAL®; and (ii) the number of breast augmentation, liposuction and double-eyelid surgery procedures performed, which are the top-three revenue-generating aesthetic surgical procedures in Hong Kong.

We have been able to build a well-recognised brand in Hong Kong, DR REBORN, with the reputation of being a premier provider of aesthetic medical services in Hong Kong, by focusing on high standards of safety, professionalism and client satisfaction that we believe are required of any well-established medical institution, as well as actively pursuing innovative marketing and branding strategies. According to a consumer survey conducted by Frost & Sullivan in May 2015 in Hong Kong, DR REBORN ranked first in brand preference among consumers when choosing one-stop aesthetic medical service centres.

The main focus of our Group is the provision of aesthetic medical services, such as aesthetic surgical procedures, minimally invasive procedures and energy-based procedures performed by Doctors. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, revenue from medical services provided was HK\$121.7 million, HK\$189.6 million, HK\$219.0 million and HK\$129.7 million, or 65.5%, 67.7%, 62.8% and 66.0%, respectively, of our revenue from services provided. In the year ended 31 March 2015, our Doctors performed approximately 33,500 minimally invasive procedures and 6,100 energy-based procedures. While we will continue to focus on growing our aesthetic medical services, we also intend to continue expanding the range of services that we offer in order to better serve our clients, as well as capture additional revenue streams. For example, during the Track Record Period, we began offering dental services under our brands ONE DENTAL and ONE DENTAL PLUS, and we intend to continue expanding the scale of our dental service operations.

As at the Latest Practicable Date, we had two flagship and eight standard aesthetic medical centres, three aesthetic surgery centres and three standalone dental offices in Hong Kong. Our flagship aesthetic medical centres are located in office towers of popular shopping malls, namely the World Trade Centre and Langham Place, which are located in the commercial districts of Causeway Bay and Mong Kok in Hong Kong, respectively. As at the Latest Practicable Date, we also had one aesthetic medical clinic and one beauty service centre in Macau and one aesthetic medical clinic in Guangzhou in the PRC. We are also in the process of establishing several additional aesthetic medical clinics in the PRC, including one in Shanghai, one in Guangzhou and one in Shenzhen, all of which are anticipated to be opened in 2016.

Our broad range of capabilities enable us to offer one-stop aesthetic medical and beauty solutions to our clients, which facilitates cross-selling among our various services and allows us to continue to cater to a client's varying needs over time, thereby bolstering our client loyalty. For the years ended 31 March 2013, 2014 and 2015, we had 22,669, 26,495 and 25,959 clients who received at least one service session, and for the same periods, our average revenue per such client from services provided was HK\$8,202, HK\$10,572 and HK\$13,425, respectively, representing a CAGR of 27.9%. For the six months ended 30 September 2014 and 2015, we had 18,846 and 20,072 clients, respectively, who received at least one service session, and our average revenue per such client from services provided for the same periods was HK\$8,639 and HK\$9,791, respectively. For the years ended 31 March 2013, 2014 and 2015, Key Clients, meaning the clients who have, in the relevant financial year, contributed at least HK\$5,000 to our revenue from services provided and have

SUMMARY

visited our service centres and/or clinics for at least four times, in aggregate contributed to approximately 66%, 76% and 79%, respectively, of our revenue from services provided, and for the same periods we had approximately 5,100, 7,500 and 8,400 of such Key Clients, and our average revenue per such Key Clients from services provided was approximately HK\$24,200, HK\$28,200 and HK\$32,700, respectively.

During the Track Record Period, we had a notable amount of revenue recognised from unutilised prepaid packages and such revenue contributed significantly to our Group's revenue. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our revenue recognised from unutilised prepaid packages was HK\$30.5 million, HK\$181.0 million, HK\$240.1 million and HK\$129.4 million, respectively, representing 13.3%, 37.0%, 38.7% and 38.5% of our Group's revenue for the same periods and exceeded our Group's profits for the same periods, respectively.

During the Track Record Period, we experienced significant growth. Our revenue increased from HK\$229.7 million for the year ended 31 March 2013 to HK\$489.4 million for the year ended 31 March 2014 and further to HK\$621.1 million for the year ended 31 March 2015, representing a CAGR of 64.4%. For the six months ended 30 September 2014 and 2015, our revenue was HK\$289.8 million and HK\$335.9 million, respectively. For the year ended 31 March 2013, we experienced a loss of HK\$33.2 million, which was primarily attributable to significant expenses associated with our large-scale expansion plan. Our accumulated losses as at 31 March 2013 was HK\$97.0 million. As our capability to generate revenue caught up with the costs of executing our expansion plan in the ensuing years (for example, increased number of Key Clients, increased contracted sales and increased efficiency due to economies of scale), and due to increases in our revenue recognised from unutilised prepaid packages, we achieved profits of HK\$81.4 million and HK\$174.8 million, respectively, for the years ended 31 March 2014 and 2015. We had profit for the period of HK\$74.9 million and HK\$83.9 million for the six months ended 30 September 2014 and 2015, respectively.

According to the Frost & Sullivan Report, the aesthetic medical service market in Hong Kong demonstrated strong growth in recent years, and is expected to grow at an increased pace. The aesthetic medical service market in Hong Kong is also highly fragmented. The total revenue generated from the provision of aesthetic medical services in Hong Kong increased from approximately HK\$2.1 billion in 2009 to approximately HK\$3.5 billion in 2014, representing a CAGR of 10.8%. In 2014, the revenue of minimally invasive procedures and energy-based procedures represented 70.2% of total market revenue, and is projected to climb to 71.4% in 2019. Driven by, among other factors, the rising acceptance of and improving affordability for aesthetic medical services, the aesthetic medical service market in Hong Kong, in terms of revenue, is expected to grow at a CAGR of 14.6% from 2014 to 2019, reaching approximately HK\$7.0 billion in 2019.

OUR STRENGTHS AND STRATEGIES

We attribute our success to the following competitive strengths:

- Largest aesthetic medical service provider in Hong Kong, with strong brand recognition and a fast-growing and loyal client base;
- One-stop aesthetic medical and beauty solution provider offering a superior client experience;
- Comprehensive and professional internal control protocols and risk-management measures;
- Advanced proprietary information technology infrastructure facilitating efficient and streamlined operations and management; and
- Experienced, qualified and well-trained team led by visionary senior management with a proven track record of success and strong execution capabilities.

Our goal is to become one of the leading aesthetic medical service providers in Greater China. To accomplish this goal, we plan to implement the following strategies:

- Further extend our market leading position in Hong Kong through both organic growth and acquisitions;
- Expand our operations in Greater China by growing our newly established aesthetic medical clinics, acquiring suitable targets and forming joint ventures in strategically targeted cities;
- Develop dermatological services and product offerings;
- Continue expanding our dental services business in Hong Kong and rest of Greater China; and
- Further invest in information technology infrastructure.

SUMMARY

OUR BUSINESS MODEL

With a focus on improving the physical appearance and/or general well-being of our clients, we offer a broad range of services and products, including: (i) medical services, comprising aesthetic surgical procedures, minimally invasive procedures and energy-based procedures performed by Doctors and general consultation services, as well as dental, Chinese medicinal and ophthalmological services; (ii) quasi-medical services, comprising energy-based procedures performed by our Trained Therapists who have completed mandatory internal training developed by our Doctors; (iii) traditional beauty services, comprising facials, massages and other non-invasive procedures; and (iv) skincare and beauty products, primarily of our private-label brands, PRODERMA LAB and Suissebeaute.

OUR PROFESSIONALS AND OTHER STAFF

We believe that one of our core competitive advantages is that the provision of our aesthetic medical services is led by our sizeable team of 23 seasoned Registered Practitioners (i.e., our Doctors, Dentists and Chinese Medicine Practitioners) who worked full-time at our aesthetic medical centres and/or clinics as at the Latest Practicable Date. Among the top-five market players in terms of revenue in the aesthetic medical service market in Hong Kong in the year ended 31 December 2014, we had the most full-time Hong Kong Doctors, according to the Frost & Sullivan Report.

The following table summarises the number, types and average years of post-qualification experience of our Registered Practitioners who worked full-time for our Group as at the Latest Practicable Date:

Number of Registered Practitioners	Type of Registered Practitioners	Approximate average years of experience
2	Plastic Surgeons (in Hong Kong)	28
1	Anaesthesiologist (in Hong Kong)	12
1	Clinical Microbiologist (in Hong Kong)	12
8	Hong Kong Doctors who are General Practitioners	11
5	Dentists (in Hong Kong)	10
2	Chinese Medicine Practitioners (in Hong Kong) (one Listed Chinese Medicine Practitioner and one Registered Chinese Medicine Practitioner)	13
3	Macau Doctors	9
1	PRC Doctor	9

As at the Latest Practicable Date, we also engaged a part-time Plastic Surgeon, several part-time Anaesthesiologists assisting with aesthetic surgical procedures from time to time, and an ophthalmologist subcontractor.

The following table sets forth a summary of the remuneration structure of our Registered Practitioners, Trained Therapists and client relationship managers:

Type of Staff	Remuneration Structures
---------------	-------------------------

Registered Practitioners our Registered Practitioners are compensated by one or more of the following means:

- Fixed monthly salary;
- Bonus based on the number and types of procedures performed;
- Discretionary bonus based on management evaluation of overall performance (such as contribution to the Group's business development and medical knowledge); and
- Variable compensation as specified in the formula in relevant contract, which is primarily tied to the number and types of procedures performed.

SUMMARY

Type of Staff	Remuneration Structures
Trained Therapists	our Trained Therapists are compensated by fixed salaries and performance-based bonuses based on their ability to meet or exceed the applicable key performance indices set by the management (which varies from time to time according to business needs), such as positive feedback from the clients, repeat booking of services by clients and repeat purchases by clients.
Client relationship managers	our client relationship managers are compensated by fixed salaries and performance-based bonuses based on their ability to meet or exceed the applicable key performance indices set by the management (which varies from time to time according to business needs), such as positive feedback from clients, prepaid packages sold, and high utilisation rate of prepaid packages.

In addition, all employees are entitled to receive the applicable benefits required by law.

Please see “Business—Our Professionals” commencing on page 149 of this prospectus for further details.

OUR CONTROLLING SHAREHOLDERS

Mr. Tang and Union Medical Care will together be entitled to directly or indirectly exercise or control 75% of the voting rights at the general meeting of our Company immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options granted under the Share Option Scheme. Accordingly these parties are considered to be our Controlling Shareholders immediately following the Global Offering. None of our Controlling Shareholders was, as of the Latest Practicable Date, interested in any business, other than our Group, which, competed or was likely to compete, either directly or indirectly, with our Group’s business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules. Our Directors expect that our Group is capable of carrying out its business independently without undue reliance on the Controlling Shareholders.

SUMMARY FINANCIAL INFORMATION

The following tables set forth a summary of our financial information for the three years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2014 and 2015, and should be read in conjunction with our financial information included in the Accountants’ Report set out in Appendix I to this prospectus, including the notes thereto. The summary financial information has been prepared in accordance with HKFRSs. The basis of preparation is set forth in Note 2.2 of section II of “Accountants’ Report” in Appendix I to this prospectus.

Results of Operations

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(unaudited)									
	(HK\$ in thousands, except for percentages)									
Revenue	229,666	100.0	489,413	100.0	621,090	100.0	289,763	100.0	335,868	100.0
Other net income and gains	12,993	5.7	8,333	1.7	5,706	0.9	2,954	1.0	899	0.3
Cost of inventories and consumables	(42,277)	(18.4)	(42,901)	(8.8)	(47,586)	(7.7)	(27,721)	(9.6)	(22,255)	(6.6)
Registered practitioner expenses	(28,004)	(12.2)	(40,211)	(8.2)	(46,265)	(7.4)	(22,318)	(7.7)	(25,842)	(7.7)
Employee benefit expenses	(100,918)	(43.9)	(163,954)	(33.5)	(166,771)	(26.9)	(83,690)	(28.9)	(91,641)	(27.3)
Marketing and advertising expenses	(28,434)	(12.4)	(23,805)	(4.9)	(23,928)	(3.9)	(8,897)	(3.1)	(16,956)	(5.0)
Rental and related expenses	(34,244)	(14.9)	(63,711)	(13.0)	(65,831)	(10.6)	(30,162)	(10.4)	(30,701)	(9.1)

SUMMARY

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(unaudited)									
	(HK\$ in thousands, except for percentages)									
Credit card expenses	(12,657)	(5.5)	(19,847)	(4.1)	(21,700)	(3.5)	(11,144)	(3.8)	(11,159)	(3.3)
Depreciation	(9,632)	(4.2)	(15,319)	(3.1)	(17,708)	(2.9)	(8,038)	(2.8)	(10,558)	(3.1)
Finance costs	(936)	(0.4)	(512)	(0.1)	(890)	(0.1)	(271)	(0.1)	—	—
Other expenses	(16,760)	(7.3)	(30,816)	(6.3)	(25,520)	(4.1)	(9,014)	(3.1)	(23,308)	(6.9)
(Loss)/Profit Before Tax	(31,204)	(13.6)	96,669	19.8	210,597	33.9	91,463	31.6	104,348	31.1
Income tax expense	(2,028)	(0.9)	(15,262)	(3.1)	(35,819)	(5.8)	(16,609)	(5.7)	(20,452)	(6.1)
(Loss)/Profit For The Year/Period	(33,232)	(14.5)	81,407	16.6	174,778	28.1	74,854	25.8	83,896	25.0
Attributable to:										
Owners of the Company	(32,301)	(14.1)	81,122	16.6	174,415	28.1	74,483	25.7	83,471	24.9
Non-controlling interests	(931)	(0.4)	285	0.1	363	0.1	370	0.1	425	0.1

The following table sets forth our revenue by service and product offerings and as a percentage of total revenue for the periods indicated:

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(unaudited)									
	(HK\$ in thousands, except for percentages)									
Medical services	121,737	53.0%	189,597	38.7%	218,981	35.3%	98,801	34.1%	129,656	38.6%
Quasi-medical services	18,715	8.1%	29,589	6.0%	62,642	10.1%	28,335	9.8%	34,363	10.2%
Traditional beauty services	45,479	19.8%	60,929	12.4%	66,882	10.8%	35,669	12.3%	32,499	9.7%
Skincare and beauty products	13,246	5.8%	28,313	5.8%	32,520	5.2%	14,226	4.9%	9,999	3.0%
Revenue recognised from unutilised prepaid packages	30,489	13.3%	180,985	37.0%	240,064	38.7%	112,731	38.9%	129,352	38.5%
Total	229,666	100.0%	489,413	100.0%	621,090	100.0%	289,763	100.0%	335,868	100.0%

Selected Consolidated Statement of Financial Position Items

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	(HK\$ in thousands)			
Cash and cash equivalents	52,606	74,822	129,885	323,724
Total current assets	286,103	425,541	390,099	424,756
Deferred revenue	359,456	396,169	347,468	331,549
Total current liabilities	428,555	494,312	458,512	469,788
Net current liabilities	(142,452)	(68,771)	(68,413)	(45,032)
Non-current assets	51,095	57,660	77,568	71,354
Non-current liabilities	6,960	5,810	6,201	3,884
(Net deficit)/Total equity	(98,316)	(16,921)	2,954	22,439

SUMMARY

Our net current liabilities were primarily attributable to a significant amount of deferred revenue at the relevant times. Our Directors consider that such net current liabilities did not have any material adverse effect on our working capital position because deferred revenue in the consolidated statements of financial position represents receipts from sales of prepaid packages which are not expected to be repaid and hence are not expected to result in cash outflows. Please see “Financial Information—Liquidity and Capital Resources—Net current liabilities” commencing on page 274 for further details. Please see also “Risk Factors— We recorded net current liabilities during the Track Record Period” commencing on page 37 of this prospectus.

Summary Consolidated Statements of Cash Flows

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	(unaudited)				
	(HK\$ in thousands)				
Net cash generated from operating activities	11,549	144,593	158,558	103,024	78,315
Net cash (used in)/generated from investing activities	(23,356)	(49,884)	17,832	24,944	19,154
Net cash generated from/(used in) financing activities	43,173	(72,493)	(121,327)	(82,882)	96,549
Net increase in cash and cash equivalents .	31,366	22,216	55,063	45,086	194,017
Cash and cash equivalents at beginning of the year/period	21,240	52,606	74,822	74,822	129,885
Effect of changes in foreign exchange rates	—	—	—	—	(178)
Cash and cash equivalents at the end of the year/period	<u>52,606</u>	<u>74,822</u>	<u>129,885</u>	<u>119,909</u>	<u>323,724</u>

Key Financial Ratios

The following table sets forth certain of our key financial ratios as at the dates and for the periods indicated:

	As at and for the year ended 31 March			As at and for the six months ended 30 September
	2013	2014	2015	2015
Current ratio ⁽¹⁾	0.67x	0.86x	0.85x	0.90x
Quick ratio ⁽²⁾	0.66x	0.84x	0.82x	0.85x
Net profit margin ⁽³⁾	N/A ⁽⁵⁾	16.6%	28.1%	24.9%
Return on average total assets ⁽⁴⁾	N/A ⁽⁵⁾	19.8%	36.7%	34.5%

Notes:

1. Current ratio equals current assets divided by current liabilities as at the end of the financial period.
2. Quick ratio equals current assets less inventories divided by current liabilities as at the end of the financial period.
3. Net profit margin equals profit for the year/period attributable to the owners of the Company divided by revenue for the same period.
4. Return on average total assets equals profit for the year/annualised profit for the period attributable to the owners of the Company divided by the arithmetic mean of the beginning and ending balances of total assets for the financial year/period.
5. Considered not meaningful as we recognised a loss for the year during the said financial year.

SUMMARY

SELECTED OPERATING DATA

The table below sets out our key operating statistics for the periods indicated:

	Year ended 31 March			Six months ended 30 September
	2013	2014	2015	2015
Approximate number of Key Clients	5,100	7,500	8,400	N/A ⁽¹⁾
Approximate number of minimally invasive procedures	25,600	31,800	33,500	20,500
Approximate number of energy-based procedures performed by Doctors	1,140	5,400	6,100	2,840
Number of clients who made at least one purchase of services or products.	20,450	23,950	23,592	17,639
Number of clients who received at least one service session.	22,669	26,495	25,959	20,072

Note:

1. Data not applicable to a six-month period.

RECENT DEVELOPMENT

We have continued to grow in the nine months ended 31 December 2015.

In Hong Kong, we opened an additional standard aesthetic medical centre in Yuen Long in January 2016, and we expect to add one additional floor to our Langham Flagship Centre by the first half of 2016.

We opened our Guangzhou Clinic in June 2015 and are in the process of scaling up its operations. Our accumulative expenditure for the purchases of property, plant, and equipment for the Guangzhou Clinic since it became part of our Group and up to 30 September 2015 was approximately HK\$2.1 million, and accumulative expenditure for certain structural renovations for the Guangzhou Clinic for the same period was around HK\$1.0 million. For the six months ended 30 September 2015, we derived revenue of HK\$1.9 million from our PRC operations. In the months of June, July, August, September, October, November and December of 2015, the contracted sales of our Guangzhou Clinic were approximately HK\$0.2 million, HK\$0.8 million, HK\$0.5 million, HK\$1.6 million, HK\$1.1 million, HK\$2.1 million and HK\$1.9 million, respectively, and in the same periods, we had 11, 36, 41, 107, 119, 140 and 138 clients, respectively, who had made at least one purchase of services from our Guangzhou Clinic.

For the nine months ended 31 December 2015, our revenue was approximately HK\$553.8 million. For the nine months ended 31 December 2015, our contracted sales were HK\$501.6 million.

On 26 February 2016, our Company declared an interim dividend of HK\$60.0 million and such dividend declared will be paid to one of our Controlling Shareholders, Union Medical Care, and settled by internal resources before Listing.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 30 September 2015, being the date on which our latest audited consolidated financial statements were prepared, and there is no event since 30 September 2015 which would materially affect the information as set out in the Accountants' Report in Appendix I to this prospectus.

LISTING EXPENSES

Our listing expenses mainly include underwriting commissions, professional fees paid to legal advisers and the Reporting Accountants for their services rendered in relation to the Listing and the Global Offering. The total listing expenses (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised, including underwriting commissions and excluding any discretionary incentive fee which may be payable by us) for the Global Offering are estimated to be approximately HK\$77.0 million. During the Track Record Period, we incurred listing expenses of

SUMMARY

approximately HK\$23.4 million, of which approximately HK\$18.5 million was recognised as other expenses for the year ended 31 March 2015 and the six months ended 30 September 2015, and approximately HK\$4.9 million were capitalised as deferred expenses for the year ended 31 March 2015 and the six months ended 30 September 2015 that is expected to be charged against equity upon successful listing under the relevant accounting standards. We expect to incur additional listing expenses of approximately HK\$53.6 million, of which approximately HK\$20.3 million is expected to be recognised as other expenses for the remaining six months of the year ending 31 March 2016 and approximately HK\$33.4 million be capitalised as deferred expenses that is expected to be charged against equity upon successful listing under the relevant accounting standards.

GLOBAL OFFERING STATISTICS

All statistics in this table are based on the assumption that (i) the Over-allotment Option is not exercised, and (ii) the options under the Share Option Scheme are not exercised.

	Based on an Offer Price of HK\$2.88	Based on an Offer Price of HK\$3.88
Market capitalisation ⁽¹⁾	HK\$2,822 million	HK\$3,802 million
Unaudited pro forma adjusted net tangible assets per Share ⁽²⁾ . .	HK\$0.68	HK\$0.93

Notes:

1. The calculation of market capitalisation is based on 980,000,000 Shares expected to be in issue immediately upon completion of the Global Offering.
2. The unaudited pro forma adjusted net tangible asset per Share has been arrived at after adjustments referred to in the section headed “Appendix II—Unaudited Pro Forma Financial Information—Unaudited Pro Forma Statement of Adjusted Net Tangible Assets of Our Group” and on the basis of 980,000,000 Shares in issue at the Offer Price immediately upon the completion of the Global Offering.

DIVIDEND

Subject to the Cayman Companies Law and our Articles of Association, we may declare dividends in any currency through a general meeting, but no dividend may be declared in excess of the amount recommended by our Board. Our Articles of Association provide that dividends may be declared and paid out of our profit, realised or unrealised, or from any reserve set aside from profits which our Directors determine are no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of a share premium account or any other fund or account which can be authorised for this purpose in accordance with the Cayman Companies Law.

In the absence of circumstances which might affect the amount of available distributable reserves, whether by losses or otherwise, our Directors currently intend to, upon Listing, distribute approximately 20%-40% of our profit attributable to owners of the Company as dividends annually. However, the declaration of dividends remains subject to the absolute discretion of our Board, and the amounts of dividends actually declared and paid (if any) will depend on:

- our general business conditions; our earnings and financial results; our capital requirements and surplus; our cash generation; our operating requirements; interests of our shareholders; contractual restrictions; and any other factors which our Board may deem relevant.

We are a holding company incorporated in the Cayman Islands. The payment and amount of our dividends will depend upon the availability of dividends received from our subsidiaries. Distributions from us and our subsidiaries may also be subject to any restrictive covenants in bank credit facilities or loan agreements or other agreements that we or they may enter into in the future. PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles. PRC laws also require PRC enterprises to set aside part of their net profit as statutory reserves before they distribute the net proceeds. These statutory reserves are not available for distribution as cash dividends.

Our Group declared and paid dividends of HK\$154.9 million and HK\$64.4 million in the year ended 31 March 2015 and the six months ended 30 September 2015, respectively for the purposes of settling amount due from a Controlling Shareholder. On 26 February 2016, our Company declared an interim dividend of HK\$60.0 million which will be settled by internal resources before Listing. Our dividend distribution record in the past may not be useful as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

Please see “Financial Information—Dividend” commencing on page 297 of this prospectus for further details.

SUMMARY

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$751.1 million, after deducting underwriting fees and commissions and estimated total expenses paid and payable by us in connection thereto, assuming an Offer Price of HK\$3.38 per Share, being the midpoint of the proposed Offer Price range of HK\$2.88 to HK\$3.88 per Share. We intend to use such net proceeds as follows:

- Approximately HK\$300.4 million or approximately 40% of our total estimated net proceeds for establishing new, as well as expanding the scale of our existing, aesthetic medical service centres and clinics in Hong Kong and the rest of Greater China through organic growth, such as hiring of additional Registered Practitioners, purchasing equipment, entering into new leases and making relevant leasehold improvements.
- Approximately HK\$187.8 million or approximately 25% of our total estimated net proceeds for acquiring aesthetic medical centres and aesthetic medical clinics and entering into joint ventures when we identify suitable opportunities; as at the Latest Practicable Date, we had no finalised or definitive understandings, commitments or agreements and have not been engaged in any related negotiations.
- Approximately HK\$75.1 million or approximately 10% of our total estimated net proceeds for expanding our dental service business; we intend to expand the scale of both our aesthetic and regular dental services by increasing both the number of Dentists that we employ and the dental service facilities that we have; we also intend to acquire other dental clinics when we identify suitable opportunities; as at the Latest Practicable Date, we had no finalised or definitive understandings, commitments or agreements and have not been engaged in any related negotiations.
- Approximately HK\$75.1 million or approximately 10% of our total estimated net proceeds for establishing our dermatology-related business line; we intend to achieve this goal by hiring Dermatologists in Hong Kong or acquiring other dermatology medical groups as we identify suitable opportunities; as at the Latest Practicable Date, we had no finalised or definitive understandings, commitments or agreements and have not been engaged in any related negotiations.
- Approximately HK\$37.6 million or approximately 5% of our total estimated net proceeds for upgrading and improving our information technology systems.
- The remaining amount of approximately HK\$75.1 million or approximately 10% of our total estimated net proceeds for supplementing our working capital and for other general corporate purposes.

Please see “Future Plans and Use of Proceeds” commencing on page 301 of this prospectus for further details.

QUALIFICATIONS FOR LISTING

Pursuant to Rule 8.05 of the Listing Rules, we must satisfy one of the three tests in relation to: (i) profit (ii) market capitalisation, revenue and cash flow; or (iii) market capitalisation and revenue requirements. We are able to satisfy the market capitalisation, revenue and cash flow test pursuant to Rule 8.05(2) of the Listing Rules.

CHANGE IN BUSINESS OPERATIONAL PROTOCOLS IN RESPECT OF EXPIRED UNUTILISED PREPAID PACKAGES

All of our services are sold on a prepaid basis (except for free trials where no payments are involved), and our products may also be purchased on a prepaid basis. Payments received for prepaid packages are recorded as deferred revenue in our consolidated statements of financial position at the time of payment and are subsequently recognised as revenue in our profit or loss when service is delivered. At the end of the service period under a prepaid package (which is generally one year for our prepaid packages sold since the first day of the Track Record Period, 1 April 2012, the same as the one-year contractual validity period of our prepaid packages), the value of the unused portion of the prepaid package would be fully recognised and recorded as revenue recognised from unutilised prepaid packages in our financial statements.

SUMMARY

We changed our business operational protocols commencing 1 April 2012 to strictly enforce the one-year contractual validity period of our prepaid packages for prepaid packages sold on or after 1 April 2012. Prior to such changes, even though our prepaid packages had contractually stipulated to expire one year from the relevant purchase dates, as the service period under the prepaid packages was four years, we recognised revenue from unutilised prepaid packages on the last day of the fourth year from the relevant purchase dates for purchases made prior to 1 April 2012.

We made this change because (i) we desired to further align our actual practice for prepaid packages with what we believe to be the industry practice and (ii) we wanted to improve our resource management on expired prepaid packages, which may be achieved by implementing measures that would align our business practices with the legal terms of our contracts with clients. In addition, we also took into account the public consultation on amendments to the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012, which commenced in 2010 with proposed amendments being introduced to the Legislative Council of Hong Kong on 24 February 2012 (and enacted on 27 July 2012), which among others, requires businesses to explain terms and conditions of contracts more clearly to customers. As a result of the aforementioned change to our business operational protocols commencing 1 April 2012, we considered it appropriate and necessary to recognise revenue for unutilised prepaid packages immediately upon expiry of the one-year contractual validity period of prepaid packages sold on or after 1 April 2012.

However, as we did not change our business operational protocols until 1 April 2012, we will continue to allow clients to use expired prepaid packages that had been purchased prior to 1 April 2012 for four years. Accordingly, since the service period of such unutilised prepaid packages remains to be four years, there was no change to the revenue recognition for prepaid packages sold prior to 1 April 2012, and in turn, our revenue recognised from unutilised prepaid packages during the Track Record Period included amounts derived from sales made prior to the Track Record Period. The following table sets forth a breakdown of our revenue recognised from unutilised prepaid packages for the periods indicated:

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	(unaudited)									
	<i>(HK\$ in thousands, except for percentages)</i>									
Prepaid packages sold prior to 1 April 2012	30,489	100.0%	36,186	20.0%	36,554	15.2%	14,599	13.0%	21,645	16.7%
Prepaid packages sold on or after 1 April 2012	—	—	144,799	80.0%	203,510	84.8%	98,132	87.0%	107,707	83.3%
Revenue recognised from unutilised prepaid packages .	<u>30,489</u>	<u>100.0%</u>	<u>180,985</u>	<u>100.0%</u>	<u>240,064</u>	<u>100.0%</u>	<u>112,731</u>	<u>100.0%</u>	<u>129,352</u>	<u>100.0%</u>

For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, 13.3%, 7.4%, 5.9% and 6.4% of our Group's revenue were attributable to revenue recognised from unutilised prepaid packages sold prior to 1 April 2012. Our deferred revenue as at 30 September 2015 included HK\$10.3 million of amounts received from prepaid packages sold prior to 1 April 2012. Such amounts, representing the remaining deferred revenue relating to prepaid packages sold prior to 1 April 2012, are expected to be recognised as revenue in the year ending 31 March 2016. Commencing 1 April 2016, we will no longer have any revenue from unutilised prepaid packages sold prior to 1 April 2012. Please see "Financial Information—Description of Major Components of our Results of Operations—Revenue—Revenue recognised from unutilised prepaid packages—Change in business operational protocols in respect of expired unutilised prepaid packages and corresponding effect on timing of revenue recognition" commencing on page 256 of this prospectus for further details.

SUMMARY

RISK FACTORS

Our business is subject to numerous risks, and there are uncertainties relating to an investment in the Shares. These risks and uncertainties can be categorised as (i) risks relating to our business, (ii) risks relating to our industry, (iii) risks relating to doing business in the PRC and (iv) risks relating to the Global Offering. The following highlights some of the key risks that affect our business:

- We depend significantly on the strength of our brand image and reputation. Any failure to maintain and enhance, or any damage to, our brand image or reputation could materially and adversely affect the level of market recognition of, and trust in our services, and in turn our business, results of operations, financial condition and prospects.
- Our Group, our Registered Practitioners and other staff have and could continue to become the subject of claims, regulatory or professional investigations and litigations regarding services and products that we deliver, which may materially and adversely affect our brand, reputation, business, results of operations, financial condition and prospects.
- During the Track Record Period, our revenue recognised from unutilised prepaid packages contributed significantly to our Group's revenue and our revenue recognised from unutilised prepaid packages may not remain at the current level or recur in the future, and a decrease in such revenue may materially and adversely affect our business, results of operations, financial condition and prospects.
- Failure to properly manage our clients' expectations may lead to complaints and legal claims by our clients.
- Our Group is subject to professional and other liabilities, including misconduct or negligence of our Registered Practitioners, for which our Registered Practitioners' and our Group's insurance coverage may not adequately cover.

Please see "Risk Factors" commencing on page 34 in this prospectus for further details.

HISTORICAL REGULATORY NON-COMPLIANCE

During the Track Record Period, certain of our Group companies were involved in certain non-compliance incidents in relation to: (i) not filing their respective profits tax returns timely as required under the IRO (such late filings have also been the subject of a tax audit of our Group by the IRD); and (ii) failing to lay audited accounts timely before the annual general meeting as required under the Predecessor Companies Ordinance. Each of our Controlling Shareholders will enter into a deed of indemnity in favour of the Group by Listing in respect of, among others, any tax liabilities falling on our Group arising out of the tax audit conducted by the IRD to the extent such tax liabilities exceed the proposed settlement amount of approximately HK\$12 million. Please see "Statutory and General Information—E. Other Information—2. Deed of Indemnity" on page IV-26 of Appendix IV to this prospectus for further details. Please see "Business—Legal Proceedings, Claims, and Compliance— Non-compliance Incidents" on page 203 of this prospectus for further details.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings. Certain other terms are defined in “Glossary.”

“Able Lead”	Able Lead Corporation Limited (領誌有限公司), a direct and wholly-owned subsidiary of Union Preventive and a company incorporated under the laws of Hong Kong with limited liability on 15 November 2012
“Affiliate”	in respect of a person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such person
“All Angles”	All Angles Company Limited (多角度有限公司), formerly known as Doctor Professional Beauty Institute Limited (專業醫生美學中心有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 8 December 2009
“All Angles HK”	All Angles (HK) Company Limited (多角度(香港)有限公司), formerly known as Be A Lady (HK) Limited, a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 4 August 2011
“All Angles (Site 1)”	All Angles (Site 1) Limited (多角度 (SITE 1) 有限公司), formerly known as Be A Lady (Site 1) Medical Limited (變靚 D (SITE 1) 醫療美容有限公司), a company incorporated under the laws of Macau with limited liability on 18 December 2006
“All Union”	All Union International Investment Limited (栢聯國際投資有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 12 May 2011
“Anaesthesiologist(s)”	registered medical practitioner(s) who is (are) registered under the Specialist Register of the Hong Kong Medical Council for anaesthesiology kept in accordance with the Medical Registration Ordinance
“Ancillary Dental Workers (Dental Hygienists) Regulations”	The Ancillary Dental Workers (Dental Hygienists) Regulations (Chapter 156B of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Application Form(s)”	WHITE application form(s), YELLOW application form(s), GREEN application form(s) and PINK Application Form(s) or, where the context requires, any of them relating to the Hong Kong Public Offering or the Employee Preferential Offering
“Articles of Association” or “Articles”	the articles of association of our Company that were conditionally adopted on 19 February 2016 which will take effect upon the listing of the Shares on the Stock Exchange, as amended from time to time, and a summary of which is contained in Appendix III to this prospectus

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BAL Clinic”	B.A.L. Clinic Limited, formerly known as Grandeur Limited (威滔有限公司), a company incorporated under the laws of Hong Kong with limited liability on 16 June 2006
“Be A Lady”	Be A Lady Limited (變靚纖體美容有限公司), a company incorporated under the laws of Hong Kong with limited liability on 4 April 2003
“Beauty International”	Beauty International Trading Limited (明麗國際貿易有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 9 July 2008
“Best Strategy”	Best Strategy Investment Limited (怡策投資有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 26 July 2010
“Best Union”	Best Union (China) Limited (佳聯(中國)有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 9 June 2010
“Blue Ocean”	Blue Ocean (Macau) Limited (藍海(澳門)一人有限公司), formerly known as Rainbow HK Cosmetic Company Limited and Be A Lady (Macau) Limited (彩虹HK化粧品有限公司 and 變靚D (澳門)有限公司), a single shareholder company incorporated under the laws of Macau with limited liability on 9 July 2001
“Board Lot”	means the board lot in which the Shares are traded on the Stock Exchange from time to time
“Board of Directors” or “Board” or “our Board”	our board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) in Hong Kong on which licensed banks in Hong Kong are open generally for normal banking business to the public
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Castle Way”	Castle Way Limited (堡臨有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 15 November 2012
“Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Cayman Islands”	the Cayman Islands, a British Overseas Territory
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

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“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Century Strategy”	Century Strategy Limited (確圖有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 15 November 2012
“CEPA”	the Mainland and Hong Kong Closer Economic Partnership Arrangement, the main text of which was signed on 29 June 2003
“CFDA”	China Food and Drug Administration (國家食品藥品監督管理總局)
“China” or “PRC”	the People’s Republic of China, which for the purpose of this prospectus and for geographical reference only, excluding Hong Kong, Macau and Taiwan
“Chinese Medicine Ordinance”	the Chinese Medicine Ordinance (Chapter 549 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Chinese Medicine Practitioner(s)”	the Registered Chinese Medicine Practitioner and the Listed Chinese Medicine Practitioner who are employed by our Group
“Clinical Microbiologist”	a Hong Kong Doctor who is registered under the Specialist Register of the Hong Kong Medical Council for clinical microbiology and infection kept in accordance with the Medical Registration Ordinance
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Union Medical Healthcare Limited, an exempted company incorporated in the Cayman Islands with limited liability on 7 July 2015, and, except where the context otherwise requires, all of its subsidiaries
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

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“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Connie Beauty”	Connie Beauty & Slimming Centre Company Limited (康妮美容纖體中心有限公司), a company incorporated under the laws of Hong Kong with limited liability on 2 May 2003, and subsequently deregistered on 28 November 2014
“contracted sales”	sales contracts entered into during the year/period
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of our Company, being Mr. Tang and Union Medical Care
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“Counsel”	Jeevan Hingorani, Barrister in Hong Kong
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the securities markets in the PRC
“Dental Code of Professional Discipline”	Code of Professional Discipline for the Guidance of Dental Practitioners in Hong Kong
“Dental Council”	the Dental Council of Hong Kong
“Dental Hygienist(s)”	person(s) who is/are admitted by the Dental Council to undertake dental work as described in section 6 of the Ancillary Dental Workers (Dental Hygienists) Regulations
“Dentist(s)”	person(s) who is (are) registered on the General Register kept in accordance with the Dentists Registration Ordinance
“Dentists Registration Ordinance”	the Dentists Registration Ordinance (Chapter 156 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Dermatologist(s)”	registered medical practitioner(s) who is(are) registered under the Specialist Register of the Hong Kong Medical Council for dermatology and venereology kept in accordance with the Medical Registration Ordinance
“Director(s)”	director(s) of our Company or any one of them
“Doctor(s)”	collectively, Hong Kong Doctors, Macau Doctors and PRC Doctors, and each, a Doctor
“Doctor’s Assistant(s)”	our employees trained by our Registered Practitioners to assist them with various procedures
“DPRMAC”	Dr. Pro and Dr. Reborn Medical Aesthetics Centre Limited (專生美醫學美容中心有限公司), formerly known as Union Bright Asia Group (Macau) Limited (聯輝亞洲集團(澳門)有限公司), a company incorporated under the laws of Macau with limited liability on 23 December 2010

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“DR CSC”	Doctor Reborn Cosmetic Surgery Centre Limited (專業醫生重新中心有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 19 May 2011
“DRCSI”	Doctor Reborn Cosmetic Surgery Institute Limited (專業醫生整容中心有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 8 December 2009
“Ease Joy”	Ease Joy Limited (宜悅有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 2 November 2012
“EIT”	enterprise income tax of the PRC
“EIT Law”	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) passed by the National People’s Congress of the PRC on 16 March 2007 and taking effect on 1 January 2008, as amended, supplemented and otherwise modified from time to time
“Eligible Employee”	any full-time employee of our Group who joined our Group on or before the Latest Practicable Date and who: (a) is at least 18 years of age; (b) has a Hong Kong address and is a holder of Hong Kong Identity Card; (c) remains as a full-time employee of our Company or any of our subsidiaries, and is not on probation, as at the Latest Practicable Date; (d) has not tendered resignation or been given notice of termination of employment for any reason other than redundancy or retirement on or before the Latest Practicable Date; (e) is not the chief executive or directors of our Company or our subsidiaries or a close associate of such chief executive or directors; (f) is neither an, nor an associate of an, existing beneficial owner of Shares or of shares of any of our subsidiaries; and (g) is not any other connected persons of the Company
“Employee Preferential Offering”	the offer of the Employee Reserved Shares for subscription by the Eligible Employees at the Offer Price (plus a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the PINK Application Form, as further described in “Structure of the Global Offering—The Employee Preferential Offering” in this prospectus
“Employee Reserved Shares”	the 2,450,000 Hong Kong Offer Shares (representing 10.0% and 1.0% of the total number of Offer Shares initially being offered under the Hong Kong Public Offering and Global Offering (assuming that the Over-allotment Option is not exercised), respectively) being offered pursuant to the Employee Preferential Offering and which are to be allocated out of the Hong Kong Offer Shares

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“EPS”	Electronic Payment Services, the cashless retail payment system offered by EPS Company (Hong Kong) Limited
“Excel Future”	Excel Future Enterprises Limited (恆景企業有限公司), a company incorporated under the laws of Hong Kong with limited liability on 5 June 2002 and subsequently deregistered on 18 May 2012
“Executive Director(s)”	the executive Director(s)
“Fame Loyal”	Fame Loyal Limited (誼銘有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 15 November 2012
“Fancy King”	Fancy King Corporation Limited (宜皇有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 15 November 2012
“Founder”	the founder of the Group, namely Mr. Tang (who is a Controlling Shareholder of our Company)
“Frost & Sullivan”	Frost & Sullivan Limited, an independent market research and consulting company
“Frost & Sullivan Report”	an industry report commissioned by us for a fee of RMB900,000, issued by Frost & Sullivan
“GDP”	gross domestic product
“General Practitioner(s)”	Hong Kong Doctor(s) that is(are) not a Specialist(s)
“General Register”	the register of registered medical practitioners kept by the Hong Kong Medical Council, as specified in the Medical Registration Ordinance
“Global Nice”	Global Nice Limited (寰麗有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 15 November 2012
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Good Union”	Good Union Corporation Limited (創金匯有限公司), a company incorporated under the laws of Hong Kong with limited liability on 15 July 2011, 50% of the issued shares of which is owned by the spouse of Mr. Tang and 50% of the issued shares of which is owned by Mr. Cheng Yeung, our general manager of medical operations
“Grand Best”	Grand Best Union Limited (創豐聯有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 6 September 2010

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“Grand Best Union”	Grand Best Union Services Limited, a direct and wholly-owned subsidiary of Union Enchanting and a company incorporated under the laws of Hong Kong with limited liability on 4 December 2014
“Grand Rich”	Grand Rich Asia Pacific Investment Limited (嘉達亞太投資有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 7 July 2010
“Grantee(s)”	the person(s) and/or entity(ies) owned by persons who have participated or will participate in the Share Option Scheme by confirming the acceptance of offer(s) of share option(s) granted or to be granted under the Share Option Scheme
“Greater China”	the PRC, Hong Kong, Macau and Taiwan
“GREEN application form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group”, “we”, “our” 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 our current subsidiaries, such subsidiaries as if they were our Company’s subsidiaries at the relevant time
“Guangzhou”	Guangzhou, Guangdong Province, the PRC
“Guangzhou Aesthetic”	Guangzhou Zhuansheng Aesthetic Medical Beauty Clinic Company Limited* (廣州專生美醫療美容門診部有限公司), a wholly-owned subsidiary of Guangzhou Zhuansheng and a limited liability company established under the laws of the PRC on 1 September 2014
“Guangzhou Clinic”	our aesthetic medical clinic in Guangzhou
“Guangzhou Zhuansheng”	Guangzhou Zhuansheng Enterprise Management Company Limited* (廣州專生企業管理有限公司), a direct and wholly-owned subsidiary of Grand Best Union and a limited liability company established under the laws of the PRC on 8 July 2013
“HK\$” or “Hong Kong dollars” or “HK dollars” or “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKICPA”	The 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

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“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Department of Health”	the Department of Health of Hong Kong
“Hong Kong Doctors” or “registered medical practitioner(s)”	person(s) who is (are) qualified to practise medicine, surgery and midwifery in Hong Kong and is (are) registered as registered medical practitioner(s) of the Hong Kong Medical Council under the General Register or the Specialist Register kept in accordance with the Medical Registration Ordinance
“Hong Kong Medical Code of Professional Conduct”	the Code of Professional Conduct issued by the Hong Kong Medical Council
“Hong Kong Medical Council”	the Medical Council of Hong Kong established under section 3 of the Medical Registration Ordinance
“Hong Kong Offer Shares”	24,500,000 Shares (subject to adjustment as described in “Structure of the Global Offering” in this prospectus) initially being offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering
“Hong Kong Public Offering”	the offer of Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in “Structure of the Global Offering” in this prospectus) at the Offer Price (plus a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms relating thereto, as further described in “Structure of the Global Offering—The Hong Kong Public Offering” in this prospectus
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters for the Hong Kong Public Offering as listed in “Underwriting—Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 29 February 2016 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Controlling Shareholders, the Sole Global Coordinator and Hong Kong Underwriters as further described in “Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Hong Kong Underwriting Agreement” in this prospectus
“Honor HK”	Honor Hong Kong Development Limited (信譽香港發展有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 8 August 2007
“Independent Third Party(ies)”	any person(s) or entity(ies) which is(are) independent of and not connected with any connected persons of our Company and their respective associates

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“International Offer Shares”	the 220,500,000 Shares being initially offered for subscription under the International Offering together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to the adjustment as described in “Structure of the Global Offering—The International Offering” in this prospectus
“International Offering”	the offer of the International Offer Shares at the Offer Price to institutional, professional, corporate and other investors (other than to retail investors in Hong Kong), as further described in “Structure of the Global Offering” in this prospectus
“International Purchasers”	the underwriters of the International Offering who are expected to enter into the International Purchase Agreement to underwrite the International Offering
“International Purchase Agreement”	the underwriting agreement relating to the International Offering to be entered into on or about 7 March 2016 by, among others, our Company, the Controlling Shareholders, the International Purchasers and the Sole Global Coordinator, as further described in “Underwriting—The International Offering” in this prospectus
“IRD”	the Inland Revenue Department of Hong Kong
“Jade Master”	Jade Master International Limited, a direct and wholly-owned subsidiary of Union Investment and a company incorporated under the laws of BVI with limited liability on 1 July 2010
“Joint Bookrunners”	Credit Suisse (Hong Kong) Limited, Haitong International Securities Company Limited and CIMB Securities Limited
“Joint Lead Managers”	Credit Suisse (Hong Kong) Limited, Haitong International Securities Company Limited and CIMB Securities Limited
“Keen Most”	Keen Most Limited (致銳有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 25 October 2012
“Kevinsdental”	Kevinsdental Service Limited (嘉勳牙科服務有限公司), a direct and wholly-owned subsidiary of One Dental Plus and a company incorporated under the laws of Hong Kong with limited liability on 23 December 2011
“Key Client(s)”	a client who has, in the relevant financial year, contributed at least HK\$5,000 to our revenue from service provided and visited our service centres and/or clinics for at least four times
“Langham Flagship Centre”	one of our flagship aesthetic medical centres located at Suites 9-12&15 of 21/F, 31/F, and 41/F, Office Tower, Langham Place
“Langham Place”	a commercial building which comprises an office tower and a shopping mall, located at 10 Argyle Street, Mong Kok, Kowloon, Hong Kong

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“Latest Practicable Date”	22 February 2016, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listed Chinese Medicine Practitioner(s)”	person(s) who is (are) listed as listed Chinese medicine practitioner(s) maintained by the Chinese Medicine Council of Hong Kong kept in accordance with the Chinese Medicine Ordinance
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date expected to be on or about 11 March 2016, on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“M&A Rules”	Regulation on Mergers and Acquisitions of Domestic Companies by Foreign Investors (關於外國投資者併購境內企業的規定)
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Macau aesthetic medical clinic”	our aesthetic medical clinic located at 4/F, Edf. Commercial Nam Wah, 88-99 Av. Almedia Ribeiro, Macau
“Macau beauty service centre”	our beauty service centre located at 3/F, Edf. Commercial Nam Wah, 88-99 Av. Almedia Ribeiro, Macau
“Macau Code of Conduct”	Decree-law of Macau no. 84/90/M of 31 December as amended by Decree-law of Macau no. 20/98/M of 18 May (in particular Section 3 thereof)
“Macau Department of Health”	the department of health in Macau (澳門特別行政區政府衛生局)
“Macau Doctor(s)”	doctor(s) licensed by and registered with Macau Department of Health
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange.
“Major Subsidiaries”	Union Investment, UMA, New Union, Union Honor, DPRMAC, One Dental, One Dental Plus, Medic One, PMSC, PASC and Guangzhou Zhuansheng
“Maximum Offer Price”	HK\$3.88 (being the high end of the Offer Price range stated in this prospectus)

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“Medical Clinics Ordinance”	the Medical Clinics Ordinance (Chapter 343 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Medical Registration Ordinance”	the Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“medication(s)”	pharmaceutical products and medicines as the terms are defined under (i) the Pharmacy and Poisons Ordinance (Chapter 138 of the Laws of Hong Kong), (ii) Decree-law number 58/90/M of 19 September as amended by Decree-Law number 20/91/M of 25 March and Administrative Regulation number 21/2003 and partially revoked by Decree-Law number 30/95/M of 10 July and Administrative Regulation number 1/2009 (Section 2.b) of the Laws of Macau, and/or (iii) Drug Administration Law of the People’s Republic of China (中華人民共和國藥品管理法), as applicable
“Medic One”	Medic One Surgery Center Limited, a direct and wholly-owned subsidiary of New Elite and a company incorporated under the laws of Hong Kong with limited liability on 11 March 2011
“Memorandum of Association”	the memorandum of association of our Company adopted on 19 February 2016, as amended from time to time
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部), or its competent local branches
“Mr. Tang”	TANG Chi Fai (鄧志輝), Founder, chairman, executive Director and chief executive officer of the Group
“Ms. Wong”	WONG Wing Chau (黃詠秋), mother of Mr. Tang
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“New Creative”	New Creative Limited (新超有限公司), a company incorporated under the laws of Hong Kong with limited liability on 29 June 2006
“New Elite”	New Elite Inc. Limited (新麗興業有限公司), a direct and wholly-owned subsidiary of Jade Master and a company incorporated under the laws of Hong Kong with limited liability on 15 October 2010
“New Union”	New Union International Capital Limited (新聯國際資本有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 18 August 2010
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

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“Offer Price”	the final Hong Kong dollar price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$3.88 and expected to be not less than HK\$2.88, at which Hong Kong Offer Shares are to be subscribed for and to be determined in the manner further described in “Structure of the Global Offering—Pricing and Allocation” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares, where relevant, together with any additional Shares pursuant to the exercise of the Over-allotment Option
“One Dental”	The One Dental Limited, a direct and wholly-owned subsidiary of Union Dental and a company incorporated under the laws of Hong Kong with limited liability on 8 November 2012
“One Dental Plus”	The One Dental Plus Limited, formerly known as Rise Enterprise Limited (企陞有限公司), a direct and wholly-owned subsidiary of Union Dental and a company incorporated under the laws of Hong Kong with limited liability on 2 November 2012
“Ophthalmologist(s)”	Hong Kong Doctor(s) who is (are) registered under the Specialist Register of the Hong Kong Medical Council for ophthalmology
“Over-allotment Option”	the option expected to be granted by the Company to the International Purchasers exercisable by the Sole Global Coordinator (on behalf of the International Purchasers) pursuant to the International Purchase Agreement, at any time from the Listing Date until the 30th day following the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to issue or sell up to 36,500,000 additional Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the Offer Price to cover, among others, over-allocations in the International Offering, if any, details of which are described in “Structure of the Global Offering” in this prospectus
“PASC”	Professional Aesthetic Surgery Centre Limited (專業醫學整形中心有限公司), a direct and wholly-owned subsidiary of Jade Master and a company incorporated under the laws of Hong Kong on with limited liability 2 December 2009
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PHIP”	the post hearing information packs of the Company posted on the Stock Exchange’s website at www.hkexnews.hk
“PINK Application Form(s)”	the application form(s) to be sent to Eligible Employees to subscribe for the Employee Reserved Shares pursuant to the Employee Preferential Offering

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“Plastic Surgeon(s)”	Hong Kong Doctor(s) who is (are) registered under the Specialist Register of the Hong Kong Medical Council for plastic surgery kept in accordance with the Medical Registration Ordinance
“PMSC”	Professional Medical And Surgery Center Limited (專科醫學整容中心有限公司), formerly known as Rich Union Asia Pacific Investment Limited (富聯亞太投資有限公司), a direct and wholly-owned subsidiary of Jade Master and a company incorporated under the laws of Hong Kong with limited liability on 3 January 2011
“PRC Doctor(s)”	medical practitioner(s) with the qualification of a doctor (醫師) or assistant doctor (執業助理醫師) under the PRC Law on Medical Practitioners (中華人民共和國執業醫師法) and is practicing at a medical or healthcare institution
“PRC Nurse(s)”	nurse(s) licensed and registered under the Regulation on Nurses (護士條例)
“PRC Government”	the government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them
“PRC Laws”	the publicly available laws, governmental rules and regulations of the PRC
“PRC Medical Code of Conduct”	the Code of Conduct for the Practitioners of Medical Institution (醫療機構從業人員行為規範) issued by Ministry of Health of PRC on 26 June 2012
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force before the Commencement date of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) on 3 March 2014
“Price Determination Agreement”	the agreement to be entered into among our Company and the Sole Global Coordinator (for themselves and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or around Monday, 7 March 2016 (Hong Kong time) on which the Offer Price is to be determined and fixed for the purpose of the Global Offering, or such later time as our Company and the Sole Global Coordinator (for themselves and on behalf the Underwriters) may agree, but in any event no later than 10 March 2016
“Professional Bodies”	the professional regulatory bodies that govern the respective practices of our Registered Practitioners under the respective regulatory regimes for which they are licensed
“Professional Codes”	the Hong Kong Medical Code of Conduct, the Dental Code of Professional Discipline, the PRC Medical Code of Conduct and the Macau Code of Conduct, as applicable

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“prepaid package(s)”	prepaid package(s) that clients can utilise to receive service and products sold on a prepaid basis
“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“QIBs”	qualified institutional buyers within the meaning of Rule 144A
“Registered Chinese Medicine Practitioner(s)”	person(s) who is (are) registered as registered Chinese medicine practitioner(s) of the Chinese Medicine Council of Hong Kong under the Register of Chinese Medicine Practitioners kept in accordance with the Chinese Medicine Ordinance
“Registered Practitioner(s)”	Doctor(s), Chinese Medicine Practitioner(s) and/or Dentist(s)
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	Renminbi yuan, the lawful currency of the PRC
“Repeat Client(s)”	client(s) who made at least one purchase in the relevant financial period and another purchase on a separate day in the same or previous financial periods
“Reorganisation”	the reorganisation arrangements undergone by our Group in preparation for the Listing as described in “Our History, Reorganisation and Corporate Structure” in this prospectus
“revenue from services provided”	revenue of our Group excluding (i) revenue recognised from unutilised prepaid packages and (ii) revenue from the sale of products
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局) and its local branch(es)
“SAIC”	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局) and its local branches
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局) and its local branches
“SEC”	the U.S. Securities and Exchange Commission
“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
“Shanghai”	the directly controlled municipality of Shanghai, the PRC
“Share(s)”	ordinary share(s) in the share capital of our Company with par value of HK\$0.00001 each

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“Share Option Scheme”	the share option scheme conditionally adopted by our shareholders on 19 February 2016, the principal terms of which are summarised in “Statutory and General Information—D. Share Option Scheme” in this prospectus
“Shareholder(s)”	holder(s) of Shares
“Shenzhen”	Shenzhen, Guangdong Province, the PRC
“Sole Global Coordinator”	Credit Suisse (Hong Kong) Limited
“Sole Sponsor”	Credit Suisse (Hong Kong) Limited
“Specialist(s)”	Hong Kong Doctor(s) who is (are) registered under the Specialist Register of the Hong Kong Medical Council kept in accordance with the Medical Registration Ordinance
“Specialist Register”	the register of registered medical practitioners who are Specialists and kept by the Hong Kong Medical Council, as specified in the Medical Registration Ordinance
“Stabilising Manager”	Credit Suisse (Hong Kong) Limited
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into between the Stabilising Manager and Union Medical Care on or around 7 March 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Companies Ordinance
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Tax Counsel”	Guan-Hock Chua, S.C. and Eva Leung, Barristers in Hong Kong
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Team Expert”	Team Expert Investment Limited, a direct and wholly-owned subsidiary of Union Investment and a company incorporated under the laws of BVI with limited liability on 3 October 2012
“Track Record Period”	the period comprising the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015
“Trade Descriptions Ordinance”	the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Trained Therapists”	our employees who are trained in accordance with our internal guidelines to provide quasi-medical services and/or traditional beauty services

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“UMA”	Union Medical Association Limited, a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 12 May 2011
“Underwriters”	the International Purchasers and the Hong Kong Underwriters
“Underwriting Agreements”	the International Purchase Agreement and the Hong Kong Underwriting Agreement
“Undesirable Medical Advertisements Ordinance” or “UMAO”	the Undesirable Medical Advertisements Ordinance (Chapter 231 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Union Bright”	Union Bright Asia Group Limited (聯輝亞洲集團有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 18 June 2010
“Union Dental”	Union Dental Holding Limited, a company incorporated under the laws of BVI with limited liability on 6 July 2015, and a direct and wholly-owned subsidiary of Union Investment
“Union Dermatology”	Union Dermatology Holding Limited, a company incorporated under the laws of BVI with limited liability on 6 July 2015, and a direct and wholly-owned subsidiary of Union Investment
“Union Enchanting”	Union Enchanting Limited (聯合迷仁有限公司), a direct and wholly-owned subsidiary of Union Investment and a company incorporated under the laws of BVI with limited liability on 18 February 2015
“Union Glamorous”	Union Glamorous Limited (聯合魅力有限公司), a direct and wholly-owned subsidiary of Union Enchanting and a company incorporated under the laws of Hong Kong with limited liability on 10 March 2015
“Union Harvest”	Union Harvest Corporation Limited (豐會有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 21 June 2011
“Union Health Services”	Union Health Services Holding Limited, a company incorporated under the laws of BVI with limited liability on 6 July 2015, and a direct and wholly-owned subsidiary of the Company
“Union Honor”	Union Honor International Enterprise Limited (聯信國際企業有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 27 May 2008
“Union Investment”	Union (Group) Investment Limited (聯合(集團)投資有限公司), a direct and wholly-owned subsidiary of Union Health Services and a company incorporated under the laws of Hong Kong with limited liability on 1 November 2005

DEFINITIONS

“Union Laboratory Healthcare”	Union Laboratory Healthcare Limited, a company incorporated under the laws of BVI with limited liability on 20 January 2016, and a direct and wholly-owned subsidiary of Union Investment
“Union Medical Capital”	Union Medical Capital Management Limited, a company incorporated under the laws of BVI with limited liability on 29 December 2015, and a direct and wholly-owned subsidiary of Union Investment
“Union Medical Care”	Union Medical Care Holding Limited, a company incorporated under the laws of BVI with limited liability on 6 July 2015, and a direct and wholly-owned subsidiary of Mr. Tang
“Union Preventive”	Union Preventive Healthcare Limited, a company incorporated under the laws of BVI with limited liability on 29 December 2015, and a direct and wholly-owned subsidiary of Union Investment
“Union Profit”	Union Profit International Properties Limited (合利國際置業有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 18 January 2011
“United Link”	United Link Corporation Limited (僑滙有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 16 November 2012
“United States” or “U.S.”	the United States of America, as defined in Regulation S
“Up Treasure”	Up Treasure Limited (晉寶有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 16 November 2012
“US\$”, “U.S. dollars” or “USD”	United States dollars, the lawful currency of the United States
“U.S. Person”	has the meaning given to it in Regulation S
“U.S. Securities Act”	the United States Securities Act of 1933 (as amended, supplemented or otherwise modified from time to time), and the rules and regulations promulgated thereunder
“VAT”	value-added tax; all amounts are exclusive of VAT in this prospectus except indicated otherwise
“Vision Dental”	Vision Dental Limited, a direct and wholly-owned subsidiary of One Dental Plus and a company incorporated under the laws of Hong Kong with limited liability on 9 November 2011
“WFOE”	wholly foreign owned enterprise, a special form of company in the PRC
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited

DEFINITIONS

“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk
“Win Merit”	Win Merit Limited (德凱有限公司), a direct and wholly-owned subsidiary of Team Expert and a company incorporated under the laws of Hong Kong with limited liability on 16 November 2012
“World Trade Centre”	a commercial building which comprises an office tower and a shopping mall, located at 280 Gloucester Road, Causeway Bay, Hong Kong
“World Trade Flagship Centre”	one of our flagship aesthetic medical centres located at 19/F and 37/F (excluding suite 3701), World Trade Centre
“%”	per cent
* <i>For identification purpose only.</i>	

GLOSSARY

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

“aesthetic surgical procedures” or “plastic surgery”	surgical procedures concerned with the restoration, reconstruction, correction, or improvement in the shape and appearance of the face or body, which may be cosmetic or reconstructive in nature
“aggregate average g.f.a.”	represents the average of the monthly aggregate g.f.a of our service centres and/or clinics in the relevant financial period. The monthly aggregate g.f.a. is the sum of the g.f.a. of each of our respective service centres and clinics that we leased as at the end of each month
“botulinum toxin type A”	a natural protein produced by the bacterium <i>clostridium botulinum</i> . Injection of botulinum toxin type A is intended to result in less wrinkling of the skin in the areas treated by blocking the signals from nerves to muscles, causing weaker muscle contraction or complete cessation of muscle movement
“BOTOX®”	a brand of botulinum toxin type A produced and marketed by Allergan
“CE”	Conformité Européenne (European Conformity), a mark affixed on products which have been assessed before being placed on the EU market denoting that such products meet EU safety, health and environmental protection requirements
“contouring”	application of aesthetic medical procedures to attempt to improve the shape of an individual’s face or body
“Dysport®”	an injectable prescription medicine containing abobotulinumtoxin A, produced and marketed by Ipsen S.A., a French pharmaceutical company
“evidence-based”	the use of medicines, procedures, products or devices which (or the effectiveness or ingredients or technology of which) are supported by independent medical journal(s) or approved by accreditation bodies such as the FDA or MFDS or bearing a CE mark
“FDA”	Food and Drug Administration of the United States, an agency of the US Department of Health and Human Services responsible for protecting and promoting public health through the regulation and supervision of food safety, medical devices, etc.
“g.f.a.”	gross floor area
“HIFU”	a technology that focuses the acoustic energy of ultrasound to heat up a target tissue, intended to achieve results such as stimulating collagen production, uplifting sagging skin and tightening loose skin

GLOSSARY

“hyaluronic acid”	a stabilised viscous glycosaminoglycan of non-animal origin, which is injected with the intention to achieve certain aesthetic effects such as filling in facial lines and creases, correction of contour defects or depressions, restoration of volume loss from aging and the plumping of lips or cheeks
“intense pulsed light”	Intense Pulsed Light, a technology making use of intense pulses of non-coherent light distributed over a range of wavelengths to treat pigmentation and easy flushing, etc.
“JUVÉDERM®”	a trade name series of injectable fillers containing hyaluronic acid produced and marketed by Allergan, which is intended to help soften facial folds, reduce the appearance of wrinkles and add volume to the depressed area
“laser”	Light Amplification by Stimulated Emission of Radiation use to treat various skin diseases/problems
“Lasik”	laser-assisted in situ keratomileusis, a type of refractive surgery for the correction of myopia, hyperopia and astigmatism.
“liposuction”	a technique in aesthetic surgical procedure for removing fat from under the skin by suction
“MFDS” or “KFDA”	Ministry of Food and Drug Safety of Korea, previously known as Korean Food and Drug Administration, an agency of the South Korea government responsible for promoting the public health by ensuring the safety and efficiency of foods, pharmaceuticals, medical devices and cosmetics, etc.
“minimally invasive”	description of a procedure which produces relatively minor damage of body tissue and does not involve entering the body through surgical incisions into the skin with an operative procedure and closure with sutures
“non-invasive”	description of a procedure that does not involve entering the body through surgical incisions into the skin with an operative procedure and closure with sutures
“Poly-L-lactic acid injection”	a facial injectable made from poly-L-lactic acid, which is intended to help correct shallow to deep facial wrinkles and folds that appear with aging by replacing lost collagen. This procedure is used for skin rejuvenation or facial sculpturing
“Quasi-medical procedures”	procedures utilising energy-based devices performed by our Trained Therapist certified by our Doctors in accordance with our internal licensing programme
“radiofrequency”	a technology use in a device, with the oscillation of alternating currents at a frequency of around 3 kHz to 300 GHz, which may be used for skin rejuvenation
“rhinoplasty”	plastic surgery performed on the nose, also popularly known as “nose jobs”

GLOSSARY

“Report of the Working Group on Differentiation between Medical Procedures and Beauty Services”	Report of the Working Group on Differentiation between Medical Procedures and Beauty Services made available to the public by the Hong Kong Department of Health in around November 2013
“Restylane®”	a trade name for a range of injectable fillers containing hyaluronic acid produced and marketed by Galderma, which is intended to help reduce the appearance of wrinkles, enhance lip volume, restore volume and definition to the face, and rejuvenate skin
“Robolex”	a beauty device combining vacuum suction, ultrasound cavitation, low level laser and multi/bi-polar radiofrequencies, which is intended to help with body contouring
“Sculptra®”	a trade name of an injectable filler containing poly-L-lactic acid produced and marketed by Sanofi, which is intended to help correct shallow to deep nasolabial fold contour deficiencies and other facial wrinkles
“service centres”	our Hong Kong flagship aesthetic medical centres, Hong Kong standard aesthetic medical centres, Macau beauty service centre, Hong Kong aesthetic surgery centres and Hong Kong standalone dental offices, each a service centre
“sq. ft.”	square feet
“sq. m.”	square metres
“TEOSYAL®”	a trade name for a range of injectable fillers containing hyaluronic acid produced and marketed by TEOXANE, which is intended to help redefine and redesign the lines and contours of the face as gently and naturally as possible
“visit(s)”	each day during which a client has received at least one service session (regardless of number of sessions provided to the same client on that day)

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that relate to our current expectations and views of future events. These forward-looking statements are contained principally in the sections headed “Summary”, “Risk Factors”, “Future Plans and Use of Proceeds”, “Financial Information”, “Industry Overview” and “Business”. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under “Risk Factors”, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as “may,” “will,” “expect”, “anticipate”, “aim”, “estimate”, “intend”, “plan”, “believe”, “potential”, “continue”, “is/are likely to” or other similar expressions. These forward-looking statements include, among other things, statements relating to:

- our business strategies and initiatives as well as our business plans;
- our future business development, results of operations and financial condition;
- expected changes in our revenues and certain cost or expense items;
- our expectations with respect to increased revenue growth and our ability to sustain profitability;
- our services and products under development or planning;
- our ability to attract users and further enhance our brand recognition;
- our dividend distribution plans;
- trends and competition in the aesthetic medical industry; and
- changes in general economic, regulatory and operating conditions in the markets in which we operate.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in “Risk Factors” in this prospectus.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus completely and with the understanding that our actual future results or performance may be materially different from what we expect.

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You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that the legal and regulatory environment in Hong Kong, Macau and the PRC may differ in some respects from that which prevails in other countries. The business, results of operations, financial condition and prospects of our Group could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could significantly decline due to any of these risks and uncertainties, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We depend significantly on the strength of our brand image and reputation. Any failure to maintain and enhance, or any damage to, our brand image or reputation could materially and adversely affect the level of market recognition of, and trust in our services, and in turn our business, results of operations, financial condition and prospects

We consider that our success depends to a significant extent on our brand image and reputation as a quality and reliable aesthetic medical and traditional beauty services provider in the aesthetic medical service industry in geographical markets where we conduct our business. If we fail to maintain and enhance, or if there is any damage to, such brand image or reputation in relation to the services or products provided by us, the demand for our services and products may be materially and adversely affected.

Many factors that are important in maintaining and enhancing our brands are not entirely within our control, and may materially and adversely affect our brand image and reputation. Such factors include, *inter alia*, our ability to continue to:

- effectively control the quality of the services performed by our Registered Practitioners and other staff and monitor the service performance of such personnel as we continue to expand;
- maintain convenient, standardised and reliable client experiences as client preferences evolve and as we expand our service offerings;
- respond appropriately to negative news regarding our Group, as well as companies that are in fact Independent Third Parties or have been disposed of to Independent Third Parties but are nevertheless thought to be related to or associated with our Group by the media and/or clients due to, among other factors, similar names, such as Bealady Group Limited (formerly known as DOCTOR PROFESSIONAL BEAUTY CENTRE LIMITED) and “DR Beauty Centre”;
- increase brand recognition among existing and potential clients through various means of marketing and promotional activities; and
- engage our existing brand spokespersons (or secure alternate celebrities of similar popularity) and assure that our brand spokespersons’ actions and performance of their engagement create a positive branding effect.

Furthermore, any negative publicity in relation to our services and products may damage our brand image and reputation. In particular, we cannot guarantee the results of our services and products since results may vary depending on factors including, *inter alia*, clients’ medical background, their adherence to pre-procedure and post-procedure instructions, their respective responses to procedures, unknown allergies and other factors beyond our control. It is an inherent business risk that the results of our services may lead to undesirable or unexpected outcomes, including complications, injuries and even deaths in extreme cases, or otherwise fail to meet clients’ expectations. Such undesirable or unexpected outcomes may cause expressions of negative sentiments, complaints, claims, and legal actions from our clients, which in turn may lead to negative publicity from, among others, reports in the media and the internet, and disciplinary actions by the public regulatory agencies of our relevant Registered Practitioners. In October 2014, a medical incident occurred in one of our aesthetic surgery centres. Please see “Business—Legal Proceedings, Claims

RISK FACTORS

and Compliance—Claims and litigation—Claims and threatened litigation made by clients—Recent medical incident” for further details. Any occurrence of medical incidents may materially and adversely affect our brand image and reputation. Negative publicity may also result from claims, complaints and legal actions against our Group, our Registered Practitioners and other staff. Such negative publicity may materially and adversely harm our brand image and reputation as well as the level of market recognition of and trust in our services, thereby resulting in decreased sales and potential loss of clients and business partners as well as Registered Practitioners and staff, and therefore have a material adverse effect on our business, results of operations, financial condition and prospects.

Our brand and reputation may also be materially and adversely affected by the negative publicity associated with the personal affairs of our employees, in particular our Registered Practitioners. One of our Doctors, Dr. Chiang Sing Hoi (“**Dr. Chiang**”), was convicted of two arrestable criminal offences prior to joining the Group in July 2014: (i) one count of behaving in a public place in a disorderly manner and (ii) one count of resisting a police officer in the due execution of his duty in November 2013, and was sentenced to a probation order of 18 months by the Magistrate in January 2014. Dr. Chiang pleaded guilty to both charges. The Hong Kong Medical Council held an inquiry on 30 October 2015 and made the order that (i) Dr. Chiang’s name be removed from the general register of doctors for a period of four months, and such order be suspended for a period of one year (meaning that Dr. Chiang remains qualified to practice medicine); and (ii) there be imposed a condition to the above suspension of the removal order, namely that Dr. Chiang shall be examined by a psychiatrist nominated by the Hong Kong Medical Council so that a bi-annual medical report be produced and submitted to the Hong Kong Medical Council. As Dr. Chiang continues to be engaged by the Group on a full-time basis, his criminal records and any associated negative publicity surrounding the said incident may materially and adversely affect our brand and reputation.

Our Group, our Registered Practitioners and other staff have and could continue to become the subject of claims, regulatory or professional investigations and litigations regarding services and products that we deliver, which may materially and adversely affect our brand, reputation, business, results of operations, financial condition and prospects

We rely on our Registered Practitioners and other staff to make proper decisions regarding the services and products provided to our clients. Any incorrect decisions on the part of our Registered Practitioners and other staff, or any failure by us to properly manage our service centres and clinics’ activities may result in undesirable or unexpected outcomes, including complications, injuries and even deaths in extreme cases. In particular, as our Registered Practitioners are practising in our service centres and clinics under our Group’s brands, and in addition, most of our Registered Practitioners are also our employees, we may be subject to claims for professional misconduct or negligence arising from the acts or conducts of our Registered Practitioners and other staff. As such, our Group, our Registered Practitioners and other staff are subject to complaints, claims and legal actions from our clients as a result of our services and products. In addition, given the nature of the aesthetic medical services and traditional beauty services and subjective views on satisfaction with services and products provided, we have been and will continue to be susceptible to complaints, claims and legal actions associated with our services and products from time to time. During the Track Record Period, our clients and certain other consumers lodged complaints with the Hong Kong Consumer Council, and pursued legal claims against our Group, our Registered Practitioners and other staff in the Hong Kong Small Claims Tribunal. Please see “Business—Client Feedback Management—Materially unfavourable feedback received in Track Record Period” and “Business—Legal Proceedings, Claims, and Compliance” in this prospectus for further details. We cannot assure you that such expressions of negative sentiments, complaints, and claims will not occur in the future.

Claims, complaints and legal actions may be brought against the relevant Registered Practitioners or staff, and may also seek to include our Group as a defendant, as the relevant diagnosis or procedure would be conducted at our service centres and clinics. Legal actions against us, our Registered Practitioners or staff may have a material adverse effect on our business and results of operations, due to the resources involved

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in dealing with these legal actions and any possible judgment made against us. A settlement or successful claim against us can also result in significant legal costs, damages, compensation and reputational damage to us and may materially and adversely affect our business, results of operations, financial condition and prospects.

Furthermore, if our Registered Practitioners or other staff were involved in medical disputes and/or were subject to complaints or professional investigations, they may have to allocate their resources in handling such disputes, complaints or investigations, which may affect the operations of our service centres and clinics.

In addition, various Professional Bodies have issued ethical guidelines to Registered Practitioners. Under the applicable laws and regulations, the relevant Professional Body may have the power to, among others, suspend or bar a Registered Practitioner from practice for a certain period of time or indefinitely for professional misconduct. Should any of our Registered Practitioners be convicted of professional misconduct, he/she may be restricted from practising in our service centres and clinics. This may have a material adverse effect on our business, results of operations, financial condition and prospects, especially if we are not able to find substitute practitioners promptly.

Any claims, complaints, or legal proceedings against our Group, any of our Registered Practitioners or our staff, regardless of merit, could affect our brand image and reputation in the industry. Any failure to maintain and enhance or any damage to our brand image or reputation could materially and adversely affect the level of market recognition of, and trust in our services, and in turn our business, results of operations, financial condition and prospects. Please see “—we depend significantly on the strength of our brand image and reputation” in this section of the prospectus.

During the Track Record Period, our revenue recognised from unutilised prepaid packages contributed significantly to our Group’s revenue and our revenue recognised from unutilised prepaid packages may not remain at the current level or recur in the future, and a decrease in such revenue may materially and adversely affect our business, results of operations, financial condition and prospects

We sell to our clients prepaid packages that generally have a one-year contractual validity period. During the Track Record Period, we had a significant amount of revenue recognised from unutilised prepaid packages. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our revenue recognised from unutilised prepaid packages was HK\$30.5 million, HK\$181.0 million, HK\$240.1 million and HK\$129.4 million, respectively, representing 13.3%, 37.0%, 38.7% and 38.5% of our Group’s revenue for the same periods. In fact, for each of the financial periods during the Track Record Period, our revenue recognised from unutilised prepaid packages exceeded our profit for the year/period, respectively, and as such, our revenue recognised from unutilised prepaid packages contributed significantly to our Group’s revenue. Some of our clients had a significant portion of their prepaid packages unused upon expiry, as a result it had and may continue to have a negative impact on some of these clients’ desire to purchase our prepaid packages in the future. Therefore, our revenue, including our revenue recognised upon the expiry of prepaid packages, may not remain at the current level or recur in the future. In such case, our business, results of operations, financial condition and prospects may be materially and adversely affected. For example, changes in our clients’ behaviour in utilisation of prepaid packages may impact our profit margin. Moreover, on 1 April 2012, we had a change in business operational protocols, which in turn affected our timing of revenue recognition, and prior to such change, we recognised revenue from unutilised prepaid packages on the last day of the fourth year from the relevant purchase dates for purchases made prior to 1 April 2012. As a result, our revenue recognised from unutilised prepaid packages during the Track Record Period included amounts derived from sales made prior to the Track Record Period. However, commencing 1 April 2016, we will no longer have any revenue recognised from unutilised prepaid packages from sales made prior to 1 April 2012. Please see “Financial Information—Description of Major Components of our Results of Operations—Revenue—Revenue recognised from unutilised prepaid packages—Change in business operational protocols in respect of expired unutilised prepaid packages and corresponding effect on

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timing of revenue recognition” in this prospectus for further details. In addition, should prepaid packages not be utilised within the one-year contractual validity period, purchasers of these prepaid packages will not be entitled to enjoy our services. This may lead to complaints and claims against us and adversely affect our image and reputation and, in turn, our business.

Failure to properly manage our clients’ expectations may lead to complaints and legal claims by our clients

Our service focuses on improving our clients’ physical appearance, and clients have varying expectations of the magnitude of improvement that may result from our services. If we fail to properly manage a client’s expectations of the results from our services, a client may in turn be prone to be dissatisfied with the results of our service, and a disappointed client may, among others, request refunds, complain to the media and/or the Hong Kong Consumer Council and file legal claims against us. We have experienced complaints from clients in the past. Please see “Business—Client Feedback Management—Materially unfavourable feedback received in Track Record Period” in this prospectus. Such actions from a client may have a material adverse effect on our reputation, business, and results of operations, financial condition and prospects.

Our Group is subject to professional and other liabilities, including misconduct or negligence of our Registered Practitioners, for which our Registered Practitioners’ and our Group’s insurance coverage may not adequately cover

We are exposed to potential liabilities that are inherent to the aesthetic medical service and related industries. Our Hong Kong Doctors and Dentists subscribe to certain professional malpractice insurance and/or indemnity schemes offered by third-party insurers, which provide indemnity as well as legal advice and representation services in relation to litigation, claims and complaints arising from or in connection with medical and dental practices (as applicable), subject to certain exclusions. We also maintain institutional medical malpractice insurance in Hong Kong and Macau, subject to certain exclusions, including among others, a few procedures that Doctors perform. In addition, we maintain institutional medical malpractice insurance in the PRC subject to exclusions. We also purchase general business insurance. Please see “Business—Insurance” in this prospectus for further details. However, our Chinese Medicine Practitioners and Macau Doctors do not personally purchase malpractice insurance as no suitable insurance products have been identified. Moreover, our Group may be subject to claims which are beyond the scope of, or within the specified exclusions of, and/or involve claimed damages which are beyond the maximum amount covered by the existing insurance and indemnity schemes, which may expose our Group to significant financial liabilities. Any uninsured loss could result in a material adverse effect on our business, results of operations, financial condition and prospects.

We incurred a loss for the year of HK\$33.2 million for the year ended 31 March 2013 and we cannot assure you that we will not experience net losses again in the future

We incurred loss for the year of HK\$33.2 million for the year ended 31 March 2013, which was primarily attributable to the expenses we incurred to expand our scale of operations, and we may incur losses in the future as we grow our business. We expect that we will continue to incur expansion-related expenses or investments in order to launch new service centres (particularly those to be established in the PRC) and grow our client base, which may materially and adversely affect our ability to maintain profitability in the future. Our future profitability may also be significantly affected by the success in executing our intended expansion plans. Due to the aforementioned or any other factors including those beyond our control, we cannot assure you that we will not experience net losses again in the future.

We recorded net current liabilities during the Track Record Period

For our services, we sell our clients prepaid packages that generally have a one-year contractual validity period. Amounts received from prepaid packages sold are recorded as deferred revenue, which are current liabilities on our statement of financial position at the time of sale and subsequently recognised as revenue

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in the statement of profit or loss and other comprehensive income when the service has been provided. However, some of the deferred revenue may not be successfully recognised as revenue due to, for instance, refunds or inability to provide the prepaid services. We had net current liabilities of HK\$142.5 million, HK\$68.8 million, HK\$68.4 million and HK\$45.0 million as at 31 March 2013, 2014 and 2015 and 30 September 2015. On 26 February 2016, our Company declared an interim dividend of HK\$60.0 million, which will decrease our level of current assets in the immediate future. We may record net current liabilities in the future again. Please see “Financial Information—Liquidity and Capital Resources—Net current liabilities” for further details.

There are certain limitations to our ability to seek indemnity from our Registered Practitioners under the applicable indemnity provisions, if any, that have been agreed between our Group and our Registered Practitioners

Our Hong Kong Doctors, Dentists and Chinese Medicine Practitioners or the entities established by the relevant Hong Kong Doctors and Dentists, in their respective employment agreements or contracts for services with our Group, have agreed to provide us with indemnity against any claims from our clients concerning death or injury resulting from the relevant Hong Kong Doctor’s or Dentist’s or Chinese Medicine Practitioner’s professional negligence in his or her provision of medical or dental or Chinese medicinal service to our clients. Nevertheless, if our Group were subject to claims arising from death of or injury to our client in relation to any professional negligence of our Registered Practitioner(s), there are certain limitations to our ability to seek indemnity and recover the relevant damages from the relevant Registered Practitioner(s). For example, we cannot assure you that the relevant losses or damages suffered are within the medical malpractice insurance or indemnity policy that the responsible Registered Practitioners have maintained, if any, and the responsible Registered Practitioners may not have the financial means to fulfil their obligations to indemnify our Group. If we were not able to seek indemnity from the relevant Registered Practitioners in the event of professional negligence resulting in a client’s death or injury, and such claims are not covered by our institutional medical malpractice insurance, our Group may incur significant financial losses.

We had certain non-compliance incidents during the Track Record Period for which we may face further investigations or enforcement actions

Some of our subsidiaries were not in full compliance with certain requirements under the Inland Revenue Ordinance and the Companies Ordinance (or the Predecessor Companies Ordinance) in Hong Kong, respectively. Please see “Business—Legal Proceedings, Claims, and Compliance—Non-compliance incidents” in this prospectus for further details. In addition, we cannot assure you that the relevant authorities would not make further investigations or take further enforcement actions against members of the Group, its affiliates and associates and their respective directors, which include our Group’s executive directors, in relation to non-compliances and enforcement actions other than those already disclosed in this prospectus. In the event that any such investigation or enforcement action is taken, our reputation, business, results of operations, financial position and prospects may be materially and adversely affected.

In particular, some of our subsidiaries, among other things, were late in the filings of their respective profits tax returns during the tax years 2008/2009 to 2013/2014 as required under the Inland Revenue Ordinance, and some of such subsidiaries already received court summonses and paid fines in relation to such late filings. Please see “Business—Legal proceedings, Claims and Compliance—Non-compliance incidents—Inland Revenue Ordinance” for further details regarding our tax-related non-compliance incidents. We cannot assure you that our relevant settlement proposal to the IRD would be accepted, or that our Directors will not face further prosecution or penalty in relation to such tax-related non-compliances, or that the provisions made in our financial accounts will be sufficient to satisfy the additional tax obligations and/or the potential penalties that may be imposed on us, in which case our reputation, business, results of operations, financial condition and prospects may be materially and adversely affected.

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We are dependent on skilled and competent Registered Practitioners, and may not be able to attract suitable candidates to join our Group

Our business is dependent on our ability to attract and retain skilled Registered Practitioners, including Specialists, General Practitioners, Dentists and other competent staff. As at the Latest Practicable Date, we had 12 Hong Kong Doctors, three Macau Doctors and one PRC Doctor, and of our 12 Hong Kong Doctors, two are Plastic Surgeons, one is an Anaesthesiologist, one is a Clinical Microbiologist and the rest are General Practitioners who focus their practices on aesthetic medical services. As at the Latest Practicable Date, we also had five Dentists and two Chinese Medicine Practitioners. Our ability to provide our services is reliant on the services of these professionals. The ability to attract and retain them is dependent on several factors such as our reputation, financial remuneration and job satisfaction. As our industry is service-related, in the event that we are unable to find suitable and timely replacements should a significant number of Registered Practitioners resign, our business, results of operations, financial condition and prospects may be materially and adversely affected.

The number of Registered Practitioners with the necessary experience and qualifications is limited in the market, and we are competing for suitable candidates with other medical care and aesthetic medical services providers as well as traditional beauty service providers. In particular, we note that there were only 61 Plastic Surgeons in Hong Kong listed in the relevant Specialist Register published by the Hong Kong Medical Council as at 30 October 2015. We may need to provide competitive terms, such as higher wages, to attract and retain suitable Registered Practitioners and other staff, which would increase our costs. Furthermore, we may not be able to attract and retain sufficient suitable Registered Practitioners and other staff to keep pace with our growth while maintaining consistent service quality across our service centres and clinics, and in turn, our business, results of operations, financial condition and prospects could be materially and adversely affected.

There are inevitable health risks associated with our services, which may subject us to claims and negative press

The services that we offer, especially aesthetic medical services, are inevitably associated with a certain degree of health risks to our clients. Allergic reaction, undesirable outcome, injury or even death may occur as a result of receiving aesthetic medical services. In October 2014, a medical incident occurred in one of our service centres in Hong Kong. Please see “Business—Legal Proceedings, Claims and Compliance—Claims and litigation—Claims and threatened litigation made by clients—Recent medical incident” in this prospectus for further details. We cannot assure you that medical incidents resulting in allergic reaction, undesirable outcome, injury or death will not occur in the course of our services in the future. In the event that such incidents occur, we may be subject to claims and negative press, and our reputation, sales, business, results of operations and financial conditions may be materially and adversely affected.

There are restrictions in advertising and promoting our business

Our Group is required to comply with the relevant laws and regulations regarding advertising and promoting our business, in particular, those that regulate the promotion of medical services. In particular, we are subject to the Undesirable Medical Advertisements Ordinance in Hong Kong, which places a number of restrictions on advertisements relating to medical services. Please see “Regulatory Overview—Regulations on advertisements in Hong Kong” in this prospectus for further details. The relevant restrictions on promoting the business of our Group may affect our ability to further enhance our brand recognition or secure new business opportunities in the future.

In addition, we are further limited by the Professional Codes that our Registered Practitioners have to comply with. Please see “Regulatory Overview” in this prospectus. For example, our Hong Kong Doctors must comply with the Hong Kong Medical Code of Professional Conduct which sets out (i) a number of

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restrictions on the promotion or dissemination of information about professional services and practices (such as the publication of service information on the website of a bona fide medical practice Group or in doctors' directories); and (ii) restrictions on publication or marketing efforts for the predominant purpose of promoting the products or services of our Hong Kong Doctors to clients or potential clients.

We have, for the years ended 31 March 2013, 2014 and 2015, and from 1 April 2015 up to the Latest Practicable Date, received 6, 3, 0 and 0 warning letters alleging that certain of our advertisements violated the UMAO. In January 2016, we also received a similar warning letter because a press article containing references to the Group, which was not an advertisement placed by us, allegedly violated the UMAO. Please see "Business—Sales and Marketing—Compliance and Internal Review" in this prospectus for further details. We have also had some immaterial litigation in relation to the UMAO prior to the Track Record Period. While we have not been subject to any further regulatory actions or prosecutions in respect of such advertisements during the Track Record Period, we cannot assure you that further regulatory actions or prosecutions will not be initiated against us with respect to such advertisements.

Moreover, we cannot assure you that our existing practices of monitoring our information dissemination process and publication can continue to be effective. Should there be any change in the relevant laws and regulations, or change of interpretation thereof, we may be regarded as breaching the relevant laws and regulations and we may be subject to penalties and/or other legal consequences, thereby materially and adversely affecting our business, results of operations, financial condition and prospects.

Similarly, should there be any change in the relevant Professional Codes, or change of interpretation thereof, our Registered Practitioners may be regarded as breaching the relevant Professional Codes, and may be subject to relevant disciplinary actions. Should there be any disciplinary actions against our Registered Practitioners, our reputation, business, results of operations, financial condition and prospects may be materially and adversely affected.

An inability to keep abreast of the latest developments in aesthetic medical trends, technology and our clients' changing needs may materially and adversely affect our competitive edge

We need to continue to keep up with the latest developments in aesthetic medical trends, technology and our clients' changing needs in the provision of aesthetic medical services. Changes in the aesthetic medical industry require sourcing for and investing in new service devices and technology as well as the development of more effective products. From time to time, we also need to upgrade existing service equipment and facilities.

If we were unable to anticipate and adapt to the latest developments in aesthetic medical trends, technology and our clients' changing needs, demand for our services may decline. Furthermore, it is also possible that our competitors may be more responsive to emerging innovative technology, more sensitive to changes in client preferences, and have a better ability to devote resources or offer new solutions to clients in a timely manner in response to these changes, making our service offerings less competitive. We may lose existing clients and be unable to attract new clients or both, which could decrease our sales. We also cannot assure you that we will be able to recover the financial expenditures associated with the purchase of new service equipment and technology should clients' expectations for them are not met. As a result of any of the foregoing, our business, results of operations, financial condition and prospects could be materially and adversely affected.

We rely principally on a single geographical market, namely, Hong Kong, and any adverse economic, social and/or political conditions affecting this market may materially and adversely affect our business, results of operations, financial condition and prospects

Currently, substantially all of the operations of our Group is based in Hong Kong, from which we derive substantially all of our revenue. Specifically, for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, 98.9%, 95.9%, 96.2% and 95.3% of our revenue was derived from our operations in Hong Kong, respectively. Our business operations and the demand for our services are therefore

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exposed to any deterioration in the economic, social and/or political conditions as well as any incidence of social unrest, strike, riot, civil disturbance or disobedience in Hong Kong (in particular where any such activity causes inconvenience to clients who visit, and our staff who attend, our service centres). A portion of our revenue is also derived from clients who do not reside in Hong Kong and therefore, any deterioration of the medical tourism industry or the tourism industry in general in Hong Kong may decrease our revenue derived from clients who do not reside in Hong Kong. For example, it has been reported that visitors from the PRC have started decreasing due to certain recent events in Hong Kong such as Occupy Central in 2014. Any of the aforesaid circumstances may disrupt and materially and adversely affect the operations of our service centres and our results of operations, financial condition and prospects.

Our expansion plans, particularly our plans to expand our business in various locations of the PRC, Macau and Taiwan, are subject to uncertainties and risks, and we may not be able to replicate the success we have achieved in Hong Kong or successfully manage our expanded operations

We have significantly expanded our business during the Track Record Period. Our organisation may become larger and more complex with our intended expansion. Our growth depends on the implementation of our future plans in connection with our business. It is intended that a significant part of the proceeds from the Global Offering will be used for expanding our business in Greater China, with an emphasis in the PRC. Please see “Future Plans and Use of Proceeds” in this prospectus for further information of our future plans.

We have a limited track record in operating and expanding an aesthetic medical service business in the PRC, Macau and Taiwan. For example, we just opened our Guangzhou Clinic in June 2015. The experience we gained from operating our business in Hong Kong may not be readily transferable to other locations. For example, our historical experience in catering to client preferences in Hong Kong may not be transferable into an ability to adequately do so in the new markets in which we intend to expand. In addition, we may have limited ability to leverage our established brand and reputation in these new locations in the way that we have done in our current locations. Furthermore, the administrative, legal, regulatory and tax environment in such locations may differ substantially from those in Hong Kong and our other current locations, and we may face additional expenses or difficulties in complying with the relevant legal and administrative procedures and adapting to such environments. For example, our Guangzhou Clinic was issued an admonishment letter from the Guangzhou Yuexiu District Health and Family Planning Commission in relation to not having met certain administrative procedures and requirements in connection with a renovation for holding certain x-ray machines during the clinic’s set-up, and we are in the process of rectifying the administrative issue, which is expected to be rectified within 2016. In addition, as we enter into new locations, we may not have the same level of familiarity with local business partners, business practices and clients as we do in our current locations. If we are not able to efficiently and effectively execute our expansion in our new locations, we may not be able to compete with established industry players with experience in such locations and to maintain sustainable revenue growth, and we may also face higher costs. We may also incur losses from our new operations during their initial establishments and early stages of development.

Furthermore, to manage our growth and expansion, and to attain and maintain profitability, we will continue to place significant demands on our management, Registered Practitioners and other staff as well as on our administrative, operational and financial infrastructure. Our growth also depends on our ability to recruit, train and retain additional qualified management personnel, Registered Practitioners and other staff. In addition, to accommodate our growth, we need to continue managing our relationships with our suppliers and clients. All of these endeavours and our expanded operations are expected to require substantial management attention and efforts as well as significant additional capital expenditure and funding. We cannot assure you that we will be able to manage any future growth or implement our expansion plans effectively and efficiently, and any failure to do so may materially and adversely affect our ability to capitalise on new business opportunities. We also cannot assure you that, our loss-making operations, if any, will turn profitable, which in turn may have a material adverse effect on our business, results of operations, financial condition and prospects.

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We rely on certain key executives and we may not be able to retain them

We have been, and will continue to be, heavily dependent upon the continued services of our key executives and, in particular, our chairman and Founder, Mr. Tang, as well as other executive Directors and members of our senior management. Mr. Tang, in particular, has over a decade of relevant experience in the aesthetic medical and related industries. Mr. Tang's and our other key executives' expertise and extensive experiences, reputation and networks in industries related to our business, as well as their business vision, management and execution skills and working relationships with our employees, clients and suppliers have been fundamental to our achievements and the implementation of our Group's business strategies to date.

Competition for competent candidates in the industry is intense and the pool of competent candidates is limited. Hence, we may not be able to retain the services of Mr. Tang, and other key executives, or attract and retain high-quality personnel in the future. Should Mr. Tang or other key executives cease to be involved in our Group's management and operations, and if we fail to find suitable and timely replacements, our business, results of operations, financial condition and prospects may be materially and adversely affected.

Any non-renewal of leases or substantial increase in rent may materially and adversely affect our business, results of operations, financial condition and prospects

As we operate all of our service centres and clinics on leased properties, we are exposed to fluctuations in the rental market in the locations where we operate. During the Track Record Period, rental and related expenses amounted to HK\$34.2 million, HK\$63.7 million, HK\$65.8 million and HK\$30.7 million, representing approximately 14.9%, 13.0%, 10.6% and 9.1% of our revenue for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively. Upon the expiry of each of the leases of our existing service centres and clinics, we have to negotiate terms of renewal with our respective lessors in relation to our existing service centres and clinics. As there has been an increase in rental prices for commercial properties in Hong Kong generally in recent years, and as all of our existing service centres and clinics are located on premises leased from Independent Third Parties, we cannot assure you that the leases of our service centres and clinics would be renewed on similar or favourable terms (including, without limitation, on similar tenure and on similar rental charges) or at all. Should there be any material increases in rental rates and therefore rental expenses in our locations, our profitability may be materially and adversely affected. We also cannot assure you that the leases of our service centres and clinics will not be terminated early by the lessors before the expiry of the relevant term.

In the event that we are required to relocate our service centres and clinics to other locations, we cannot assure you that we will be able to secure comparable locations with a lease based on comparable terms. We may also incur substantial relocation and renovation costs if we have to move our existing service centres and clinics to new locations. Moreover, our two flagship aesthetic medical centres in Hong Kong are located in prime locations of the commercial districts of Mong Kok and Causeway Bay, where rental rates are relatively expensive and it may be challenging to find comparable locations with similar or favourable lease terms to relocate our business in time or at all, should we not be able to extend our existing leases prior to expiry. If we were forced to relocate our business from our existing locations, we may lose our existing and potential clients. Therefore, any non-renewal of leases or substantial increase in rent may have a material adverse effect on our business, results of operations, financial condition and prospects.

Professional responsibilities of our Registered Practitioners to clients may not be entirely in line with our commercial interest in maximising profits

Our Registered Practitioners are required to comply with various Professional Codes, failing which the relevant Professional Bodies may commence disciplinary action against them. For example, the duties of our Hong Kong Doctors under the Hong Kong Medical Code of Professional Conduct include, *inter alia*:

- not allowing his/her judgment to be influenced by personal profit;

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- being dedicated to providing competent medical service in full professional and moral independence;
- acting in the patient's best interest when providing medical care; and
- owing his/her patients complete loyalty and all the scientific resources available to him/her.

Such professional duties and obligations may place additional burdens on Registered Practitioners and may not at all times be entirely in line with our commercial interest in maximising profits.

If we fail to attract new clients cost-effectively, or at all, our business, results of operations, financial condition and prospects may be materially and adversely affected

In order for us to grow our business, we must be able to attract new clients. In order to attract new clients, we may need to incur additional expenditures or make additional investment in our marketing and advertising efforts, which may be more costly and/or less effective or successful as we anticipate. Furthermore, we cannot assure you that we will be able to attract new clients cost-effectively, or at all, the failure of which may materially and adversely affect our business, results of operations, financial condition and prospects.

The significant amount of advertising and marketing expenses spent on enhancing our brand image and reputation may not be effective and may materially and adversely affect our business, results of operations, financial condition and prospects

We intend to continue to enhance our brand recognition and reputation among our existing and target clients. Our sales and marketing strategies are crucial to enhancing our brand image and reputation, and our expenditure in connection with implementing such strategies is a substantial portion of our overall operating costs. In the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our advertising and marketing expenses were HK\$28.4 million, HK\$23.8 million, HK\$23.9 million and HK\$17.0 million, respectively. Our advertising and marketing expenditures are expected to increase as we intend to increase our spending on a diverse range of marketing channels, such as online and mobile search engines, marketing and social media platforms. If we do not spend adequately on such channels, or effectively select or utilise the suitable channels, we may not generate the desired result from our advertising and marketing spending. Moreover, it may take a period of time to implement our sales and marketing strategies and the length of such period is hard to predict. The sales and marketing strategies we have adopted or plan to adopt may not achieve their anticipated effect, and we may not recover the relevant expenditures and in turn, our business, results of operations, financial condition and prospects could be materially and adversely affected.

We are subject to risks of claims, complaints and regulatory actions with respect to our selling process

In our selling process, our client relationship managers consult our clients extensively and offer various packages for our clients to purchase. Some clients may feel uncomfortable from such selling process and may make complaints and claims against us, including allegations of violation of the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) in Hong Kong in our selling process, which may also result in regulatory actions. Please see "Business—Our Service Processes" in this prospectus for a description of our selling process. Furthermore, our brand reputation and client satisfaction may be materially and adversely affected by such allegations or actions, which may thereby result in the inability to maintain existing clients and attract new clients.

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

Except for Good Union, which is a connected person of the Group, we have not entered into any long-term supply agreements with our suppliers and we cannot assure you that our suppliers will continue to supply the products to us on commercially reasonable terms, or at all, which could materially and

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adversely affect our ability to secure future supply. Further, we may not be able to find suitable alternative suppliers within a short period of time, and as such, any shortage of or delay in the supply of the products to us may materially and adversely affect the operations of our service centres and clinics, which may in turn materially and adversely affect our business, results of operations, financial condition and prospects.

We face possible infringement of our intellectual property rights, which could weaken our competitive position and materially and adversely affect our business, results of operations, financial condition and prospects

Our principal intellectual property rights are our trademarks and our know-how in our business operations and provision of personalised services. We are susceptible to infringement of our intellectual property rights by third parties. We cannot assure you that third parties will not copy or otherwise obtain and use our intellectual property rights without our prior authorisation. Infringement of our intellectual property rights could materially and adversely affect our clients' perception of our credibility, creditworthiness and abilities, which in turn may have a material adverse effect on our business, results of operations, financial condition and prospects. If we were to enforce our intellectual property rights through litigations, such litigations, whether successful or unsuccessful, could result in the incurrence of substantial costs and the diversion of resources.

Please see "Statutory and General Information—A. Further Information about our Company—2. Our material intellectual property rights" in Appendix IV to this prospectus for details of our intellectual property rights. It is possible that we may be unable to register trademarks in future markets in which we operate or to renew the registrations of our trademarks. Furthermore, we cannot assure you that the registrations of our trademarks can completely protect us against any infringements or any potential challenges to the rights to the registered trademarks raised by our competitors or other third parties.

Our historical financial and operating results may not be indicative of future performance, and we may not be able to achieve and sustain the historical level of revenue and profitability

Our historical results may not be indicative of future performance. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. Our revenue, cost, expenses and operating results may vary from period to period in response to a variety of factors beyond our control, including changes in the general economic and regulatory conditions, new trends in the aesthetic medical and beauty markets, and increases in costs and operating expenses. Our historical operations largely depend on our ability to retain existing clients and attract new ones, encourage more spending by our clients, continue adopting innovative technologies and introducing new services in response to client demand, increase brand awareness through marketing and promotional activities, and take advantage of any growth in the relevant markets. We cannot assure you that we will achieve any of them in the future. Period-to-period comparisons of our operating results during the Track Record Period may not be indicative of our future performance and you should not rely on them to predict the future performance of our operating results or the price of our Shares.

We may not be able to protect our clients' information from leakage or improper use, which could expose our Group and Registered Practitioners to claims, regulatory actions or litigation

We understand that a client's right to privacy is particularly essential in the medical service context and our clients expect us to keep their information strictly confidential. Our Registered Practitioners are required by the relevant Professional Codes not to disclose medical information of clients to any third party without the client's consent except in certain specific circumstances. We are also subject to, among others, the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) in Hong Kong which limits the use of personal data of clients collected by us for such purposes for which they were collected or for a directly related purpose. However, we cannot guarantee that our confidentiality policies and measures can completely prevent our clients' information from leakage or being used for an improper purpose. Any breach of our

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confidentiality obligations towards our clients could expose our Group and/or our Registered Practitioners to potential liabilities, such as claims, regulatory actions or litigations, and may have a material adverse effect on our Group's reputation. Our business, results of operations, financial condition and prospects could in turn be materially and adversely affected.

Our business model involves a number of contracts for services with the entities owned by some of our Registered Practitioners which may not be as effective as direct employment of Registered Practitioners

To engage certain of our Registered Practitioners, we entered into contracts for services with the respective entities they own rather than employment agreements. Please see “Business—Our Professionals—Registered Practitioners—Employment agreements and contracts for services with our Registered Practitioners” in this prospectus for further details, including reasons for not entering into employment contracts with such Registered Practitioners.

Currently, we generate a portion of our revenue pursuant to such contracts for services among our Group and our Registered Practitioners and the entities that they own, respectively. The contracts for services may not be as effective in providing our Group with control over different practices as direct employment of Registered Practitioners.

The contracts for services are governed by the laws of Hong Kong. Accordingly, the contract for services would be interpreted in accordance with Hong Kong laws and any disputes would be resolved by negotiation between the parties and/or legal proceedings. If any of the Registered Practitioners fails to perform his/her obligations under the respective contract for services, our Group may have to rely on legal remedies under Hong Kong laws, including claiming damages, which may be costly and time-consuming. The results of the legal proceedings, if any, are also subject to uncertainty which could limit the ability of our Group to enforce the contracts for services. Any inability to enforce the contracts for services or limitation thereon could disrupt the business of our Group and have a material adverse effect on our business, results of operations, financial condition and prospects.

We are subject to risks of complaints and claims in relation to expired prepaid packages

We offer prepaid packages for multiple service sessions in connection with services that we offer. Many of the services we offer are likely to require multiple service sessions to achieve the desired results, and we also offer pricing incentives for purchasing multiple service sessions. Our prepaid packages expire one year from the date of purchase. Please see “Business—Revenue Model and Prepaid Packages” in this prospectus for further details. Clients with expired prepaid packages will not be entitled to our services even though they have paid for the services. This may lead to complaints and claims against us and may in turn materially and adversely affect our image and reputation, and hence our business, results of operations, financial condition and prospects.

We may be unable to identify or execute acquisition opportunities, which may materially and adversely affect our business, results of operations, financial condition and prospects

While we have successfully acquired other companies in the past, we may not be able to continue to identify suitable targets, negotiate commercially acceptable terms for acquisitions, or successfully integrate any acquired assets or businesses in the future. Even if we were able to identify suitable targets, such acquisitions can be difficult, time-consuming and costly to execute and integrate, and we may not be able to secure necessary financing for the acquisitions. Businesses that we acquire may have unknown or contingent liabilities, including liabilities for failure to comply with relevant laws, rules and regulations, and we may become liable for the past activities of the entities we acquire. In addition, future acquisitions and subsequent integration of newly acquired assets and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have a material adverse effect on our business operations. Acquired assets or businesses may not generate the financial results we expect.

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If we are not able to identify, capture or execute opportunities to expand our operations successfully through acquisitions, our business, results of operations, financial condition and prospects could be materially and adversely affected.

Newly opened and acquired service centres and clinics may not achieve normal operation as anticipated, which could materially and adversely affect our business, results of operations, financial condition and prospects

It typically takes newly opened and acquired service centres and clinics a period of time to achieve a utilisation rate comparable to our existing centres and clinics, due to factors such as time needed to build client awareness and to integrate such service centres and clinics' operations into our existing infrastructure. Furthermore, we may not be able to immediately utilise a new service centre or clinic as anticipated, due to factors such as our inability to obtain or material delay in obtaining the required approvals, permits or licences, and any substantial increase in costs to ramp up operations and utilisation. In addition, the operating results generated at the newly opened and acquired service centres and clinics may not be comparable to the operating results generated at any of our existing service centres and clinics. The new service centres and clinics may even operate at a loss, which could materially and adversely affect our results of operations.

Any defects, disruptions or other problems affecting the functioning of our information technology systems could materially and adversely affect our daily operations

The satisfactory performance and stability of our centralised informational technology infrastructure and related software programmes are critical to our storage of client records and bookings, management of inventory, as well as computation of operational, financial and marketing data. Any defects or problems with our information technology systems could significantly disrupt our business operations and lower our efficiency, which would in turn affect the quality of our services and our client's experience. Our information technology systems may, in the future, experience disruptions, outages and other performance problems due to a variety of factors, including, without limitation:

- our growing client base and expanding operations will put increasing pressure on our servers and network capacities;
- we may encounter problems when upgrading our system programmes or informational technology platform, which could adversely affect the reliability of our information technology systems as a whole;
- our proprietary system programmes may contain undetected programming errors, bugs, flaws, corrupted data or other defects;
- we may be subject to hacking or other attacks on our network infrastructure and system programmes;
- we rely on third-party service providers for certain aspects of information technology systems, such as the storage and maintenance of our servers, and any disruptions or other problems with their services are beyond our control and may be difficult for us to remedy; and
- our network infrastructure could be damaged or interrupted as a result of earthquakes, floods, fires, extreme temperatures, power loss, telecommunications failures, technical error, computer viruses and similar events.

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We expect to continue making significant investments to maintain and improve the integration of our centralised informational technology platform. We cannot assure you that we will be able to effectively upgrade our systems as needed, or continue to develop our technology and network architecture to accommodate our expanding operations, and any failure to do so may materially and adversely affect our business, results of operations, financial condition and prospects. We do not maintain insurance policies covering damages to our network infrastructures or information technology systems.

We have limited or no control over the quality of the medications, medical equipment, medical supplies, implants and consumables we use. If such qualities do not meet the required standards, we could be exposed to liabilities and our reputation, business, results of operations, financial condition and prospects could be materially and adversely affected

Although we are selective in choosing our suppliers, we cannot guarantee that all of the medications, medical equipment, medical supplies, implants and consumables we use are free of defects or meet the relevant quality standards. During the Track Record Period, we had no incident of litigation or administrative penalty related to defective medical devices and pharmaceutical products used by us. However, we cannot assure you that these incidents will not occur in the future, or that such incidents will not materially and adversely affect us. If the products provided by our suppliers are defective, of poor quality, or fail to meet our clients' expectations, we could be subject to liability claims, complaints, related adverse publicity and imposition of penalties by relevant authorities. We may also need to find suitable replacement products, which may lower our profit margins and result in delays in the delivery of services and products to our clients. Our suppliers are also subject to extensive laws and regulations. If our suppliers violate applicable laws and regulations, our procurement may be materially and adversely affected. In addition, we may be exposed to reputational damage or even liabilities for defective goods provided by our suppliers, or negative publicity associated with our suppliers, and our reputation, business, results of operations, financial condition and prospects could be materially and adversely affected as a result. Please also see “—Risks relating to our Industry—Our business may be materially and adversely affected by an unfavourable market perception of the overall aesthetic medical industry.”

Our spokespersons have significant influence over our brand and reputation, upon which our business is dependent

We have engaged certain spokespersons, who are celebrities in Hong Kong, to promote our services and brand image. However, we may not be able to continue to engage them on commercially reasonable terms or at all. If we fail to continue to engage any of them and cannot secure an alternate celebrity of similar popularity, the sales of our services could be materially and adversely affected. In addition, any inappropriate actions by, negative publicity of, or failure to carry out the terms of our engagement by our spokespersons could negatively impact our brands and reputation, which in turn may materially and adversely affect our business, results of operations, financial condition and prospects.

Any occurrence of *force majeure* events, natural disasters or outbreaks of contagious diseases in Hong Kong or any other geographic markets in which we operate could prevent us from effectively serving our clients and thus have a material adverse effect on our business operations, financial condition, results of operations and prospects

Any occurrence of *force majeure* events, natural disasters or outbreaks of epidemics, such as those caused by avian influenza or swine influenza, severe acute respiratory syndrome (SARS) or Middle East respiratory syndrome coronavirus (MERS-CoV), could prevent us from effectively serving our clients and thus have a material adverse effect on our business operations, financial condition and results of operations. From 1 November 2002 to 31 July 2003, an outbreak of SARS occurred in southern PRC and Hong Kong. In April 2009, a human swine influenza also known as Influenza A (H1N1) broke out in Mexico and spread globally. In March 2013, an H7N9 virus was first reported to have infected humans in the PRC, which has been identified by the World Health Organisation as an unusually dangerous virus for humans. In May 2015, an outbreak of MERS-CoV occurred in South Korea and had spread to the PRC, resulting in widespread fear. An outbreak of contagious diseases, and other adverse public health developments in Hong Kong or any other

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geographic markets in which we operate, would have a material adverse effect on our business operations. These could include restrictions on our ability to provide services to our clients, as well as temporary closure of our service centres and clinics. These events could also materially and adversely affect our clients' demands for our services as they may not want to go to our service centres and clinics at all. Such closures or service restrictions would severely disrupt our operations and materially and adversely affect our financial condition and results of operations. In addition, the cities and countries in which we operate or intend to operate have experienced natural disasters such as earthquakes, floods and droughts in the past few years. Any future occurrence of natural disasters in such cities and countries may materially and adversely affect their respective economy and therefore our business.

RISKS RELATING TO OUR INDUSTRY

Our business may be materially and adversely affected by an unfavourable market perception of the overall aesthetic medical industry

We consider that both existing and potential clients of the aesthetic medical service industry are cautious about the risks inherent in aesthetic medical procedures and are therefore sensitive to any negative review, comment or allegation in relation to the industry. Any allegation, negative news or research results surfacing in the media or in social media forums regarding any accident, ineffectiveness of service, health risks or poor service standard by any aesthetic medical service provider, regardless of merits, may lead to material deterioration in client confidence in and market perception of aesthetic medical services and lead to lesser demand for aesthetic medical services. The entire aesthetic medical service industry and its participants, including our Group, could consequently be exposed to reputational harm and our business, results of operations, financial condition and prospects may, in turn, be materially and adversely affected. For example, in Hong Kong, a number of medical incidents occurred in a "DR Beauty Centre" in 2012, including an incident in which one woman died and three became critically ill, leading to widespread negative press regarding the aesthetic medical service industry. In addition, some members of the press and some consumers have had the mistaken notion that we are related to this "DR Beauty Centre" when in fact, it is an Independent Third Party. In particular, we had (i) taken out new tenancy agreements with the landlords of certain premises previously leased to entities related to this "DR Beauty Centre", (ii) purchased from entities related to this "DR Beauty Centre" certain equipment at an aggregate consideration of HK\$5.0 million, (iii) attracted customers that we understand to have purchased services of competitors, including "DR Beauty Centre", through our Client Care-Beauty Marketing Programme (關心美容客戶計劃) as discussed in "Business—Sales and Marketing—Client Care-Beauty Marketing Programme" of this prospectus, and such actions may have led to some confusion among media and consumers regarding our independence from "DR Beauty Centre".

We may be materially and adversely affected by a lack of growth in the consumer market or a general market downturn

Our revenue growth is highly dependent on the sustainable growth of consumer spending on aesthetic medical services as well as beauty services and products. However, we cannot assure you that the local economy in the places where we operate, especially Hong Kong and the rest of Greater China, can sustain a stable growth in consumer spending. Moreover, if the local economy of Hong Kong or the economy of the rest of Greater China slows down, it is highly likely that consumer demand and spending on aesthetic medical services as well as beauty services and products will be reduced. Any sustained economic slowdown or recession may result in a decrease in consumer spending on aesthetic medical services as well as beauty services and products, and may lead to a material adverse effect on our business, results of operations, financial condition, and prospects.

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We operate in a highly competitive industry and we may not be able to compete successfully with our competitors

The industry in which we operate is characterised by intense competition and rapidly changing market trends throughout the world. Due to continuous development of new technology and equipment as well as the growing importance of consumer preferences in favour of innovative and high performance aesthetic medical services and products, our Group is in constant competition with other aesthetic medical service providers and even beauty parlours which are commonly owned by beauty and slimming groups and operated by therapists without medical staff. Any of our competitors may more accurately foresee the course of market developments, or adapt more quickly to new technologies or evolving client requirements. We may also not be able to offer certain services and products that our competitors offer. Furthermore, certain of our competitors focus on offering a narrower range of services, which may give them a competitive edge, such as certain economies of scales, in promoting and providing such services. As a result of the foregoing, our services or products may not be able to compete successfully with our competitors' services or products, which may materially and adversely affect the sales and profitability of our services or products, and therefore our business, results of operations, financial condition and prospects.

In addition, some of our competitors are companies, or divisions or operating units of companies, that have greater financial and other resources than we do. They may have the ability to provide similar products or services at a lower cost. Intense competition could result in reduction in service fees which may lead to a reduction in profit margins and loss of market share, and may then result in a material adverse effect on our operating results.

We may face more intense competition in the future from existing competitors and new entrants into the market. If we fail to compete effectively, or to maintain or grow our market share, we may lose clients and experience a slowdown in growth or a decline of our operations, and this may in turn materially and adversely affect our business, results of operations, financial condition and prospects.

We conduct our business in a heavily regulated industry in multiple jurisdictions and incur on-going compliance costs and face potential penalties for non-compliance

The provision of aesthetic medical services is heavily regulated in all of the jurisdictions in which we operate, and therefore we incur on-going compliance costs and face potential penalties for non-compliance. The laws and regulations primarily relate to, among others, the licensing and qualifications required of the persons performing medical and dental services, requirements for medical and dental facilities and equipment, and pricing and procurement of medications. We operate in multiple jurisdictions, and the applicable laws and regulations in such jurisdictions may be substantially different, which materially increases the burden on our management to devote time and resources, including financial resources in hiring counsels, to handle compliance-related matters. In addition, any changes in laws and regulations, or any changes of interpretation thereof, could require us to obtain additional licences, permits, approvals or certificates, or result in the invalidation of our currently owned licences, permits, approvals or certificates, or result in us being regarded as not in compliance with the relevant laws and regulations thereby subjecting us to penalties and/or other legal consequences. For example, our interpretation of the Medical Clinics Ordinance as set out in “Regulatory Overview — Hong Kong Regulatory Overview — Medical Clinics Ordinance” in this prospectus may be subject to change and/or challenge, as the “Regulation of Private Healthcare Facilities Consultation Document” issued by the Food and Health Bureau in December 2014 discussed that new regulatory regime for private healthcare facilities may be enacted in the future. Aesthetic medical service providers may be affected by such new regulatory regime. Please see “Regulatory Overview” in this prospectus for more details.

RISK FACTORS

If we fail to obtain or renew any necessary licences, permits, approvals and certificates, or are found to be non-compliant with any of these laws, regulations or rules, we may face penalties, suspension of operations or even revocation of operating licences, permits, approvals or certificates, depending on the nature of the findings, any of which could materially and adversely affect our business, results of operations, financial condition and prospects.

Uncertainties as to future development in Hong Kong in respect of relevant laws and regulations and introduction of new laws and regulations on medical procedures and beauty services may materially and adversely affect our business, results of operations, financial condition and prospects

Following certain adverse incidents in relation to the beauty industry in recent years, the Government of Hong Kong has been considering tightening the regulation of the beauty industry and is currently reviewing existing legislations with a view to enacting laws and regulations or amending existing legislations to distinguish between medical service and beauty service and to implement regulatory controls over certain cosmetic procedures in order to protect the interests and safety of the public. There is a great degree of uncertainty with respect to which new laws and regulations will be applicable to our business. To tighten up regulation of the beauty industry and to provide a clear definition to differentiate beauty therapies from medical procedures, a Steering Committee on Review of the Regulation of Private Healthcare Facilities has been established to review the regulatory regime for private healthcare facilities. A Working Group on Differentiation between Medical Procedures and Beauty Services has also been set up under the Steering Committee, which was tasked to differentiate between medical treatments and ordinary beauty services and to make recommendations on the procedures that should be performed by registered medical practitioners. Please see “Regulatory Overview—Hong Kong Regulatory Overview—Recent development in relation to Regulation of Medical Procedures and Beauty Services as well as Private Healthcare Facilities” in this prospectus for further details.

The Government of Hong Kong may impose more stringent compliance standards or regulations in connection with the provision of aesthetic medical services. Any change in compliance standards or any new laws or regulations may render it more restrictive for us to conduct our business. In this connection, we cannot assure you that we will be able to adapt to such changes within a short period of time, and the failure to sufficiently and promptly respond to such changes may materially and adversely affect our business, results of operations, financial condition and prospects.

Further, compliance with new rules, laws and regulations may significantly increase our operating costs and in turn, lower our profit margins. For example, with a view to combat unfair trade practices associated with the provision of prepaid goods and services, the Government of Hong Kong has been considering legislative proposals for introducing a mandatory “cooling-off” period during which consumers would be entitled to cancel the contract and obtain refund after the relevant purchase. While our Group’s current refund policy allows for full refund within our seven-day “cooling-off” period, the Government of Hong Kong may impose a longer mandatory “cooling-off” period, which may increase our operating costs in arranging for refunds and cancellations, which in turn may materially and adversely affect our business, results of operations, financial condition and prospects.

The Hong Kong aesthetic medical tourism industry sector faces intense competition from other markets, including, among others, Japan and Korea

According to the Frost & Sullivan Report, the growth of the Hong Kong aesthetic medical industry has been and is expected to be partially attributed to the growth in the number of aesthetic medical tourists, particularly those from the PRC choosing to come to Hong Kong to receive aesthetic medical services. We cannot assure you that aesthetic medical tourists will continue to choose Hong Kong over other destinations, such as Japan and Korea, and should the number of medical tourists coming to Hong Kong for aesthetic medical services slow in growth or decline, our business, results of operations and financial condition may be materially and adversely affected.

RISK FACTORS

RISKS RELATING TO DOING BUSINESS IN THE PRC

We and some of our subsidiaries are subject to political, economic and social developments as well as the laws, rules, regulations and licensing requirements in the PRC

We have begun our expansion into the PRC and also rely on the PRC visitors for a portion of our revenue generated in Hong Kong, and as a result, our business, results of operations, financial condition and prospects are subject, to a significant degree, to the economic, political, social and regulatory environment in the PRC.

The economy of the PRC differs from the economies of most developed countries in many respects, including, among others, the extent of government involvement, level of development, growth rate, and control of foreign exchange and allocation of resources. The PRC economy has been undergoing a transition from a planned economy to a market-oriented economy. The PRC government has in recent years implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, however a substantial portion of productive assets in the PRC is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government still retains significant control over the PRC's economic growth through the allocation of resources, controlling payment of foreign currency denominated liabilities, setting monetary policy and providing preferential service to particular industries or enterprises.

Our performance and prospects will continue to be affected by the PRC's economy, which in turn is influenced by the global economy. The global economic slowdown and the turmoil in the global financial markets that began in the second half of 2008, continued weakness in the United States economy and the sovereign debt crisis in Europe have collectively added downward pressure to the PRC's economic growth.

Any of the above factors may materially and adversely affect our business, results of operations, financial condition and prospects. We are unable to accurately predict the precise nature of all the risks and uncertainties that we face as a result of current economic, political, social and regulatory conditions and many of these risks are beyond our control.

Uncertainties with respect to the PRC legal system could have a material adverse effect on our business, results of operations, financial condition and prospects

The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, finance, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, the PRC has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC, or may be unclear or inconsistent. In particular, since the aesthetic medical industry is in its early developmental stage in the PRC, the laws and regulations relating to this industry are unspecific and may be incomprehensive. Due to the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of PRC laws and regulations involve uncertainties and can be inconsistent. Even where adequate laws exist in the PRC, the enforcement of existing laws or contracts based on existing laws may be uncertain or sporadic, and it may be difficult to obtain swift and equitable enforcement of a judgment by a court. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and the diversion of resources and management's attention. In addition, we cannot predict future developments in the PRC legal system or the effects of such developments. The materialisation of all or any of these uncertainties could have a material adverse effect on our business, results of operations, financial condition and prospects.

RISK FACTORS

Our business, results of operations, financial condition and prospects could be materially and adversely affected by PRC labour laws and regulations

The Labour Contract Law of the PRC (the “**Labour Contract Law**”) was promulgated by the Standing Committee of the National People’s Congress on 29 June 2007, made effective on 1 January 2008, and subsequently amended on 28 December 2012, with such amendments coming into effect on 1 July 2013. On 18 September 2008, the State Council passed the relevant implementation regulations. The Labour Contract Law aims to provide employees with greater protections with respect to establishing and terminating employment relationships. For example, the Labour Contract Law and its implementation regulations require employers to enter into written contracts with their employees, and if an employer fails to enter into a written contract with an employee within the period more than one month but less than one year after commencement of employment, the employer is required to pay the employee double the salary every month until a written contract is entered into. In addition, the Labour Contract Law calls for implementation of open-ended contracts rather than fixed-term contracts under certain circumstances. In particular, an employer cannot enter into a one-year or short-term contract with an employee upon the third consecutive renewal of the employment contract unless otherwise requested by the employee. As a result, the Labour Contract Law limits our discretion in the hiring and termination processes and could in turn affect our labour costs and our profitability.

Restrictions on foreign exchange and fluctuations in Renminbi exchange rates may limit the ability of our operating subsidiaries in the PRC to remit payments to us and may expose us to exchange rate volatility

A growing portion of our revenue is expected to be denominated in Renminbi, which is not readily convertible into other currencies. Under the existing foreign exchange regulations in the PRC, we may undertake current account foreign exchange transactions without prior approval from SAFE by complying with certain procedural requirements. The PRC government may, however, decide to restrict access to foreign currencies for current account transactions in the future. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends, or otherwise satisfy any foreign currency-denominated obligations we may incur. In addition, since our future cash flow from operations in the PRC will continue to be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to receive dividends and distributions from our subsidiaries in the PRC, purchase goods and services outside of the PRC, or otherwise fund any future business activities that may be conducted in currencies other than the Renminbi.

The convertibility of the Renminbi into other currencies is subject to changes in the PRC policies and international economic and political developments. In 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under the current policy, the Renminbi is pegged against a basket of currencies, determined by the PBOC, against which it can rise or fall within stipulated ranges from 1% to 5% against different currencies each day. This change in policy has resulted in an appreciation of the value of the Renminbi against the U.S. dollar of approximately 30% from July 2005 to June 2013. The PBOC announced on 11 August 2015 that it would improve the middle price quotation mechanism for determining the U.S. dollar-Renminbi exchange rates. On the same day, the daily reference rate for Renminbi against U.S. dollars depreciated 1.9% to 6.2298 compared with 6.1162 for 10 August 2015. We cannot predict whether the PRC government may change its policies that have effect on the exchange rate of the Renminbi, as well as when and how Renminbi exchange rates may change going forward. Fluctuations in exchange rates may adversely affect the value, when translated or converted into U.S. dollars or Hong Kong dollars (which are pegged to the U.S. dollar), of our assets in the PRC, as well as the earnings or any declared dividends of our PRC subsidiaries. Also, there are limited hedging instruments available in the PRC to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. To date, we have not entered into any agreements to hedge our exchange rate exposure. In any event, to the extent such hedges are available, their effectiveness may be limited and we may be unable to hedge our exposure successfully, or at all.

RISK FACTORS

SAFE regulations may limit our ability to effectively finance our operations and intended expansion in the PRC with the net proceeds from the Global Offering, which may materially and adversely affect the value of your investment and may make it more difficult for us to expand our operations in the PRC

We intend to finance our operations and intended expansion in the PRC with the net proceeds from the Global Offering through overseas shareholder loans or additional capital contributions, which require registration with or approvals from PRC government authorities. Any overseas shareholder loans to our PRC businesses must be registered with the local branch of SAFE as a procedural matter, and such loans cannot exceed the difference between the total amount of investment our PRC businesses are approved to make under the relevant PRC laws and their respective registered capital. In addition, the amounts of the capital contributions are subject to the approval of the Ministry of Commerce in China or its local counterpart. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, or at all, with respect to making future loans or capital contributions to our PRC businesses with the net proceeds from the Global Offering. If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our PRC businesses may be materially and adversely affected, which in turn could materially and adversely affect the liquidity of our PRC operations and our ability to fund and expand our operations in the PRC.

Compliance with PRC advertising laws and regulations may be difficult, and failure to comply could subject us to government sanctions

As an aesthetic medical service provider, we are obligated under PRC laws and regulations to monitor our advertising contents to comply with applicable laws. According to the Administrative Measures on Medical Advertisement (醫療廣告管理辦法) and Notice on Further Strengthening the Administrative Measures on Medical Advertisements (關於進一步加強醫療廣告管理的通知), we must obtain a Medical Advertisement Approval Certificate (醫療廣告審查證明) prior to publishing medical advertisement. The contents in the released advertisement have to be consistent with what has been approved and documented in the Medical Advertisement Approval Certificate. Violation of these laws or regulations may result in the relevant PRC authorities imposing warnings or fines, revocation of the Medical Advertisement Approval Certificate and rejection of the re-application of such certificate within one year, or rectification within a specified time. In egregious cases, the relevant PRC authorities may suspend the business of the violating entity for rectification, revoke the license for operating particular medical department or even revoke the Medical Institution Practicing License. Any violations of these laws and regulations may subject us to governmental penalties, impair our brand and materially and adversely affect our business, results of operations and financial condition.

Our dividend income from our foreign invested subsidiaries in the PRC may be subject to a higher rate of withholding tax than that which we currently anticipate

Under the EIT Law and its implementation rules, PRC withholding tax at the rate of 10% is applicable to dividends paid by PRC enterprises to their foreign shareholders who are not “PRC tax resident enterprises”, unless the jurisdiction of such foreign shareholder has a tax treaty or similar arrangement with the PRC that provides for a different withholding arrangement and the foreign shareholder obtains approval from competent local PRC tax authorities for application of such tax treaty or similar arrangement. According to the Arrangement on Avoidance of Double Taxation and Tax Evasion between the Mainland and Hong Kong (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), if a Hong Kong incorporated entity is the direct “beneficial owner” of 25% or more in a PRC entity, a lower rate of 5% will be applied to the dividend made by the PRC entity to such Hong Kong entity.

RISK FACTORS

The determination of beneficial ownership is clarified under the Notice on Understanding and Determining Beneficial Owners (國家稅務總局關於如何理解和認定稅收協定中「受益所有人」的通知), which expressly excludes from the definition of a beneficial owner a “conduit company”, or any company established for the purposes of avoiding or reducing tax obligations or transferring or accumulating profits and not engaged in actual operations such as manufacturing, sales or management. We invest in our subsidiaries in the PRC through Union (Group) Investment Limited (HK), our subsidiary incorporated in Hong Kong. We intend to pay 5% withholding tax on the distributable profits of our subsidiaries in the PRC. It is uncertain whether our Hong Kong subsidiaries will be considered a “beneficial owner” and there is no assurance that the tax authority will not impose a higher withholding tax rate of 10% on our dividend income from our subsidiaries in the PRC. If the dividends from our subsidiaries in the PRC are subject to the higher withholding tax under the EIT Law, our business, results of operations, financial condition and prospects could be materially and adversely affected.

PRC regulation of loans and direct investment by offshore holding companies in relation to PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or capital contributions to our subsidiaries in the PRC, which could materially and adversely affect our liquidity and our ability to fund and expand our business

In utilising the proceeds from the Global Offering or any future offerings, as an offshore holding company of our subsidiaries in the PRC, we may make loans to our subsidiaries in the PRC, or we may make capital contributions to our subsidiaries in the PRC. Any loans to our Subsidiaries in the PRC are subject to PRC regulations and approvals. For example, loans by us to our wholly owned subsidiaries in the PRC to finance their activities are subject to statutory limits and must be registered with SAFE or its local counterpart. Any capital contributions to our subsidiaries in the PRC must be approved by MOFCOM or its local counterpart. The use of such Renminbi may not be changed without approval from SAFE, and may not be used to repay Renminbi loans which have been sub-lent to third parties.

We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our subsidiaries in the PRC or with respect to future capital contributions by us to our subsidiaries in the PRC. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we receive from the Global Offering and to capitalise or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business in the PRC.

RISKS RELATING TO DOING BUSINESS IN MACAU

Conducting business in Macau involves certain economic and political risks

We operate an aesthetic medical clinic and a beauty service centre in Macau. Conducting business in Macau involves certain risks not typically associated with businesses in Hong Kong, including risks relating to changes in (i) Macau’s and the PRC’s political, economic and social conditions, (ii) Macau’s governmental policies, laws or regulations or their interpretation, (iii) exchange control regulations, potential restrictions on foreign investment and repatriation of capital, measures that may be introduced to control inflation, such as interest rate increases, and changes in the rates or method of taxation. In addition, our operations in Macau are exposed to the risk of changes in laws and policies that govern operations of Macau-based companies.

RISK FACTORS

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile

Prior to the completion of the Global Offering, there has been no public market for our Shares. The Offer Price is the result of negotiations between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. In addition, there can be no guarantee that an active trading market for our Shares will develop; or, if it does develop, that it will be sustained following completion of the Global Offering; or that the market price of our Shares will not decline below the Offer Price.

The trading price of our Shares may be volatile, which could result in substantial losses to you

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the PRC, Singapore, the United States and the United Kingdom, and elsewhere in the world. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, earnings and cash flow could cause the market price of our Shares to change substantially. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

You will incur immediate and substantial dilution and may experience further dilution in the future

As the Offer Price of our Shares is higher than the net tangible book value per Share of our Shares immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution.

We may grant Share Options pursuant to the Share Option Scheme, which will entitle participants in these share incentive schemes to receive Shares under certain circumstances. Please see “Statutory and General Information—D. Share Option Scheme” in Appendix IV to this prospectus for more details. Exercise of options may result in an increase in our issued share capital, which in turn may result in a dilution of our shareholders’ equity interest in our Company and a reduction in earnings per Share.

Our Controlling Shareholders have substantial control over the Company and their interests may not be aligned with the interests of the other Shareholders.

Prior to and immediately following completion of the Global Offering, our Controlling Shareholders will remain having substantial control over our Company. Subject to our Articles of Association, the Companies Ordinance and the Cayman Companies Law, the Controlling Shareholders will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders. The interest of the Controlling Shareholders may differ from the interests of other Shareholders and they are free to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

RISK FACTORS

The sale or availability for sale of substantial amounts of our Shares, especially by our Directors, senior management members and current shareholders, could materially and adversely affect the market price of our Shares

Future sales of a substantial number of our Shares by our existing shareholders, or the possibility of such sales, could materially and adversely affect the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which trading of our Shares commences on the Stock Exchange. While we are not currently aware of any intention of our Controlling Shareholders to dispose of significant amounts of their Shares after the completion of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

You may experience difficulties in enforcing your Shareholder's rights because we are incorporated in the Cayman Islands; Cayman Islands law is different from the laws of Hong Kong, the states of the United States and other jurisdictions and may not provide the same protections to minority shareholders

We are an exempted company incorporated in the Cayman Islands with limited liability, and the law of the Cayman Islands differs in some respects from that of Hong Kong, the states of the United States or other jurisdictions where investors may be located.

Our corporate affairs are governed by our memorandum and articles of association, the Cayman Companies Law and the common law of the Cayman Islands. The rights of Shareholders to take legal action against us and our Directors, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive but not binding authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may not be as clearly established as they would be under statutes or judicial precedents in Hong Kong, the United States or other jurisdictions where investors may be located. In particular, the Cayman Islands have a less developed body of securities law.

As a result, our Shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, Directors or major shareholders than they would as shareholders of a Hong Kong company, a United States company or companies incorporated in other jurisdictions. For example, the Cayman Islands do not have a statutory equivalent of sections 723 to 726 of the Companies Ordinance, which provide a remedy for shareholders who have been unfairly prejudiced by the conduct of the company's affairs.

We cannot assure you of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other Independent Third Party sources, including the industry expert report, contained in this prospectus

Certain facts, forecasts and other statistics relating to Hong Kong, Macau, the PRC, and other countries and regions, as well as the aesthetic medical market contained in this prospectus have been derived from various government publications, market data providers and other Independent Third Party sources, including Frost & Sullivan, an independent industry expert, and are generally believed to be reliable. However, we cannot guarantee the accuracy and completeness of such information. These facts, forecasts and other statistics have not been independently verified by us, the Sole Global Coordinator, the Joint Bookrunners, the Sole Sponsor, the Joint Lead Managers, their respective directors and advisers or any other parties involved in the Global Offering and none of them make any representation as to the accuracy or completeness of such

RISK FACTORS

information. Furthermore, such facts, forecasts and other statistics may not be prepared on a comparable basis or may not be consistent with other information compiled within or outside Hong Kong, Macau, the PRC, or other countries or regions. For these reasons, you should not place undue reliance on such information as a basis for making your investment in our Shares.

You should read the entire prospectus carefully and should not rely on any information contained in press articles or other media regarding us and the Global Offering

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Information contained in our website, located at www.umhgp.com, does not form part of this prospectus. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on such information.

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTIONS FROM THE STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

We have entered into certain transactions which would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules following the completion of the Global Offering. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Chapter 14A of the Listing Rules in relation to the non-exempt continuing connected transactions. Details of such non-exempt continuing connected transactions and the waivers are set out in “Continuing Connected Transactions” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to us. 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.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 24,500,000 Shares and the International Offering of initially 220,500,000 Shares (subject, in each case, to reallocation on the basis referred to under "Structure of the Global Offering" in this prospectus and without taking into account the Over-allotment Options).

The listing of our Shares on the Stock Exchange is sponsored by the Sole Sponsor and the Global Offering is managed by the Sole Global Coordinator. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Purchase Agreement relating to the International Offering is expected to be entered into on or about the Price Determination Date, subject to determination of the pricing of the Offer Shares. Further information regarding the Underwriters and the underwriting arrangements are set out in "Underwriting" in this prospectus.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Sole Global Coordinator, the Joint Bookrunners, the Sole Sponsor, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Further information regarding the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering" in this prospectus and the procedures for applying for our Shares are set out in "How to Apply for Hong Kong Offer Shares and Employee Reserved Shares" in this prospectus and in the relevant Application Forms.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on or around 7 March 2016, and in any event no later than 10 March 2016.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

If the Sole Global Coordinator (for themselves and on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price on or before 10 March 2016, or such later date or time as may be agreed between the Sole Global Coordinator (on behalf of the Underwriters) and us, the Global Offering will not become unconditional and will lapse.

RESTRICTIONS ON OFFER AND SALE OF THE SHARES

Each person acquiring the Hong Kong Offer Shares and/or the Employee Reserved Shares under the Hong Kong Public Offering and/or the Employee Preferential Offering will be required to, or be deemed by his acquisition of the Shares to, confirm that he is aware of the restrictions on offers and sales of the Shares described in this prospectus and the relevant Application Forms.

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. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an 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 the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued by us pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Dealings in the Shares on the Stock Exchange are expected to commence on 11 March 2016. Save as disclosed in this prospectus, no part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on the Stock Exchange or any other stock exchange as of the date of this prospectus. All the Offer Shares will be registered on the Hong Kong Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

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

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Shares or exercising rights attached to them. None of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposition of, or dealing in, the Shares or exercising any rights attached to them.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

OVER-ALLOTMENT AND STABILISATION

Details of the arrangement relating to the Over-allotment Option and stabilisation are set out in “Structure of the Global Offering” and “Underwriting” in this prospectus.

HONG KONG REGISTER OF MEMBERS AND HONG KONG STAMP DUTY

Our Company’s principal register of members will be maintained by its principal share registrar, Codan Trust Company (Cayman) Limited, in the Cayman Islands and our Company’s Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. All Offer Shares will be registered on the Company’s Hong Kong register of members in Hong Kong. Dealings in the Shares registered on our Company’s Hong Kong register of members will be subject to Hong Kong stamp duty.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and 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 date of commencement of dealings in the Shares on the Stock Exchange 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 enabling the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements and how such arrangements will affect your rights and interests as such arrangements may affect your rights and interests.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES AND EMPLOYEE PREFERENTIAL SHARES

The procedures for applying for Hong Kong Offer Shares and the Employee Reserved Shares are set out in “How to Apply for Hong Kong Offer Shares and Employee Reserved Shares” in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering” in this prospectus.

EXCHANGE RATE CONVERSION

For the purpose of illustration only, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. Unless otherwise specified, (i) the translations between Renminbi and Hong Kong dollars were made at the rate of RMB1.00 to HK\$1.22, being the rate our Group used for the purposes of our management accounting for the six months ended 30 September 2015, and (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK\$7.80 to US\$1.00, being the rate our Group used for the purposes of our management accounting for the six months ended 30 September 2015. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the translated English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
TANG Chi Fai (鄧志輝)	Duplex C, 49/F Block 1, Central Park 18 Hoi Ting Road Kowloon Hong Kong	Chinese
LEE Gabriel (李嘉豪)	Flat I, 14/F Hilltop, 60 Cloud View Road North Point Hong Kong	Chinese
LUK Kun Shing Ben (陸韻晟)	Room A, 48/F Tower 5, Sorrento Tsim Sha Tsui Kowloon Hong Kong	Chinese
YEUNG Chin Wan (楊展昀)	Flat A, 7/F Carlton Court 5 Marconi Road Kowloon Tong Kowloon Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
MA Ching Nam (馬清楠)	Flat H, 11/F Repulse Bay Tower 119A Repulse Bay Road Repulse Bay Hong Kong	British
YU Ka Fai Alexis (余嘉輝)	Flat B, 25/F Ning On Mansion, Taikoo Shing Tai Koo Shing Road Taikoo Hong Kong	Chinese
LOOK Andrew (陸東)	Block 7, Tree Tops 18 Fei Ngo Shan Road Customs Pass Clear Water Bay Hong Kong	British

Further information is disclosed in “Directors and Senior Management” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

OTHER PARTIES INVOLVED IN THE GLOBAL OFFERING

**Sole Global Coordinator and
Sole Sponsor**

Credit Suisse (Hong Kong) Limited
Level 88
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

**Joint Bookrunners and Joint Lead
Managers**

Credit Suisse (Hong Kong) Limited
Level 88
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Haitong International Securities Company Limited
22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

CIMB Securities Limited
Unit 7706-08
Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Reporting Accountants and Auditors

KPMG
Certified Public Accountants
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

Legal Advisers to our Company

As to Hong Kong and United States law:
Dentons Hong Kong
Suite 3201, Jardine House
1 Connaught Place
Central, Hong Kong

As to PRC law:
Commerce & Finance Law Offices
6th Floor NCI Tower
A12 Jianguomenwai Avenue
Beijing, China

As to Cayman Islands law:
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to Macau Law:

Tang Weng Hang
Alameda Dr. Carlos d'Assumpção n.º 336-342
Edf. Centro Comercial "Cheng Feng", 10/F, Room B
Macau

and

Duarte Santos
Alameda Dr. Carlos d'Assumpção n.º 336-342
Edf. Centro Comercial "Cheng Feng", 10/F, Room B
Macau

Legal Advisers to the Underwriters

As to Hong Kong law and United States law:

Slaughter and May
47th Floor, Jardine House
One Connaught Place
Central, Hong Kong

As to PRC Law:

Jingtian & Gongcheng
34th Floor, China Central Place
No.77 Jianguo Road
Beijing, China

Industry Consultant

Frost & Sullivan Limited
Unit 08 26/F
No. 9 Queen's Road
Central
Hong Kong

Internal Control Consultant

Protiviti Hong Kong Co. Limited
Suite 2103-04, 21st Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Receiving Banks

Standard Chartered Bank (Hong Kong) Limited
15/F Standard Chartered Tower
388 Kwun Tong Road
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

Compliance Adviser

Ample Capital Limited
Unit A, 14/F
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in Hong Kong	Unit A & B, 6/F Hop Hing Industrial Building 704 Castle Peak Road Lai Chi Kok Kowloon Hong Kong
Company secretary	LEUNG Shiu Ki Albert (<i>HKICPA</i>) Unit 1122, 11/F Leighton Centre 77 Leighton Road Causeway Bay Hong Kong
Authorised representatives	LEE Gabriel Flat I, 14/F, Hilltop, 60 Cloud View Road North Point Hong Kong LEUNG Shiu Ki Albert Unit 1122, 11/F Leighton Centre 77 Leighton Road Causeway Bay Hong Kong
Audit Committee	LOOK Andrew (Chairman) MA Ching Nam YU Ka Fai Alexis
Nomination Committee	TANG Chi Fai (Chairman) YU Kai Fai Alexis LOOK Andrew
Remuneration Committee	YU Ka Fai Alexis (Chairman) MA Ching Nam LOOK Andrew
Cayman Islands principal share registrar and transfer office	Codan Trust Company (Cayman) Limited Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East Wanchai, Hong Kong

CORPORATE INFORMATION

Principal banker

Hang Seng Bank
Yaumatei Branch
363 Nathan Road
Hong Kong

Company's website

www.umhgp.com

(information contained in this website does not form part of this prospectus)

INDUSTRY OVERVIEW

Certain information and statistics set out in this section and elsewhere in the prospectus have been derived from various government publications, market data providers and other independent third-party sources. In addition, certain information and statistics set forth in this section and elsewhere in this prospectus have been derived from an industry report commissioned by us and independently prepared by Frost & Sullivan in connection with the Global Offering, or the Frost & Sullivan Report. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information or statistics false or misleading. None of our Company, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any other party involved in the Global Offering or their respective directors, advisers and affiliates have independently verified such information and statistics. Accordingly, none of our Company, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any other party involved in the Global Offering or their respective directors, advisers and affiliates makes any representation as to the correctness or accuracy of such information and the statistics contained in this prospectus. For the above reasons, information contained in this section should not be unduly relied upon.

SOURCE AND RELIABILITY OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report on, the aesthetic medical service market for use in this prospectus. Founded in 1961, Frost & Sullivan provides market research on a variety of industries, among other services. The information from Frost & Sullivan disclosed in the prospectus is extracted from the Frost & Sullivan Report, a report commissioned by us for a fee of RMB900,000, and is disclosed with the consent of Frost & Sullivan. The Frost & Sullivan Report is prepared through extrapolating publicly available data such as information provided by the government, annual reports of public companies, trade and medical journals, industry reports and other available information gathered by non-profit organisations. Frost & Sullivan also conducted a consumer survey in Hong Kong in May 2015 to gather data for the Frost & Sullivan Report.

Frost & Sullivan also adopted the following primary assumptions while making projections on the macroeconomic environment, the overall aesthetic medical service market and various segment markets in Hong Kong and the rest of Greater China:

- Hong Kong's and the rest of Greater China's economy is expected to grow at a steady rate supported by favourable government policies as well as global economic recovery, among other factors;
- PRC's total population continues to show an upward trend and the proportion of elderly population will grow rapidly; Hong Kong's total population is likely to remain stable and the proportion of elderly population will increase steadily;
- No material changes in government policies in regards of the aesthetic medical service market in Hong Kong and the rest of Greater China;
- No major technological breakthrough in the relevant industry will occur from 2015 to 2019; and
- In addition to macroeconomic factors, certain industry drivers, including but not limited to the increasing disposable income and increasing awareness of appearance, are likely to drive demand in Hong Kong's and the rest of Greater China's aesthetic medical service markets from 2015 to 2019.

INDUSTRY OVERVIEW

Frost & Sullivan's projection is made based on various market determinants and their coefficients assigned to a market which indicate their relative importance. The market determinants represent both subjective assumptions and objective factors; therefore, the projected data may not be consistent with the real data.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Our Directors confirm that after taking reasonable care, there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.

OVERVIEW OF AESTHETIC MEDICAL SERVICES

Aesthetic medical procedures are medical procedures that are primarily intended to improve personal appearance. Such procedures are generally elective and performed on various parts of the face and body. In general, aesthetic medical procedures may be categorised into aesthetic surgical procedures (sometimes also called invasive procedures) and non-surgical procedures. Non-surgical procedures may be further categorised into minimally invasive procedures and energy-based procedures (sometimes also called non-invasive procedures).

Aesthetic Surgical Procedures

Aesthetic surgical procedures are performed with the intention to alter the appearance of various parts of the face or the body, such as eyelids, nose, breast and facial shape and typically involve local or general anaesthesia, as well as partial or full incisions. The recovery time for aesthetic surgical procedures is relatively longer than non-surgical procedures, and the risk of complications is also relatively higher compared to that of non-surgical procedures.

The table below sets forth the number of major aesthetic surgical procedures performed in 2013 globally and in Hong Kong:

Volume of major surgical procedures performed in 2013

	Global	Hong Kong
Breast augmentation:	1,773,584	2,160
Liposuction:	1,614,031	2,400
Eyelid surgery:	1,379,263	11,200
Total surgical procedures	11,599,336	22,960

Source: Frost & Sullivan Report

Minimally Invasive Procedures

Minimally invasive procedures are non-surgical procedures, including injection procedures where substances such as botulinum toxin Type A, collagen, poly-L-lactic acid and hyaluronic acid dermal filler are injected into the target areas of the face or the body, with the intention to improve one's appearance. In general, compared with aesthetic surgical procedures, minimally invasive procedures allow for faster recovery time and have relatively lower risks of complications.

INDUSTRY OVERVIEW

Injection of botulinum toxin (including BOTOX® and Dysport®) has remained the most frequently performed minimally invasive procedure with approximately five million procedures performed in 2013 globally. In 2013, the top revenue-generating minimally invasive procedures in Hong Kong were the injection of various brands of botulinum toxin. In Hong Kong, botulinum toxin is considered a pharmaceutical product and must be registered with the Pharmacy and Poisons Board of Hong Kong before it can be supplied in the market. For consumers, it is a prescription-only medicine which must be prescribed and supplied by a registered medical practitioner or obtained from a pharmacy with a registered medical practitioner's prescription. Injections should only be performed by registered medical practitioners.

Energy-based Procedures

Energy-based procedures are non-surgical procedures performed with devices that utilise various forms of energy such as laser, radiofrequency, and ultrasound. In Hong Kong, depending on the specific procedure, energy-based procedures may be performed by Hong Kong Doctors, or, in many cases, also non-doctors who have been properly trained. Examples of energy-based procedures include laser hair removal, laser skin resurfacing for wrinkle reduction, laser treatment of acne scars, laser removal of pigmented blemishes, radiofrequency procedures for skin tightening and HIFU procedures for skin tightening.

OVERVIEW OF THE AESTHETIC MEDICAL SERVICE MARKET IN HONG KONG

Comparison between Traditional Beauty Salons and Modern Aesthetic Medical Centres

After decades of development driven by changes in consumer demand and improvements in technology, the beauty and aesthetic medical service markets in Hong Kong currently comprise two major sectors—the traditional beauty service sector and the aesthetic medical service sector, which are provided by two types of establishments, namely traditional beauty salons and modern aesthetic medical service providers (comprising mainly (i) one-stop aesthetic medical service centres, (ii) private hospitals, (iii) independent aesthetic medical centres and (iv) public hospital and public specialty clinics). The following table sets forth, in general, the key differences between traditional beauty salons and modern aesthetic medical service providers:

	Major services available	Professional requirements	Pricing	Client expectation
Traditional beauty salons	Spa, massage, manicure, pedicure, waxing, and energy-based procedures	Non-professional training	Low to medium	Relatively moderate aesthetic effects; generally relaxing and relatively more frequent and regular service sessions
Modern aesthetic medical service providers	Aesthetic surgical procedures, minimally invasive procedures, and energy-based procedures	Doctors to perform certain procedures and prescribe certain medicine or products	Medium to high	Relatively more noticeable and/or longer-lasting aesthetic effects

INDUSTRY OVERVIEW

Service providers in the traditional beauty service sector are confronted with increasingly intense competition as the sector has comparatively low barriers of entry. In response to the competition, such service providers have been reducing prices to attract cost-conscious consumers, which usually leads to clients' complaints for their overselling. Furthermore, traditional beauty salons mainly offer general beauty services which require lower skill levels and product technologies. Together with the high market fragmentation, poor corporate governance, absence of potent regulations, intense competition in recent years, and growing consumer awareness of the modern aesthetic medical service sector, as compared to modern aesthetic medical service providers, the popularity of traditional beauty salons has gradually declined.

Categorisation of Aesthetic Medical Service Providers

Aesthetic medical service providers in Hong Kong may be categorised as follows:

Private Sector

Aesthetic medical departments of private hospitals: these hospitals have a few in-house medical teams and offer comprehensive aesthetic medical services in various specialised areas. Doctors and Plastic Surgeons in these institutions leverage the brand reputation of the hospital to expand their client base.

Independent aesthetic medical centres: these centres have a smaller scale and are set up and run by doctors, who practise individually or in a group. They are commonly located in commercial buildings in Hong Kong and provide consultation and non-surgical services for several aesthetic medical sub-specialties. Doctors of such clinics rely heavily on their personal reputation to attract potential clients.

One-stop aesthetic medical service centres: these centres provide a broad range of aesthetic services, including both traditional beauty services and a range of aesthetic medical services, and are more flexible in pricing depending on their expertise and client base. Doctors and Plastic Surgeons may serve in multiple centres, and the brand images of the centres help attract potential clients.

Public Sector

Aesthetic medical departments of public hospitals or public specialty clinics: these institutions are subsidised public hospitals and clinics which provide eligible citizens with aesthetic surgical procedures at relatively more economical prices, but these services are primarily available to patients suffering from serious illnesses, such as skin burns, and most of these services are reconstructive surgeries. Patients whose conditions are less critical usually have to wait for years to receive procedures from them.

Key Growth Drivers and Future Opportunities

The key growth drivers and future opportunities of the aesthetic medical service market in Hong Kong include:

- **Development in aesthetic medical technology:** aesthetic medical technology has undergone transformation in the past few years and is expected to continue to evolve as a result of emerging technologies. For example, in addition to existing standard injection-based dermal fillers and neuromodulators, newly-developed assisted injection systems and enhanced needles offer less intrusive experiences for the consumer with more consistent results which potentially further popularise minimally invasive procedures in the future.
- **Increasing expenditure on aesthetic medical services and skincare and beauty products:** in recent years, Hong Kong consumers have experienced growth in their disposable income and have paid more attention to their personal appearance and general well-being, and as a result, have increased their spending on aesthetic medical services and skincare and beauty products.

INDUSTRY OVERVIEW

- **Change of consumer preference from traditional beauty salons to modern aesthetic medical centres:** most traditional beauty salons only provide traditional beauty services with moderate results which no longer meet consumer needs. However, modern aesthetic medical centres which provide services by engaging experienced Plastic Surgeons may offer relatively more professional aesthetic medical services with relatively quicker and observable aesthetic effects. Modern aesthetic medical centres have therefore gained popularity and improved their reputation. According to the Frost & Sullivan Report, by 2019, the total revenue generated from the provision of aesthetic medical services in Hong Kong is expected to reach approximately HK\$7.0 billion, compared to approximately HK\$4.3 billion of expected total revenue generated from the provision of traditional beauty services in Hong Kong.
- **Medical tourism:** after the implementation of individual visit scheme of Hong Kong in 2003, the number of PRC visitors increased significantly from 6.4 million in 2002 to 40.8 million in 2013. Meanwhile, the percentage of PRC visitors over total visitors in Hong Kong grew from 41.2% in 2002 to 75.0% in 2013. Since Hong Kong is relatively renowned for its professional and quality medical services, as well as its sound regulatory regime, an increasing number of PRC consumers opt to obtain aesthetic medical services in Hong Kong, such as minimally invasive procedures and energy-based procedures. In addition, influenced by Korean popular culture and the rising pursuits for beauty, an increasing number of consumers have travelled from mainland China to Korea for aesthetic medical services in recent years. Compared with Korea, Hong Kong Doctors who can communicate in Cantonese and Mandarin Chinese may be able to communicate more effectively with Chinese consumers, and in turn may facilitate a higher level of service and safety.
- **Male consumers:** the aesthetic medical service industry traditionally has had a predominately female client-base. In recent years, there has been an increase in the awareness of personal appearance and acceptance of aesthetic medical services among male consumers. The number of male consumers in Hong Kong who have obtained aesthetic medical services increased from approximately 157,800 in 2009 to 187,800 in 2015, and is expected to increase to approximately 202,500 in 2019, according to the Frost & Sullivan Report.
- **Synergy of services:** additional medical services, such as medical procedures for dermatological diseases, Chinese medicine, ophthalmological, and dental services can potentially create synergy with aesthetic medical services. Players in the market may be able to take advantage of such synergy to expand their lines of business, and to provide one-stop integrated service experience for their clients.

Development Trends

The aesthetic medical service market in Hong Kong is expected to be influenced by the following trends:

- **Increasing awareness:** influenced by the perception of aesthetic surgical procedures in Korea and Taiwan, the overall consumer demand for the related services in Hong Kong has demonstrated rapid growth over the past few years. Hong Kong consumers are expected to have increased awareness of the advanced technology which is popular in the relatively developed aesthetic medical service markets, in particular Korea and Taiwan.
- **Innovation:** with the development of the aesthetic medical service market, fierce competition is expected to drive leading market players to offer a broader range of aesthetic services and products with innovated technology and better efficacy. In addition to improving the overall level of expertise in the market, this trend is also expected to stimulate market demand, which would in turn encourage the development of the aesthetic medical service industry.

INDUSTRY OVERVIEW

- **Industry consolidation:** the Hong Kong aesthetic medical service market is highly fragmented and consolidation among market players is expected to accelerate. Leading players in the market, with technological superiority, brand strength, and client resource advantages, are expected to experience rapid expansion. While leading players are expected to continue to gain popularity, the medium-to-small-scale players are expected to withdraw from the market due to the fierce competitions, which will lead to opportunities for consolidation and market concentration.

Key Market Threats, Challenges and Entry Barriers

Existing players of the aesthetic medical service market in Hong Kong face the following threats and challenges, and the new entrants of the aesthetic medical service market in Hong Kong face the following entry barriers:

- **Limited supply of Hong Kong Doctors:** in Hong Kong, there is a limited number of General Practitioners who possess the relevant skills, training and experience in aesthetic medicine. In addition, there are only 61 Plastic Surgeons in Hong Kong, about half of which work in the public sector. Together with the growing demand for aesthetic medical services, the limited supply of Hong Kong Doctors may result in increasing difficulty for service providers to hire and retain qualified and experienced Hong Kong Doctors for the provision of aesthetic medical services.
- **Insufficient capital and equipment:** one-stop aesthetic medical service centres require relatively high costs of investment to procure a large number of advanced examination and surgical equipment compared to private aesthetic medical service centres. Aesthetic medical service providers which are unable to obtain a large variety of equipment with advanced technology in a timely manner may lose competitiveness.
- **Cost of qualified professionals and celebrity spokesperson:** in addition to the costly equipment, service providers in the industry are required to pay expenses for the salary of doctors and other competent professionals. Furthermore, as the market is particularly sensitive to branding, and the targeted audiences are usually more easily persuaded by advertisements involving celebrities, service providers who do not have sufficient budget for marketing fees or celebrity engagement fees may be disadvantaged.
- **Reputation and trust of clients:** service providers in this industry rely significantly on their respective reputation. Any dissatisfaction from clients in connection with the results of services provided or the quality of products made available to them, or any allegation of professional negligence or misconduct by the service providers may result in potential lawsuits or negative publicity against the relevant service providers which will materially and adversely affect the image and reputation of such companies. Therefore, reputation and quality of services as well as in-house medical experience and expertise of in-house medical practitioners are quite important for gaining clients' trust in the aesthetic medical service market.

Key Success Factors

The following factors are the key criteria for existing players to capture future development opportunities in the aesthetic medical service market in Hong Kong:

- **Reputed brand image:** as consumers in Hong Kong have shown relatively high brand awareness when making decisions on choosing products and services, establishing a positive brand image and building a good reputation are essential to client retention and market differentiation.

INDUSTRY OVERVIEW

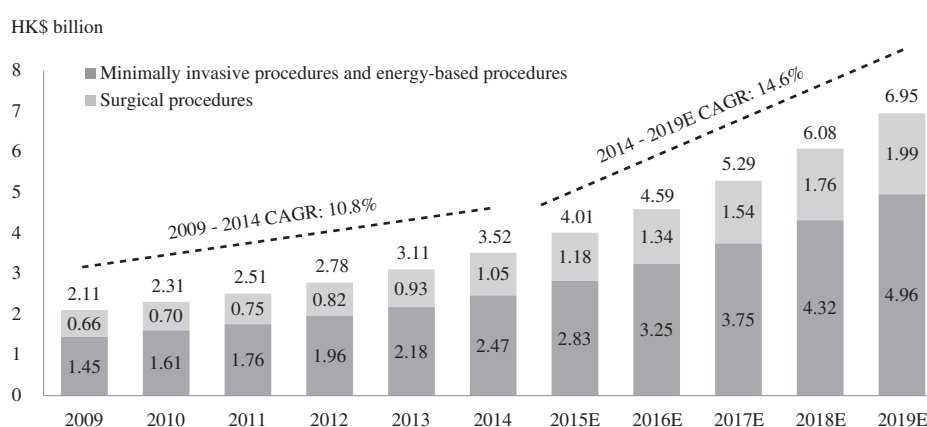
- **Client-oriented services:** increasingly more consumers of the aesthetic medical service market in Hong Kong have indicated their willingness to pay a premium for superior products and services. Client-oriented services may also help existing players build client loyalty, and thus retain existing clients and acquire new client bases. In addition, in order to maintain the competitive advantages in the market place, existing players need to keep abreast of, and have access to, the latest technology and advanced equipment to cater for consumer demand.
- **Professionalism:** as aesthetic medical services may involve health-related risks, the level of professional standards is a key factor for consumers to evaluate aesthetic medical service providers. While leading players are devoted to improving standards of services, including engaging full-time doctors, trained therapists and other staff, introducing advanced medical equipment and providing on-going training internally, other players who cannot maintain high professional standards when providing their services will be eliminated from the market.

Market Size

The total revenue generated from the provision of aesthetic medical services in Hong Kong increased from HK\$2.1 billion in 2009 to HK\$3.5 billion in 2014, representing a CAGR of 10.8%, compared to the total revenue generated from the provision of traditional beauty services in Hong Kong of HK\$1.5 billion in 2009 and HK\$2.8 billion in 2014 with a CAGR of 12.5%. In 2014, the revenue of minimally invasive procedures and energy-based procedures represented 70.2% of total market revenue, and is projected to climb to 71.4% in 2019.

Driven by, among other factors, the rising acceptance and improving affordability of aesthetic medical services, the aesthetic medical service market in Hong Kong is expected to reach approximately HK\$7.0 billion in 2019, representing a CAGR of 14.6% from 2014 to 2019, compared to a CAGR of 9.3% of the traditional beauty service market in the same period.

Total revenue of aesthetic medical procedures in Hong Kong (2009-2019E)



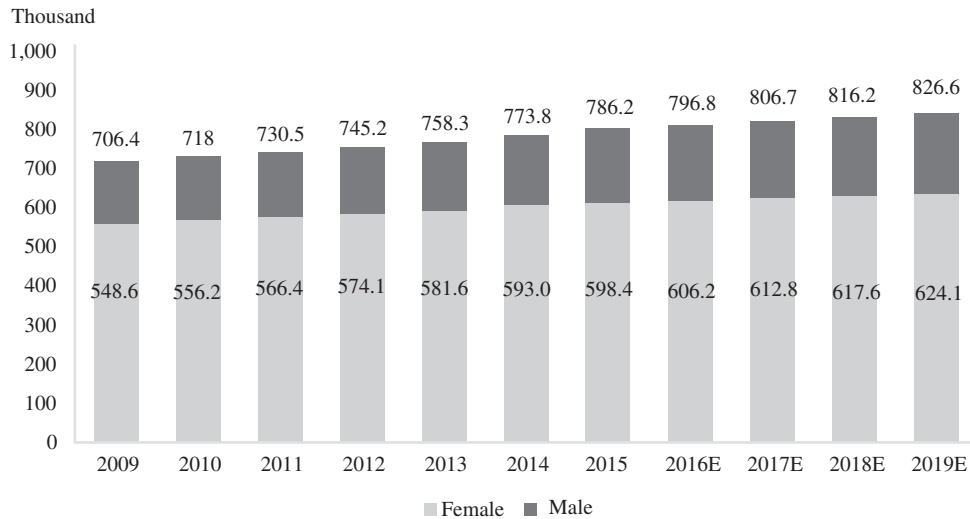
Note: Total revenue does not include the revenue generated from aesthetic dental services.

Source: Frost & Sullivan Report

INDUSTRY OVERVIEW

The following table illustrates the number of male and female consumers, respectively, who have employed or are forecasted to employ aesthetic medical services for the years indicated:

Number of consumers by gender, aesthetic medical service market, Hong Kong (2009-2019E)

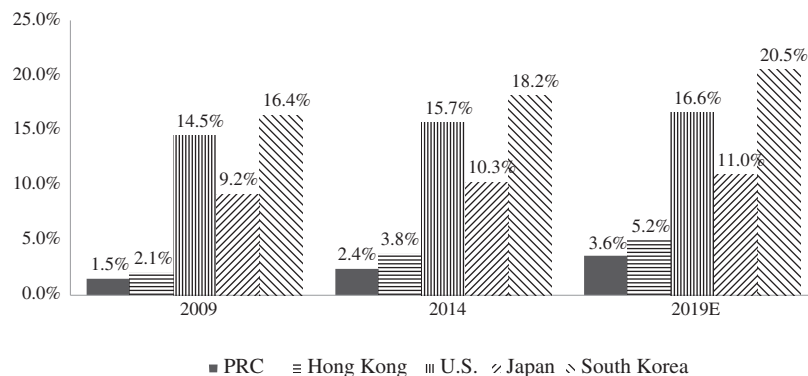


Source: Frost & Sullivan Report

Penetration Rate

Set forth below is a comparison of the penetration rates of aesthetic medical services in the PRC, Hong Kong, the United States, Japan and Korea, as calculated by dividing the total number of consumers who received aesthetic medical services in the region by the total population of the region, each in a particular year.

Comparison of penetration rates of aesthetic medical services (Hong Kong, PRC, the United States, Japan and Korea) in 2009, 2014 & 2019E



Source: Frost & Sullivan Report

Note: The penetration rate of the PRC is calculated by dividing the total number of consumers by the total urban population of the region.

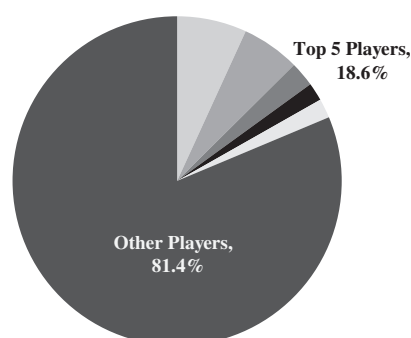
INDUSTRY OVERVIEW

Comparatively, the penetration rate of Hong Kong is lower than that of the United States and South Korea, mainly because Hong Kong is a developing market in respect of aesthetic medical services, whereas the United States and Korean markets are relatively mature. The penetration rates of aesthetic medical services in the PRC and Hong Kong are expected to increase, respectively, during the period from 2014 to 2019.

The aesthetic medical service markets in the United States and Korea have shown relatively high penetration rates, largely because they are comparatively developed markets and there is wider acceptance of aesthetic medical services among their consumers.

Key Market Players

Market share of major players in the overall aesthetic medical service market in Hong Kong in 2014



Notes:

1. Other players consist of aesthetic medical departments of private hospitals, independent aesthetic medical centres, one-stop aesthetic medical service centres, and aesthetic medical departments in public hospitals. Revenue represented in the above chart includes revenue generated from aesthetic medical services, including aesthetic surgical procedures, minimally invasive procedures and energy-based procedures (but does not include revenue generated from aesthetic dental services).
2. When calculating the market share of major players, Frost & Sullivan did not include revenue recognised from unutilised prepaid packages.

Source: Frost & Sullivan Report

The aesthetic medical service market in Hong Kong is highly fragmented with a number of market players. Among all the players, our Group ranked first in 2014 in terms of revenue, occupying 6.84% of the market. Set forth below is a table with information for the year ended or as of 31 December 2014 regarding different types of key players in the aesthetic medical service market in Hong Kong, including private clinics, one-stop aesthetic medical centres and private hospitals, illustrated by their ranking in terms of revenue from aesthetic medical services, including aesthetic surgical procedures, minimally invasive procedures, and energy-based procedures (but does not include revenue generated from aesthetic dental services):

	Our Group	Player A	Player B	Player C	Player D
Market share in 2014 (%) ⁽¹⁾	6.84	5.72	2.40	1.89	1.78
Number of doctors in Hong Kong (full-time)	11	0	5	6	2
Number of service centres in Hong Kong ⁽²⁾	20	33	6	2	3

Source: Frost & Sullivan Report

Notes:

1. Market share is estimated by reference to the total revenue generated from aesthetic medical services of the institutions (excluding revenue generated from aesthetic dental services).
2. The size of a service centre can vary.

INDUSTRY OVERVIEW

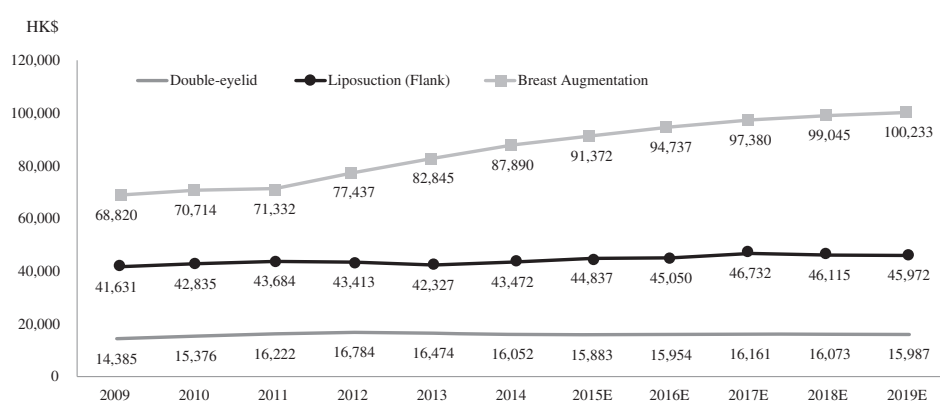
For details of the competitive advantages of our Group, please see “Business—Our Competitive Strengths” in this prospectus.

Historical Price Trends

The approximate average price of surgical aesthetic medical procedures in Hong Kong experienced a steady increase over the past few years, primarily due to increasing demand and a more regulated market.

From 2009 to 2014, among the most popular surgical procedures, including double-eyelid surgery, flank liposuction and breast augmentation, the approximate average price of breast augmentation has increased the most, primarily due to its increasing popularity. For the period from 2015 to 2019, the approximate average prices for more complex surgical procedures are expected to experience faster growth, whereas the prices for simpler surgical procedures, such as double-eyelid procedures, are expected to remain relatively stable.

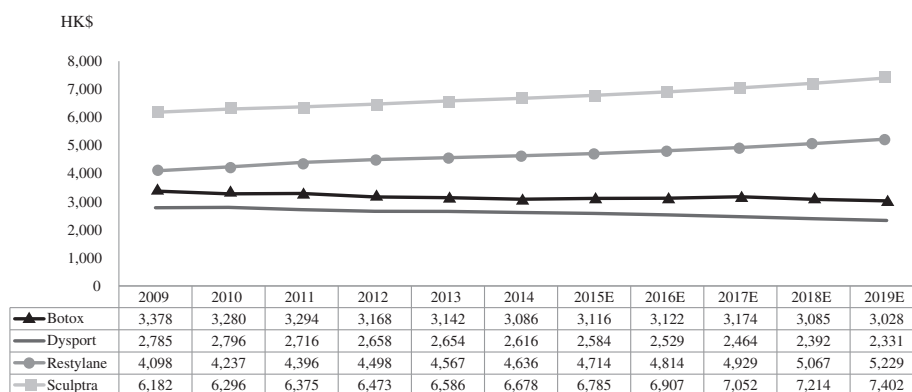
Approximate average prices of aesthetic surgical services in Hong Kong (2009-2019E)



Source: Frost & Sullivan Report

The average approximate prices of BOTOX® and Dysport® decreased slightly from 2009 to 2014, primarily due to increased availability that was driven by their wide application and increasing consumer demand. In 2014, the average approximate prices of BOTOX® and Dysport® reached HK\$3,086 and HK\$2,616, respectively. On the other hand, the average approximate prices of Restylane® and Sculptra® have increased steadily to HK\$4,636 and HK\$6,678, respectively, in 2014. For the period from 2015 to 2019, the average approximate price of BOTOX® is expected to remain stable, whereas the price of Dysport® is expected to continue to decrease, and the prices of Restylane® and Sculptra® are expected to increase. Key suppliers of aesthetic medical service providers include Allergan PLC and Ipsen Biopharm Limited.

Average approximate prices of non-surgical aesthetic injections in Hong Kong (2009-2019E)



Source: Frost & Sullivan Report

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Chinese Medicinal and Ophthalmological Services

Some aesthetic medical service providers in Hong Kong also provide Chinese medicinal and ophthalmological services to cater to the diverse needs of their clients.

Chinese medicine comprises a wide range of medicinal practices that have been developed in the PRC and are based on a tradition of over 2,000 years. Chinese medicine involves the use of various forms of herbal medicine, acupuncture, massage, and dietary therapy. It has been utilised for the prevention and treatment of diseases as well as health maintenance and is popular in Hong Kong as it has been accepted by the public for years.

Ophthalmological services in Hong Kong are predominantly provided by the public service provider due to their comprehensive range of subspecialties covered and lower fees. Cataract surgery is the major type of ophthalmic surgery performed by both the public and private sectors due to its prevalence. Ophthalmological services are mainly for the aged population who typically seek treatments from public service providers given the more affordable prices charged by them. Patients with better financial position and medical insurance coverage may opt to seek more prompt treatments from the private service providers.

The key players of the refractive laser surgery market are a number of private hospitals and ophthalmological services centres in Hong Kong. The entry barriers of the market are high, which include capital requirements for advanced equipment, professional requirements for systematic training, and the high membership fee of the medical protection society. The total volume of refractive laser surgery performed by ophthalmic departments and clinics in Hong Kong reached 17,143 in 2013 and is expected to grow at a CAGR of 6.7% from 2014 to 2018, according to the Frost & Sullivan Report.

OVERVIEW OF PRIVATE DENTAL SERVICE MARKET IN HONG KONG

Market Segmentation

There are approximately 2,200 Dentists in Hong Kong, with the dentist to population ratio being approximately 1 to 3,200. Most of the population visit privately-owned dental offices. A wide range of services, including aesthetic dental services, are provided by private dental offices. As dental service fees are not regulated, huge variations on such fees exist among market players. Most Dentists in Hong Kong either operate a dental office on his or her own, or with a small group of Dentists. These dental offices serve target clients with relatively higher income. Most dental clinics do not offer aesthetic dental services since most clinics are small-scale and the equipment used in aesthetic procedures, particularly those involving relatively more advanced technology, tend to be expensive.

Apart from the above, there are certain limited public dental services offered by the government. There are also about 40 non-governmental organisations in Hong Kong which provide dental services. They are usually social service agencies, welfare organisations, religious groups and labour unions, with operations similar to that of private dental offices, and they receive no public subsidy from the government. These dental offices serve target clients with relatively lower income.

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Key Growth Drivers

The key growth drivers of the private dental service market in Hong Kong include:

- **Limited dental services available in the public sector:** among approximately 2,200 Dentists, only approximately 18% of them provide limited dental services in public institutions. The private aesthetic dental service market therefore represents a large potential market.
- **Aging population:** the segment of the Hong Kong population aged 65 and above is expected to surge from 1.0 million in 2013 to 2.6 million in 2041, according to the Census and Statistics Department in Hong Kong. The median age of the Hong Kong population is expected to increase from 43 in 2014 to 52 in 2041. As the senior population represents a large share in the dental service market, the aging of the population may thus contribute to the growth of the market.
- **Medical tourism:** Similar to the aesthetic medical service market, since PRC consumers have less confidence in domestic dental services in general, and Hong Kong is, on the other hand, relatively renowned for its professional and quality dental services, an increasing number of PRC consumers opt to obtain aesthetic dental services in Hong Kong.

Entry Barriers

- **Need to hire reputable Dentists:** the personal reputation of Dentists is regarded as the most critical factor for new entrants to attract potential clients as Hong Kong consumers generally choose dental services by word-of-mouth. Nonetheless, it usually takes years for new entrants to build their reputation and client base.
- **Limited supply of Dentists:** there is only one dental school in Hong Kong with approximately 50 graduates annually, and training requires at least six years to complete. Prior to practicing dentistry in Hong Kong, students graduating from the local dental school are not required to take additional licensing examination, while dental graduates who studied abroad have to pass the licensing examination prescribed by the Dental Council.
- **Cost of qualified professional and equipment:** the salaries of Dentists and support staff, such as dental therapists and hygienists, are generally high in the market. Further, the equipment used in the examination and surgical treatment of oral diseases, such as multi-functional dental chair, X-ray equipment and generator, particularly involves advanced technology and is usually very expensive. New entrants are required to have sufficient funding for hiring qualified professionals and purchasing costly equipment before they can provide dental services.

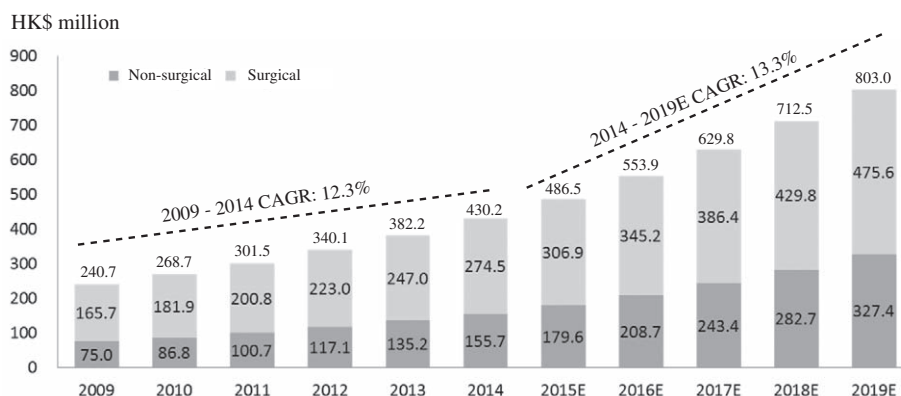
Market Size of the Aesthetic Dental Service Market

Aesthetic dental service market is a segment of the dental service market. Total revenue generated from the provision of aesthetic dental services in Hong Kong increased from HK\$240.7 million in 2009 to HK\$430.2 million in 2014, representing a CAGR of 12.3%, and is expected to reach HK\$803.0 million in 2019 at a CAGR of 13.3%.

In 2014, the revenue generated from non-surgical aesthetic dental services (including scaling and teeth whitening) accounted for 36.2% of the total revenue generated from aesthetic dental services, and is expected to increase to 40.8% in 2019, due to the increasing demand for such services.

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Total revenue of aesthetic dental services in Hong Kong (2009-2019E)



Source: Frost & Sullivan Report

Note: Non-surgical aesthetic dental procedures include mainly scaling, teeth whitening, and orthodontics. Surgical aesthetic dental procedures include implant, and other aesthetic services in which the patients need to be anesthetised.

Overview of Aesthetic Dental Procedures

The most common aesthetic dental procedures performed in Hong Kong include prosthetic dentistry, orthodontics, and cosmetic dentistry.

- **Prosthetic dentistry:** prosthetic dentistry refers to the replacement of missing teeth, soft tissues or all teeth through artificial methods.
- **Orthodontics:** orthodontics corrects teeth and jaws that are positioned improperly. Appliances are utilised to place gentle pressure on the teeth and jaws, which help position the client's teeth, retrain his or her muscles, and affect the growth of his or her jaws. Braces are the most common fixed appliances, while the use of transparent aligners is a popular alternative.
- **Cosmetic dentistry:** cosmetic dentistry includes bleaching, shaping, replacing, and closing spaces of the teeth. Dentists apply natural-looking, tooth-coloured dental materials and conservative cosmetic dentistry techniques to preserve natural tooth structure while improving teeth's appearance.

OVERVIEW OF THE AESTHETIC MEDICAL SERVICE MARKET IN THE PRC

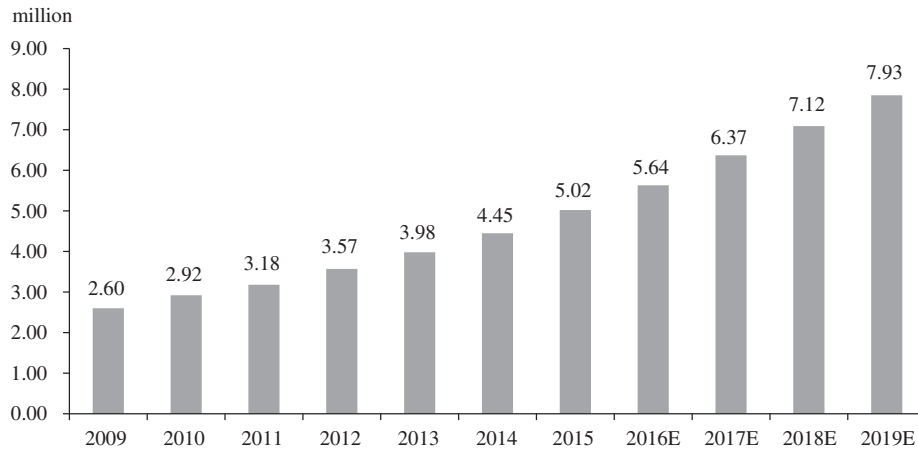
Market Size

The total revenue of aesthetic medical services generated in the PRC market has experienced rapid increase from US\$2.8 billion in 2009 to US\$5.5 billion in 2014, representing a CAGR of 14.5%. Driven by the rising awareness on various types of aesthetic medical services among consumers, the total revenue generated from the market is expected to experience further growth. In 2019, total revenue generated in the PRC market is forecasted to reach US\$11.3 billion.

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The following table sets forth the number of consumers who have employed or are expected to employ aesthetic medical services in the PRC:

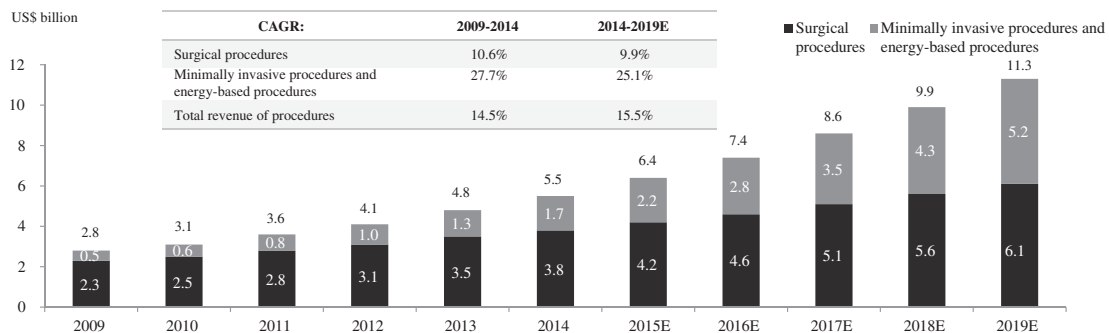
Number of consumers, aesthetic medical service market, PRC (2009-2019E)



Source: Frost & Sullivan Report

Revenue generated from minimally invasive and energy-based procedures has shown significant growth. In 2014, revenue generated from minimally invasive procedures and energy-based procedures has reached US\$1.7 billion, increasing at a CAGR of 27.7% from 2009. With the increasing popularity of non-surgical procedures among consumers, revenue generated from this segment is expected to experience further growth, reaching US\$5.2 billion in 2019. The proportions of revenues from (i) surgical and (ii) minimally invasive procedures and energy-based procedures in 2014 were 69.1% and 30.9%, respectively. Up to 2019, such proportions are forecasted to become 54.0% and 46.0%, respectively, representing relatively faster growth of this segment.

Total revenue of aesthetic medical service market in the PRC (2009-2019E)



Source: Frost & Sullivan Report

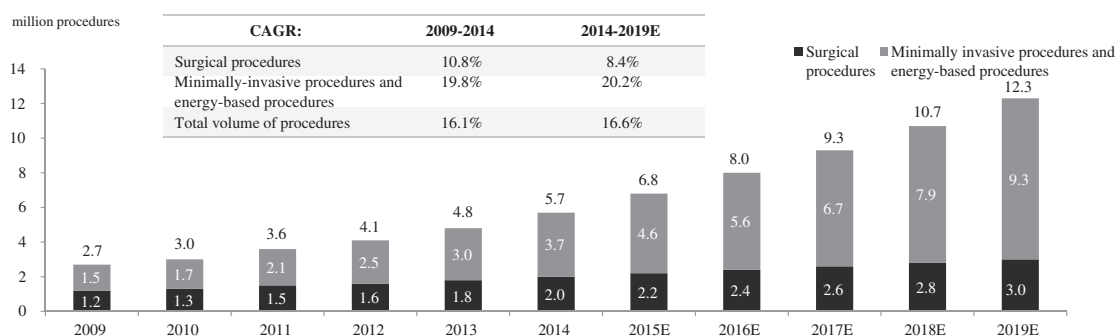
The total volume of aesthetic medical procedures in the PRC market has also demonstrated rapid growth. The total volume of aesthetic medical procedures performed reached 5.7 million in 2014 and is expected to further grow to 12.3 million in 2019, representing a CAGR of 16.6%.

Minimally invasive procedures and energy-based procedures represent a larger proportion of the total volume of aesthetic medical procedures performed in the PRC, mainly due to the significantly higher cost of surgical procedures. In 2014, 2.0 million surgical procedures and 3.7 million minimally invasive

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procedures and energy-based procedures were performed, increasing from 1.2 million and 1.5 million, respectively, in 2009. The volume of minimally invasive procedures and energy-based procedures is expected to experience faster growth, reaching 9.3 million in 2019, representing a CAGR of 20.2% from 2014 and 75.6% of the total volume of aesthetic medical procedures performed in the PRC in 2019.

Total volume of aesthetic medical procedures in the PRC (2009-2019E)



Source: Frost & Sullivan Report

Key Growth Drivers

The aesthetic medical service market in the PRC is expected to continue its growth, with total revenue generated forecasted to be growing at a CAGR of approximately 15.5% from 2014 to 2019. The expected growth is determined by several key macroeconomic drivers as set out below. From a macroeconomic perspective, sustained growth of overall economic and personal income is expected to provide a suitable environment for market development. On the demand side, increasing awareness on personal appearance and rising acceptance of aesthetic medical services are expected to provide strong motivation to market demand. From the service providers' perspective, efforts on improvement of medical standards and service affordability are expected to positively affect market development.

- **Increasing disposable income of urban and rural households:** along with development of the macroeconomy, the disposable income of both urban and rural households in the PRC has steadily increased. Market demand in the aesthetic medical service market, as one of the newly emerged service markets, is expected to experience steady growth.
- **Awareness of personal appearance:** along with the improvements of living standards in the PRC, Chinese consumers have paid more attention to personal appearance and well-being, and hence increased their spending on aesthetic medical services and cosmetic products. The perception that aesthetic medical services are generally more effective than traditional skincare and cosmetic products which will also boost market demand on such services.
- **Wider acceptance of aesthetic medical services:** due to the influence from other relatively developed aesthetic medical markets, such as Japan, Korea, and Taiwan, PRC consumers have gained wider acceptance of aesthetic medical services. Further, due to the increasing number of complaints from PRC consumers, the Ministry of Health of the PRC Government has from time to time released policies and regulations to control the quality of products and services provided in the aesthetic medical service industry. Non-qualified service providers are expected to withdraw from the market, and meanwhile, Chinese consumers are expected to have more confidence and wider acceptance of aesthetic medical services in the PRC.

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- **Improved medical service standard and affordability:** due to stronger regulatory control and higher expectations from consumers, aesthetic service providers have devoted more resources to improving their services. Meanwhile, as aesthetic medical products gain popularity, and the relevant techniques become more advanced, costs of services and products are projected to show a downward trend, leading to more affordable services provided by market players, which is expected to drive the growth of the market demand.

Entry Barriers

As the sector continues to grow, the market is expected to witness more stringent government regulations, higher qualification requirements for medical professionals, stronger emphasis on safety of services as well as greater capital needs for advanced treatment equipment. These factors will favour the large aesthetic medical service providers relative to the small privately-owned aesthetic medical service providers, and will likely lead to the consolidation of small service providers while creating higher entry barriers for new entrants.

Key Market Threats and Challenges

Existing players in the aesthetic medical service market in the PRC face the following threats and challenges:

- **Regulatory risk:** aesthetic medical service providers are subject to the relevant PRC laws, rules, and regulations on the quality of facilities and services provided, pricing and procurement, licences and medical professionals, which may be inspected by various government units at the provincial and municipal level. In addition, any changes in the relevant laws and regulations could result in cancellation of current licences or additional requirement to obtain permits or certificates.
- **Negative publicity may weaken public confidence in the industry:** Any negative comments or allegations about aesthetic medical service providers may negatively impact their brand reputation, including clients' dissatisfaction with procedure results, medical malpractices, and inappropriate sales promotion. The use of illegal botulinum toxin and the exaggeration of aesthetic results in the PRC may further weaken public confidence in related services, and the demand for such services may in turn decrease.

Development Trends

The aesthetic medical service market in the PRC is expected to be influenced by the following trends:

- **Stringent regulatory environment:** due to the increasing number of market participants and complaints for aesthetic medical procedures, the relevant regulatory framework is expected to become more stringent, which is beneficial for large-scale aesthetic medical service providers as market players with smaller operating scale may be eliminated due to their lack of sufficient qualification.
- **Innovation:** intense competitions have driven the aesthetic medical service providers towards keeping abreast of the advanced technologies which lower medical risks and shorten client's recovery time, especially for minimally invasive procedures. They are also expected to learn the techniques from certain developed markets, such as the United States, South Korea and Japan, so as to meet clients' needs.
- **Cultural influence:** the beauty culture in South Korea has significantly influenced the younger generation in the PRC through its television dramas and celebrities, so the younger generation is expected to pay more attention to their personal appearance and become more willing to receive aesthetic medical services.

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Competitive Landscape

The aesthetic medical service market in the PRC is fragmented with numerous market participants, including private chain operators, private single-site operators, public hospitals with aesthetic medical departments, and beauty salons. Key competitive factors in this market are price and quality of service, brand recognition, and the variety of services provided. The industry is expected to undergo consolidation in the coming years due to intense competition.

OVERVIEW OF THE AESTHETIC MEDICAL SERVICE MARKET IN MACAU

In the past, the aesthetic medical service market in Macau was not very developed as the consumers in Macau were comparatively more conservative than those in Hong Kong and Taiwan. As the consumers in Macau have paid more attention to their personal appearances in recent years, they have also become more willing to spend on aesthetic medical services and beauty products. Further, the development of the casino industry and tourism in Macau has also contributed to the increasing demand for aesthetic surgical procedures in Macau. For example, some expatriates from Australia, the United States, and other European countries travel to Macau and receive aesthetic surgical services there. PRC tourists have also promoted the growth of the aesthetic medical service market in Macau in recent years. Similar to Hong Kong, medical tourism has gained popularity in Macau with the adoption of new technology by aesthetic medical service providers in Macau.

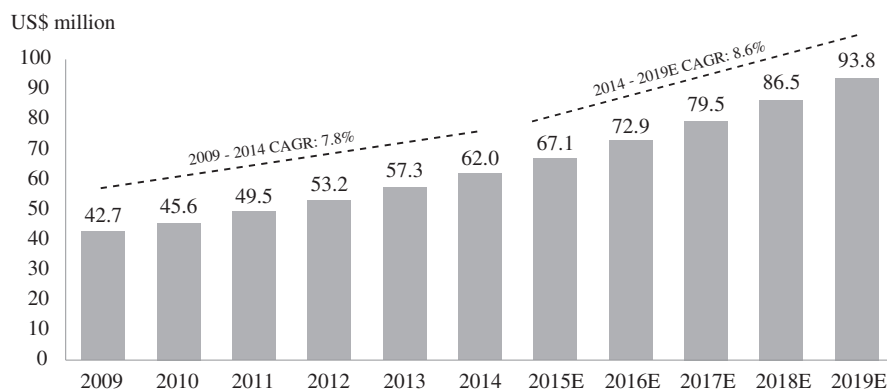
The most popular aesthetic surgical procedures in Macau include breast augmentation, nose alteration and eyelid surgical procedures. Minimally invasive procedures, which are perceived as involving less medical risks, are becoming more popular in Macau.

Market size

The total revenue generated from the provision of aesthetic medical services in Macau increased from approximately US\$42.7 million in 2009 to US\$62.0 million in 2014, representing a CAGR of 7.8%.

Driven by, among other factors, the increasing number of private aesthetic medical service centres in Macau, the aesthetic medical service market in Macau is expected to grow at a CAGR of 8.6% from 2014 to 2019, reaching US\$93.8 million in 2019.

Total revenue of aesthetic medical procedures in Macau (2009-2019E)



Source: Frost & Sullivan Report

Note: The total revenue does not include the revenue generated from aesthetic dental services.

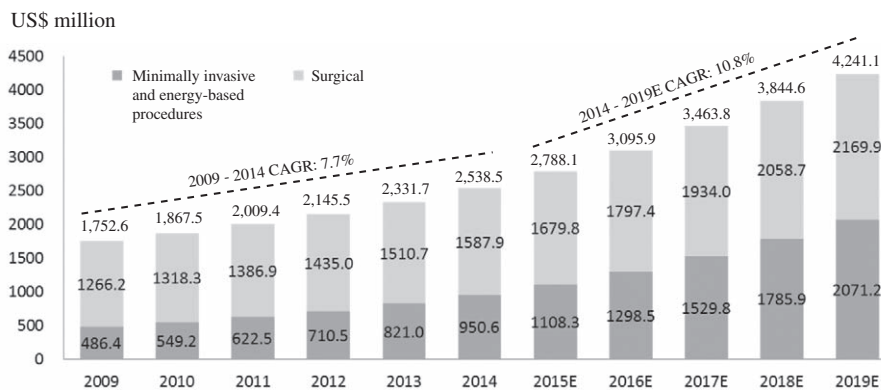
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OVERVIEW OF THE AESTHETIC MEDICAL SERVICE MARKET IN TAIWAN

The total revenue generated from the provision of aesthetic medical services in Taiwan increased from US\$1,752.6 million in 2009 to US\$2,538.5 million in 2014, representing a CAGR of 7.7%. In 2014, the revenue of non-surgical procedures accounted for 37.4% of total market revenue.

Driven by, among other factors, the increasing demand for non-surgical services from Taiwan consumers, the aesthetic medical service market in Taiwan is expected to grow at a CAGR of 10.8% from 2014 to 2019, reaching US\$4,241.1 million at the end of 2019.

Total revenue of aesthetic medical procedures in Taiwan (2009-2019E)



Source: Frost & Sullivan Report

Note: The total revenue does not include the revenue generated from aesthetic dental services.

REGULATORY OVERVIEW

Our operations are subject to various laws, rules, regulations and policies in each of the jurisdictions in which we operate. This section sets out a summary of the major laws, regulations, rules and policies relevant to our operations in Hong Kong, the PRC and Macau.

HONG KONG REGULATORY OVERVIEW

Regulations on Medical Practitioners, Dental Practitioners, Listed and Registered Chinese Registered Practitioners and Medical Facilities

There is presently no specific legislation which exclusively governs the provision of aesthetic medical services in Hong Kong. However, our operations in Hong Kong are subject to certain general laws and regulations in relation to medical practitioners, trade description and safety of consumer goods, medical advertisement and importation, exportation, dealing in and sale of pharmaceutical products and drugs.

Medical Registration Ordinance

All practising medical practitioners in Hong Kong are required to be registered with the Hong Kong Medical Council. Section 20A(1) of the Medical Registration Ordinance provides that “a registered medical practitioner shall not practise medicine, surgery or midwifery in Hong Kong, or any branch of medicine or surgery in Hong Kong, unless he is the holder of a practising certificate which is then in force.”

To register with the Hong Kong Medical Council, a medical practitioner should, subject to certain exceptions, *inter alia*:

- have specific professional qualifications (e.g. MB ChB (CUHK), MB BS (HKU) or passed the licensing examination conducted by the Hong Kong Medical Council);
- have completed a certain period of internship;
- not have been convicted of any criminal offence punishable with imprisonment;
- not have been found guilty of professional misconduct; and
- be of good character.

Medical practitioners registered with the Hong Kong Medical Council are included in the General Register (as defined in the Medical Registration Ordinance) kept by the Hong Kong Medical Council.

Medical practitioners registered with the Hong Kong Medical Council will generally be issued with a practicing certificate which will be valid for one year. Medical practitioners are required to renew their practising certificates for twelve months before 30 June each year or their names may be subject to removal from the register maintained by the Hong Kong Medical Council subject to the 6-month grace period.

All our Hong Kong Doctors are medical practitioners included in the General Register registered to practise medicine, surgery and midwifery in Hong Kong pursuant to practicing certificates issued to them under the Medical Registration Ordinance and are therefore subject to the regulation of the Medical Registration Ordinance.

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The Hong Kong Medical Council also keeps a Specialist Register (as defined in the Medical Registration Ordinance) which shall include details of qualifications and experience and such other particulars necessary of those persons who have been approved by the Hong Kong Medical Council to have their names included in that register. To become registered in the Specialist Register, a medical practitioner must have either:

- (i) completed at least six years of supervised post-registration and postgraduate medical training (including passing examinations accredited by the Hong Kong Academy of Medicine (“HKAM”)) for the relevant specialty and satisfied the continuing medical education requirements for the relevant specialty, and has become a Fellow of the HKAM (“FHKAM”), or
- (ii) been certified by the HKAM that he/she has achieved a professional standard comparable to that recognised by HKAM for the award to be a FHKAM, has completed postgraduate medical training comparable to those recommended by HKAM for the relevant specialty, and has satisfied the continuing medical education requirements comparable to those recommended by HKAM for the relevant specialty.

The Education and Accreditation Committee of the HKAM will, in considering whether to approve a registration application, consult with the appropriate specialty college and seek the formal endorsement of the HKAM’s Council before making a recommendation to the Hong Kong Medical Council for registration.

A medical practitioner is entitled to only hold himself out as a Specialist and use a Specialist title in one of the specialties in the Specialist Register, and is required to undergo continuing medical education determined by the HKAM for his specialty.

Three of our Hong Kong Doctors are included in the Specialist Register under the specialty of plastic surgery and one of our Hong Kong Doctors is included in the Specialist Register under the specialty of anaesthesiology.

Hong Kong Medical Code of Professional Conduct

All Hong Kong Doctors have to comply with the Code of Professional Conduct issued by the Hong Kong Medical Council (as may be amended from time to time) which covers, inter alia, the following aspects:

- (i) medical practitioners’ professional responsibilities to patients such as their confidentiality obligations as well as the obligations to act in the interest of patients and, whenever an examination or treatment is beyond his capacity, to consult with or refer to another doctor who has the necessary ability;
- (ii) communication in medical practitioners’ professional practice, including restriction on practice promotion from being carried out by medical practitioners;
- (iii) requirements in relation to prescription and labelling of medicine/drugs to be dispensed;
- (iv) regulations in relation to relationship among medical practitioners and other practitioners and/or organisations;
- (v) criminal conviction and disciplinary proceedings of medical practitioners;
- (vi) medical practitioners’ financial arrangements;
- (vii) regulations in relation to new medical procedures, clinical research and alternative medicine;
- (viii) regulations against abuse of professional position; and
- (ix) regulations governing serious infectious disease and other special areas.

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Contravention of this Code of Professional Conduct may render a Hong Kong Doctor liable to disciplinary action. All our Hong Kong Doctors are required to comply with the Code of Professional Conduct.

Medical Clinics Ordinance

The Medical Clinics Ordinance provides for the registration, control and inspection of medical clinics. It requires a medical clinic (means any premises used or intended to be used for the medical diagnosis or treatment of persons suffering from, or believed to be suffering from, any disease, injury or disability of mind or body, with specific exceptions, including private consulting rooms used exclusively by registered medical practitioners in the course of their practice on their own account and not bearing any title or description which includes the word “clinic” or “polyclinic” in the English language) to be registered, with name and address and other prescribed particulars.

The application of registration may be refused if:

- (i) the income derived or to be derived from the establishment or operation of the clinic is not, or will not be, applied solely towards the promotion of the objects of the clinic; or
- (ii) any portion of such income, except payment of remuneration to employed registered medical practitioners, nurses and menial servants, will be paid by way of dividend, bonus or otherwise howsoever by way of profit to the applicant himself, or to any persons properly so employed, or to any other persons howsoever.

We have sought confirmation from the Counsel and the Counsel has confirmed that the Medical Clinic Ordinance is not applicable to the business of our Group, having considered, among others, the following:

- (i) the legislative intent behind the Medical Clinics Ordinance was to provide for registration of non-profit making clinics;
- (ii) the Food and Health Bureau of Hong Kong published a consultation document, “Regulation of Private Healthcare Facilities” in 2014 which specifically states that the Medical Clinics Ordinance and the Code of Practice For Clinics Registered Under The Medical Clinics Ordinance (Chapter 343 of the Laws of Hong Kong) set out the regulatory framework for non-profit-making medical clinics and that other private healthcare facilities, such as ambulatory medical centres and clinics operated by medical groups or individual medical practitioners, are not subject to direct statutory control beyond the regulation of an individual’s professional practice; and
- (iii) our business is one which makes and intends to continue making profit as a listed entity. The payment of bonuses to some of our Hong Kong Doctors and Dentists is clearly a reflection of the profit-making nature of our business.

Hence, our medical centres in Hong Kong are not qualified or required to be registered under the Medical Clinics Ordinance.

Dentists Registration Ordinance

Dentists in Hong Kong are required to be registered with the Dental Council of Hong Kong. Section 11A(1) of the Dentists Registration Ordinance (Chapter 156 of the Laws of Hong Kong) (“**DRO**”) provides that a Dentist shall not practise in Hong Kong, “unless he is the holder of a practising certificate which is then in force”.

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Pursuant to section 8 of the DRO, to be qualified to be registered with the Dental Council of Hong Kong, a dentist, *inter alia*:

- should have passed the Licensing Examination and have complied with the conditions, if any, imposed by the Dental Council of Hong Kong under section 4A(2) of the DRO;
- should have been awarded a bachelor degree in dentistry by a university in Hong Kong specified in the Schedule to the DRO; or
- should have already been registered at any time before the commencement of section 5 of the Medical and Related Professional (Registration) (Miscellaneous Amendments) Ordinance 1995.

Dentists registered with the Dental Council of Hong Kong are included in the General Register (as defined in the DRO) kept by the Dental Council of Hong Kong.

Dentists registered with the Dental Council of Hong Kong will generally be issued with a practising certificate which will be valid for one year. Dentists are required to renew their practising certificates annually or their names may be subject to removal from the register maintained by the Dental Council of Hong Kong.

All our Dentists are included in the General Register kept by the Dental Council of Hong Kong, registered to practise dentistry in Hong Kong pursuant to practising certificates issued to them under the DRO and are therefore subject to the regulation of the DRO.

Code of Professional Discipline for the Guidance of Dentists in Hong Kong

All Dentists in Hong Kong are required to comply with the “Code of Professional Discipline for the Guidance of Dental Practitioners in Hong Kong” issued by the Dental Council of Hong Kong (as may be amended from time to time) which covers, *inter alia*, the following aspects of professional communication and accessible information: (i) professional communication and information dissemination; (ii) canvassing; (iii) disregard of professional responsibilities to patients; (iv) record keeping; (v) third party involvement; (vi) improper financial transactions; (vii) depreciation of other dental practitioners; (viii) convictions punishable with imprisonment; (ix) abuse of alcohol or drugs; (x) abuse of dangerous or scheduled drugs; (xi) mandatory labelling of all dispensed medicines; (xii) improper relationship between dental practitioners and patients; (xiii) abuse of professional confidence; (xiv) untrue or misleading certificates and other professional documents; (xv) covering; (xvi) improper delegation of professional duties; and (xvii) responsibility of partners and directors.

Chinese Medicine Ordinance

All Practitioners of Chinese medicine are either “registered Chinese medicine practitioners” or “listed Chinese medicine practitioners” as defined in the Chinese Medicine Ordinance (Chapter 549 of the Laws of Hong Kong).

To register as a registered Chinese medicine practitioner with the Chinese Medicine Council of Hong Kong, the person must have completed an undergraduate degree course in Chinese medicine practice or its equivalent approved by the Chinese Medicine Practitioners Board of the Chinese Medicine Council of Hong Kong and passed the licensing examination organised by the Chinese Medicine Practitioners Board. There are also alternative qualifying provisions. Section 76 of the Chinese Medicine Ordinance provides that “a registered Chinese medicine practitioner other than one registered under section 85 shall not practise Chinese medicine unless he is the holder of a practising certificate which is then in force”.

Alternatively, as a transitional arrangement, Chinese medicine practitioners who do not satisfy the requirements to be registered as a registered Chinese medicine practitioners may nonetheless practise Chinese Medicine in Hong Kong if they are listed as listed Chinese medicine practitioners subject to the

REGULATORY OVERVIEW

alternative qualifying requirements under section 92 of the Chinese Medicine Ordinance. Listed Chinese medicine practitioners are persons whose name appears on a list maintained by the Practitioners Board. According to section 90(1) of the Chinese Medicine Ordinance, to be eligible to become a listed Chinese medicine practitioner, the person must:

- be practising Chinese medicine in on 3 January 2000;
- have applied for his/her name to be included in the list; and
- have paid a prescribed fee.

In the future, when the Secretary for Food and Health, promulgates that the transitional period comes to an end, only registered Chinese medicine practitioners will be able to practise lawfully, and listed Chinese medicine practitioners will no longer be allowed to practise.

As at the Latest Practicable Date, one of our Chinese Medicine Practitioners in Hong Kong is a registered Chinese medicine practitioner and the other one is a listed Chinese medicine practitioner.

Regulations on the Supply of Goods and Services in Hong Kong

Medical Registration Ordinance

Under section 28 of the Medical Registration Ordinance, subject to certain exceptions, the practice of medicine or surgery in Hong Kong must be carried out by a registered medical practitioner (as defined therein). The carrying out of certain aesthetic medical procedures at our aesthetic medical centres, including aesthetic surgical procedures, constitutes the practice of medicine and therefore must be, and are, carried out by our Hong Kong Doctors.

Trade Descriptions Ordinance

The Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) (“**TDO**”) prohibits false trade descriptions, false, misleading or incomplete information, false marks and misstatements in respect of goods provided in the course of trade or suppliers of such goods; and false trade descriptions in respect of services supplied by traders.

The TDO also confers power to require information or instruction relating to goods to be marked on or to accompany the goods or to be included in advertisements; to restate the law relating to forgery of trademarks; prohibits certain unfair trade practices; confers power to require any services to be accompanied by information or instruction relating to the services or an advertisement of any services to contain or refer to information relating to the services; and for purposes connected therewith.

A false trade description means:

- a trade description which is false to a material degree; or
- a trade description which, though not false, is misleading, that is to say, likely to be taken for a trade description of a kind that would be false to a material degree.

False trade description of goods

In relation to goods, “trade description” means an indication, direct or indirect, and by whatever means given, with respect to the goods or any part of the goods including an indication of any of the following matters:

- (i) quantity, size or gauge;
- (ii) method of manufacture, production, processing or reconditioning;

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- (iii) composition;
- (iv) fitness for purpose, strength, performance, behaviour or accuracy;
- (v) availability;
- (vi) compliance with a standard specified or recognised by any person;
- (vii) price, how price is calculated or the existence of any price advantage or discount;
- (viii) liability to pay duty on them under the laws of Hong Kong, generally or in specified circumstances;
- (ix) testing by any person and results thereof;
- (x) approval by any person or conformity with a type approved by any person;
- (xi) a person by whom they have been acquired, or who has agreed to acquire them;
- (xii) their being of the same kind as goods supplied to a person;
- (xiii) place or date of manufacture, production, processing or reconditioning;
- (xiv) person by whom manufactured, produced, processed or reconditioned;
- (xv) other history, including previous ownership or use;
- (xvi) availability in a particular place of (i) a service for the inspection, repair or maintenance of the goods; or (ii) spare parts for the goods;
- (xvii) warranty given in respect of the service or spare parts;
- (xviii) the person by whom the service or spare parts are provided;
- (xix) the scope of the service; and
- (xx) the period for which (and the price at which) the service or spare parts are available.

Any person who in the course of any trade or business applies a false description to any goods, or supplies any goods to which a false trade description is applied, or has in his possession for sale or for any purpose of trade or manufacture any goods to which a false trade description is applied, commits an offence.

False trade description of services

In relation to a service, “trade description” means an indication, direct or indirect, and by whatever means given, with respect to the service or any part of the service including an indication of any of the following matters:

- (i) nature, scope, quantity (including the number of occasions on which, and the length of time for which, the service is supplied or to be supplied), standard, quality, value or grade; fitness for purpose, strength, performance, effectiveness, benefits or risks;
- (ii) method and procedure by which, manner in which, and location at which, the service is supplied or to be supplied;
- (iii) availability;
- (iv) testing by any person and the results of the testing;

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- (v) approval by any person or conformity with a type approved by any person;
- (vi) a person by whom it has been acquired, or who has agreed to acquire it;
- (vii) the person by whom the service is supplied or to be supplied;
- (viii) after-sale service assistance concerning the service; and
- (ix) price, how price is calculated or the existence of any price advantage or discount.

A trader who applies a false trade description to a service supplied or offered to be supplied to a consumer or who supplies or offers to supply to a consumer a service to which a false trade description is applied, commits an offence.

Unfair trade practices

Further, the TDO also prohibits certain specified trade practices:

Misleading omissions

A trader commits an offence of misleading omissions if it omits or hides material information, or provides material information in a manner that is unclear, unintelligible, ambiguous or untimely, or fails to identify its commercial intent (unless this is already apparent from the context), and as a result it causes or is likely to cause an average consumer to make a transactional decision that the consumer would not have made otherwise.

Aggressive commercial practices

A trader commits an offence of aggressive commercial practices if the commercial practice in its factual context, (a) significantly impairs or is likely to significantly impair the consumer's freedom of choice or conduct in relation to the product concerned through the use of harassment, coercion or undue influence and (b) therefore causes or is likely to cause the consumer to make a transactional decision that the consumer would not have made otherwise.

Bait advertising

A trader commits an offence of bait advertising if a trader advertises products for supply at a specified price, but there are no reasonable grounds for believing that the trader will be able to offer for supply those products at that price, or the trader fails to offer those products for supply at that price, for a period that is, and in quantities that are, reasonable, having regard to (a) the nature of the market in which the trader carries on business; and (b) the nature of the advertisement.

However, advertising by a trader of products for supply at a specified price is not bait advertising if the advertisement states clearly the period for which, or the quantities in which, the products are offered for supply at that price; and the trader offers those products for supply at that price for that period or in those quantities.

Bait and switch

A trader commits an offence of bait and switch if a trader makes an invitation to purchase a product at a specified price and, with the intention of promoting a different product, the trader (a) refuses to show or demonstrate the product to consumers, or (b) refuses to take orders for the product or deliver it within a reasonable time, or (c) shows or demonstrates a defective sample of the product.

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Wrongly accepting payment

A trader commits an offence of wrongly accepting payment if the trader accepts payment or other consideration for the product and at the time of that acceptance, (a) the trader intends not to supply the product, or (b) the trader intends to supply a product that is materially different from the product in respect of which the payment or other consideration is accepted, or (c) there are no reasonable grounds for believing that the trader will be able to supply the product (i) within the period specified by the trader at or before the time at which the payment or other consideration is accepted, or (ii) if no period is specified at or before that time, within a reasonable period.

Definition of “trader”

“Trader” means any person (other than an exempt person under Schedule 3) who, in relation to a commercial practice, is acting, or purporting to act, for purposes relating to the person’s trade or business. The definition of an “exempt person” under the TDO includes, among others, a registered medical practitioner under the Medical Registration Ordinance.

Under item 9 of Schedule 3, medical services provided by our Hong Kong Doctors who are registered medical practitioners under the Medical Registration Ordinance are exempted from the regulations applicable to traders under the TDO. However, our Group is still subject to the regulations under the TDO as skincare products are made available for clients at our aesthetic medical centres.

Consumer Goods Safety Ordinance and Consumer Goods Safety Regulation

The Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong) (“CGSO”) imposes a statutory duty on manufacturers, importers and suppliers of certain consumer goods (excluding for example pharmaceutical products) to ensure that the consumer goods supplied are safe and for incidental purposes.

Under the CGSO, a person who supplies, manufactures or imports into Hong Kong consumer goods which do not comply with the general safety requirement for consumer goods (or where a standard has been approved by the Secretary for Commerce and Economic Development to apply to consumer goods, the approved standard for the particular consumer goods) commits an offence. General safety requirement in respect of consumer goods means that such goods are reasonably safe having regard to all of the circumstances, including, among others, the manner in which, and the purpose for which, the consumer goods are presented, promoted or marketed.

Certain defences are available under the CGSO. One of the defences is that the relevant person supplied the consumer goods in the course of carrying on a retail business and at the time he supplied the consumer goods, he neither knew nor had reasonable grounds for believing that the consumer goods failed to comply with the general safety requirement.

The Consumer Goods Safety Regulation (Chapter 456A of the Laws of Hong Kong) (“CGSR”) requires that any warning or caution with respect to the safe keeping, use, consumption or disposal of any consumer goods (excluding pharmaceutical products) must be given in both Chinese and English.

Further, the warning or caution must be legible and placed in a conspicuous position on the consumer goods, any package of the consumer goods, or on a label securely affixed to the package, or a document enclosed in the package.

Beauty and skincare products available at our aesthetic medical centres in Hong Kong which are not pharmaceutical products are subject to the CGSO and CGSR.

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Sale of Goods Ordinance

Contracts for the sale of goods in Hong Kong are mainly governed by the Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong). For consumer transactions, certain terms are implied into sales contracts to strengthen protection to consumers.

Examples include the implied undertaking that the goods are of merchantable quality, requiring that the goods should be fit for the purpose(s) for which goods of that kind are commonly bought, of such standard of appearance and finish, free from defects (including minor defects), safe, and durable as reasonably expected having regard to the relevant circumstances.

Supply of Services (Implied Terms) Ordinance

There are also implied terms prescribed in respect of the supply of services under the Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong).

Apart from the contractual aspects of liability, retailers in Hong Kong may also owe a duty of care to consumers and be liable for damages resulting from defects in the goods caused by their negligent acts or for any fraudulent misrepresentation made in the selling of the goods. Liability may arise if a retailer disregards the instructions of the manufacturers or suppliers in handling the relevant goods or fails to pass on to the buyers instructions for use and warnings received from such manufacturers or suppliers. If a retailer knows or reasonably believes that the goods may be defective or dangerous, it may have to cease to supply such goods and take basic precautions such as warning the buyers and informing the relevant manufacturers or suppliers.

Unconscionable Contracts Ordinance

The Unconscionable Contracts Ordinance (Chapter 458 of the Laws of Hong Kong) empowers the court to, with respect to a consumer contract, refuse to enforce the contract, enforce the remainder of the contract without the unconscionable part, or limit the application of, revise or alter any part which is found to be unconscionable so as to avoid any unconscionable result.

Control of Exemption Clauses Ordinance

Contracts for the sale of goods or supply of services in which one party deals as a consumer, among others, are subject to the Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong). Pursuant to the Control of Exemption Clauses Ordinance, any exemption clauses contained in the contract purporting to exclude or restrict liabilities for loss or damage to property due to negligence are valid only in so far as such clauses satisfy the requirement of reasonableness.

Regulations on Advertisements in Hong Kong

Undesirable Medical Advertisements Ordinance

The Undesirable Medical Advertisements Ordinance (Chapter 231 of the Laws of Hong Kong) aims to protect public health through prohibiting or restricting advertisements relating to certain diseases, consumable products and abortion.

Among other restrictions, according to the UMAO, no person shall publish, or cause to be published, any advertisements likely to lead to the use of any medicine, surgical appliance or treatment for:

- the purpose of treating human beings for, or preventing them from contracting any of the diseases or conditions specified in the UMAO which include, among others, any disease of the skin, hair or scalp except for a purpose specified in the UMAO which, among others, include prevention of pimples and relief or prevention of minor skin conditions including dry and chapped skin; or

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- treating human beings for any purpose specified in the UMAO which include, among others, the restoration of lost youth and the correction of deformity or the surgical alteration of a person's appearance.

As defined in the UMAO, "advertisement" includes any notice, poster, circular, label, wrapper or document, and any announcement made orally or by means of producing or transmitting light or sound. These would include advertisements published in newspapers and magazines, leaflets, on radio, television, and internet, as well as on the label of a container or package containing any medicine, surgical appliance, treatment, or orally consumed product.

If a person named in that advertisement is held out (a) as being a manufacturer or supplier of medicine or surgical appliances; or (b) as being able to provide any treatment, that person is presumed, until the contrary is proved, to have caused the advertisement to be published.

Regulations on Pharmaceutical Products and Drugs in Hong Kong

Pharmacy and Poisons Ordinance and its sub-legislations

The Pharmacy and Poisons Ordinance (Chapter 138 of the Laws of Hong Kong) ("PPO") regulates the sale and labelling of products which are classified as pharmaceutical products and medicine. As stipulated under Regulation 36(1) of the Pharmacy and Poisons Regulations (Chapter 138A of the Laws of Hong Kong) ("PPR"), "pharmaceutical products" must be registered before they can be sold, offered for sale, distributed or possessed for the purposes of sales, distribution or other use in Hong Kong.

Under the PPO, "pharmaceutical product" and "medicine" mean any substance or combination of substances:

- presented as having properties for treating or preventing disease in human beings or animals; or
- that may be used in, or administered to, human beings or animals, either with a view to (i) restoring, correcting or modifying physiological functions by exerting a pharmacological, immunological or metabolic action, or (ii) making a medical diagnosis.

Ingredients that are classified as poisons are listed in the Poisons List under the "Tenth Schedule" of the PPR. According to their potency, toxicity and potential side effects, some poisons are further categorised under different parts of the Poisons List and different schedules under the PPR. The levels of control over the sale of the poison depend on its categorisation.

Pharmaceutical products that do not contain any poisons or contain "Part II" poisons as set out in the "Tenth Schedule" of the PPR are referred as over-the-counter medicines. The former can be sold in any retail shops while the latter can be sold by authorised sellers of poisons (usually known as pharmacies or dispensaries) and listed sellers of poisons (usually known as medicine stores). Pharmaceutical products containing "Part I" poisons as set out in the "Tenth Schedule" of PPR can only be sold by authorised sellers of poisons in the presence and under the supervision of registered pharmacists.

Some Part I Poisons as set out in the "Tenth Schedule" of the PPR are further classified into the "First Schedule" and the "Third Schedule" of the PPR with additional restrictions on their sale by retailers. The sale of pharmaceutical products containing Part I First Schedule Poisons as set out in the PPR further requires keeping sale records which include *inter alia*, the name and quantity of the poison supplied, the date on which the poison was supplied, the name and address of the person to whom the poison was supplied, and the name of the person who supplied the poison or gave the prescription upon which it was supplied, as well as the signature and purpose for which it is required (for wholesale dealing). The sale of pharmaceutical products containing prescription only medicines (Part I Third Schedule Poisons as set out in the PPR) must be authorised by a prescription from a registered medical practitioner, a registered dentist or a registered veterinary surgeon.

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However, the supply of medicine by a Hong Kong Doctor for the purposes of medical treatment is not subject to the conditions and limitations mentioned above in relation to the sale of Part I and Part II poisons as set out in the “Tenth Schedule” of the PPR imposed by the PPO.

As Medication available at our aesthetic medical centres may include Part I or Part II poisons, in order to be exempted from the above conditions and limitations imposed by PPO, the supply and dispensing of at our aesthetic medical centres are carried out by or conducted under the supervision of our Hong Kong Doctors. On the other hand, based on searches of public government databases and to the best of our Directors’ knowledge, house brand products and over-the-counter beauty and skincare products supplied at our treatment centres do not contain any medication or poisons and are therefore not regulated under the PPO or PPR.

Dangerous Drugs Ordinance

The Dangerous Drugs Ordinance (Chapter 134 of the Laws of Hong Kong) (“**DDO**”) regulates the import, export, procuring, supply, dealing in or with, manufacture and possession of drugs or substances which are classified as dangerous drugs under the DDO.

Dangerous drugs are not allowed to be supplied to any person except to a person authorised or licensed to be in possession of such drugs in accordance with the DDO. However, the DDO provides that the administration of a dangerous drug by or under the direct personal supervision of, and in the presence of, a Hong Kong Doctor is exempted. A Hong Kong Doctor is also authorised by the DDO, so far as may be necessary for the practice or exercise of his profession and in his capacity as such, to be in possession of and to supply a dangerous drug as well as to have in his possession equipment or apparatus fit and intended for the injection of a dangerous drug.

As medication available at our aesthetic medical centres may involve the use of dangerous drugs as defined under the DDO, the supply and dispensing of medication in the provision of Dispensing Service of dangerous drug at our aesthetic medical centres are carried out by or conducted under the supervision of our Hong Kong Doctors who are registered medical practitioners.

Furthermore, the Dangerous Drugs Regulations (Chapter 134A of the Laws of Hong Kong) regulates the prescriptions, labelling and record keeping of dangerous drugs and monitors the sale of such drugs.

Regulations on Clinical Waste Disposal

Waste Disposal Ordinance

The Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) (“**WDO**”) and the Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong) (the “**WDR**”) provide for, among others, the control and regulation of the production, storage, collection and disposal of clinical waste.

Under the WDO, clinical waste means waste consisting of any substance, matter or thing generated in connection with:

- a dental, medical, nursing or veterinary practice;
- any other practice, or establishment (howsoever described), that provides medical care and services for the sick, injured, infirm or those who require medical treatment;
- dental, medical, nursing, veterinary, pathological or pharmaceutical research; or
- a dental, medical, veterinary or pathological laboratory practice,

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and which consists wholly or partly of any of the materials specified in one or more of the groups listed below:

- used or contaminated sharps;
- laboratory waste;
- human and animal tissues;
- infectious materials;
- dressings; and
- such other wastes as specified by the Director of Environmental Protection.

The WDR requires all waste producers to arrange for their clinical waste to be properly disposed of. Waste producers comply with this duty if they consign the waste to a licensed clinical waste collector for delivery to a reception point, deliver the waste to a reception point or collection point, or dispose of their waste at a licensed clinical waste disposal facility according to the requirements specified in the WDR. The WDR also requires waste producers to keep records of the clinical waste consigned to licensed collectors or delivered to a collection point or licensed disposal facility, and to produce such records for inspection upon request by the Director of Environmental Protection.

A Code of Practice for the Management of Clinical Waste—Clinical Waste Producers and Waste Collectors (“**Code of Practice**”) has been published by the Secretary for the Environment under the WDO to provide guidance to major clinical waste producers and small clinical waste producers to assist them to comply with the legal requirements of the WDO and the WDR. Private medical clinics or practices are classified as small clinical waste producers under the Code of Practice.

Given the aesthetic medical services provided by our aesthetic medical centres may produce used or contaminated sharps such as syringes and needles as well as dressings, our Group is subject to WDO, WDR and the Code of Practice.

Regulations on Imaging Services

Radiation Ordinance

The Radiation Ordinance (Chapter 303 of the Laws of Hong Kong) requires any person who has in his possession or uses any radioactive substance or irradiating apparatus to possess a licence issued by the Radiation Board of Hong Kong (the “**Radiation Board**”). A licence to possess an irradiating apparatus, such as X-ray equipment and generator, in non-functional state is required before its acquisition. All licences granted under the Radiation Ordinance are subject to review and renewal by the Radiation Board every year.

Radiation (Control of Irradiating Apparatus) Regulations

The Radiation (Control of Irradiating Apparatus) Regulations (Chapter 303B of the Laws of Hong Kong) provides that the licensee is required to give the Radiation Board not less than seven days’ notice if he intends to sell or transfer or abandon any irradiating apparatus and impose restrictions on the persons who can operate an irradiating apparatus. Radiographers are required to wear a suitable radiation monitoring device of a type approved by the Board and undergo medical examination every 14 months to safeguard their health against exposure to radiation.

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Regulations on Personal Data Privacy

Personal Data (Privacy) Ordinance

The Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (“**PDPO**”) places a statutory duty on data users to comply with the requirements of the six Data Protection Principles contained in Schedule 1 to the Ordinance. The PDPO provides that a data user shall not do an act, or engage in a practice, that contravenes a data protection principle unless the act or practice, as the case may be, is required or permitted under the PDPO. The six Data Protection Principles are:

- Principle 1 - purpose and manner of collection of personal data;
- Principle 2 - accuracy and duration of retention of personal data;
- Principle 3 - use of personal data;
- Principle 4 - security of personal data;
- Principle 5 - information to be generally available; and
- Principle 6 - access to personal data.

The PDPO also gives data subjects certain rights, *inter alia*:

- the right to be informed of whether any data user holds their personal data;
- the right to be supplied with a copy of such data; and
- the right to request correction of any data they consider to be inaccurate.

Non-compliance with a data protection principle may lead to a complaint to the Privacy Commissioner for Personal Data. A claim for compensation may also be made by a data subject who suffers damage by reason of a contravention of a requirement under the PDPO.

Recent Development in relation to Regulation of Medical Procedures and Beauty Services, as well as Private Healthcare Facilities

Background

Recently, the Government of Hong Kong has been considering to tighten up regulation of the beauty industry and to provide a clear definition to differentiate beauty therapies from medical procedures. A Steering Committee on Review of the Regulation of Private Healthcare Facilities (the “**Steering Committee**”) has been established to review the regulatory regime for private healthcare facilities (“**PHFs**”). A Working Group on Differentiation between Medical Procedures and Beauty Services (the “**Working Group**”) has also been set up under the Steering Committee, which was tasked to differentiate between medical treatments and ordinary beauty services and to make recommendations on the regulatory approach. The Working Group, chaired by the Director of Health and includes representatives from relevant medical specialties, the beauty industry and consumer groups, is tasked to, among others, make recommendations on procedures that should be performed by Hong Kong Doctors. The Food and Health Bureau also published the Regulation of Private Healthcare Facilities Consultation Document in December in 2014 to invite public views.

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Recommendations made by the Working Group

There were fundamental differences in opinions among the members in the Working Group regarding the meaning of “medical treatment”. Nevertheless, based on members’ views, the Working Group had made seven recommendations (the “**Recommendations**”) in its report which was endorsed by the Steering Committee:

1. Cosmetic procedures that involve injections should be performed by registered medical practitioners.
2. Procedures that involve the mechanical/chemical exfoliation of the skin below the epidermis should be performed by registered medical practitioners.
3. Traditional body tattooing and piercing should be exempted from being considered as a “medical procedure”, but special care should be taken for procedures performed on body parts which have higher risk of complications (e.g. near the eyes, the tongue, etc.). All practitioners should be well trained and adopt infection control measures when performing the procedures. Practitioners should ensure that consumers are made aware of the inherent risks involved and allowed to make informed decisions before undergoing the procedure.
4. Hyperbaric oxygen therapy should not be performed as a form of beauty procedure. In view of its risks of complications, it should be performed by registered medical practitioners on patients with clinical indications.
5. Dental bleaching may lead to complications, especially if performed inappropriately or performed on inappropriate clients, such as those suffering from pre-existing dental conditions. The procedure should be performed by registered dentists.
6. It supports the plan of the Government of Hong Kong to introduce a new medical device ordinance to deal with the issue of control over the use of selected high-risk medical devices.
7. It recommends the setting up of an expert panel under the future medical device ordinance to advise on the risk and appropriate controls over new cosmetic procedures based on innovative technology.

Advisory note and letters issued by the Hong Kong Department of Health

The Hong Kong Department of Health issued an advisory note on the provision of cosmetic procedures to beauty service providers based on the Recommendations and the general infection control principles, reminding beauty service providers to refrain from procedures that should only be performed by registered medical practitioners or registered dentists. Failure to follow the advice may render oneself liable for offences under the Medical Registration Ordinance or the Dentists Registration Ordinance.

An open letter was sent by the Hong Kong Department of Health to all registered medical practitioners reminding them to strictly observe the Code of Professional Conduct issued by the Hong Kong Medical Council when they provide cosmetic procedures in their medical practice, including providing formal medical consultation and keeping proper medical records.

Following the release of Working Group’s Recommendations, the Hong Kong Consumer Council, practitioners of the medical and beauty industries, political groups and other interested stakeholders have made a total of 34 submissions to the Panel on Health Services of the Legislative Council of Hong Kong (the “**Panel**”) commenting on the Recommendations. In June 2015, the Panel met with these interested stakeholders to discuss their views on the Recommendations.

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Effect on our Group

Pursuant to the Recommendations, procedures involving injections and procedures involving mechanical/chemical exfoliation of skin below the epidermis should be performed by registered medical practitioners in Hong Kong. Our Directors consider that the Recommendations and the letters to registered medical practitioners do not have any material adverse effect on our aesthetic medical centres because, even before the commencement of the legislative review by the Government of Hong Kong and the increased public awareness on treatment safety, procedures of such nature are classified as our medical services. There are controls in place that these procedures are performed by Hong Kong Doctors and Dentists, respectively. Furthermore, with a relatively large number of Hong Kong Doctors and a team of Dentists in our Group, we welcome such regulatory changes, which may be more challenging for our competitors with fewer Hong Kong Doctors.

Regulation of Private Healthcare Facilities Consultation Document

The “Regulation of Private Healthcare Facilities Consultation Document” (the “**Consultation Document**”) was published by the Food and Health Bureau in December 2014 which discussed, among others, the existing regulations over PHFs, as well as certain proposals for regulatory reform.

For example, it was proposed that the scope of the current regulatory regime should be expanded to cover facilities providing high-risk medical procedures in ambulatory setting, as well as facilities providing medical services under the management of incorporated bodies. The Paper also laid out five major categories of additional regulatory aspects under its proposed regime, which include regulations over PHFs’ corporate governance, standard of facilities, clinical quality, price transparency, and sanctions for regulatory non-compliance.

According to the Consultation Document, the Steering Committee plans to introduce a legislative proposal to the Legislative Council of Hong Kong in 2015/16.

Regulatory Authorities in Hong Kong

Our business operations in Hong Kong are principally subject to the regulation of the Hong Kong Medical Council and the Hong Kong Consumer Council.

Hong Kong Medical Council

The Hong Kong Medical Council is established under the Medical Registration Ordinance. The Hong Kong Medical Council was founded to assure and promote quality in the medical profession in order to protect patients, foster ethical conduct, and develop and maintain high professional standards. The Hong Kong Medical Council maintains a register of eligible medical practitioners, administers relevant licensing examinations, issues guidelines and the Code of Professional Conduct, and exercises regulatory and disciplinary powers over the medical profession.

All our Hong Kong Doctors are medical practitioners registered under the Medical Registration Ordinance and are therefore subject to the regulation of the Hong Kong Medical Council.

Hong Kong Department of Health

The Hong Kong Department of Health is the government agency in Hong Kong which is responsible for the execution of healthcare policies and statutory functions. There are two divisions under the department conduct duties that are particularly relevant to our business, namely the Drug Office and the Medical Device Control Office.

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Dental Council of Hong Kong

The Dental Council of Hong Kong is established under the Dentists Registration Ordinance. It provides for the registration and regulation of the dental profession in order to protect patients, foster ethical conduct, and develop and upkeep the ethical standard of the profession. The Dental Council of Hong Kong is responsible for the registration of dentists, the conduct of the Licensing Examination, the maintenance of ethics, professional standards and discipline of the profession.

All our Dentists are registered under the Dentists Registration Ordinance and are therefore subject to the regulation of the Dental Council of Hong Kong.

Hong Kong Consumer Council

The Hong Kong Consumer Council protects the rights of consumers. Consumers have a right to dispute the price or quality of services if they find it unsatisfactory. The Council also assists consumers in cases of false claims made by companies with respect to a specific service offered by them.

PRC REGULATORY OVERVIEW

Our business operations in the PRC are subject to extensive supervision and regulation by the PRC government. This section sets out (i) an introduction to the major PRC government authorities with jurisdiction over our current operations in the PRC and (ii) a summary of the main laws, regulations and policies to which our operations in the PRC are subject.

Regulations Regarding the Reform of Medical Institutions in China

Opinions on Promoting Further Reform of the Healthcare System

The Opinions on Promoting Further Reform of the Healthcare System (中共中央國務院關於深化醫藥衛生體制改革的意見) (the “**Healthcare System Opinions**”), which were promulgated by the State Council on 17 March 2009, advocate a range of measures to reform medical institutions in the PRC and establish a basic healthcare system covering urban and rural residents. Measures aimed at reforming medical institutions include the separation of: (i) government agencies from public medical institutions, (ii) for-profit medical institutions from not-for-profit medical institutions, (iii) sponsorship from operations of public hospitals, and (iv) pharmaceutical dispensing from pharmaceutical prescription. The Healthcare System Opinions include proposals for the establishment and improvement of corporate governance systems of public medical institutions, and checks and operators of public medical institutions. The Opinions also encourage private capital to invest in medical institutions (including investments by foreign investors), the development of private medical institutions and the reform of public medical institutions (including those established by state-owned enterprises) through private capital investment.

Notice on Further Encouraging and Guiding Private Capital to Invest in Medical Institutions

The Notice of the State Council on Forwarding the Opinions of the NDRC, the National Health and Family Planning Commission (the “**NHFPC**”) and other Departments on Further Encouraging and Guiding Private Capital to Invest in Medical Institutions (關於進一步鼓勵和引導社會資本舉辦醫療機構意見的通知) (the “**Order No. 58**”), which was promulgated by the General Office of the State Council on 26 November 2010, stipulates that the government encourages and supports investments by private investors in medical institutions of various types. Private investors are permitted to apply to establish for-profit or not-for-profit medical institutions. Private investors are also encouraged to participate in the reform of the existing public hospitals, including those established by state-owned enterprises, by converting them into not-for-public medical institutions in order to systematically reduce the proportion of public hospitals in the system. Private medical institutions with experience in provision of healthcare services and good reputation shall be selected as participants in the restructuring of the public hospitals. The restructuring of public hospitals may be carried out through pilot reform programs in hospitals established by state-owned

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enterprises. Private medical institutions are encouraged to modernise hospital management, establish standardised corporate governance structure, step up cost control and quality management systems, and employ professional managers to manage the hospitals. Private investors are encouraged to set up hospital management companies to provide specialised services. Private medical institutions are encouraged to engage or authorise domestic or overseas medical institutions with professional experience to participate in the management of the hospitals to improve their efficiencies. Medical institutions are encouraged to develop into large, sophisticated, technology-intensive medical groups and adopt brand-focused development strategies to build good reputation and image. Private medical institutions are encouraged to improve their clinical research and build their research and development teams.

Regulations on the Administration and Classification of Medical Institutions

Administrative Measures on Medical Institutions and the Medical Institution Practising Licence

The Administrative Measures on Medical Institutions (醫療機構管理條例), which was promulgated on 26 February 1994 by the State Council and came into effect on 1 September 1994, and the Implementation Measures of the Administrative Measures on Medical Institutions (醫療機構管理條例實施細則), which was promulgated by the NHFPC on 29 August 1994, came into effect on 1 September 1994 and was amended on 1 November 2006 and 24 June 2008, stipulate that the establishment of medical institutions shall comply with the relevant regional planning as well as the basic standards required of medical institutions. Any entity or individual that intends to establish a medical institution must follow the application approval procedures and register with relevant healthcare administrative authorities to obtain a Medical Institution Practising Licence (醫療機構執業許可證).

Our Guangzhou Clinic has obtained the Medical Institution Practising Licence (醫療機構執業許可證) which permits us and our PRC Doctor to offer aesthetic medical services in our Guangzhou Clinic.

Administrative Measures for the Examination of Medical Institutions (For Trial Implementation)

The Administrative Measures for the Examination of Medical Institutions (For Trial Implementation) (醫療機構校驗管理辦法(試行)) (the “**Administrative Measures for Examination**”) which was promulgated by the NHFPC and came into effect on 15 June 2009, stipulate that a medical institution’s Medical Institution Practising Licence is subject to periodic examinations and verifications by registration authorities, and will be cancelled if such medical institution fails to pass the examination.

The Assessment of Medical Institutions

The Measures for the Assessment of Medical Institutions (醫療機構評審辦法) and the Interim Measures for Hospital Assessment (醫院評審暫行辦法) which were promulgated by the NHFPC on 21 July 1995 and 21 September 2011, stipulate that all medical institutions shall participate in the assessment and medical institutions will be assessed both regularly and irregularly.

Regulations on the Supervision over Pharmaceuticals in Medical Institutions

Measures for the Supervision and Administration of Pharmaceuticals in Medical Institutions (for Trial Implementation)

The Measures for the Supervision and Administration of Drugs of the Medical Institutions (for Trial Implementation) (醫療機構藥品監督管理辦法(試行)), which were promulgated by the CFDA and came into effect on 11 October 2011, stipulate that medical institutions must purchase pharmaceuticals from enterprises qualified for the production or distribution of pharmaceuticals and comply with certain standards in respect of storage, safekeeping, preparations and use of such pharmaceuticals. Pharmaceutical preparation produced by medical institutions must only be used by and for that medical institution. Medical institutions are prohibited from selling prescription pharmaceuticals to the public by such means as post, online transaction and open-shelf selection.

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Law and Regulations on Medical Equipment and the Treatment by Medical Institutions

Administrative Measures on the Radiotherapy

The Administrative Measures on the Radiotherapy (放射診療管理規定), which was promulgated by the NHFPC on 24 January 2006 and came into effect on 1 March 2006, set out the basic statutory framework for medical institutions engaged in the clinical diagnosis and treatment using radioisotopes and radiation-emitting devices. Depending on the specific radiotherapy treatment, medical institutions shall apply for and obtain the Licence for Radiotherapy issued by the competent public health administrative authorities. During the course of radiotherapy, medical institutions shall take protective measures in accordance with relevant laws and regulations.

Laws and Regulations on Medical Personnel of Medical Institutions

Law on Medical Practitioners of the People's Republic of China

The Law on Medical Practitioners of the People's Republic of China (中華人民共和國執業醫師法), which was promulgated by the Standing Committee of the NPC on 26 June 1998, came into effect on 1 May 1999, and was amended on 27 August 2009, provides that doctors in China must obtain qualification licences for their medical profession. Qualified doctors and qualified assistant doctors must register with the relevant public health administrative authorities at or above the county level. After registration, doctors may work at his or her registered location in the types of jobs and within the scope of medical treatment, disease-prevention or healthcare business as provided in their registration.

The Circular on Releasing the Administrative Measures for Recognising Mainland Physician Qualifications for Physicians of Hong Kong and Macau Special Administrative Regions (關於印發《香港和澳門特別行政區醫師獲得內地醫師資格認定管理辦法》的通知), which was promulgated by the Ministry of Health and State Administration of Traditional Chinese Medicine, (the "SATCM") on 15 April 2009 and came into effect on 15 April 2009, provided that PRC citizens with permanent residency in Hong Kong and Macau who were qualified doctors in Hong Kong and Macau may apply for the qualification licences for their medical profession. Provincial health administrative departments are in charge of the application processing and qualification authorisation.

Regulations on Nurses in the PRC

The Regulations on Nurses (護士條例), which were promulgated by the State Council on 31 January 2008 and came into effect on 12 May 2008, set out that a nurse must obtain a nurse's Practising Certificate, which is valid for five years. The number of nurses as staff at a medical institution shall not be less than the standard number as prescribed by the competent public health administrative authorities.

Laws and Regulations on Medical Malpractice

Tort Liability Law of the People's Republic of China

The Tort Liability Law of the People's Republic of China (中華人民共和國侵權責任法), which was promulgated by the Standing Committee of the NPC on 26 December 2009 and came into effect on 1 July 2010, provides that, if a medical institution or its medical personnel are at fault for the damage inflicted on a patient during the course of diagnosis and treatment, the medical institution will be liable for compensation. The damage caused to the patient by the failure of the medical personnel to fulfil their statutory obligations in the course of diagnosis and treatment will be paid by the medical institution. Medical institutions and their medical personnel will protect the privacy of their patients and will be liable for damage caused by divulging the patients' privacy or medical records without consent.

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Regulations on Handling Medical Malpractice

The Regulations on Handling Medical Malpractice (醫療事故處理條例), which was promulgated by the State Council on 4 April 2002 and came into effect on 1 September 2002, provide a legal framework and detailed provisions regarding the prevention, identification, disposition, compensation and penalties of or relating to cases involving personal injury to patients caused by medical institutions or medical personnel due to malpractice.

Regulations on Environmental Protection related to Medical Institutions

Measures for the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network

The Measures for the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network (城鎮污水排入排水管網許可管理辦法), which were promulgated by the Ministry of Housing and Urban-rural Development (the “MOHURD”) on 22 January 2015 and came into effect on 1 March 2015, provide that enterprises discharging sewage to the urban drainage facilities shall apply for and obtain the Licence for Urban Drainage.

Regulations on the Management of Medical Wastes and its implementation measures

The Regulations on the Management of Medical Wastes (醫療廢物管理條例) which were promulgated by the State Council on 16 June 2003 and came into effect on the same day, and was amended on 8 January 2011, while the Implementation Measures of the Management of Medical Wastes (醫療衛生機構醫療廢物管理辦法), which were promulgated by the NHFPC on 15 October 2003 and came into effect on the same day, stipulate that medical institutions must timely deliver medical wastes to specially designated locations for centralised disposal of medical wastes and categorise the medical waste in accordance with the Classified Catalogue of Medical Wastes. High-risk wastes such as the culture medium or specimens of pathogen and the preserving liquid of bacteria strains or virus strains shall be sterilised on the spot before disposal. Sewage generated by any medical institution and excretion of its patients or patients suspected of infectious diseases must be sterilised in accordance with the relevant law, regulations, and rules and must not be discharged into sewage until the discharging standards are met.

Legal and Regulations on Pharmaceutical Distribution

Administration Measures on the Pharmaceutical Distribution Certificates

The Administration Measures on the Pharmaceutical Distribution Certificates (藥品經營許可證管理辦法), which were promulgated on 4 February 2004 and came into effect on 1 April 2004 by the CFDA, set out the application requirements and procedures, the changes and renewal of and the supervision and inspection over the Pharmaceutical Distribution Certificate. The CFDA and its local branches are responsible for the approval and issuance of the Pharmaceutical Distribution Certificate and the supervision over both Pharmaceutical Distribution Certificate and the pharmaceutical distribution enterprises.

Administrative Measures on the Supervision of the Distribution of Pharmaceutical Products

The Administrative Measures on the Supervision of the Distribution of Pharmaceutical Products (藥品流通監督管理辦法), which were promulgated by the CFDA on 31 January 2007 and came into effect on 1 May 2007, govern the procurement and sales of pharmaceutical products by pharmaceutical manufacturers and distribution enterprises as well as the procurement and storage of pharmaceutical products by medical institutions.

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Regulations on the Prescription Pharmaceuticals and the Non-prescription Pharmaceuticals

The Measures for the Classification and Administration of the Prescription Pharmaceuticals and the Non-prescription Pharmaceuticals (For Trial Implementation) (處方藥與非處方藥分類管理辦法(試行)), which were promulgated by the CFDA on 18 June 1999 and came into effect on 1 January 2000, set forth the basic system for the classification and administration of the prescription pharmaceuticals and non-prescription pharmaceuticals. Enterprises engaging in the wholesale distribution of the prescription and non-prescription pharmaceuticals should obtain a Pharmaceutical Distribution Certificate.

The Interim Measures on the Distribution of Prescription Pharmaceuticals and Non-prescription Pharmaceuticals (處方藥與非處方藥流通管理暫行規定), which was promulgated by the CFDA on 28 December 1999 and came into effect on 1 January 2000, set forth further rules for the administration of the distribution of prescription drugs and non-prescription drugs.

Regulations on Centralised Pharmaceutical Procurement by Medical Institutions

The Opinions on Further Regulating Centralised Drug Procurement by Medical Institutions (進一步規範醫療機構藥品集中採購工作的意見) which were promulgated by the NHFPC on 17 January 2009 and the Interpretations of Issues Related to the Opinions on Further Regulating Centralised Drug Procurement by Medical Institutions (關於進一步規範醫療機構藥品集中採購工作的意見有關問題的說明), which were jointly promulgated by the NHFPC and six other departments on 19 June 2009, respectively, as well as the Standards of Centralised Pharmaceutical Procurement Work for Medical Institutions (醫療機構藥品集中採購工作規範) which were jointly promulgated by the NHFPC and six other departments on 15 July 2010, stipulate the general framework and detailed operational procedures with respect to the centralised pharmaceutical procurement mechanism under which not-for-profit medical institutions established by governments or state-owned enterprises are required to procure pharmaceuticals through the not-for-profit centralised pharmaceutical procurement platform organised by the competent governmental authorities. Medical institutions of other forms, such as for-profit medical institutions, are also encouraged to participate in the centralised pharmaceutical procurement system. All pharmaceuticals used by medical institutions are required to be listed in the catalogue of centralised pharmaceutical procurement with the exception of (i) narcotic pharmaceuticals and Class I psychotropic pharmaceuticals, (ii) certain pharmaceuticals under the state's special control such as Class II psychotropic pharmaceuticals, toxic pharmaceuticals for medical use and radioactive pharmaceuticals, and (iii) Chinese herbs and ready-for-use Chinese herbs. The price generated by the centralised procurement activities of provinces, autonomous regions and municipalities directly under the central government shall be the supply price for pharmaceutical products supplied by pharmaceutical enterprises to all the medical institutions under the centralised pharmaceutical procurement mechanism and medical institutions shall apply the retail price of the pharmaceuticals as determined by the competent pricing control authority. Pharmaceutical manufacturers shall directly participate in the bidding activities during centralised drug procurement. Delivery expenses for the bid-winning pharmaceuticals must also be included in the bid price. Bid-winning manufacturers are responsible for product delivery. They may choose to deliver the products either by themselves or through other qualified medical enterprises. If the commissioned enterprise fails to fulfil the delivery task and another medical enterprise needs to be commissioned, the bid-winning enterprise shall lodge an application for review and approval by the competent provincial department of the medical procurement leading group, but the procurement prices of the bid-winning pharmaceuticals may not be increased under such circumstances.

Pursuant to the Opinions on Further Regulating the Price of Pharmaceuticals and Healthcare Services (關於進一步整頓藥品和醫療服務市場價格秩序的意見), which were jointly promulgated by the NDRC and eight other departments on 19 May 2006, the profit margin of the pharmaceuticals subject to government pricing sold by medical institutions shall not exceed 15% of the actual procurement cost of such pharmaceuticals, and the profit margin of ready-for-use Chinese herbs shall not exceed 25%.

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Regulations on Medical Devices

Regulations on the Supervision and Administration of Medical Devices

The Regulations on the Supervision and Administration of Medical Devices (醫療器械監督管理條例) (the “**Regulations on Medical Devices**”), which were promulgated by the State Council on 4 January 2000 and amended on 7 March 2014, and came into effect on 1 June 2014, mainly regulate the management of medical devices manufactures and the distribution and use of medical devices and the supervision over medical devices as well as relevant legal obligations.

The Administrative Measures for the Registration of Medical Devices (醫療器械註冊管理辦法), which were promulgated by the CFDA on 30 July 2014 and came into effect on 1 October 2014, mainly regulate the registration and record-filing of medical devices. Sale or use of medical devices within the territory of the PRC shall be subject to application for registration or record-filing accordingly.

Regulations on Cosmetics

Regulations on the Hygienic Supervision of Cosmetics

The Regulations on the Hygienic Supervision of Cosmetics (化妝品衛生監督條例), which were promulgated by the Ministry of Health on 13 November 1989 and came into effect on 1 January 1990, and the Implementing Rules on Regulations on the Hygienic Supervision of Cosmetics (化妝品衛生監督條例實施細則) which were promulgated by the Ministry of Health on 27 March 1991 and amended on 20 May 2005, mainly regulate the hygiene supervision over the production and circulation of the cosmetics, including manufacture, distribution, and import. The advertising for the cosmetics are also restricted accordingly.

Legal Supervision over the Foreign Investment in China

Wholly Foreign-Owned Enterprise Law of the People’s Republic of China and its implementation measures

The Wholly Foreign-Owned Enterprise Law of the People’s Republic of China (中華人民共和國外資企業法), which was promulgated by the Standing Committee of the NPC on 12 April 1986 (amended on 31 October 2000), and came into effect on the same day, and the Implementation Measures for the Wholly Foreign-Owned Enterprise Law (中華人民共和國外資企業法實施細則), which was promulgated by the Ministry of Foreign Trade and Economic Cooperation on 12 December 1990 and came into effect on the same day, and was amended on 19 February 2014, stipulates that foreign enterprises and other economic organisations or individuals may establish wholly foreign-owned enterprises (the “**WFOEs**”) in China. The application for the establishment of a WFOE is subject to the examination and approval by the competent commercial departments before the Approval Certificate is issued.

Interim Provisions on Investment Made by Foreign-Invested Enterprises in China

The Interim Provisions on Investment Made by Foreign-Invested Enterprises in China (關於外商投資企業境內投資的暫行規定), which was jointly promulgated by the MOFCOM and the State Administration of Industry and Commerce on 25 July 2000 and came into effect on 1 September 2000 and was amended on 25 May 2006 and 28 October 2015, stipulate that the provisions of the Interim Provisions Guiding Foreign Investment Direction and the Industry Catalogue for Guiding Foreign Investment shall govern foreign-invested enterprises’ investment in China. Foreign-invested enterprises shall not make investment in any sector prohibited to foreign investment. Where a foreign-invested enterprise makes investment in a restricted sector, the foreign-invested enterprise shall file an application with the provincial commercial department of the place where the investee company is located. The relevant company registration authority shall, in accordance with the relevant provisions of the Company Law and the Regulations on the Administration of Company Registration of the People’s Republic China (中華人民共和國公司登記管理條例), decide whether to approve the registration or not. If the registration is approved, a Business Licence of

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an Enterprise Legal Person shall be issued with the designation “Invested by a Foreign-Invested Enterprise” added. The foreign-invested enterprise is required to report the establishment of the investee company within 30 days of the date of its establishment to the original examination and approval authority for record-filing.

Domestic Regulations on Establishment of Wholly Foreign Owned Hospitals

CEPA and its adoption into PRC domestic law

The Mainland and Hong Kong Closer Economic Partner Arrangement (內地與香港關於建立更緊密經貿關係的安排) and its six Annexes (collectively, “CEPA”) were entered into between the governments of Hong Kong and the PRC on 29 June 2003 and 29 September 2003, respectively. CEPA aims to promote the joint economic prosperity and development of the PRC and Hong Kong and to facilitate further development of economic links between the PRC, Hong Kong and other countries and regions.

The Agreement on Trade in Services of Mainland and Hong Kong Closer Economic Partner Arrangement (《內地與香港關於建立更緊密經貿關係的安排》服務貿易協議) (the “**Agreement**”) was entered into between the Ministry of Commerce and Hong Kong on 27 November 2015 under the framework of CEPA, the Agreement came into effect on 27 November 2015 and will be implemented on 1 June 2016. The Agreement makes reference to the framework of the Agreement between the Mainland and Hong Kong on Achieving Basic Liberalization of Trade in Services in Guangdong (關於內地在廣東與香港基本實現服務貿易自由化的協議) (the “**Guangdong Agreement**”). On the basis of the Guangdong Agreement, the Agreement further enhances the liberalization in both breadth and depth, including extending the implementation of the majority of Guangdong pilot liberalization measures to the whole Mainland; reducing the restrictive measures in the negative list, and adding 28 liberalization measures in the positive lists for cross-border services as well as cultural and telecommunications services. The main text of the Agreement sets out provisions for, among others, national treatment, most-favoured treatment, safeguard measures, exceptions, and investment facilitation. The favourable position of Hong Kong to enjoy the most preferential liberalization measures of the Mainland is assured by the “most-favoured treatment” provision of the Agreement, which specifies that any preferential treatment the Mainland accorded to other countries or regions, if more preferential than those under CEPA, will be extended to Hong Kong.

Relevant CEPA provisions in relation to the medical service industry have been adopted into the PRC domestic law by (i) Interim Administrative Measures on the Establishment in the PRC of Wholly Foreign Owned Hospitals by Hong Kong and Macao Service Providers (《香港和澳門服務提供者在內地設立獨資醫院管理暫行辦法》), which was jointly published by the Ministry of Health and MOFCOM on 22 December 2010 and came into effect on 1 January 2011; (ii) the Notice on Certain Questions regarding the Establishment in the PRC of Medical Institution by Hong Kong and Macao Service Providers (《關於香港和澳門服務提供者在內地設立醫療機構有關問題的通知》), which was jointly published by the Ministry of Health and MOFCOM on 22 October 2012 and came into effect on 1 January 2013; (iii) the Notice of the Adjustment to the Approval Authority for the Establishment in the PRC of Medical Institution by Hong Kong and Macao Service Providers (《關於調整港澳台服務提供者在內地設置獨資醫院審批權限的通知》), which was published by the National Health and Family Planning Commission on and with effect from 12 December 2013; and (iv) Administrative Measures for Hong Kong and Macau Medical Practitioners to obtain Mainland’s Medical Practitioner’s Qualification Certificates through Accreditation (《香港和澳門特別行政區醫師獲得內地醫師資格認定管理辦法》), which was published by the Ministry of Health and State Administration of Traditional Chinese Medicine on 5 November 2014 and came into effect on 5 November 2014.

In accordance with CEPA and based on the aforementioned PRC domestic regulations, subject to the approval of the PRC health administration department at the provincial level, properly qualified and licensed Hong Kong service suppliers are permitted to establish wholly-owned medical institutions in the PRC. In addition, Physicians of Hong Kong and Macao Special Administrative Region are permitted to apply for and

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obtain the PRC medical practitioner qualification without examination if certain conditions are met. The effect of CEPA and the domestic regulations is therefore to lift the restrictions otherwise imposed on foreign investment in the medical industry under the Foreign Investment Catalogue and Interim Administrative Measures on Sino-foreign Equity Medical Institution and Sino-foreign Cooperative Medical Institutions.

M&A Rules

In 8 August 2006, MOFCOM, together with the State-owned Assets Supervision and Administration Commission, SAT, State Administration for Industry and Commerce, CSRC and SAFE, issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the “**M&A Rules**”), which became effective on 8 September 2006 and were revised on 22 June 2009. Under the M&A Rules, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic company thereby converting it into an foreign-invested enterprise, or subscribes for new equity via an increase of registered capital thereby converting it into a foreign-invested enterprise (the “**equity acquisition**”); and (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise (the “**asset acquisition**”). A special purpose vehicle (an “**SPV**”) is defined under the M&A Rules as an offshore entity directly or indirectly controlled by PRC individuals or enterprises with the objective of an overseas listing, and the main assets of which are its rights and interests in an affiliated domestic PRC enterprise. Under the M&A Rules, an approval is required by central level MOFCOM for (1) the establishment of an SPV for overseas listings by PRC companies; and (2) the SPV’s acquisition of PRC affiliates.

The Industry Catalogue for Guiding Foreign Investment and Interim Provisions Guiding Foreign Investment Direction

The current Industry Catalogue for Guiding Foreign Investment (外商投資產業指導目錄) (the “**Foreign Investment Catalogue**”) which was jointly promulgated by the NDRC and the MOFCOM on 10 March 2015 and came into effect on 10 April 2015, and Provisions for Guiding the Foreign Investment Direction (指導外商投資方向規定) which were promulgated by the State Council on 11 February 2002 and came into effect on 1 April 2002, classify all foreign investment projects into four categories: (1) permitted projects, (2) encouraged projects, (3) restricted projects and (4) prohibited projects. If the industry in which the investment is to occur falls into the encouraged category, foreign investment, in certain cases, may enjoy preferential policies or benefits. If restricted, foreign investment may be conducted in accordance with applicable legal and regulatory restrictions. If prohibited, foreign investment of any kind is not allowed. Pharmaceutical wholesale industries were moved from the restricted industry category into permitted industry category with the promulgation of the Foreign Investment Catalogue (2015). Meanwhile, medical institutions fell into the restricted category which means the corporation form of foreign invested medical institutions shall be either limited to equity or cooperative joint venture operations.

Pursuant to Circular of the Ministry of Health and the Ministry of Foreign Trade and Economic Cooperation on Tentative Measures for Administration of Chinese-foreign Joint Venture and Cooperative Medical Institutions (衛生部、對外貿易經濟合作部關於中外合資、合作醫療機構管理暫行辦法), which was promulgated by the Ministry of Health and Ministry of Foreign Trade and Economic Cooperation (Ministry of Commerce) on 15 May 2000 and came into effect on 1 July 2000, the Supplementary Provisions to the Tentative Measures for the Administration of Chinese-foreign Equity Joint and Cooperative Joint Medical Institutions Released by the Ministry of Health and the Ministry of Commerce (《中外合資、合作醫療機構管理暫行辦法》的補充規定) which were promulgated by the Ministry of Health and Ministry of Commerce on 30 December 2007 and came into effect on 1 January 2008 and the Supplementary Provisions II to the Interim Measures for the Administration of Sino-foreign Equity Joint Venture Medical Institutions and Sino-foreign Contractual Joint Venture Medical Institutions (《中外合資、合作醫療機構管理暫行辦法》的補充規定二) which were promulgated by the Ministry of Health and Ministry of Commerce on 7 December 2008 and came into effect on 1 January 2009 which mainly regulate the supervision over the Chinese-foreign joint equity venture and cooperative medical institutions, including the market entrance

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conditions, examination, approval and registration of establishment, service providers from Hong Kong and Macau shall enjoy preferential treatment like many established medical clinics in the form of single proprietorship in Guangdong Province for purpose of promoting the establishment of a closer economic partnership between Hong Kong or Macau and the mainland.

Pursuant to Provisional Measures on the Administration of Wholly Foreign-Owned Medical Institutions in the China (Shanghai) Pilot Free Trade Zone (中國(上海)自由貿易試驗區外商獨資醫療機構管理暫行辦法), which was promulgated and came into effect by the Municipal General Office of Shanghai on 13 November 2013, competent foreign investors may set up medical institutions in the form of wholly foreign-owned enterprises in China (Shanghai) Pilot Free Trade Zone with total investment no less than RMB 20 million and with an operating period no longer than 20 years (renewable upon application).

Legal Supervision over the Labour Protection in China

Labour Law of the People's Republic of China

The Labour Law (勞動法), which was promulgated by the Standing Committee of the NPC on 5 July 1994 and came into effect on 1 January 1995, and was amended on 27 August 2009, provides that an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. An employer shall develop and improve its labour safety and health system, stringently implement national protocols and standards on labour safety and health, conduct labour safety and health education for workers, guard against labour accidents and reduce occupational hazards. Labour safety and health facilities must comply with relevant national standards. An employer must provide workers with the necessary labour protection gear that complies with labour safety and health conditions stipulated under national regulations, as well as provide regular health checks for workers that are engaged in operations with occupational hazards. Labourers engaged in special operations shall have received specialised training and obtained the pertinent qualifications. An employer shall develop a vocational training system. Vocational training funds shall be set aside and used in accordance with national regulations and vocational training for workers shall be carried out systematically based on the actual conditions of the company.

Labour Contract Law of the People's Republic of China and its implementation regulations

The Labour Contract Law (勞動合同法), which was promulgated by the Standing Committee of the NPC on 29 June 2007, came into effect on 1 January 2008, and was amended on 28 December 2012, and the Implementation Regulations on Labour Contract Law (勞動合同法實施條例) which was promulgated on 18 September 2008 and came into effect on the same day, regulate parties to a labour contract, namely the employer and the employee, and contain specific provisions involving the terms of the labour contract. It is stipulated under the Labour Contract Law and the Implementation Regulations on Labour Contract Law that a labour contract must be made in writing. An employer and an employee may enter into a fixed-term labour contract, a non-fixed term labour contract, or a labour contract that concludes upon the completion of certain work assignments, after reaching agreement upon due negotiations. An employer may legally terminate a labour contract and dismiss its employees after reaching an agreement upon due negotiations with the employee or by fulfilling the statutory conditions. Pursuant to the Labour Contract Law, labour contracts concluded prior to the enactment of the said law and subsisting within the validity period of the said law shall continue to be honoured. If a labour relationship has already been established but no formal contract has been made, a written labour contract shall be entered into within one month from the effective date of the Labour Contract Law.

Laws and Regulations on the Supervision over the Social Security and Housing Funds

According to the Temporary Regulations on the Collection and Payment of Social Insurance Premium (社會保險費徵繳暫行條例), the Regulations on Work Injury Insurance (工傷保險條例), the Regulations on Unemployment Insurance (失業保險條例) and the Trial Measures on Employee Maternity Insurance of Enterprises (企業職工生育保險試行辦法), enterprises in China shall provide benefit plans for their employees, which include basic pension insurance, unemployment insurance, maternity insurance, work

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injury insurance and basic medical insurance. An enterprise must provide social insurance by processing social insurance registration with local social insurance agencies, and shall pay or withhold relevant social insurance premiums for or on behalf of employees. The Law on Social Insurance (社會保險法), which was promulgated on 28 October 2010 and became effective on 1 July 2011, regulates basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, and has elaborated in detail the legal obligations and liabilities of employers who do not comply with relevant laws and regulations on social insurance.

The Regulations on the Administration of Housing Provident Fund (住房公積金管理條例), which were promulgated and came into effective on 3 April 1999, and were amended on 24 March 2002, stipulate that housing provident fund contributions paid by an individual employee and housing provident fund contributions paid by his or her employer all belong to the individual employee.

Legal Supervision over the Taxation in China

Enterprise Income Tax

According to the Law on the Enterprises Income Tax (企業所得稅法), which was promulgated by the NPC on 16 March 2007 and became effective on 1 January 2008, and the Implementation Regulations on the Law of the Enterprises Income Tax (企業所得稅法實施條例), which were promulgated by the State Council on 6 December 2007 and became effective on 1 January 2008, a uniform income tax rate of 25% will be applied to domestic enterprises, foreign-invested enterprises and foreign enterprises that have established production and operation facilities in China. These enterprises are classified as either resident enterprises or non-resident enterprises.

Pursuant to the Law on Enterprise Income Tax and the Implementation Regulations on the Law of the Enterprises Income Tax, a PRC withholding tax at the rate of 10% is applicable to dividends payable to investors that are non-resident enterprises (those who do not reside or have a place of business in China, or those that reside or have a place of business but to whom the relevant income tax is not actually associated) to the extent such dividends derived from sources within China unless there is an applicable tax treaty between China and the jurisdiction in which an overseas holder resides, which may reduce or provide an exemption for the tax. Similarly, any gain realised on the transfer of shares by such investors is subject to 10% of the PRC income tax rate if such gain is regarded as income derived from sources within China.

Withholding Tax and International Tax Treaties

According to the Treaty on the Avoidance of Double Taxation and Tax Evasion between Mainland and Hong Kong (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (the “**Tax Treaty**”), if the non-PRC parent company of a PRC enterprise is a Hong Kong resident which beneficially owns a 25% or more interest in the PRC enterprise, the 10% withholding tax rate applicable under the EIT Law may be lowered to 5% for dividends and 7% for interest payments once approvals have been obtained from the relevant tax authorities. The determination of beneficial ownership is clarified under the Notice on Understanding and Determining Beneficial Owners (關於如何理解和認定稅收協定中“受益所有人”的通知) issued by the SAT on 27 October 2009, which expressly excludes from the definition of a beneficial owner any company not engaged in actual operations such as manufacturing, sales or management but that is established for the purpose of avoiding or reducing tax obligations or transferring or accumulating profits.

Pursuant to the Notice on the Several Issues of the Implementation of Tax Treaty (國家稅務總局關於執行稅收協定股息條款有關問題的通知), which was promulgated by the SAT and became effective on 20 February 2009, the non-resident taxpayer or the withholding agent is required to provide sufficient documentary evidence to prove that the recipient of the dividends meets the relevant requirements for enjoying a lower withholding tax rate under a tax treaty if the main purpose of an offshore transaction or arrangement is to obtain a preferential tax treatment, and the competent tax department has the power to adjust accordingly.

REGULATORY OVERVIEW

Pursuant to the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (非居民納稅人享受稅收協定待遇管理辦法), which was promulgated by the SAT on 27 August 2015 and became effective on 1 November 2015, any non-resident taxpayer meeting conditions for enjoying the convention treatment may be entitled to the convention treatment itself/himself when filing a tax return or making a withholding declaration through a withholding agent, subject to the subsequent administration by the tax authorities.

Business Tax

The Temporary Regulations on Business Tax (營業稅暫行條例), which were promulgated by the State Council on 13 December 1993, became effective on 1 January 1994, and were amended on 10 November 2008 and came into effect on 1 January 2009, provide that entities and individuals must pay business tax if they are engaged in the provision of services with respect to the industries of transportation, construction, finance and insurance, post and telecommunication, culture and sports, entertainments and service prescribed in Temporary Regulations on Business Tax, or transfer of intangible assets or sale of real estate within China's territory. Medical services provided by hospitals, clinics and other medical institutions shall be exempt from business tax.

Value-added Tax

The Temporary Regulations on Value-added Tax (增值稅暫行條例), which were promulgated by the State Council on 13 December 1993, became effective on 1 January 1994, and were amended on 10 November 2008, and the Detailed Implementing Rules of the Temporary Regulations on Value-added Tax (增值稅暫行條例實施細則), which were promulgated by the MOF and became effective on 25 December 1993, and were amended on 15 December 2008 and 28 October 2011, set out that all taxpayers selling goods or providing processing, repairing or replacement services and importing goods in China shall pay a value-added tax. A tax rate of 17% shall be levied on general taxpayers selling or importing various goods and on taxpayers providing processing, repairing or replacement service; the applicable rate for the export of goods by taxpayers shall be nil, unless otherwise stipulated.

Furthermore, according to the Trial Scheme for the Conversion of Business Tax to Value-added Tax (營業稅改徵增值稅試點方案), which was promulgated by the MOF and the SAT, the government launched gradual taxation reforms starting from 1 January 2012, whereby it collected value-added tax in lieu of business tax on a trial basis in regions and industries showing strong economic performance, such as transportation and certain modern service industries.

Legal Supervision over the Foreign Exchange In China

The Regulations on the Control of Foreign Exchange (外匯管理條例), which were promulgated by the State Council on 29 January 1996, became effective on 1 April 1996 and was amended on 14 January 1997 and 5 August 2008, set out that foreign exchange receipts of domestic institutions or individuals may be transferred to China or deposited abroad and that SAFE shall specify the conditions for transfer to China or overseas and other requirements in accordance with the international receipts, payments status and requirements of foreign exchange control. Foreign exchange receipts for current account transactions may be retained or sold to financial institutions engaged in the settlement or sale of foreign exchange. Domestic institutions or individuals that make direct investments abroad or are engaged in the distribution or sale of valuable securities or derivative products overseas shall register according to SAFE regulations. Such institutions or individuals subject to prior approval or record-filing with other competent authority shall complete the required approval or record-filing prior to foreign exchange registration. The exchange rate for RMB follows a managed floating exchange rate system based on market demand and supply.

REGULATORY OVERVIEW

The Regulations on Administration of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定), which were promulgated by the PBOC on 20 June 1996, and became effective on 1 July 1996, provide that foreign exchange receipts under the current account of foreign-invested enterprises may be retained to the fullest extent specified by the foreign exchange bureau. Any portion in excess of such amount shall be sold to a designated foreign exchange bank or through a foreign exchange swap centre.

The Circular of the State Administration of Foreign Exchange Concerning Reform of the Administrative Approaches to Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知), which was promulgated by the SAFE on 30 March 2015, and became effective on 1 June 2015, stipulates that foreign exchange capital in the foreign-invested enterprises' ("FIEs") capital account, recognised by the foreign exchange authority as the right and interest of cash contribution (or registered by the bank for accounting entry of cash contribution), can be settled in banks according to its actual business requirements. Except for transfers in the original currency owing to equity investments, it is acceptable for FIEs with investment as their main business (including foreign-funded investment companies, foreign-funded venture capital enterprises, and foreign-funded equity investment enterprises) to directly settle the foreign exchange capital into RMB or transfer the RMB funds in the account for foreign exchange settlement and pending payment to the account of the invested enterprise according to the actual scale of investment, provided that the domestic investment project is authentic and compliant with the regulations.

MACAU REGULATORY OVERVIEW

Our business operations in Macau are subject to supervision and regulation by the Macau government. This section sets out an introduction to the main licences and permits which our operations in Macau are required under Macau law.

Regulation in Relation to Doctors' Licences in Macau

All doctors practising in Macau are required to be licensed by the Macau Department of Health.

In order to obtain a professional licence (執照) from the Macau Department of Health, the applicant should, *inter alia*:

- have relevant professional qualifications (e.g. bachelor degree in medicine, professional trainings, etc.);
- not suffer from any physical or mental disease, which prevents him/her from performing the profession;
- not carrying out activities that may contravene the medical ethic principals, in particular, pharmaceutical activities;
- have legal residency in Macau;
- not have been convicted of any serious crime against public health or crime related to trade or illicit supply of narcotic drugs and psychotropic substances; and
- assign adequate premises and equipment for the execution of the professional activity.

The professional licence Issued by the Macau Department of Health is valid for one year. In case the Macau Doctor does not renew, on an annual basis, the respective professional licence, the same lapses 60 days after the validity date shown therein.

Our Macau Doctors are all licensed with the Macau Department of Health and their professional licences are valid.

REGULATORY OVERVIEW

Regulation in Relation to Medical Clinics/Polyclinics Permits in Macau

All owners of medical clinics/polyclinics operating in Macau are required to obtain a permit (牌照) from the Macau Department of Health.

In order for a medical clinic/polyclinic permit to be issued by the Macau Department of Health, the applicant should, *inter alia*:

- have residency in Macau or be a company duly incorporated with registered office in Macau;
- have collaborators duly licensed by the Macau Department of Health to carry out technical management functions of the medical clinic/polyclinic as well as to provide healthcare services and respective auxiliary technical functions; and
- assign adequate premises and equipment for the execution of the professional activity.

The medical clinic/polyclinics permits issued by the Macau Department of Health are valid for 1 year. In case the owner of such medical clinic/polyclinics does not renew, on an annual basis, the respective permit, the same lapses 60 days after the validity date shown therein.

All Angles (Site 1) has obtained a medical polyclinic permit issued by the Macau Department of Health and hence is duly authorised to operate a medical polyclinic in Macau.

Regulation in Relation to Beauty Salons Permits in Macau

All owners of beauty salons operating in Macau are required to obtain a permit (預先通知書) from the Macau Civic and Municipal Affairs Bureau (民政總署).

In order to obtain a beauty salon permit from the Macau Civic and Municipal Affairs Bureau, its owner should submit several document including, in particular, a property registration report or information pertaining to the purpose of use of the premises, issued by the Macau Land, Public Works and Transport Bureau (土地工務運輸局), a blueprint of the decoration project, inclusive of the floor plan, elevation plan and drawings on fire safety design as well as a construction memorandum.

Beauty salons permits issued by the Macau Civic and Municipal Affairs Bureau have no expiry date.

Any change to the information contained in the initial application for a beauty salon permit and, subsequent updates, if any, is required to be notified to the Macau Civic and Municipal Affairs Bureau for authorisation.

Blue Ocean has obtained a beauty salon permit issued by the Macau Civic and Municipal Affairs Bureau and hence is duly authorised to operate a beauty salon in Macau.

OUR HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OVERVIEW

Our Group's history can be traced back to November 2005 when Mr. Tang established Union Investment to operate our first aesthetic medical centre in Jordan, Hong Kong. We started using our key brand name "DR REBORN" in November 2006. Mr. Tang funded the start-up of the business with his personal savings. Please see "Directors and Senior Management" in this prospectus for further details regarding the background of Mr. Tang.

Since our inception, we have grown and expanded rapidly, becoming the largest aesthetic medical service provider in Hong Kong in terms of revenue in the year ended 31 December 2014, according to the Frost & Sullivan Report. Our Group has been in the business of providing aesthetic medical and traditional beauty services in Hong Kong and Macau, and has begun its expansion of operations in the rest of Greater China. We have grown organically through establishing aesthetic medical centres and clinics as well as through strategically acquiring and integrating beauty, aesthetic medical and dental care service businesses, with an aim to deliver one-stop aesthetic medical and beauty solutions to our growing client base.

Our Business Development

The following table illustrates the key milestones of our business development since inception:

Year	Milestone
2005	<ul style="list-style-type: none">In November, we established Union Investment to operate our first aesthetic medical centre in Jordan, Hong Kong, which commenced the provision of aesthetic medical and traditional beauty services
2006	<ul style="list-style-type: none">In November, we started using our key brand name "DR REBORN"
2008	<ul style="list-style-type: none">In March, we received the "Smart Living Award 2008 - Most Reliable Aesthetic Medical Service Centre" (優質生活名牌最可靠醫學美容中心2008) from 3 Magazine X Lisa Taste Family (3週刊 x Lisa味道Family)
2010	<ul style="list-style-type: none">In October, we acquired Be A Lady to expand our traditional beauty services in Hong Kong
2011	<ul style="list-style-type: none">In February, our Group began offering aesthetic surgical procedures. We established our first aesthetic surgery centre in Central, Hong KongIn May, we began offering aesthetic medical services at an aesthetic medical centre in Macau through entering into management contracts with Blue Ocean and All Angles (Site 1), which were subsequently acquired by our Group in April 2013
2012	<ul style="list-style-type: none">In April, we established our second aesthetic surgery centre in Mong Kok, Hong KongIn July, we established our first flagship aesthetic medical centre in Langham PlaceIn December, we launched our first line of skincare and beauty products "PRODERMA LAB". The total number of Registered Practitioners within our Group reached 10, comprising seven General Practitioners, two Plastic Surgeons, and one Chinese Medicine Practitioner
2013	<ul style="list-style-type: none">In April, we established our first dental service centre in Mong Kok, Hong Kong

OUR HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- In February, we established our second flagship aesthetic medical centre in World Trade Centre. In July and August, we expanded the Langham Flagship Centre and the World Trade Flagship Centre, respectively, by taking up additional floor space on another floor at each location
 - In April, we obtained the ownership control over Blue Ocean and All Angles (Site 1) by acquiring their equity interests
 - In August, we established our third aesthetic surgery centre in World Trade Centre
 - In December, the total number of Registered Practitioners within our Group reached 16, comprising nine General Practitioners, three Plastic Surgeons, two Dentists and two Chinese Medicine Practitioners
 - In December, we received the Excellent Enterprises of Sustainable Development 2013 (傑出可持續發展企業大獎) from Hong Kong Sustainable Development Research Institute (香港可持續發展研究中心 x CAPITAL Entrepreneur)
- 2014
- In July, we acquired Kevinsdental and Vision Dental to establish our dental business in Hong Kong
 - In December, we further expanded the Langham Flagship Centre by taking up additional floor space on another floor at the same location
 - In December, the total number of Registered Practitioners within our Group reached 20, comprising ten General Practitioners, three Plastic Surgeons, four Dentists, two Chinese Medicine Practitioners and one Anaesthesiologist
- 2015
- In June, we established our first PRC aesthetic medical clinic in Guangzhou, the PRC

OUR CORPORATE DEVELOPMENT

Our Company

Our Company was incorporated in the Cayman Islands on 7 July 2015 and, as part of the Reorganisation, became the holding company of our subsidiaries. Our Company was registered in Hong Kong under Part 16 of the Companies Ordinance as a non-Hong Kong company on 24 September 2015.

At the time of incorporation, the Company had an authorised share capital of HK\$380,000 divided into 38,000,000 shares and one share was issued nil paid to the initial subscriber, who transferred such share to Mr. Tang on the same date.

Our Major Subsidiaries

As at the Latest Practicable Date, our Group consisted of the following major subsidiaries. For our corporate and shareholding structure immediately before the Reorganisation, please see “—Reorganisation” in this prospectus.

Union Investment

Union Investment is principally engaged in the business of providing aesthetic medical and traditional beauty services. It operates most of our aesthetic medical centres except our aesthetic surgery centres. It is also the registered owner of most of our trademarks and serves as the holding company of all of our operating subsidiaries. It commenced its business in November 2005 and is our Group’s first operating entity.

OUR HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Union Investment was incorporated on 1 November 2005 under the laws of Hong Kong with limited liability. On 23 November 2005, one ordinary share of Union Investment was transferred from its initial subscriber to Ms. Hung Shok Lun who was an Independent Third Party. On the same date, 5,000 and 4,999 ordinary shares of Union Investment were allotted and issued at par fully paid to each of Ms. Wong, the mother of Mr. Tang who held such shares on trust for Mr. Tang, and Ms. Hung Shok Lun, respectively, representing 50% and 50% of the issued ordinary shares of Union Investment, respectively.

In February 2007, Mr. Tang and Ms. Hung Shok Lun considered that their business goals were different and on 13 February 2007, Ms. Hung Shok Lun transferred 5,000 ordinary shares of Union Investment to Ms. Wong (as trustee for Mr. Tang) at a total consideration of HK\$1.00, thereby ceasing to be a shareholder of Union Investment. Thereafter, Ms. Wong, holding 10,000 ordinary shares of Union Investment on trust for Mr. Tang, became the sole shareholder of Union Investment.

In early 2013, we planned to introduce investors to Union Investment, and Mr. Tang wished to identify his actual ownership and his actual control of Union Investment to potential investors by becoming one of the legal owners of Union Investment's shares. On such basis, 9,608 ordinary shares of Union Investment were allotted and issued at par fully paid to Mr. Tang on 2 July 2013. Thereafter, each of Ms. Wong (holding on trust for Mr. Tang) and Mr. Tang held 51% and 49% of the issued ordinary shares of Union Investment, respectively.

As part of our Reorganisation, on 18 September 2015, 10,000,000 ordinary shares of Union Investment were allotted and issued fully paid to Union Health Services for a nominal consideration of HK\$10,000. Immediately after such allotment and issuance, each of Union Health Services, Mr. Tang and Ms. Wong held 99.804%, 0.096% and 0.10% of the issued ordinary shares of Union Investment, respectively. On the same date, Ms. Wong transferred 10,000 ordinary shares of Union Investment to Mr. Tang at nil consideration, who then transferred 19,608 ordinary shares of Union Investment to Union Health Services for a nominal consideration of HK\$10,000. Immediately after such transfer, our Company indirectly held all of the issued shares of Union Investment through Union Health Services. As a result, Union Investment became our indirect wholly-owned subsidiary.

UMA

UMA mainly serves as the contracting party for the employment agreements and contracts for services with some of our Registered Practitioners and/or entities established by them in Hong Kong and is the registered owner of our "UMA" trademark. It commenced its business in October 2011.

UMA was incorporated on 12 May 2011 under the laws of Hong Kong with limited liability. Upon incorporation, Mr. Tang held one ordinary share of UMA, representing all of its issued ordinary share. UMA had no business operation since its incorporation until Mr. Tang transferred one ordinary share of UMA to Union Investment for the consideration of HK\$1.00 on 8 November 2011. As part of our Reorganisation, on 17 September 2015, Union Investment transferred such ordinary share of UMA to Team Expert for the consideration of HK\$1.00, being all the issued ordinary share of UMA.

New Union

New Union serves as the contracting party for all of the sales contracts with our clients under our brand name DR REBORN. It commenced its business in August 2011.

New Union was incorporated on 18 August 2010 under the laws of Hong Kong with limited liability. On 15 October 2010, one ordinary share of New Union was transferred from its initial subscriber to Union Investment for the consideration of HK\$1.00. As part of our Reorganisation, on 17 September 2015, Union Investment transferred such ordinary share of New Union to Team Expert for the consideration of HK\$1.00, being all the issued ordinary share of New Union.

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Union Honor

Union Honor mainly serves as the contracting party for the employment agreements with some of our employees in Hong Kong. It commenced its business in May 2010.

Union Honor was incorporated on 27 May 2008 under the laws of Hong Kong with limited liability. On 5 September 2008, 9,999 ordinary shares of Union Honor were allotted and fully paid to Union Investment at HK\$1.00 each, and on 19 September 2008, one ordinary share of Union Honor was transferred from its initial subscriber to Union Investment for the consideration of HK\$1.00. As part of our Reorganisation, on 17 September 2015, Union Investment transferred 10,000 ordinary shares of Union Honor to Team Expert for the total consideration of HK\$1.00, being all the issued ordinary shares of Union Honor.

DPRMAC

DPRMAC mainly engages in the business of providing aesthetic medical and traditional beauty services in Macau through our Macau aesthetic medical clinic. It commenced its business in February 2011.

DPRMAC was incorporated on 23 December 2010 under the laws of Macau as a limited company. The capital of DPRMAC, being wholly subscribed and paid up, is MOP\$26,000 and was divided between two quota holders, namely Union Investment who held a quota of MOP\$22,100, representing 85% of the equity capital of DPRMAC, and Mr. Ho King Lun Kevin, an Independent Third Party and a business acquaintance of Mr. Tang, who held a quota of MOP\$3,900, representing 15% of the equity capital of DPRMAC. As part of our Reorganisation, on 4 November 2015, Union Investment transferred a quota of MOP\$22,100 of DPRMAC to Team Expert for the consideration of MOP\$22,100. Immediately after the transfer, Team Expert held 85% of the equity capital of DPRMAC.

One Dental

One Dental is principally engaged in the business of providing dental services, including dental surgeries, for both aesthetic and general dental health purposes, at our dental service centres in Hong Kong. It commenced its business in May 2013.

One Dental was incorporated on 8 November 2012 under the laws of Hong Kong with limited liability. Union Investment has held 100 ordinary shares of One Dental, being all the issued ordinary shares of One Dental, since its inception. As part of our Reorganisation, on 17 September 2015, Union Investment transferred 100 ordinary shares of One Dental to Union Dental for the total consideration of HK\$1.00, being all the issued ordinary shares of One Dental.

One Dental Plus

Similar to One Dental, One Dental Plus is principally engaged in the business of providing dental services, including dental surgeries, for both aesthetic and general dental health purposes, at our dental service centres in Hong Kong. It commenced its business in July 2014.

One Dental Plus was incorporated on 2 November 2012 under the laws of Hong Kong with limited liability. On 3 December 2012, one ordinary share of One Dental Plus was transferred from its initial subscriber to Union Investment for the consideration of HK\$1.00. One Dental Plus had no business operation since its incorporation until it acquired Kevinsdental and Vision Dental in July 2014. For details of the acquisitions of Kevinsdental and Vision Dental, please see “—Major Acquisitions” in this prospectus. As part of our Reorganisation, on 17 September 2015, Union Investment transferred one ordinary share of One Dental Plus to Union Dental for the consideration of HK\$1.00, being all the issued ordinary share of One Dental Plus. One Dental Plus was formerly known as Rise Enterprise Limited before it changed its name on 19 September 2014.

OUR HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Medic One

Medic One is principally engaged in the business of providing aesthetic surgical procedures at our aesthetic surgery centre in Central, Hong Kong. It commenced its business in March 2011.

Medic One was incorporated on 11 March 2011 under the laws of Hong Kong with limited liability. New Elite had held one ordinary share of Medic One, being all the issued ordinary share of Medic one, since its inception.

PMSC

PMSC is principally engaged in the business of providing aesthetic surgical procedures at our aesthetic surgery centre in Mong Kok, Hong Kong. It commenced its business in April 2011.

PMSC was incorporated on 3 January 2011 under the laws of Hong Kong with limited liability. On 6 April 2011, one ordinary share of PMSC was transferred from its initial subscriber to Union Investment for the consideration of HK\$1.00. As part of our Reorganisation, on 17 September 2015, Union Investment transferred such ordinary share of PMSC to Jade Master for the consideration of HK\$1.00, being all the issued ordinary share of PMSC. PMSC was formerly known as Rise Union Asia Pacific Investment Limited before it changed its name on 28 October 2014.

PASC

PASC is principally engaged in the business of providing aesthetic surgical procedures at our aesthetic surgery centre in Causeway Bay, Hong Kong. It commenced its business in December 2012.

PASC was incorporated on 2 December 2009 under the laws of Hong Kong with limited liability. On 15 December 2009, one ordinary share of PASC was transferred from the initial subscriber to Ms. Yau Chun Mui, the sister of Mr. Tang's spouse, for the consideration of HK\$1.00. Union Investment acquired such ordinary share of PASC from Ms. Yau Chun Mui for the consideration of HK\$1.00 on 16 December 2013, whereby PASC became our wholly-owned subsidiary. As part of our Reorganisation, on 17 September 2015, Union Investment transferred such ordinary share of PASC to Jade Master for the consideration of HK\$1.00, being all the issued ordinary share of PASC. It was formerly known as Southern Consultants Limited before it changed its name on 5 November 2014.

Guangzhou Zhuansheng

Guangzhou Zhuansheng serves as the holding company of the entire equity interests of Guangzhou Aesthetic which is principally engaged in the business of providing aesthetic medical services in Guangzhou, the PRC. It commenced its business in September 2014.

Guangzhou Zhuansheng was established as a limited liability company under the laws of the PRC on 8 July 2013. It established Guangzhou Aesthetic in Guangzhou, the PRC on 1 September 2014 and Guangzhou Zhuansheng is in the process of establishing a medical centre, Shanghai Zhuansheng Aesthetic Medical Beauty Clinic (上海專生美醫療美容門診部), in Shanghai, the PRC, which obtained the Medical Institution Practicing Licence (醫療機構執業許可證) on 4 August 2015 to provide aesthetic medical services in Shanghai, the PRC. On 17 March 2015, Grand Best Union (an indirect wholly-owned subsidiary of our Company and as purchaser) entered into an equity transfer agreement with Ms. Pang Ximen and Ms. Cai Fenglian (each an Independent Third Party and as vendor and collectively the then shareholders of Guangzhou Zhuansheng) to acquire 100% of the equity interests of Guangzhou Zhuansheng. At the time of the acquisition, Guangzhou Aesthetic had obtained, among others, the Medical Institution Practicing Licence (醫療機構執業許可證) to provide aesthetic medical services in Guangzhou, the PRC. On 9 April 2015,

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Guangzhou Municipal Commission of Commerce (廣州市商務委員會) approved the acquisition, and on 15 May 2015, Guangzhou Zhuansheng was registered with the Guangzhou Municipal Administration for Industry and Commerce Yuexiu Branch (廣州市工商行政管理局越秀分局). The acquisition was properly and legally completed and settled on 15 May 2015.

The total consideration for the acquisition was RMB1,050,000, which was arrived at after arm's length negotiation between the parties, and determined by reference to, among others, two appraisal reports provided by an independent property valuer dated 6 February 2015 and 12 February 2015, respectively. Immediately after the acquisition, Grand Best Union held 100% of the equity interests in Guangzhou Zhuansheng. The purpose of the acquisition was to expand the scope of aesthetic medical business of our Group in Guangzhou and Shanghai, the PRC.

MAJOR ACQUISITIONS

Acquisition of Be A Lady, New Creative, BAL Clinic and Excel Future

On 31 August 2010, Best Union (an indirect wholly-owned subsidiary of our Company and as purchaser) entered into a sale and purchase agreement with Rainbow Cosmetic (BVI) Limited (“**Rainbow Cosmetics**”) (an Independent Third Party, and as vendor and the then sole shareholder of Be A Lady, New Creative, BAL Clinic and Excel Future (collectively, “**Target Companies**”)) to acquire all the issued shares of each of the Target Companies. At the time of the acquisition, the Target Companies were principally engaged in the business of providing traditional beauty services in Hong Kong. Rainbow Cosmetics was a wholly-owned subsidiary of Easy Repay Finance & Investment Limited (易還財務投資有限公司), formerly known as B.A.L. Holdings Limited (變靚D控股有限公司) (“**BAL Holdings**”), a company listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8079). Mr. Tang was employed by a wholly-owned subsidiary of BAL Holdings from June 2004 to October 2005. For details of Mr. Tang's employment history, please see “Directors and Senior Management—Directors and Senior Management—Executive Directors” in this prospectus. The acquisition was properly and legally completed and settled on 29 October 2010.

The consideration for the acquisition was HK\$4.38 million and was arrived at after arm's length negotiation between the parties, and determined by reference to the potential growth of our Group pursuant to the acquisition. The purpose of the acquisition was to expand the Group's aesthetic medical services in Hong Kong. For the purpose of internal restructuring, Be A Lady, New Creative and BAL Clinic were disposed of to Independent Third Parties on 31 March 2014 for a nominal consideration and Excel Future was deregistered on 18 May 2012, and our Group retained the businesses and assets of the Target Companies.

Acquisition of Connie Beauty

On 17 June 2011, All Union (an indirect wholly-owned subsidiary of our Company and as purchaser) entered into a sale and purchase agreement with Ms. Chan Mei Yan and Mr. Tsang Tsz Yeung (each an Independent Third Party and collectively as vendors and the then shareholders of Connie Beauty) to acquire all the issued shares of Connie Beauty. At the time of the acquisition, Connie Beauty was principally engaged in the business of providing traditional beauty business in Hong Kong. The acquisition was properly and legally completed and settled on 18 July 2011.

The consideration for the acquisition was HK\$750,000, and was arrived at after arm's length negotiation between the parties, and determined by reference to, among others, the branding, client base and key personnel of Connie Beauty. The purpose of the acquisition was to expand the Group's aesthetic medical services in Hong Kong. For the purpose of internal restructuring, Connie Beauty was deregistered on 28 November 2014, and our Group retained its businesses and assets.

OUR HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Acquisition of Body9ine

On 19 April 2012, All Union (an indirect wholly-owned subsidiary of our Company and as purchaser) entered into a business and asset transfer agreement with JAT (Hong Kong) Limited (an Independent Third Party and as vendor) to acquire all businesses and assets operated or held by JAT (Hong Kong) Limited under the brand name of Body9ine Culture, including the traditional beauty service centres with operation in Jordan, Yuen Long and Causeway Bay in Hong Kong (“Body9ine”). The acquisition was properly and legally completed and settled on 19 April 2012.

The consideration for the business and asset transfer was HK\$2,500,000, which was arrived at after arm’s length negotiation between the parties, and determined by reference to, among others, the branding, client base and key personnel of Body9ine. The purpose of the acquisition was to expand the Group’s aesthetic medical services in Hong Kong.

Acquisition of Blue Ocean and All Angles (Site 1)

On 1 April 2013, Union Investment (an indirect wholly-owned subsidiary of our Company and as purchaser) entered into an agreement for sale and purchase with Rainbow Cosmetics and SIU York Chee (as vendors and the then shareholders of Blue Ocean (formerly known as Be A Lady (Macau) Limited) as to 98.33% and 1.66% of its capital) to acquire 100% of the capital of Blue Ocean. On the same date, Union Investment (as purchaser) entered into an agreement for sale and purchase with Rainbow Cosmetics (as vendor and the 90% shareholder of All Angles (Site 1)) to acquire 90% of the capital of All Angles (Site 1). At the time of the acquisitions, Blue Ocean was principally engaged in the business of providing traditional beauty services and selling cosmetic products in Macau, and All Angles (Site 1) was principally engaged in the business of providing aesthetic medical services in Macau. The acquisitions were properly and legally completed and settled on 1 April 2013. The remaining 10% of the capital of All Angles (Site 1) has been held by Dr. Wong Wan, one of our Doctors, since its inception.

The total consideration for the acquisitions was HK\$2,395,690, which was arrived at after arm’s length negotiation between the parties, and determined by reference to, among others, the unaudited net liabilities of Blue Ocean and All Angles (Site 1) as at 31 January 2013, the parties’ estimate of the approximate underlying fair value of Blue Ocean and All Angles (Site 1), the synergy to our Group in providing aesthetic medical services and the potential growth of our Group after the acquisition. During the period from May 2011 to April 2013, we managed, operated and received management fees from Blue Ocean and All Angles (Site 1) through entering into management contracts with each of Blue Ocean and All Angles (Site 1), pursuant to which we made investment, provided corporate policies and marketing materials and appointed key senior personnel for Blue Ocean and All Angles (Site 1). In return, we received managements fees from Blue Ocean and All Angles (Site 1), calculated based on a percentage of the companies’ revenue. The reasons for the above arrangement was that in around May 2011, we were unfamiliar with the business environment and accounting treatments for businesses in Macau, and we did not have a solid business plan and timeline for further expansion of our equity investments in the aesthetic medical businesses in Macau. We believed the arrangement was able to provide steady revenue to the Group and help minimise our exposure to the business risks of operating businesses in Macau, as opposed to acquiring the capital of Blue Ocean and All Angles (Site 1). As we gained experience in operating businesses in Macau over the two-year period, we decided to obtain the ownership control over Blue Ocean and All Angles (Site 1) through the acquisition in April 2013 as part of our business expansion.

OUR HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Acquisition of Kevinsdental

On 31 July 2014, One Dental Plus (formerly known as Rise Enterprise Limited, being an indirect wholly-owned subsidiary of our Company and as purchaser) entered into a sale and purchase agreement with Star Hermitage Medical Group Limited (an Independent Third Party, and as vendor and the then sole shareholder of Kevinsdental) to acquire all the issued shares of Kevinsdental (except for certain cash and bank receivables retained by the vendor before completion of the transaction). At the time of the acquisition, Kevinsdental was principally engaged in the business of providing dental services in Hong Kong. The acquisition was properly and legally completed and settled on 28 October 2014.

The consideration for the acquisition was HK\$380,000, which was arrived at after arm's length negotiation between the parties, and determined by reference to, among others, Kevinsdental's audited financial statements for the year ended 31 March 2014, the synergy of One Dental Plus and Kevinsdental in providing dental services, the potential growth of dental business after the acquisition and the respective expected expertise and human resources contribution by One Dental Plus and Kevinsdental in the future. The purpose of the acquisition was to expand the Group's dental services in Hong Kong.

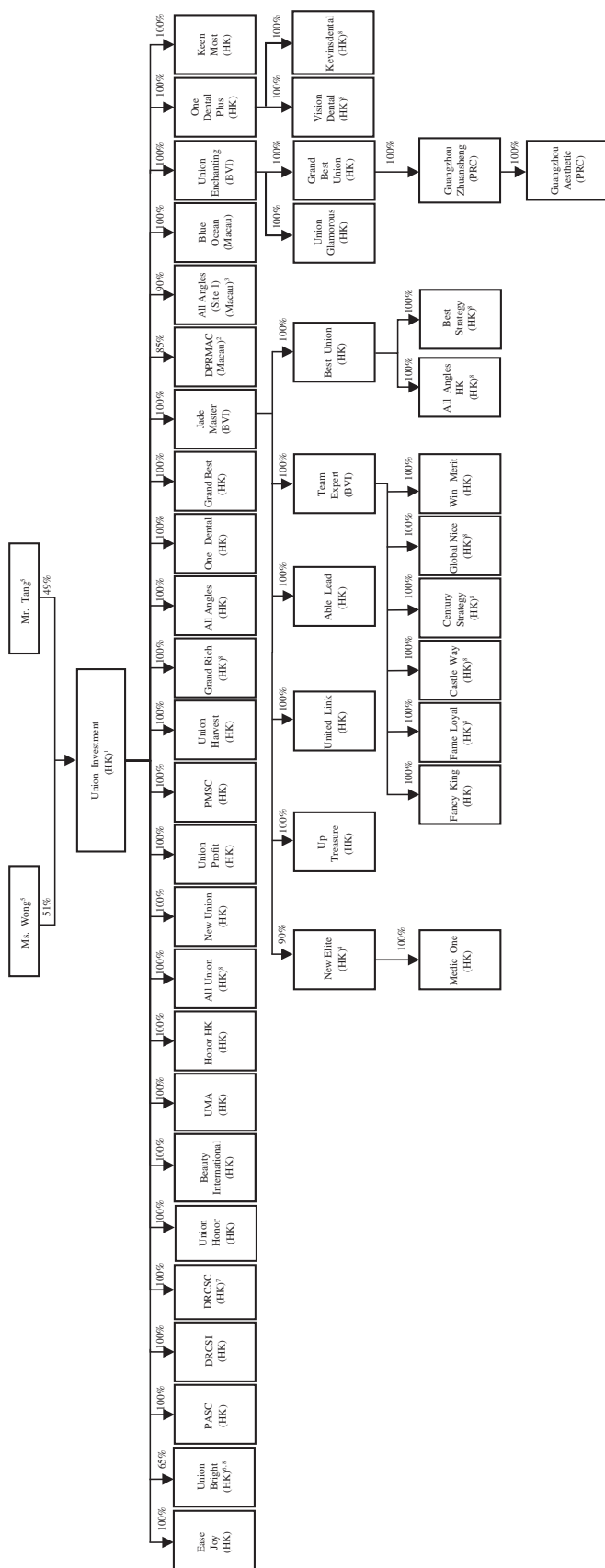
Acquisition of Vision Dental

On 31 July 2014, One Dental Plus (as purchaser) entered into a sale and purchase agreement with Mr. Chan Ting Hon Kevin (one of our Dentists and as vendor and the then sole shareholder of Vision Dental) to acquire all the issued shares of Vision Dental (except for certain cash bank receivables and rental deposits retained by the vendor before completion of the transaction). At the time of the acquisition, Vision Dental mainly engaged in the business of providing dental services in Hong Kong. The acquisition was properly and legally completed and settled on 28 October 2014.

The consideration for the acquisition was HK\$600,000, which was arrived at after arm's length negotiation between the parties, and determined by reference to, among others, Vision Dental's audited financial statements for the year ended 31 March 2014, the synergy of One Dental Plus and Vision Dental in providing dental services, the potential growth of dental business after the acquisition and the respective expected expertise and human resources contribution by One Dental Plus and Vision Dental in the future. The purpose of the acquisition was to expand the Group's dental services in Hong Kong.

REORGANISATION

The following diagram shows the corporate and shareholding structure of the Group immediately before the Reorganisation:



Notes:

1. The functions of our subsidiaries which are not described in “—Our Corporate Development—Our Major Subsidiaries” and “—Major Acquisitions” in this prospectus include, among others, investment holding, marketing, human resources, serving as contracting party with some of our employees, landlords of property leases and banks, and some of them are inactive.
2. The remaining 15% of the equity capital of DPRMAC is owned by Mr. Ho King Lun Kevin, an Independent Third Party.
3. The remaining 10% of the equity capital of All Angles (Site 1) is owned by Dr. Wong Wan, one of our Doctors.
4. 90% of the issued shares of New Elite was held by Mr. Pang Sai Yau, one of our Doctors, upon trust for Jade Master and 10% of the issued shares of New Elite was held by Mr. Pang Sai Yau on trust for Mr. Luk Kun Shing Ben (our Director and a connected person).
5. Mr. Tang is the son of Ms. Wong. 51% of the issued shares of Union Investment was held on trust by Ms. Wong for Mr. Tang.
6. 20% of the issued shares of Union Bright was owned by Step High International Limited (which is 25% owned by Mr. HO King Lun Kevin, the shareholder of DPRMAC as to 15% of its issued shares, and 75% owned by three other individuals), 10% of the issued shares of Union Bright was owned by Mr. Luk Kun Shing Ben (our Director and a connected person) and 5% of the issued shares of Union Bright was owned by Mr. Gabriel Lee (our Director and a connected person).
7. 60% of the issued shares of DRCS was owned by Union Investment and 40% of the issued shares of DRCS was held by Mr. Pang Sai Yau, one of our Doctors, upon trust for Union Investment.
8. Currently a dormant company under Section 5 of the Companies Ordinance.

OUR HISTORY, REORGANISATION AND CORPORATE STRUCTURE

In order to prepare for the Listing, our Group underwent the Reorganisation and the major steps are summarised below. Please see “—Our Shareholding and Corporate Structures” in this prospectus for further details.

Separation of our Subsidiaries by Business Nature

With a view to streamlining the structure of the Group, we grouped our subsidiaries by their respective business nature and functions in September 2015 under five distinct investment holding companies incorporated under the laws of BVI as set out below, each of which is wholly owned by Union Investment:

- Union Dental was incorporated on 6 July 2015 in the BVI with limited liability as part of our Reorganisation and it serves as an investment holding vehicle for our subsidiaries which provide dental services.
- Union Dermatology was incorporated on 6 July 2015 in the BVI with limited liability as part of our Reorganisation and it serves as an investment holding vehicle for our potential subsidiaries to be incorporated or acquired for providing dermatology-related services.
- Jade Master was incorporated on 1 July 2010 in the BVI with limited liability before our Reorganisation and it serves as an investment holding vehicle for our subsidiaries which provide aesthetic surgical procedures.
- Union Enchanting was incorporated on 18 February 2015 in the BVI with limited liability before our Reorganisation and it serves as an investment holding vehicle for our subsidiaries which have operations in the PRC.
- Team Expert was incorporated on 3 October 2012 in the BVI with limited liability before our Reorganisation and it serves as an investment holding vehicle for our subsidiaries with miscellaneous business natures and functions. On 17 September 2015, Jade Master transferred one ordinary share of Team Expert to Union Investment for the consideration of HK\$1.00.

Incorporation of the Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 July 2015 and, as part of the Reorganisation, became the holding company of our subsidiaries. At the time of incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares. On the same date, one nil paid share of our Company was transferred from its initial subscriber to Mr. Tang, being all the issued ordinary shares of our Company.

Incorporation of the Union Health Services

On 6 July 2015, Union Health Services was incorporated in the BVI with limited liability. At the time of incorporation, Union Health Services was authorised to issue up to a maximum of 50,000 ordinary shares without par value. On the same date, Union Health Services issued one fully paid share, at US\$1.00, to Mr. Tang, being all the issued ordinary shares of Union Health Services.

Incorporation of the Union Medical Care

On 6 July 2015, Union Medical Care was incorporated in the BVI with limited liability. At the time of incorporation, Union Medical Care was authorised to issue up to a maximum of 50,000 ordinary shares without par value. On the same date, Union Medical Care issued one fully paid share, at US\$1.00, to Mr. Tang, being all the issued ordinary shares of Union Medical Care.

OUR HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Share Allotment and Issuance by Union Investment to Union Health Services

On 18 September 2015, 10,000,000 ordinary shares of Union Investment were allotted and issued to Union Health Services for a nominal consideration of HK\$10,000. Immediately after such allotment and issuance, each of Union Health Services, Mr. Tang and Ms. Wong held 99.804%, 0.096% and 0.10% of all the issued ordinary shares of Union Investment, respectively.

Transfer of Shares of Union Investment to Union Health Services

On 18 September 2015, Ms. Wong transferred 10,000 ordinary shares of Union Investment to Mr. Tang at nil consideration, who then transferred 19,608 ordinary shares of Union Investment to Union Health Services for a nominal consideration of HK\$10,000. As a result, Union Investment became the direct wholly owned subsidiary of Union Health Services.

Transfer of Share of Union Health Services held by Mr. Tang to our Company

On 18 September 2015, Mr. Tang transferred one share (100%) of Union Health Services to our Company, and in return, our Company accredited the initial nil paid share of our Company held by Mr. Tang as fully paid and issued 99 new Shares to Mr. Tang. Immediately after such transfer, our Company indirectly held all the issued ordinary shares of Union Investment through Union Health Services. As a result, Union Investment became our indirect wholly owned subsidiary.

Transfer of Shares of the Company held by Mr. Tang to Union Medical Care

On 18 September 2015, Mr. Tang transferred 100 shares (100%) of our Company to Union Medical Care. In return, Union Medical Care issued one new share (credited as a fully paid share) to Mr. Tang. Immediately after such transfer, Mr. Tang indirectly held all the issued ordinary shares of our Company through Union Medical Care.

Share Sub-division and Allotment to Union Medical Care

On 19 February 2016, each ordinary share of our Company, par value HK\$0.01, was sub-divided into 1,000 ordinary shares of par value HK\$0.00001 each. Upon completion of the sub-division, Union Medical Care held 100,000 Shares of HK\$0.00001 each, being all the issued ordinary shares of our Company. On the same date, an additional 1,099,900,000 Shares were allotted and issued at par to Union Medical Care. Upon the allotment and issue of Shares, Union Medical Care held 1,100,000,000 Shares, being all the issued ordinary shares of our Company.

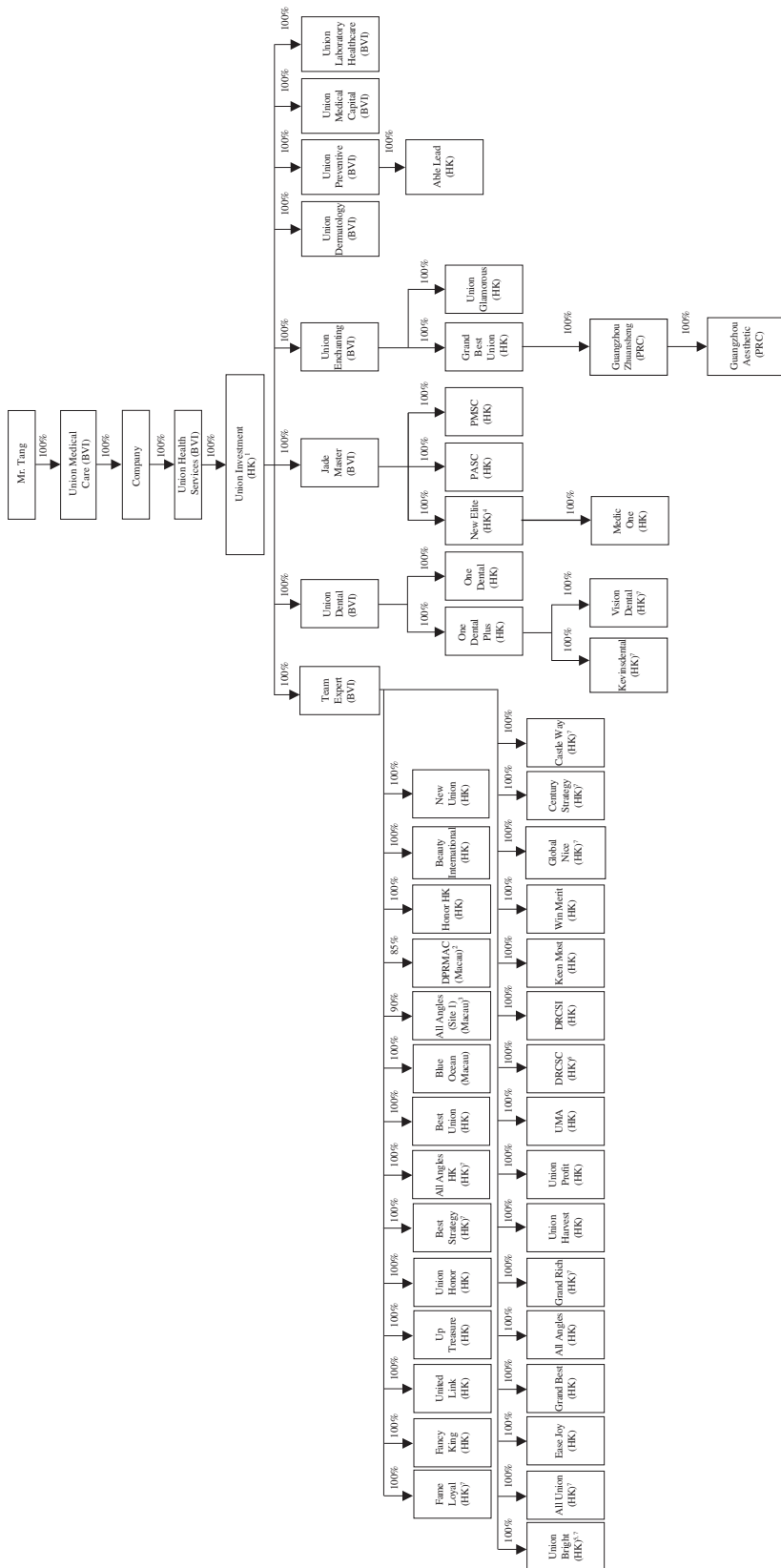
Share Repurchase from Union Medical Care

On 26 February 2016, our Company bought back 365,000,000 Shares from Union Medical Care. Upon the repurchase of Shares, Union Medical Care held 735,000,000 Shares, being all the issued ordinary shares of our Company.

OUR HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OUR SHAREHOLDING AND CORPORATE STRUCTURES

Our corporate and shareholding structure after the Reorganisation and immediately before the completion of the Global Offering is as follows without taking into account any Shares to be issued upon exercise of share options granted under the Share Option Scheme:



Notes:

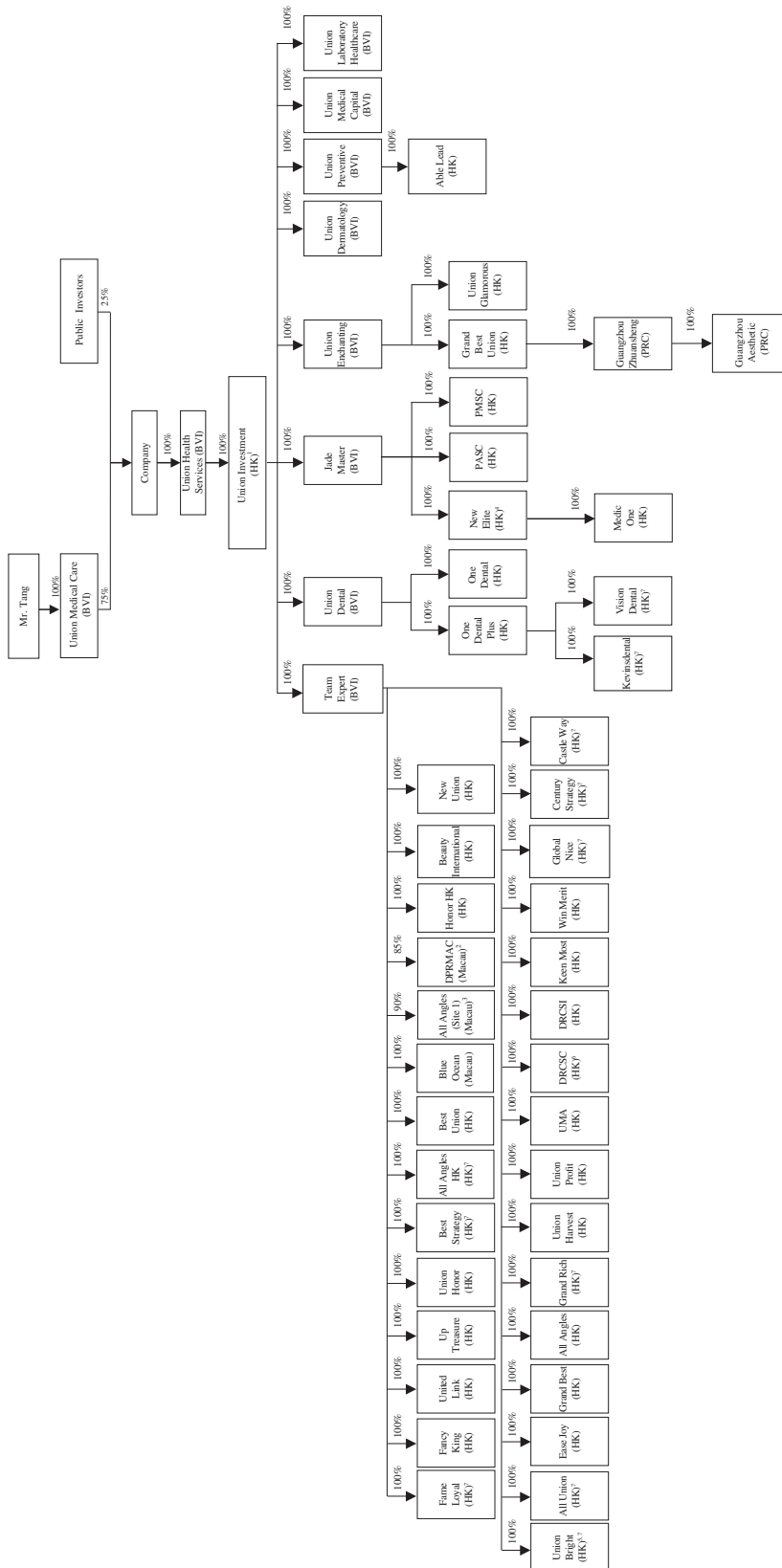
1. The functions of other subsidiaries which are not described in “—Our Corporate Development—Our Major Subsidiaries” and “—Major Acquisitions” in this prospectus include, among others, investment holding, marketing, human resources, serving as contracting party with some of our employees, landlords of property leases and banks, and some of them are inactive.
2. The remaining 15% of the equity capital in DPRMAC is owned by Mr. Ho King Lun Kevin.
3. The remaining 10% of the equity capital in All Angles (Site 1) is owned by Dr. Wong Wan, one of our Doctors.
4. On 17 September 2015, as part of the Reorganisation, 10% of the issued shares of New Elite was transferred from Mr. Pang Sai Yau (held on trust for Mr. Luk Kun Shing Ben) to Mr. Luk Kun Shing Ben for nil consideration, who then transferred the same to Jade Master for the consideration of HK\$1.00.

OUR HISTORY, REORGANISATION AND CORPORATE STRUCTURE

5. As part of the Reorganisation, 65%, 20%, 10% and 5% of the issued shares of Union Bright was transferred from Union Investment, Step High International Limited, Luk Kun Shing Ben and Gabriel Lee, respectively, to Team Expert on 17 September 2015, each for the consideration of HK\$1.00.
6. On 17 September 2015, Union Investment ended the nominee arrangement with Mr. Pang Sai Yau by acquiring 40% of the shares of DRCS held by Mr. Pang Sai Yau for nil consideration and on the same date, transferred 100% of the issued shares of DRCS to Team Expert for a consideration of HK\$1.00.
7. Currently a dormant company under Section 5 of the Companies Ordinance.

OUR HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Our corporate and shareholding structure immediately after the completion of the Global Offering will be as follows (assuming the Over-Allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of share options granted under the Share Option Scheme):



OUR HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Notes:

1. The functions of our other subsidiaries which are not described in “—Our Corporate Development—Our Major Subsidiaries” and “—Major Acquisitions” in this prospectus include, among others, investment holding, marketing, human resources, serving as contracting party with some of our employees, landlords of property leases and banks, and some of which are inactive.
2. The remaining 15% of the equity capital in DPRMAC is owned by Mr. Ho King Lun Kevin.
3. The remaining 10% of the equity capital in All Angles (Site 1) is owned by Dr. Wong Wan, one of our Doctors.
4. On 17 September 2015, as part of the Reorganisation, 10% of the issued shares of New Elite was transferred from Mr. Pang Sai Yau (held on trust for Mr. Luk Kun Shing Ben) to Mr. Luk Kun Shing Ben for nil consideration, who then transferred the same to Jade Master for the consideration of HK\$1.00.
5. As part of the Reorganisation, 65%, 20%, 10% and 5% of the issued shares of Union Bright was transferred from Union Investment, Step High International Limited, Luk Kun Shing Ben and Gabriel Lee, respectively, to Team Expert on 17 September 2015, each for the consideration of HK\$1.00.
6. On 17 September 2015, Union Investment ended the nominee arrangement with Mr. Pang Sai Yau by acquiring 40% of the shares of DRCSC held by Mr. Pang Sai Yau for nil consideration and on the same date, transferred 100% of the issued shares of DRCSC to Team Expert for a consideration of HK\$1.00.
7. Currently a dormant company under Section 5 of the Companies Ordinance.

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OVERVIEW

We are the largest aesthetic medical service provider in Hong Kong in terms of revenue in the year ended 31 December 2014, according to the Frost & Sullivan Report. We are well-positioned to further extend our leading position in the growing aesthetic medical service market in Hong Kong and broaden the types of services that we offer, as well as to expand our business in the rest of Greater China. According to the Frost & Sullivan Report, for each of the years ended 31 December 2012, 2013 and 2014, we ranked first in Hong Kong in terms of: (i) the number of aesthetic injection procedures performed involving utilisation of the top-six revenue-generating aesthetic medications in Hong Kong, including BOTOX®, Dysport®, Sculptra®, Restylane®, JUVÉDERM® and TEOSYAL®; and (ii) the number of breast augmentation, liposuction and double-eyelid surgery procedures performed, which are the top-three revenue-generating aesthetic surgical procedures in Hong Kong.

With a focus on improving the physical appearance and/or general well-being of our clients, we offer a broad range of services and products, including: (i) medical services, comprising aesthetic surgical procedures, minimally invasive procedures and energy-based procedures performed by Doctors and general consultation services, as well as dental, Chinese medicinal and ophthalmological services; (ii) quasi-medical services, comprising energy-based procedures performed by our Trained Therapists who have completed mandatory internal training developed by our Doctors; (iii) traditional beauty services, comprising facials, massages and other non-invasive procedures; and (iv) skincare and beauty products, primarily of our private-label brands, PRODERMA LAB and Suissebeaute.

We have been able to build a well-recognised brand in Hong Kong, DR REBORN, with the reputation of being a premier provider of aesthetic medical services in Hong Kong, by focusing on high standards of safety, professionalism and client satisfaction that we believe are required of any well-established medical institution, as well as actively pursuing innovative marketing and branding strategies. According to a consumer survey conducted by Frost & Sullivan in May 2015 in Hong Kong, DR REBORN ranked first in brand preference among consumers when choosing one-stop aesthetic medical service centres.

We believe that one of our core competitive advantages is that the provision of our aesthetic medical services is led by our sizeable team of 23 seasoned full-time Registered Practitioners (i.e., our Doctors, Dentists and Chinese Medicine Practitioners). Among the top-five market players in terms of revenue in the aesthetic medical service market in Hong Kong in the year ended 31 December 2014, we had the most full-time Hong Kong Doctors, according to the Frost & Sullivan Report. As at the Latest Practicable Date, we had 12 Hong Kong Doctors, three Macau Doctors and one PRC Doctor who work full-time for us. Of our 12 full-time Hong Kong Doctors, two are Plastic Surgeons, one is an Anaesthesiologist and one is a Clinical Microbiologist. As at the Latest Practicable Date, we also had five Dentists and two Chinese Medicine Practitioners working full-time for us. As at the Latest Practicable Date, we also engaged a part-time Plastic Surgeon, several part-time Anaesthesiologists assisting with aesthetic surgical procedures from time-to-time, and an ophthalmologist subcontractor.

The main focus of our Group is the provision of aesthetic medical services, such as aesthetic surgical procedures, minimally invasive procedures and energy-based procedures performed by Doctors. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, revenue from medical services provided was HK\$121.7 million, HK\$189.6 million, HK\$219.0 million and HK\$129.7 million, or 65.5%, 67.7%, 62.8% and 66.0%, respectively, of our revenue from services provided. In the year ended 31 March 2015, our Doctors performed approximately 33,500 minimally invasive procedures and 6,100 energy-based procedures. While we will continue to focus on growing our aesthetic medical services, we also intend to continue expanding the range of services that we offer in order to better serve our clients, as well as capture additional revenue streams. For example, during the Track Record Period, we began offering dental services under our brands ONE DENTAL and ONE DENTAL PLUS, and we intend to continue expanding the scale of our dental service operations.

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As at the Latest Practicable Date, we had two flagship and eight standard aesthetic medical centres, three aesthetic surgery centres and three standalone dental offices in Hong Kong. Our flagship aesthetic medical centres are located in office towers of popular shopping malls, namely the World Trade Centre and Langham Place, which are located in the commercial districts of Causeway Bay and Mong Kok in Hong Kong, respectively. As at the Latest Practicable Date, we also had one aesthetic medical clinic and one beauty service centre in Macau and one aesthetic medical clinic in the PRC in Guangzhou. We are also in the process of establishing several additional aesthetic medical clinics in the PRC, including one in Shanghai, one in Guangzhou and one in Shenzhen, all of which are anticipated to be opened in 2016.

Our broad range of capabilities enable us to offer one-stop aesthetic medical and beauty solutions to our clients, which facilitates cross-selling among our various services and allows us to continue to cater to a client's varying needs over time, thereby bolstering our client loyalty. For the years ended 31 March 2013, 2014 and 2015, we had 22,669, 26,495 and 25,959 clients who received at least one service session, and for the same periods, our average revenue per such client from services provided was HK\$8,202, HK\$10,572 and HK\$13,425, respectively, representing a CAGR of 27.9%. For the six months ended 30 September 2014 and 2015, we had 18,846 and 20,072 clients who received at least one service session, and our average revenue per such client from services provided for the same periods was HK\$8,639 and HK\$9,791, respectively. For the years ended 31 March 2013, 2014 and 2015, Key Clients, meaning the clients who have, in the relevant financial year, contributed at least HK\$5,000 to our revenue from services provided and have visited our service centres and/or clinics for at least four times, in aggregate contributed approximately 66%, 76% and 79%, respectively, of our revenue from services provided, and for the same periods we had approximately 5,100, 7,500 and 8,400 of such Key Clients, and our average revenue per such Key Client from services provided was approximately HK\$24,200, HK\$28,200 and HK\$32,700, respectively.

During the Track Record Period, we had a notable amount of revenue recognised from unutilised prepaid packages. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015 our revenue recognised from unutilised prepaid packages was HK\$30.5 million, HK\$181.0 million, HK\$240.1 million and HK\$129.4 million, respectively, representing 13.3%, 37.0%, 38.7% and 38.5% of our Group's revenue for the same periods. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our forfeiture rate, meaning our revenue recognised from unutilised prepaid packages as a percentage of our Group's total revenue excluding revenue from sale of products, was 14.1%, 39.3%, 40.8% and 39.7%, respectively.

During the Track Record Period, our revenue increased from HK\$229.7 million for the year ended 31 March 2013 to HK\$489.4 million for the year ended 31 March 2014 and further to HK\$621.1 million for the year ended 31 March 2015, representing a CAGR of 64.4%. For the six months ended 30 September 2014 and 2015, our revenue was HK\$289.8 million and HK\$335.9 million, respectively. We improved from a loss of HK\$33.2 million for the year ended 31 March 2013 to a profit of HK\$81.4 million for the year ended 31 March 2014, and our profit further increased to HK\$174.8 million for the year ended 31 March 2015. Our profit for the period increased from HK\$74.9 million for the six months ended 30 September 2014 to HK\$83.9 million for the six months ended 30 September 2015.

OUR COMPETITIVE STRENGTHS

We attribute our success to the following competitive strengths:

Largest aesthetic medical service provider in Hong Kong, with strong brand recognition and a fast-growing and loyal client base

We are the largest aesthetic medical service provider in Hong Kong in terms of revenue for the year ended 31 December 2014, according to the Frost & Sullivan Report. In addition, according to the Frost & Sullivan Report, for each of the years ended 31 December 2012, 2013 and 2014, we ranked first in Hong Kong in terms of: (i) the number of aesthetic injection procedures performed involving utilisation of the top-six best-selling aesthetic medications in Hong Kong, including BOTOX®, Dysport®, Restylane®, JUVÉDERM®, TEOSYAL® and Sculptra®; and (ii) the number of breast augmentation, liposuction and

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double-eyelid surgery procedures performed, which are the top-three revenue-generating aesthetic surgical procedures in Hong Kong. Please see “Industry Overview—Overview of the Aesthetic Medical Service Market in Hong Kong” in this prospectus for further details. Furthermore, as at the Latest Practicable Date, we had 12 full-time Hong Kong Doctors who focused their respective medical practices on performing aesthetic medical procedures. Among the top-five market players in terms of revenue in the aesthetic medical service market in Hong Kong for the year ended 31 December 2014, we had the most full-time Hong Kong Doctors, according to the Frost & Sullivan Report. In particular, as at the Latest Practicable Date, two of our Hong Kong Doctors were Plastic Surgeons, and there were only 62 Plastic Surgeons listed on the Specialist Register published by the Hong Kong Medical Council on its website as at the Latest Practicable Date, most of which are working full-time for hospitals. We also had an Anaesthesiologist, a Clinical Microbiologist, five Dentists and two Chinese Medicine Practitioners in Hong Kong as at the Latest Practicable Date.

As the market leader in Hong Kong, we believe that we enjoy the following advantages: a large and loyal client base with a track record of attracting clients to switch to us from less-renowned competitors; qualities such as industry reputation and career opportunities that can attract talented medical and other healthcare professionals to join our Group; and favourable bargaining power over suppliers, resulting in cost savings and operational efficiencies.

By focusing on high standards of safety, professionalism and client satisfaction that we believe are required of any well-established medical institution, as well as actively pursuing innovative marketing and branding strategies, we have been able to build a well-recognised brand in Hong Kong, DR REBORN, with the reputation as a premier provider of aesthetic medical services. We believe that we have a growing reputation in the dental services sector in Hong Kong, and we have established the brands ONE DENTAL and ONE DENTAL PLUS.

Our success is evident in our significant growth in both our revenue and our client base during the Track Record Period. Our revenue increased from HK\$229.7 million for the year ended 31 March 2013 to HK\$489.4 million for the year ended 31 March 2014 and further to HK\$621.1 million for the year ended 31 March 2015, representing a CAGR of 64.4%. For the years ended 31 March 2013, 2014 and 2015, our average revenue per client from services provided was HK\$8,202, HK\$10,572 and HK\$13,425, respectively, representing a CAGR of 27.9%. For the years ended 31 March 2013, 2014 and 2015, we had approximately 5,100, 7,500 and 8,400 Key Clients, meaning the clients who, in the relevant financial year, have contributed at least HK\$5,000 to our revenue from services performed and have visited our service centres or clinics for at least four times, respectively. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, approximately 46%, 59%, 64% and 59% of our clients who made at least one purchase of services or products are Repeat Clients.

Leveraging our leading position in Hong Kong’s aesthetic medical service market, we believe that we are well-positioned to further increase our market share in Hong Kong and expand our business into the rest of Greater China. According to Frost & Sullivan, the key growth drivers of our industry in Hong Kong include: (i) development in aesthetic medical technology; (ii) increasing expenditures by consumers on aesthetic medical services and skincare and beauty products; and (iii) increasing popularity of aesthetic medical centres over traditional beauty salons. In addition, according to the Frost & Sullivan Report, the growth of medical tourism, specifically the number of consumers from the PRC who travel to Hong Kong to receive aesthetic medical services, may further drive the growth of our industry in Hong Kong. Such medical tourists, according to the Frost & Sullivan Report, tend to regard aesthetic medical procedures performed in Hong Kong as safer than those performed in the PRC and find Hong Kong logistically convenient. During the Track Record Period, our service centres in Hong Kong have seen increasingly more clients who were from the PRC. We believe that our market leadership in Hong Kong and wide range of capabilities place us in a prime position to capitalise on these trends, thereby further fuelling our profitability and expansion. Moreover, drawing on our success in the Hong Kong market, we believe that we can penetrate the fast-growing aesthetic medical service market in the rest of Greater China.

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One-stop aesthetic medical and beauty solution provider offering a superior client experience

With a focus on improving the physical appearance and/or general well-being of our clients, we offer a broad range of services and products. Please see “—Our Services and Products” in this prospectus for further details. Furthermore, our one-stop aesthetic medical and beauty solution capability allows us to provide our clients with tailor-made services. Our client relationship managers conduct an extensive consultation with each of our clients during their initial visit and also from time to time, as needed, to understand their respective desired outcomes, and, in conjunction with and under the supervision of our Registered Practitioners, recommend suitable and personalised aesthetic medical as well as beauty services that address each client’s specific needs.

We believe that our diversified offerings promote client loyalty and facilitate effective cross-selling, thereby driving repeated business. We have many long-term clients who have, over multiple years, retained us for different types of aesthetic medical and beauty services. For example, many of our clients who have engaged us for aesthetic surgical or minimally invasive procedures have subsequently used our traditional beauty services, and other clients have also purchased our private-label skincare and beauty products subsequent to receiving our procedures, which improve our profitability. The average revenue per client from services provided grew at a CAGR of 27.9% from year ended 31 March 2013 to year ended 31 March 2015, demonstrating our ability to capture and retain clients.

Alongside our one-stop aesthetic medical service and beauty solution capability, we take meticulous care to maintain the high quality of our client experience by, among others, setting stringent standards for the service quality of our staff, establishing state-of-the-art service centres and clinics and implementing policies and procedures that enhance client satisfaction. For example, we have implemented various measures to promote responsible selling, including having detailed employee guidelines, video and voice recording devices in our consultation rooms to monitor staff behaviour and what we believe to be a Hong Kong aesthetic medical industry pioneering seven-day “cooling-off” period whereby clients are allowed to request for a full-refund within seven days of purchases of service packages. We have also established a feedback solicitation system for us to seek client feedback. We also strive to provide prompt and adequate responses to any client feedback and enquiries, generally in less than 48 hours. Furthermore, our client relationship managers follow up with each client after every visit to help ensure that the client’s needs and expectations are met.

As a testament to the quality of our service, we have been able to engage high-profile Hong Kong celebrities who have been willing to personally undergo some of our aesthetic medical and beauty procedures and endorse the positive results that they experienced as spokespersons. Our superior client experience is also evidenced by positive scores we have consistently received from client surveys conducted via our client phone survey system. Please see “Business—Client Feedback Management—Client phone survey system” in this prospectus for further details.

Comprehensive and professional internal control protocols and risk-management measures

Since our inception in 2005, we have emphasised professionalism and safety in providing our services. Such core values are reflected in the conduct of our business operations, as well as our internal control protocols and risk management policies. We engage the services of experienced and well-trained Registered Practitioners, who perform and oversee our medically related operations, as well as participate in our senior management. Examples of our risk management measures include, for most medical procedures, taking pre- and post-procedure photographs for record keeping purposes and requiring our Registered Practitioners or Trained Therapists, as applicable, to explain the procedures and associated risks and obtain a new consent form prior to a client receiving a procedure. We apply certain medical standards even to our non-medical services. For example, in most cases, we recommend to our clients that they consult with one of our Registered Practitioners prior to receiving any of our services, including non-medical services. Both our Registered Practitioners and supporting staff attend medically related trainings from time to time to keep up-to-date with their knowledge base and skillset. In addition, we have stringent standards for adding new aesthetic medical procedures into our service offerings and purchasing new types of devices. Our Registered

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Practitioners lead the process for such decisions, giving their input pursuant to evaluation of the medical and dental procedures and devices, respectively, based on many factors such as track records of safety, reputation of the suppliers, government or regulatory approvals in foreign jurisdictions and their own clinical experience. We also have an internal management protocol of our Registered Practitioners, which consists of, among other processes, monthly meetings of our Registered Practitioners to discuss important medical issues and share knowledge. Moreover, each of our Hong Kong Doctors and Dentists subscribes to a relevant medical or dental malpractice indemnity or insurance scheme. Please see “—Insurance” in this prospectus for further details.

The effectiveness of our safety and risk-management measures is exemplified in our handling of a medically related incident that occurred in October 2014 in one of our surgery centres. Please see “—Quality Control—Operational safety guidelines and policies” for further details. Please also see “—Legal Proceedings, Claims and Compliance—Claims and litigation—Claims and threatened litigation made by clients—Recent medical incident” in this prospectus for further details.

Advanced proprietary information technology infrastructure facilitating efficient and streamlined operations and management

Our Directors, based on their industry experience, believe that we are one of the pioneers in our industry in Hong Kong which employs a fully integrated information technology infrastructure in business operation. According to the Frost and Sullivan Report, many small-scale aesthetic medical service providers in Hong Kong are still using paper-based system for customer records and financial documents, which is resource-intensive and inefficient, whereas an advanced informational technology system (such as the one that we have developed and implemented) significantly improves efficiency and standardisation of operations among service centres. Our information technology infrastructure enables the input to and access of centralised and real-time operational and financial data, thereby assisting us in enhancing the effectiveness of management, the performance of our medical and front-line staff and the experience of our clients.

Our information technology infrastructure is able to generate various types of real-time operational and financial performance statistics of our service centres, clinics and staff, allowing our management to make more accurate and responsive management decisions, and more accurately assess the causes of both positive and adverse matters. For example, we have computerised our appointment booking system, which allows our management to track the utilisation rates of equipment and service rooms, as well as the workload of our personnel at any time and make management decisions accordingly. Our management can also access real-time data on the effectiveness of marketing campaigns and the level of inventory.

Our integrated information technology infrastructure facilitates improvement of our staff performance. Our staff can view their up-to-date work statistics at any time so that they can self-evaluate in terms of meeting performance targets. Our Registered Practitioners and client relationship managers can immediately record and retrieve medical and other information of our clients, such as pre- and post-service photographs, on their computers and/or mobile tablets, increasing accuracy and efficiency as well as reducing costs. An integrated information technology system also gives our senior management a clear picture of the performance of each staff member and reduces the need to hire middle-level managers, and our senior management can therefore motivate our staff more directly and effectively.

Our integrated information technology infrastructure also enhances our ability to deliver a superior client experience. Our client relationship managers are equipped with mobile tablets, by which they can, at any time, show to clients marketing materials from our centralised and vast database, including video clips, brochures and photographs explaining our services. Our centralised data system allows us to achieve standardisation of protocols and sharing of know-how, thereby increasing the uniformity of our clients’ experiences by making available the same forms, training materials and information electronically to each staff member through mobile tablets. In addition, by embracing and integrating advanced information technology infrastructure into our platform, we create a brand-image of being modern and sophisticated, thereby differentiating ourselves from many of the more traditional establishments that provide competing services to ours.

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The increased efficiency and level of standardisation afforded to us by our integrated information technology infrastructure also allow us to more effectively overcome logistic and administrative challenges when setting up or acquiring new service centres and clinics.

Experienced, qualified and well-trained team led by visionary senior management with a proven track record of success and strong execution capabilities

Our senior management team comprises a group of experienced and dedicated professionals with an in-depth understanding of the aesthetic medical service industry in Hong Kong. Mr. Tang, our Founder, chief executive officer and executive Director, has over 13 years of experience in the aesthetic medical and beauty industry and founded the Group with a vision to develop an organisation that combines medical services and beauty services. Mr. Cheng, our general manager of medical operations, has over 20 years of experience in the pharmaceutical industry. Mr. Lee, our chief operating officer and executive Director, has over 14 years of experience in business management. Mr. Yeung, our chief financial officer and executive Director, has over 14 years of experience in finance and accounting roles. Mr. Luk, our chief information officer and executive Director, has over 12 years of experience in the information technology sector, having held managerial positions in some of the leading global technology companies. Our senior management's diverse and relevant experiences from various industries, strong execution capabilities and innovative vision have been instrumental to our rapid growth in scale and profitability.

Our senior management is supported by highly qualified medical professionals and supporting staff. We have built a strong team of 23 full-time Registered Practitioners, including 12 Hong Kong Doctors, two Chinese Medicine Practitioners and five Dentists. As at the Latest Practicable Date, our full-time Plastic Surgeons (in Hong Kong) and General Practitioners (in Hong Kong) have approximately an average of 28 and 11 years of post-qualification experiences, respectively. Please see “—Our Professionals—Registered Practitioners” for further details. Our Registered Practitioners are aided by our well-trained supporting staff. We make available over one hundred hours of face-to-face training sessions per year to our supporting staff, and our Registered Practitioners have established a mandatory internal examination and licensing programme to help ensure that our supporting staff members are properly trained to handle their respective duties.

Under the leadership of our senior management, we have shown an ability to grow both organically by establishing new service centres and clinics, as well as via acquisitions of existing aesthetic medical service centres, beauty salons and dental businesses and the establishment of new business lines during the Track Record Period. We believe that our experience in acquisitions and integrating such acquisitions will enable us to properly identify further acquisition opportunities and expand our business in both Hong Kong and the rest of Greater China.

OUR STRATEGIES

Our goal is to become one of the leading aesthetic medical service providers in Greater China. To accomplish this goal, we plan to implement the following strategies:

Further extend our market leading position in Hong Kong through both organic growth and acquisitions

We believe that Hong Kong will continue to be one of the primary markets for our growth, because among other factors, according to the Frost & Sullivan Report, spending on aesthetic medical services in Hong Kong is expected to increase, with Hong Kong serving as a “hub” for aesthetic medical tourists from the PRC. We believe that we are well-positioned to capitalise on such trends. We intend to further strengthen our position as the market leader by increasing the number of our service centres and clinics and broadening the scope of our services to include other discretionary healthcare services.

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We intend to establish new service centres in different districts in Hong Kong whenever we identify appropriate locations. We may also acquire other aesthetic medical service providers and/or traditional beauty service providers when we find suitable targets. In determining acquisition targets, we consider various factors including the target's existing client base and the initial investment amount required. While we are actively identifying opportunities, as at the Latest Practicable Date, we have no definitive plans nor have we identified any specific targets for acquisitions.

Furthermore, we intend to leverage our number of Key Clients and raise client spending as well as attract new clients by broadening the types of services that we offer. Among others, we are exploring other lines of relatively profitable discretionary medical services, such as aesthetic medical hair-growth services and health-screening services. We may also explore the option of spinning-off some of our successful sub-brands to become distinct brands, as well as creating new sub-brands, so that we can better cater to clients of different client demographics.

Expand our operations in Greater China by growing our newly established aesthetic medical clinics, acquiring suitable targets and forming joint ventures in strategically targeted cities

Leveraging our brand image and our successful experience in Hong Kong, we intend to continue to expand our operations in the PRC and Macau, as well as explore potential markets such as Taiwan. We intend to grow organically and to actively look for acquisition targets as well as joint venture and/or partnership opportunities with local aesthetic medical service providers in the PRC, Macau and Taiwan. If appropriate opportunities arise, we may also enter into management agreements with potential acquisition targets in order to gain a better understanding of such potential targets (if any) prior to contemplating a more significant acquisition transaction. In June 2015, we opened our first PRC aesthetic medical clinic in Guangzhou and we are in the process of establishing additional PRC aesthetic medical clinics in Shanghai, Guangzhou and Shenzhen. While we are actively identifying additional acquisition opportunities, as at the Latest Practicable Date, we have no definitive plans nor have we identified any specific targets for acquisitions.

In particular, we believe that in the PRC, as the average household income and living standards continue to rise, there will be increasingly significant demand on discretionary healthcare services, such as aesthetic medical services. Furthermore, according to the Frost & Sullivan Report, the penetration of aesthetic medical services in the PRC market is relatively low when compared to that of South Korea, Japan and Taiwan, indicating great potential for further growth. We intend to capitalise on such expected trends by strategically targeting the aesthetic medical service market (specifically minimally invasive and energy-based procedures) (but not the traditional beauty market) in first- and selected second-tier cities in the PRC. Among others, we intend to expand the scale of operations of our Guangzhou Clinic by hiring more locally qualified medical professionals, purchasing equipment and further renovating facilities as necessary. We also expect to open additional aesthetic medical clinics in Shanghai, Guangzhou and Shenzhen in 2016 to further increase our capacity and geographical span. We plan to leverage our established brand in Hong Kong, and also make available our Registered Practitioners currently practising in Hong Kong, subject to compliance with relevant laws and regulations, specially, the relevant CEPA arrangements, to travel to the PRC to support our expansion. Currently, three of our Hong Kong Doctors and Dentists have obtained proper licensing under the CEPA arrangements. Furthermore, we intend to establish programmes where our PRC clients would be referred to our Hong Kong service centres, especially for services not offered by our PRC aesthetic medical clinics.

In expanding to other first- and selected second-tier cities in the PRC besides Guangzhou, we intend to use the business model of our Guangzhou Clinic as a benchmark (for example, in terms of business focus and the combination of locally hired Doctors and support from our Hong Kong Registered Practitioners through the CEPA arrangements). We expect that on average, the size of each of our standalone aesthetic medical clinics in the PRC would range from approximately 200 sq.m. to 500 sq.m. In addition, once we have established sufficient presence in a PRC city, we may consider opening a flagship aesthetic medical clinic in such city.

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Develop dermatological services and product offerings

We intend to continue expanding the scope of services that we offer, and medical services provided by Dermatologists will be an area of focus in our expansion plan as we believe there is much synergy between such services and the services we currently offer. Adding Dermatologists to our Group would allow our client relationship managers to recommend their services when they identify the relevant needs in clients. For example, we sometimes refer our clients to external Dermatologists when our Registered Practitioners diagnose medical issues that require such Specialists' attention. Accordingly, we intend to incorporate the services of Dermatologists into our Group to capture such synergy. We intend to achieve this goal by hiring Dermatologists in Hong Kong or acquiring other Dermatology medical groups. As at the Latest Practicable Date, we have no definitive plans nor have we identified any specific targets for acquisitions.

Furthermore, we believe that having Dermatologists in our Group can enhance our capability in expanding our existing private-label skincare product line, including products developed with input from our Dermatologists. We believe that by incorporating the experience and clinical knowledge from our Dermatologists, we can increase the variety of private-label products that we develop and sell under our PRODERMA LAB brand. As the product lines under PRODERMA LAB expand, we intend to sell such products at our aesthetic medical centres and clinics, as well as other retail locations. By selling our private-label products at retail locations, we aim to achieve further cross-selling of our services by attracting customers who purchase our private-label products at such retail locations but have yet to employ our services.

Continue expanding our dental services business in Hong Kong and rest of Greater China

Under our brands ONE DENTAL and ONE DENTAL PLUS, we intend to continue expanding our dental services business with a particular focus on aesthetic dental services. We believe that there is a demand in Hong Kong and the rest of Greater China for an organisation that has the capability to offer both aesthetic medical services and aesthetic and regular dental services, which we can take advantage of, and that our existing loyal client base, well developed operation infrastructure, brand management experience and track record in growing our aesthetic medical business give us a competitive edge in growing our dental business. We intend to expand the scales of both our aesthetic and regular dental services by increasing both the number of Dentists that we employ and the dental service facilities that we have. We intend to hire additional Dentists and also acquire other dental clinics. We believe that we can leverage DR REBORN's brand image as a premier aesthetic medical service provider in Hong Kong and our existing infrastructure as a platform to become a premier dental service provider in Hong Kong and the rest of Greater China.

Furthermore, we intend to explore various options for achieving vertical integration for our dental services by adding the capability to produce certain dental parts needed for our dental services, such as adding an ability to produce immediate implants using medical imaging and 3D printing machines, and enhancing our range of dental services offered and increasing our profitability for our dental business.

Further invest in information technology infrastructure

We will continue to invest in our information technology infrastructure to complement our growth and expansion, which we believe will help us maintain an edge over our competitors in operational efficiency, scalability and client experience.

We intend to develop customised applications for mobile phones and mobile tablets allowing our clients to, among others, book service appointments. We also intend to develop features for our business intelligence system that will enable our client relationship managers to make targeted offerings based on client data and our management to access additional computerised-information for decision-making.

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OUR BUSINESS MODEL

With a focus on improving the physical appearance and/or general well-being of our clients, we offer a broad range of services and products, including: (i) medical services, comprising aesthetic surgical procedures, minimally invasive procedures and energy-based procedures performed by Doctors and general consultation services, as well as dental, Chinese medicinal and ophthalmological services; (ii) quasi-medical services, comprising energy-based procedures performed by our Trained Therapists who have completed mandatory internal training developed by Doctors; (iii) traditional beauty services, comprising facials, massages and other non-invasive procedures; and (iv) skincare and beauty products, primarily of our private-label brands, PRODERMA LAB and Suissebeaute. The following table sets forth our revenue by service and product offerings and as a percentage of total revenue for the periods indicated:

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	(unaudited)									
	(HK\$ in thousands, except for percentages)									
Medical services	121,737	53.0%	189,597	38.7%	218,981	35.3%	98,801	34.1%	129,656	38.6%
Quasi-medical services	18,715	8.1%	29,589	6.0%	62,642	10.1%	28,335	9.8%	34,363	10.2%
Traditional beauty services	45,479	19.8%	60,929	12.4%	66,882	10.8%	35,669	12.3%	32,499	9.7%
Skincare and beauty products	13,246	5.8%	28,313	5.8%	32,520	5.2%	14,226	4.9%	9,999	3.0%
Revenue recognised from unutilised prepaid packages	30,489	13.3%	180,985	37.0%	240,064	38.7%	112,731	38.9%	129,352	38.5%
Total	<u>229,666</u>	<u>100.0%</u>	<u>489,413</u>	<u>100.0%</u>	<u>621,090</u>	<u>100.0%</u>	<u>289,763</u>	<u>100.0%</u>	<u>335,868</u>	<u>100.0%</u>

OUR SERVICES AND PRODUCTS

Medical Services

The medical services that we offer include aesthetic medical services, dental services, general consultation services, Chinese medicinal services and ophthalmological services. We have control measures that our medical services are allowed to be performed only by our Doctors, Dentists, Chinese Medicine Practitioners or Dental Hygienists, as appropriate. Please see “—Our Professionals” in this prospectus for a description of these professionals.

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The following table sets forth a breakdown of our revenue from our medical services provided for the periods indicated:

Type of Medical Service	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	Revenue	% of medical services revenue	Revenue	% of medical services revenue	Revenue	% of medical services revenue	Revenue	% of medical services revenue	Revenue	% of medical services revenue
(unaudited)										
(HK\$ in thousands, except for percentages)										
Aesthetic surgical procedures	29,467	24.2%	30,757	16.2%	20,475	9.3%	12,636	12.8%	7,703	5.9%
Minimally invasive procedures	83,037	68.2%	105,709	55.8%	125,785	57.4%	58,719	59.4%	80,176	61.8%
Energy-based procedures performed by Doctors	8,366	6.9%	36,149	19.1%	36,022	16.4%	16,089	16.3%	20,513	15.8%
Dental services	—	—	14,401	7.6%	34,896	15.9%	10,626	10.8%	20,764	16.0%
Others ⁽¹⁾	867	0.7%	2,581	1.4%	1,804	0.8%	730	0.7%	499	0.4%
Total Medical Services Revenue	121,737	100.0%	189,597	100.0%	218,981	100.0%	98,801	100.0%	129,656	100.0%

Note:

- Others include general consultation, Chinese medicine and ophthalmological services.

Aesthetic medical services

Our aesthetic medical services include (i) aesthetic surgical procedures, (ii) minimally invasive procedures, and (iii) energy-based procedures performed by Doctors.

Aesthetic surgical procedures

We offer aesthetic surgical procedures in Hong Kong, and our top revenue-generating aesthetic surgical procedures in the year ended 31 March 2015 include eye-related surgery (such as double-eyelid surgery), nose-related surgery, breast augmentation and liposuction. Aesthetic surgical procedures generally involve local anaesthesia or full anaesthesia or monitored anaesthesia care, and a client is usually discharged from the operating location on the same day as the surgical operation.

We have two full-time Plastic Surgeons in Hong Kong to perform the plastic surgeries offered by us, each of whom had at least 10 years of experience practising medicine as at the Latest Practicable Date. Please see “—Our Professionals—Registered Practitioners—Qualification of our Registered Practitioners” in this prospectus for a description of our Plastic Surgeons. As at the Latest Practicable Date, we only offer aesthetic surgical procedures in Hong Kong.

A substantial majority of the surgical procedures performed by our Plastic Surgeons are performed in the operating rooms of our aesthetic surgery centres, which are equipped with reference to the “Guidelines on Monitored Care by an Anaesthesiologist and Guidelines on Monitoring in Anaesthesia” published by the Hong Kong College of Anaesthesiologists. Occasionally, if deemed appropriate at the discretion of our Plastic Surgeons or if desired by our clients, our Plastic Surgeons perform plastic surgeries in operating rooms located at private hospitals in Hong Kong.

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As at the Latest Practicable Date, we had one full-time Anaesthesiologist in Hong Kong with over 12 years of experience in practising medicine who supports our Plastic Surgeons for surgical procedures. In Hong Kong, our Plastic Surgeons are also supported by part-time Anaesthesiologists upon request by the relevant Plastic Surgeons from time to time in performing aesthetic medical procedures.

Minimally invasive procedures

Our minimally invasive procedures are non-surgical procedures with minimal damage to body tissue and without surgical incisions, primarily comprising injection procedures. We have control measures that minimally invasive procedures are allowed to be performed only by our Doctors. Local anaesthetics, such as lidocaine cream (which are prescribed by our Doctors), may be applied. All of our Doctors are properly trained in the performance of the relevant procedures, and are also knowledgeable in advising our clients as to the necessary combination of procedures to achieve the desired aesthetic results.

According to Frost & Sullivan Report, minimally invasive procedures are gaining popularity in Hong Kong and the rest of Greater China due to their relatively higher affordability, lower level of risk when compared to aesthetic surgical procedures and relatively quicker and more visible effects when compared to traditional beauty services.

We provide a wide range of minimally invasive procedures mainly comprising injection procedures for facial and body contouring, sculpting, shaping and wrinkle removal, in order to accommodate the varying needs and conditions of our clients.

The following table sets forth our top revenue-generating minimally invasive procedures during the Track Record Period:

Procedure	Description	Typically Intended Aesthetic Effects
Injection of:		
<i>Botulinum Toxin A</i>	Injecting the medication Botulinum Toxin A, such as BOTOX® and Dysport®, into the skin of the face and/or body	Reducing wrinkles in the area of the face or body where Botulinum Toxin A is injected
<i>Dermal Fillers</i>	Injecting hyaluronic acid, such as Restylane®, JUVÉDERM®, and TEOSYAL®, into the skin of the face and/or body	Filling in wrinkles and deep creases; smoothing out scars; filling out thin or wrinkled lips; plumping up and lifting cheeks, jawlines, temples and sagging hands
<i>Poly-L-lactic acid</i>	Injecting poly-L-lactic acid, such as Sculptra®, into the skin of the face and/or body	Contouring the jaw line and other areas of the face and/or body where poly-L-lactic acid is injected

Our minimally invasive procedures typically last 15 minutes to two hours and are relatively less intrusive as compared to aesthetic surgical procedures. Generally speaking, side effects of minimally invasive procedures may include minor swelling and temporary redness of the skin, slight pain, itchiness and bruising. Some reversible undesirable side effects, in rare cases, such as prolonged induration, suppuration and greyish discoloration at the treatment location, can occur. These reactions can develop weeks or months after the relevant procedure and last several months or for even longer durations in few cases, but have been reported to usually subside over time. Scabbing and sloughing of tissue at the procedure site are even rarer, and may very rarely result in superficial scar formation. More serious irreversible undesirable side effects, such as

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blindness, are even rarer compared to the aforementioned. We strive to advise all of our clients of such plausible risks prior to their signing of the relevant consent forms and undergoing the relevant procedures. During the Track Record Period and up to the Latest Practicable Date, we have not been made aware of any cases of serious irreversible undesirable effects occurring to our clients.

The aesthetic effect of all injection procedures only lasts for a limited period of time and varies depending on the medication injected. We strive to fully inform our clients of the expected duration of effectiveness of our procedures, and many return for repeated procedures subsequently when the effects of their respective previous procedures require renewal.

Energy-based procedures performed by Doctors

We offer a range of energy-based procedures performed by Doctors utilising devices purchased primarily from Europe, Korea and the United States. Such equipment includes laser devices, radiofrequency devices, ultrasound devices and others.

While our energy-based procedures using energy-based medical devices can be performed by Doctors, we also offer energy-based procedures performed by our Trained Therapists who have completed mandatory internal training developed by our Doctors. Please see “—Our Services and Products—Quasi-medical services” in this prospectus for further details.

The following table summarises representative energy-based procedures performed by Doctors that we offer:

Procedure/Device Type	Description	Typically Intended Aesthetic Effects
Cryolipolysis	Using devices utilising cryocooling technology to cool targeted areas of the body	Body contouring at the targeted area
Laser	Using laser devices to target specific areas of the face or body	Removal of unwanted body hair or skin rejuvenation
Radiofrequency.	Using a variety of devices utilising radiofrequency technology; different devices are used for different desired aesthetic effects	Body contouring, skin lifting, skin tightening, pore reduction
HIFU.	Using devices utilising intense ultrasound technology that create thermal coagulation on target layers of skin tissue	Skin lifting and tightening
Intense pulsed light.	Using a variety of devices utilising intense pulsed light technology, i.e., the use of intense pulses of non-coherent light of certain specific wavelengths	Lightening of unwanted pigmentation, reduction in the symptom of telangiectasia (red lines on the face) from rosacea, hair removal

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We have implemented a number of safety measures in relation to the energy-based devices used in our services, such as the establishment of a safety checklist for all personnel, purchasing equipment with safety certification from government agencies globally and having regularly scheduled maintenance and check-up of the devices by trained engineers.

In accordance with our business practice, a few of our energy-based procedures are allowed to be performed only by Doctors if our Doctors and senior management determine that the procedures are relatively more complex and require more skills, such as procedures involving the use of “Thermage”, a device utilising radiofrequency technology. Please see also “—Our Services and Products—Quasi-medical services—Selection criteria for quasi-medical services” in this prospectus.

Depending on the type of the procedure and a client’s reaction to the procedure, many energy-based procedures require repeated sessions in order to achieve and/or maintain the optimal results.

General consultation

As a supplement to our aesthetic medical procedures, our Doctors may prescribe medication based on our clients’ respective medical needs or to help our clients achieve certain desired improvements to their physical appearance. For example, anti-inflammatory and pain-relief medication may be prescribed. In the course of providing consultation for aesthetic medical purposes, should they diagnose any other medical issues, our Doctors may also provide other incidental medical consultation and procedures that they are qualified to provide.

Dental services

Under our brands ONE DENTAL and ONE DENTAL PLUS, we offer a full range of dental services, for both aesthetic and general dental health purposes, such as prosthetic dentistry, orthodontics, cosmetic dentistry and dental implants. Prosthetic dentistry means the replacement of missing teeth, soft tissues or all teeth through a variety of artificial methods; orthodontics is the branch of dentistry that corrects teeth and jaws that are positioned improperly; and cosmetic dentistry focuses on improving the appearance of a person’s teeth, mouth and smile. Our top revenue-generating dental services are Invisalign®, dental crowning and dental implanting. In accordance with our business practice, except for routine dental cleaning (also known as dental prophylaxis), which is performed by our Dental Hygienists, our dental services are performed by our Dentists.

Invisalign®

Invisalign® is a dental procedure developed by Align Technology Inc. to help align teeth of individuals for aesthetic purposes. The process generally involves an initial consultation with dentists, design of a dental service plan that includes computerised 3D images of the client’s teeth, making of a custom-made set of approximately 24 to 48 clear-coloured aligners that are intended to shift the shape of the client’s teeth gradually overtime and the wearing of such aligners over an approximately 12- to 36-month period depending on the client’s individual case.

Dental Crowns

A dental crown is used in prosthetic dentistry to cap or encircle a tooth or dental implant. A dental crown is typically bonded to the tooth using dental cement. Dental crowns are often needed when a large cavity threatens the on-going health of a tooth or are used to improve the strength or appearance of teeth.

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Dental Implants

Dental implants (also known as an endosseous implants) are, generally speaking, replacement tooth roots, which can provide a foundation for fixed and removable replacement teeth. Dental implants are used for a variety of dental health and also aesthetic purposes. Dental implants involve an oral surgery to place the implants into the gum of the patients. Depending on the individual case of the client, the specific steps and procedures involved vary and may be done in stages.

Chinese medicinal services

Our Chinese Medicine Practitioners offer Chinese medicine consultation, diagnosis services, relevant Chinese medicine prescriptions, acupuncture and other Chinese medicinal procedures.

Lasik and other ophthalmological services

We primarily offer Lasik services through an ophthalmological service centre in Hong Kong, operated by a Hong Kong Doctor who is an Independent Third Party (our “**ophthalmologist contractor**”), with whom we have entered into a co-operation agreement. We decided to engage the service of our ophthalmologist contractor because from time to time, some of our clients, as part of the effort to improve their appearance, would like to undergo Lasik or other ophthalmological procedures, including double-eyelid surgery which an ophthalmologist is qualified to perform in Hong Kong. By working with our ophthalmologist contractor, we are able to broaden our service offerings and offer a more comprehensive range of beauty solutions, without having the need to invest in the hiring of ophthalmologists and purchasing ophthalmological equipment.

Since June 2011, we have been working with our ophthalmologist contractor, who is a Hong Kong Doctor registered on the Specialist Register for Ophthalmology of the Hong Kong Medical Council. Under our co-operation agreement with our ophthalmologist contractor, we pay our ophthalmologist contractor a flat fee per client serviced, as well as a varying percentage of our fees received from the clients for our ophthalmologist contractor’s ophthalmological services in accordance with the schedule set out in our agreement with the ophthalmologist contractor. Our ophthalmologist contractor indemnifies us against all liabilities and claims in respect of death or bodily injury which results directly and solely from the negligence of our ophthalmologist contractor in the provision of Lasik services to our clients. Our ophthalmologist contractor subscribes to a medical malpractice indemnity scheme. We indemnify our ophthalmologist contractor for any liabilities resulting from promotion materials that violate the Medical Registration Ordinance. Since we began our co-operation with our ophthalmologist contractor and up to the Latest Practicable Date, we had not received any material client complaints regarding her, her services or her service centre.

Quasi-medical Services

Some of our services utilising energy-based medical devices are performed by our Trained Therapists who completed mandatory internal training developed by our Doctors on how to use the relevant devices and received our Doctors’ certification under our internal certification programme. Please see “—Quality Control—Training—Internal training and certification programme” in this prospectus for further details. We classify such procedures as quasi-medical services. Our clients may choose to purchase prepaid packages whereby such procedures would be performed by our Doctors instead of our Trained Therapists, in which case the relevant services would be sold as our medical services rather than our quasi-medical services. For energy-based procedures utilising the same devices, those performed by Doctors are priced higher than those performed by our Trained Therapists. We require our client relationship managers to inform our clients of both options and the price differences, whenever introducing procedures that may be performed either by our Doctors or our Trained Therapists.

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Examples of our top revenue-generating quasi-medical services during the Track Record Period include procedures involving the use of various energy-based aesthetic medical devices, such as cryolysis, laser hair removal, radiofrequency, HIFU and intense pulsed light devices. Please see also “—Our Services and Products—Medical Services—Aesthetic medical services” in this prospectus. We have established a detailed protocol for training our Trained Therapists. Please see “—Quality Control—Training—Internal training and certification programme” in this prospectus for further details.

Selection criteria for quasi-medical services

When selecting our offerings of procedures to be included as quasi-medical services, under the advice of our Doctors, we consider, among others, the following factors:

- there are no applicable regulatory requirements that the procedure should be performed by a Doctor in the relevant jurisdiction;
- the recommendation of the relevant manufacturers, suppliers and distributors (if any);
- common practice outside the jurisdictions in which we operate;
- the relevant energy-level of the procedure is below a threshold that we deem appropriate for our Trained Therapists to handle; and
- our Doctors, based on their clinical experiences, have advised senior management that the procedure can be safely and effectively performed by Trained Therapists with proper training.

Traditional Beauty Services

We offer approximately over 200 types of traditional beauty services that are non-medical and non-invasive in nature, which complement our medical and quasi-medical service offerings. Our traditional beauty services include body and facial procedures intended to improve the physical appearance, the skin condition and/or the overall physical well-being of our clients. While the focus of our Group is providing aesthetic medical services, it is important to our business strategies to offer traditional beauty services for the following reasons:

- *ability to offer one-stop aesthetic medical and beauty solutions:* having the capability of providing traditional beauty services allows us to provide more comprehensive and value-adding services to our clients, as well as better cater to varying demands from a broad client base; and
- *horizontal integration:* offering traditional beauty services allows us to capture additional revenue from the clients of our medical and quasi-medical services, while clients of traditional beauty services may also become interested in our medical services and quasi-medical services as they get more comfortable with our Group over time.

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We offer a wide range of traditional beauty services that are commonly offered in traditional beauty salons, such as various types of facials, body massages and slimming services. Our traditional beauty services are performed by our Trained Therapists manually or with suitable beauty equipment. The following table summarises some of our most popular traditional beauty service offerings:

Procedure/Device Type	Description	Typically Intended Aesthetic Effects
“Robolex”	A multi-functional beauty device utilised by our Trained Therapists to perform the relevant procedures on the face or body of our clients. The device involves four technologies including ultrasound, radiofrequency, low-level laser and vacuum pressure	The procedure is primarily intended to help improve the body shape and skin condition of the client
“Aromatic Massages”	Our Trained Therapists apply aromatic oil and perform a full-body massage on the clients, with a focus on lymph nodes	The procedure is primarily intended to help relax the client, as well as improve the general health and skin condition of the client
“Guinot Hydradermie”	A beauty device for the face and neck utilising ionisation technology	The procedure is primarily intended to help improve the cleansing, hydration and radiance of the skin
Moisturising Facials	Our Trained Therapists apply various beauty creams and gels in combination with massaging the face	The procedure is primarily intended to help improve the moisture level of and the overall general condition of the face of the client

Our Skincare and Beauty Products

In order to complement our services, we currently sell over 40 lines of skincare and beauty products at our service centres and clinics in Hong Kong and Macau. Our skincare and beauty products include creams, moisturisers, oils and mixtures of other chemical compounds that cleanse, firm and/or moisturise the skin. In Hong Kong and Macau, we are not required to obtain any specific licences for selling skincare and beauty products.

The sale of non-medical skincare and beauty products is consistent with our concept of providing one-stop aesthetic medical and beauty solutions, as we believe that having healthy skin is an important part of an individual’s physical appearance, and the clients are expected to enhance the results of our services by using our skincare and beauty products. We do not focus on the widespread retailing of our products and substantially all of our skincare and beauty products are sold to the clients of our services.

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Although we primarily sell our private-label products, we also sell third-party products. The main brand we have developed for our private-label products is PRODERMA LAB. Our private-label products are designed with suggestions and input from our Doctors and manufactured by third-party manufacturers from various countries including Switzerland and Spain. Please see “—Procurement—Procurement process for medications, medical consumables and beauty service consumables” in this prospectus for further details regarding our contract manufacturers and the terms of our cooperation with them.



The following is a list of some of our top revenue-generating product series:

1. ***PRODERMA LAB Lux Revival Series***

Products and features: made in Switzerland, the Lux Revival Series consist of a “Skin Moisturising Corrector”, an “Intensive Moisturising Eye Cream” and a “Supreme Cream” with “Concentrated Collagen”, which can be applied topically and are intended to hydrate and nourish various parts of the face.

2. ***PRODERMA LAB One Vital Series***

Products and features: made in Switzerland, the One Vital Series consist of a “Derma Energizing Cream with Lactic Acid Ester” and a “Derma Peel with Acid Complex”, which are for topical use. By combining acid complex with moisturising factors, the products are intended to achieve a deep cleansing of the skin while bringing long-lasting moisturising effect to skin, thereby making rough skin smoother and softer.

3. ***PRODERMA LAB Spanish Body Series***

Products and features: made in Spain, the Spanish Body Series consist of an “Anti-Cellulite Body Shaping Lotion” which seeks to treat cellulite, enhance blood circulation and improve body water drainage, a “reviving body massage cream” that seeks to activate the body’s restoring system and relieve muscle soreness, a “silky skin exfoliating scrub gel” that seeks to cleanse skin and eliminate dead cells and a “fatigued legs restoring gel” that seeks to improve circulation in the legs.

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4. *LAB Collagen Products*

Products and features: made in Switzerland, the Collagen Products consist of a “Glacier Essential Treatment”, a “Hydro Lock B5 Serum”, a “Cell Repair Complex”, a “Lifting & Firming Repair Eye Serum” and an “Instant Skin Refining Mask”, which contain formulated complexes and compounds intended to refresh and hydrate the skin and thus provide the skin with nourishment.

Product return, warranties and liability

We generally do not allow product returns and do not give any warranties as to the effectiveness of our skincare and beauty products. During the Track Record Period, we did not receive any material demands for product returns.

We maintain a product liability insurance policy in connection with our private-label products.

Our Brands

DR REBORN is the main brand of our Group and the brand that we most actively use and market. In addition, for the purposes of marketing, business strategy, corporate management and risk management, we have developed a number of other brands and have registered trademarks in Hong Kong for such brands.

The following table summarises our material brands that we actively used as at the Latest Practicable Date:

Name of Brand	Brief Overview
“DR REBORN”	The main brand of our Group.
“ONE DENTAL”	One of our brands for dental services.
“ONE DENTAL PLUS”	One of our brands for dental services.
“PRODERMA LAB”	One of our brands for our private-label skincare and beauty products.
“SUISSEBEAUTE”	One of our brands for our private-label skincare and beauty products.

Please see “Statutory and General Information” in Appendix IV to this prospectus for further information regarding our trademarks. Please also see “Our History, Reorganisation and Corporate Structure—Overview—Our business development” in this prospectus for certain information regarding some of our former brands that we no longer use.

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OUR SERVICE PROCESSES

We offer one-stop aesthetic medical and beauty solution services to our clients, and we provide the relevant customised aesthetic medical services to our clients based on their desires and their respective suitability to service procedures. Our client relationship managers, Registered Practitioners and Trained Therapists are typically involved at various stages in the full service processes.

General Service Process (Non-Surgical)

When a client visits us for the first time, we ask the client to fill out a registration form that inquires about, among other things, the client's aesthetic goals and medical history. Our client relationship manager also assists the client with a need analysis through verbal questioning and utilising testing devices. We also in most cases take photographs of the client for record purposes. The client relationship manager then designs and recommends service options depending on the desired results of the client. Thereafter, a client typically has consultation with a Registered Practitioner, as applicable, who reviews the medical history and examines the medical condition of the client, reviews the service suggestions of the client relationship manager and may make additional recommendations regarding medical and non-medical service options and explain risks and address any of the client's concerns. If the client desires aesthetic surgical procedures during or subsequent to the initial intake, the client would be referred to our aesthetic surgery centre for further action. Please see “—Our Service Processes—Service process for aesthetic surgical procedures” in this prospectus for further details.

All of our clients are required to receive consultation from one of our Registered Practitioners prior to receiving aesthetic medical or dental services, as applicable. We consider that the medical expertise and availability of Registered Practitioners are one of our core competitive advantages. Therefore, regardless of the packages that our clients purchase, we make available our Registered Practitioners' consultation services to them should they desire or need medical and/or dental advice.

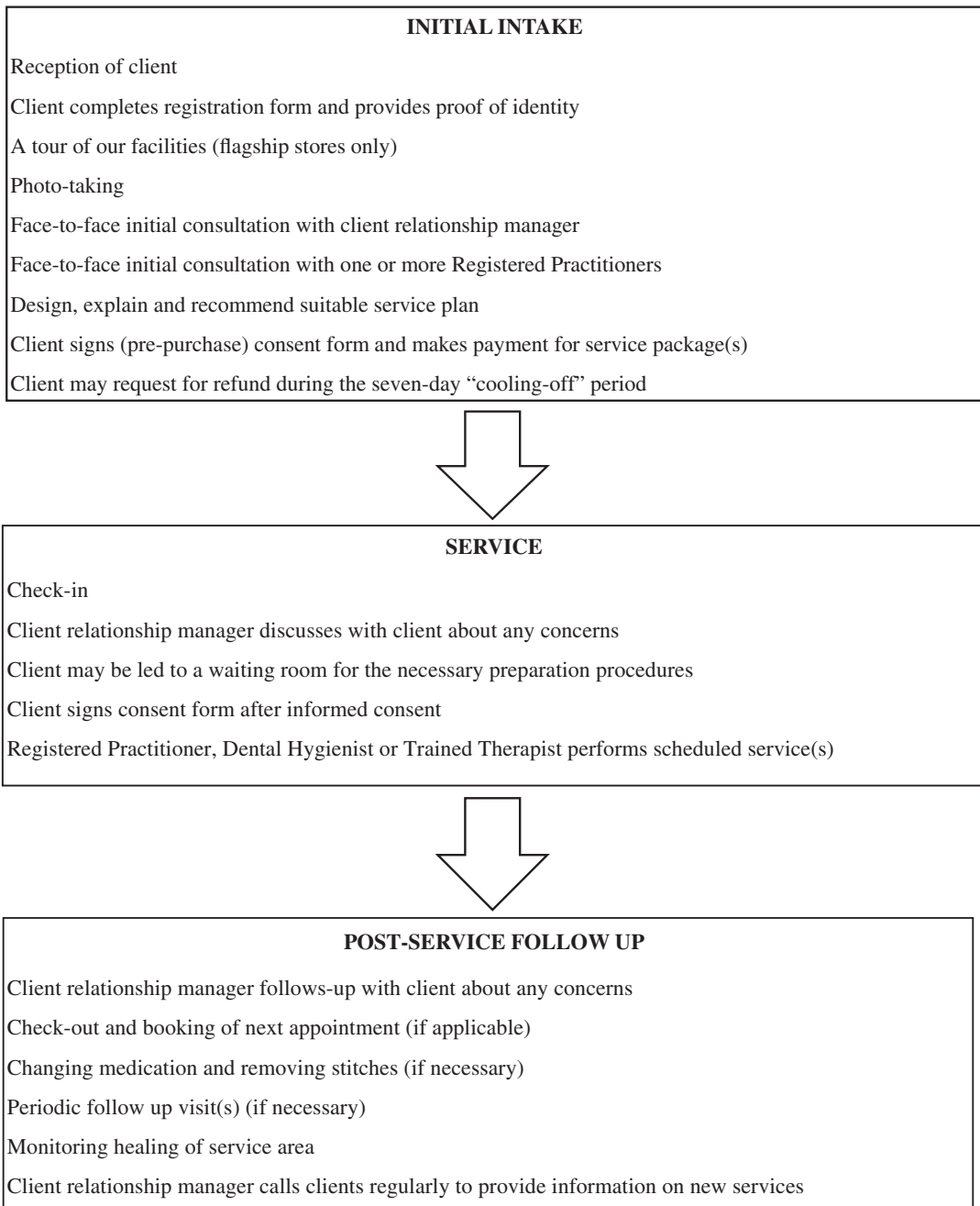
After consultation with one of our Registered Practitioners, if the client remains interested in receiving our services, our client relationship manager would undergo a further detailed discussion with the client regarding the relevant procedures, costs of the recommended procedures and any other queries that the client may have. The client would then make a purchase decision. All of our consultation rooms are equipped with video and voice recording devices that are actively recording during business hours. Such recordings help us monitor staff behaviour and also provide us with a record of the sale process.

Immediately prior to the performance of the actual procedure, the responsible Registered Practitioner or Trained Therapist, as applicable, again explains the proposed procedure to the client, including objectives and processes, risks and possible side-effects, and answers any questions the client may have on the procedure to be performed. Each client is asked to study and sign a consent form (if applicable), which, among others, explains and requires the client to acknowledge his/her understanding of any potential side-effects of the procedure and requires the client to acknowledge that he/she is voluntarily undergoing the procedure to be performed.

Subsequent to the procedure, our client relationship manager follows-up with the client and responds to any needs the client may have. If applicable, we normally try to help the client book the next service session prior to the client leaving our service centres and clinics.

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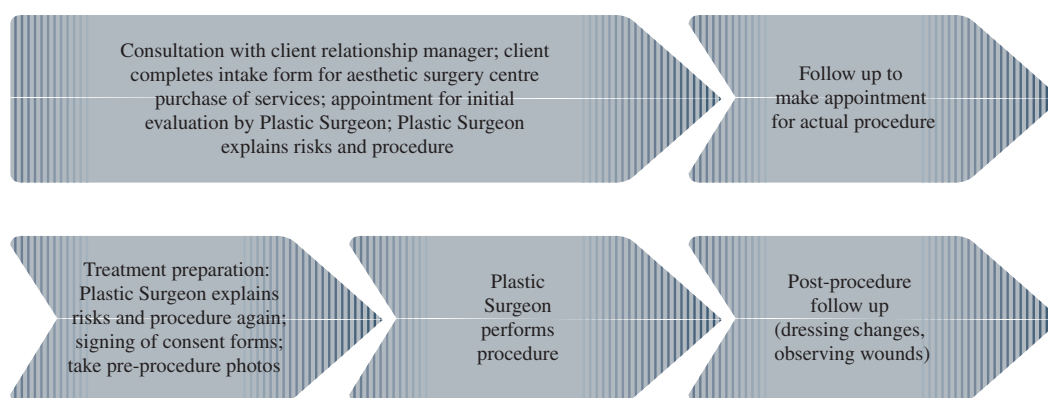
The following flowchart illustrates our general service process (except for aesthetic surgical procedures):



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Service Process for Aesthetic Surgical Procedures

We have designed a slightly different service process for our aesthetic surgical procedures, due to the nature of the risks and complexity relating to such aesthetic surgical procedures. This process is adhered to in all of our surgery centres in Hong Kong. We perform all of the following procedures even if the client is already a client of our non-surgical services. For example, all clients for aesthetic surgical procedures are required to complete separate intake and consent forms relating to undergoing aesthetic surgical procedures. The following flowchart illustrates our service process for aesthetic surgical procedures:



Seasonality

In general, during the Track Record Period, within a financial year, our client demand was the highest in the weeks leading up to Christmas, New Year and Chinese New Year, respectively, which led to increased number of service sessions delivered and therefore increased revenue from services provided around those times of the year. As such, our revenue from services provided was slightly higher in the second half of our financial year during the Track Record Period.

OUR PROFESSIONALS

Registered Practitioners

As at the Latest Practicable Date, we had 23 Registered Practitioners (i.e. our Doctors, Dentists and Chinese Medicine Practitioners) who worked full-time at our services centres and/or clinics. During the Track Record Period and up to the Latest Practicable Date, 21 Registered Practitioners joined our Group, while five left our Group. The following table summarises the number, types and average years of post-qualification experience of such Registered Practitioners as at the Latest Practicable Date:

Number of Registered Practitioners	Type of Registered Practitioners	Average years of experience	Approximate range of service years with the Group	Services Provided to Our Clients
2	Plastic Surgeons (in Hong Kong)	28	2-4	Aesthetic surgical procedures Minimally invasive procedures Energy-based procedures General consultation
1	Anaesthesiologist (in Hong Kong)	12	1	Application of anaesthesia Minimally invasive procedures Energy-based procedures General consultation

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Number of Registered Practitioners	Type of Registered Practitioners	Average years of experience	Approximate range of service years with the Group	Services Provided to Our Clients
1	Clinical Microbiologist (in Hong Kong)	12	0.5	Minimally invasive procedures Energy-based procedures General consultation
8	Hong Kong Doctors who are General Practitioners	11	0-8	Minimally invasive procedures Energy-based procedures General consultation
5	Dentists (in Hong Kong)	10	0-3	Dental services
2	Chinese Medicine Practitioners (in Hong Kong) (one Listed Chinese Medicine Practitioner and one Registered Chinese Medicine Practitioner)	13	2-3	Chinese medicine
3	Macau Doctors	9	2	Minimally invasive procedures Energy-based procedures General consultation
1	PRC Doctor	9	0.5	Minimally invasive procedures Energy-based procedures General consultation

As at the Latest Practicable Date, we also engaged a part-time Plastic Surgeon, several part-time Anaesthesiologists assisting with aesthetic surgical procedures from time to time, and an ophthalmologist subcontractor.

Most of our Registered Practitioners received their relevant medical and dental bachelor degrees and diplomas from accredited institutions in Hong Kong and the United Kingdom, including the University of Hong Kong, the Chinese University of Hong Kong and the University of London, while a few others received their relevant degrees from the PRC and the Philippines, respectively. Furthermore, some of our Registered Practitioners have obtained higher degrees or additional diplomas, among which include Master of Science in Clinical Microbiology, Postgraduate Diploma in Practical Dermatology, Postgraduate Diploma in Dental Surgery and Diploma in Advances in Medicine. As at the Latest Practicable Date, 11 of our Registered Practitioners had 11 years of experiences or above. In general, we prefer to engage Registered Practitioners with at least several years of practising experience prior to joining our Group. While some of our Doctors may not be in the field of aesthetic medicine prior to joining our Group, subsequent to joining our Group, our Doctors would focus their practices on aesthetic medicine. Our Doctors, from time to time, attend specific trainings provided by external institutions such as American Academy of Aesthetic Medicine and our suppliers on topics such as injection of aesthetic medicine and operating energy-based equipment. Some of our Doctors have also further obtained additional certification from attending workshops courses overseas. One of our more senior Registered Practitioners was also a part-time clinical lecturer at the University of Hong Kong.

Qualification of our Registered Practitioners

As at the Latest Practicable Date, all of our Registered Practitioners were qualified to practise medicine, dentistry or Chinese medicine in the jurisdictions where they are qualified to practise. All of our Hong Kong Doctors have obtained, among other qualifications, a bachelor degree in medicine and a bachelor degree in surgery. All of our Dentists have obtained, among other qualifications, a doctor or bachelor degree in dental medicine.

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Furthermore, we received declarations from each of our Registered Practitioners confirming that, amongst others, since joining our Group, in respect of the relevant Registered Practitioner's practice of medicine, dentistry or Chinese medicine (as applicable), (i) the Registered Practitioner had not been subject to any investigation, disciplinary enquiry or proceeding by the relevant professional body in relation to his or her medical practice at our Group and (ii) the Registered Practitioner had been in compliance with the relevant codes of professional conduct, as well as the relevant laws and regulations governing the Registered Practitioner's practice, as applicable.

Employment agreements and contracts for services with our Registered Practitioners

We enter into employment agreements, contracts for services or both, with our Registered Practitioners and/or corporate entities established by the relevant Registered Practitioners. Under these agreements, all of our Registered Practitioners are required to provide, on a full-time basis, medical, Chinese medicinal or dental services at our service centres and clinics or other locations as we designate.

The terms and conditions and the format of the agreements we enter into with each of our Registered Practitioners vary, depending on the seniority, practice nature and commercial negotiation with the relevant Registered Practitioner. In general, the form of our Agreements with our Registered Practitioners is primarily dependent on the individual negotiation with each of our Registered Practitioners on a case-by-case basis (which may be affected by, among others, the relative seniority of and legal advice received by the relevant Registered Practitioner).

Some examples of the key differences between contracts for services and the employment agreements are that the contracts for services have been entered into with the respective entities owned by the relevant Registered Practitioners while the employment agreements have been entered into directly with the Registered Practitioners, and that some of such contracts for services provided for a more complex compensation structure (such as varying formula based on nature of procedures performed and monthly advances). We do not believe that the form of our agreements with our Registered Practitioners affects our business model or the services provided to our clients.

The table below summarises the types of contractual arrangements and the types of terms we generally enter into with our Registered Practitioners:

	General Practitioners in Hong Kong	Specialists in Hong Kong	Dentists (in Hong Kong)	Chinese Medicine Practitioners (in Hong Kong)	Macau Doctors	PRC Doctor
<i>Full-time employment agreements/contracts for services with relevant corporate entities</i>	Full-time employment agreements	Contract for services with the relevant corporate entities owned by our Plastic Surgeons and Anaesthesiologist, respectively. Employment agreements have also been entered into with two of such Plastic Surgeons and the Anaesthesiologist	Full-time employment agreements with three of the Dentists. Separate contracts for services have also been entered into with two entities established by two of the relevant Dentists, one of whom also has an employment agreement with us.	Full-time employment agreements	Full-time employment agreements	Full-time employment agreement
		One full-time employment agreement with our Clinical Microbiologist				

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	General Practitioners in Hong Kong	Specialists in Hong Kong	Dentists (in Hong Kong)	Chinese Medicine Practitioners (in Hong Kong)	Macau Doctors	PRC Doctor
Compensation Structure	Fixed monthly salary, bonus based on the number of types of procedures performed and also a discretionary bonus	Certain Specialists are compensated based on a fixed monthly salary, bonus based on the number and types of procedures performed and also a discretionary bonus Other Specialists are compensated based on the revenue-sharing mechanism as specified in the relevant contract, which is primarily tied to the number and types of procedures performed	For one of the Dentists, fixed monthly salary and discretionary bonus For other Dentists, determined by a formula as specify in the relevant contract, which generally enables the Dentist to be paid a guaranteed minimum or a percentage of the service generated by the Dentist	Fixed monthly salary and discretionary bonus	Fixed monthly salary and discretionary bonus for two of the Macau Doctors For one of the Macau Doctors, based on a percentage of the revenue generated the relevant Macau Doctor	Fixed monthly salary, bonus based on the number of and types of procedures performed, and also discretionary bonus
Malpractice Insurance Costs	Most agreements provide for the partial reimbursement by our Group of costs of professional malpractice insurance/indemnity schemes	Most agreements provide for the partial reimbursement by our Group of costs of professional malpractice insurance/indemnity schemes	Most agreements provide for the partial reimbursement by our Group of costs of professional malpractice insurance/indemnity schemes	Nil	Nil	Nil
Indemnity to the Company for Professional Negligence	Given by the General Practitioners	Given by the Specialists or the entities established by the relevant Specialists	Given by the Dentists or the entities established by the Dentists	Given by the Chinese Medicinal Practitioners	Nil	Nil

Registered Practitioners' liabilities

As our services or medication that our Registered Practitioners prescribe carry inherent health risks, our Registered Practitioners are inevitably exposed to potential liability arising from complaints, claims and possibly litigation brought against them by clients alleging to have suffered from procedures performed and/or the use of medication prescribed. As procedures and/or medication may have varying effects on different persons based on their medical conditions, and clients may have subjective views on the level of satisfaction of services provided, it is plausible for clients to become agitated and possibly litigious when desired results are not achieved or if they suffer certain side-effects or injuries. Where our Registered Practitioners may have been negligent or reckless in respect of any procedure and/or prescription of medication, claims of medical negligence and malpractice may also be brought. As such, as with any other medical professionals, our Registered Practitioners are exposed to, *inter alia*:

- complaints brought against them informally or formally through our service centres and clinics or otherwise in connection with results of the services, errors and/or use of equipment or processes which caused harm to the clients;
- complaints or information brought to the Medical Council against them in respect of any case or matter concerning their suitability to practise and/or service-related matters;

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- investigations brought by the Medical Council following any complaints and/or information supplied by the clients;
- disciplinary orders made by the Medical Council following due inquiry, including an order of removal from the General or Specialist Registrars;
- litigation and court proceedings relating to allegations of medical malpractice or negligence or unsettled client complaints; and
- reputational damage arising from one or more of the above.

Our Hong Kong Doctors and Dentists and Chinese Medicinal Practitioners or the entities established by the relevant Hong Kong Doctors and Dentists, in their respective employment or contracts for services with our Group, have agreed to provide us with indemnity against any claims from our clients concerning death or injury resulting from the relevant Doctor's or Dentist's or Chinese Medicine Practitioner's professional negligence in his or her provision of medical or dental or Chinese medicinal service to our clients. Please see “—Insurance—Indemnification of the Group by our Registered Practitioners” in this prospectus. Please see also “—Insurance” in this prospectus regarding the professional indemnity protection cover maintained by our Registered Practitioners.

The part-time Anaesthesiologists (as discussed below) who assist our Plastic Surgeons from time to time are requested to sign an indemnity form in favour of our Group.

Save as disclosed below in “—Legal Proceedings, Claims, and Compliance—Claims and Litigation—Claims and litigation from clients” in this prospectus, during the Track Record Period and up to the Latest Practicable Date, our Group and our Registered Practitioners had not been the subject of any litigation or claims or threatened litigations or claims related to the medical services provided to our clients.

Registered Practitioners outside our Group

A small portion of our services are provided through or with the assistance of Registered Practitioners outside our Group who are not working full-time at our aesthetic medical centres and clinics. We retain, on a part-time basis, the service of a former Plastic Surgeon who had worked full-time for our Group for part of the Track Record Period. The assistance of several part-time Anaesthesiologists is retained from time to time to assist during aesthetic surgical procedures. We offer the ophthalmological services through our ophthalmologist contractor which are provided at her service centre. Please see “—our Services and Products—Medical services—Lasik and other ophthalmological services” in this prospectus for further details.

Dental Hygienists

As at the Latest Practicable Date, we had four Dental Hygienists, who provide certain dental services permitted to be performed by Dental Hygienists under Hong Kong law. Our Dental Hygienists are admitted by the Dental Council of Hong Kong to undertake dental work as described in section 6 of the Ancillary Dental Workers (Dental Hygienists) Regulations.

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Trained Therapists

As at the Latest Practicable Date, we had 238 Trained Therapists in Hong Kong and Macau.

Our Trained Therapists are an important part of our business model, and perform both quasi-medical services and traditional beauty services to our clients. Under the applicable laws and regulations of Hong Kong and Macau, the services provided by our Trained Therapists do not require any special licences.

We, under the leadership of our Doctors, have established an extensive training programme for our Trained Therapists on both product knowledge and practical skills, which includes a stringent internal testing and licensing protocol. Please see “—Quality Control—Training” in this prospectus for description of training made available for our Trained Therapists.

Doctor’s Assistants (in Hong Kong and Macau)

Doctor’s Assistants assist our Doctors and Dentists in the provision of medical and dental services. Our Doctors provide training to our Doctor’s Assistants for the skills and knowledge required for the provision of such assistance. Under the applicable laws and regulations of Hong Kong and Macau, the tasks performed by Doctor’s Assistants do not require any special licences. As at the Latest Practicable Date, we had 45 Doctor’s Assistants.

PRC Nurses

As at the Latest Practicable Date, we had two PRC Nurses (註冊護士) to assist our PRC Doctor in our Guangzhou Clinic.

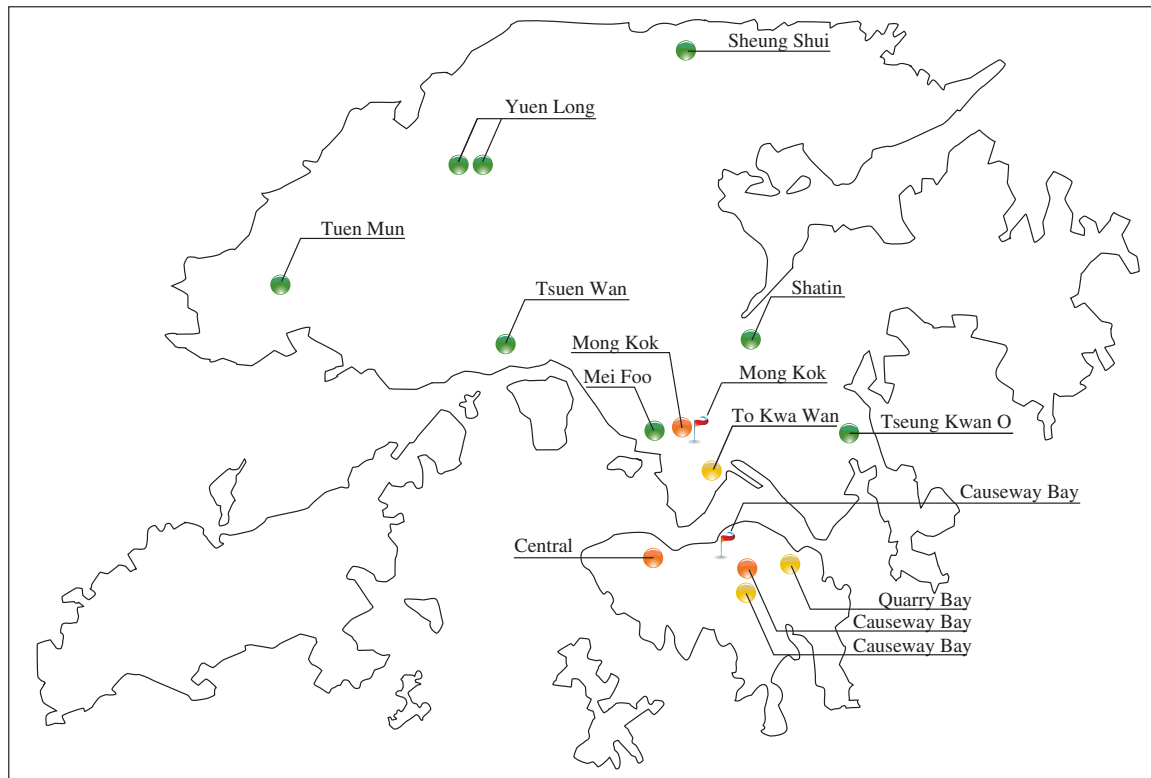
Client Relationship Managers

As at the Latest Practicable Date, we had 157 client relationship managers. Our client relationship managers are our frontline sales staff and have responsibilities in interfacing with and consulting our clients with respect to their needs and concerns. We, under the leadership of our Doctors, have established an extensive training programme for our client relationship managers, which includes a stringent internal testing and certifying protocol.

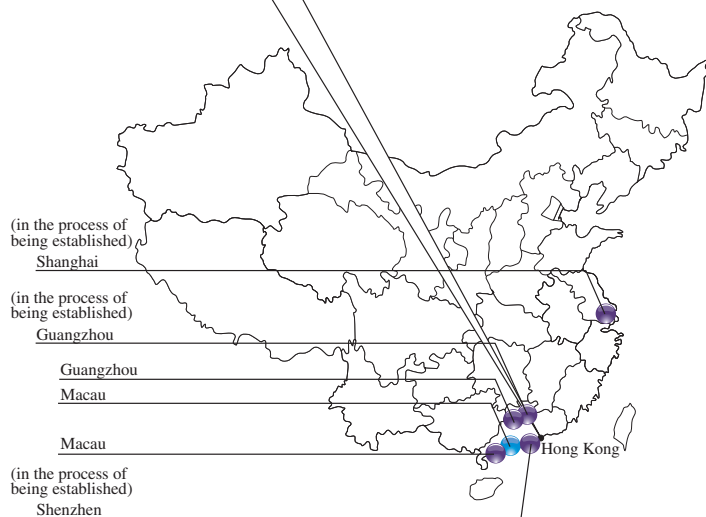
BUSINESS

OUR SERVICE CENTRES AND CLINICS

As at the Latest Practicable Date, we had 19 service centres and clinics, including 10 aesthetic medical centres, three aesthetic surgery centres and three additional standalone dental offices in Hong Kong, one aesthetic medical clinic in the PRC, as well as one aesthetic medical clinic and one beauty service centre in Macau. Of the 10 aesthetic medical centres in Hong Kong, two are flagship aesthetic medical centres and the rest are standard aesthetic medical centres. Set out below is an illustration of the locations of our service centres and clinics:



-  Flagship aesthetic medical centre
-  Standard aesthetic medical centre
-  Aesthetic medical clinic
-  Aesthetic surgery centre
-  Beauty service centre
-  Standalone dental office



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The following table sets forth the aggregate average g.f.a. of each of our service centres and clinics that were under lease and actively used for client service for the periods indicated:

	Year ended 31 March			Six months ended 30 September
	2013	2014	2015	2015
	(sq. ft.)			
Hong Kong				
<i>Flagship aesthetic medical centres</i>				
Langham Flagship Centre ⁽¹⁾	5,743	21,691	27,504	38,152
World Trade Flagship Centre ⁽²⁾	2,128	15,799	16,655	16,655
<i>Other service centres</i>				
<i>Central</i>				
G/F, 111 Caine Road (“111 Caine Road”) ⁽³⁾	1,650	—	—	—
15/F, Tak Shing House, 20 Des Voeux Road (“Central Surgery Centre”)	2,033	2,033	2,033	2,033
16/F, The Loop, 33 Wellington Street (“The Loop 16”) ⁽³⁾	1,628	1,628	678	—
<i>Causeway Bay</i>				
2101 Causeway Bay Plaza 1, 489 Hennessy Road (“Causeway Bay Plaza 1 21”) ⁽³⁾	3,179	1,325	—	—
Suite 3701, 37/F, World Trade Centre (“Causeway Bay Surgery Centre”)	2,500	2,500	2,500	2,500
6/F, Hang Seng Causeway Bay Building, 28-34 Yee Wo Street (“Hang Seng 6”) ⁽³⁾	954	—	—	—
22/F, Hang Seng Causeway Bay Building, 28-34 Yee Wo Street Hang (“Hang Seng 22”) ⁽³⁾	1,712	1,712	—	—
25/F, Hang Lung Centre, 2-20 Paterson Street (“Hang Lung Centre 25”)	—	483	580	580
25/F, Island Centre, 1 Great George Street (“Island Centre 25”) ⁽³⁾	3,832	—	—	—
<i>Jordan</i>				
11/F, 238 Nathan Road (“238 Nathan Road”) ⁽³⁾	1,861	620	—	—
14/F, Sino Cheer Plaza, 23 Jordan Road (“Sino Cheer Plaza 14”) ⁽³⁾	3,120	1,820	—	—
<i>Kowloon Bay</i>				
7/F, Telford House, 16 Wang Hoi Road (“Telford House 7”) ⁽³⁾	532	—	—	—
<i>Mei Foo</i>				
8/F, 9 Po Lun Street, Lai Chi Kok (“9 Po Lun Street”)	—	930	2,231	2,231
Portion A, Podium Floor, Towers 30-31, Stage III, Mei Foo Sun Chuen (“MFSC III Podium”) ⁽³⁾	1,275	3,188	—	—

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	Year ended 31 March			Six months ended 30 September
	2013	2014	2015	2015
	<i>(sq. ft.)</i>			
<i>Mong Kok</i>				
20/F, Park-In Commercial Centre, 56 Dundas Street ("56 Dundas Street") ⁽³⁾	4,800	2,000	—	—
23/F, 655 Nathan Road ("655 Nathan Road") ⁽³⁾	711	—	—	—
18-19/F, Central Commercial Tower, 736 Nathan Road ("736 Nathan Road") ⁽³⁾	1,567	392	—	—
Suites 1-2, 21/F, Office Tower, Langham Place ("Mong Kok Surgery Centre")	2,105	2,105	2,105	4,586
15/F, Grand Plaza Office Tower One, 639 Nathan Road ("One Grand Tower 15") ⁽³⁾	5,814	17,442	13,082	—
<i>Quarry Bay</i>				
5/F, Kornhill Plaza Metro Tower, 1 Kornhill Road ("Kornhill 5")	—	633	760	760
<i>Sha Tin</i>				
11/F, New Town Tower ("New Town Tower 11")	824	2,472	2,472	2,472
12/F, Sha Tin Tower ("Sha Tin Tower 12") ⁽³⁾	1,593	1,593	531	—
<i>Sheung Shui</i>				
G/F & Cockloft, 2 Lung Sum Avenue ("2 Lung Sum Avenue") ⁽³⁾	583	1,750	729	—
Cockloft, 4 Lung Sum Avenue ("4 Lung Sum Avenue") ⁽³⁾	333	1,000	417	—
8/F, Landmark North, 39 Lung Sum Avenue ("Landmark North 8")	—	—	1,753	1,912
<i>Tsim Sha Tsui</i>				
Basement, Holiday Inn Golden Mile, 46-52 Nathan Road ("Holiday Inn Basement") ⁽³⁾	500	—	—	—
<i>Tseung Kwan O</i>				
G/F, Metro City Phase I ("Metro City I G/F") ⁽³⁾	1,508	1,809	452	—
G/F, Metro City Phase II ("Metro City II G/F")	463	1,850	1,850	1,850
2070, Tseung Kwan O Plaza, 1 Tong Tak Street ("TKO Plaza 2070") ⁽³⁾	94	—	—	—
<i>To Kwa Wan</i>				
1/F, Grand Waterfront Plaza, 38 San Ma Tau Street, To Kwa Wan ("Grand Waterfront Plaza 1")	—	—	350	467
<i>Tsuen Wan</i>				
17/F, City Landmark I, 68 Chung On Street ("City Landmark I 17")	2,890	3,389	4,438	4,438
9/F, Nam Fung Center ("Nam Fung Centre 9") ⁽³⁾	375	1,500	375	—
<i>Tuen Mun</i>				
18/F, Tuen Mun Parklane Square, 2 Tuen Hi Road ("Parklane Square 18") ⁽³⁾	1,088	2,719	—	—
27/F, Tuen Mun Parklane Square, 2 Tuen Hi Road ("Parklane Square 27")	—	1,145	2,749	2,749
<i>Wan Chai</i>				
G/F, 124 Wan Chai Road ("124 Wan Chai Road")	—	—	175	233

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	Year ended 31 March			Six months ended 30 September
	2013	2014	2015	2015
	<i>(sq. ft.)</i>			
<i>Yuen Long</i>				
G/F, 25 Castle Peak Road (“25 Castle Peak Road”) ⁽³⁾	667	—	—	—
G/F, 71 Castle Peak Road (“71 Castle Peak Road”) ⁽³⁾	1,800	750	—	—
3/F and 16-17/F, Glassview Commercial Building, 65 Castle Peak Road (“Glassview Commercial”) ⁽³⁾	—	762	4,100	4,704
G/F & Cockloft, Golden Hall Building, 49-63 Castle Peak Road (“Golden Hall Building G/F”) ⁽³⁾	750	3,000	1,250	—
9/F, Kwong Wah Plaza, 11 Tai Tong Road (“Kwong Wah Plaza 9”)	2,591	2,392	2,392	2,392
2/F, Opulence Height 50 Castle Peak Road (“Opulence Height 2”) ⁽³⁾	546	2,184	1,638	—
Macau				
Macau beauty service centre	3,000	3,000	3,000	3,000
Macau aesthetic medical clinic	2,500	2,500	2,500	2,500
PRC				
Guangzhou Clinic	—	—	—	4,703
Aggregate average g.f.a	<u>71,287</u>	<u>114,447</u>	<u>102,703</u>	<u>98,917</u>

Notes:

- As at the Latest Practicable Date, the aggregate average g.f.a. of 21/F, 31/F, and 41/F of the Langham Flagship Centre was 3,356 sq. ft., 17,398 sq. ft. and 17,398 sq. ft., respectively.
- As at the Latest Practicable Date, the aggregate average g.f.a. of 19/F and 37/F of the World Trade Flagship Centre was 6,385 sq. ft. and 10,270 sq. ft., respectively.
- Not currently in use.

To increase the scale of our operations, during the Track Record Period, we expanded our flagship centres while closing down ineffective centres. The aggregate average g.f.a. occupied by our service centres and clinics increased from 71,287 sq. ft. for the year ended 31 March 2013, to 114,447 sq. ft. for the year ended 31 March 2014, and decreased slightly to 102,703 sq. ft. for the year ended 31 March 2015. The increase from 71,287 sq. ft. for the year ended 31 March 2013 to 114,447 sq. ft. for the year ended 31 March 2014 was primarily attributable to the expansion of our flagship aesthetic medical centres and the commencement of our dental operations, while the decrease from 114,447 sq. ft. for the year ended 31 March 2014 to 102,703 sq. ft. for the year ended 31 March 2015 was primarily attributable to the closing of ineffective centres. The further decrease to 98,917 sq. ft. for the six months ended 30 September 2015 was primarily attributable to relocation of a couple of service centres in Hong Kong to slightly smaller service centres in the same districts as the previous service centres, respectively.

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In order to promote efficiency, we consolidated a few smaller service centres into larger centres in certain districts, which was the primary reason leading to the overall decrease in number of centres since the beginning of the Track Record Period. The following table sets forth the movement in the number of our service centres and clinics during the periods indicated:

	Year ended 31 March			Six months ended 30 September
	2013	2014	2015	2015
Service centres and clinics at the end of the previous year/period	21	27	19	19
Addition during the year/period	19	5	4	—
Closure during the year/period	13	13	4	—
Service centres and clinics at the end of the year/period	<u>27</u>	<u>19</u>	<u>19</u>	<u>19</u>

In order to maintain our brand image and give our clients consistent service experiences, we strive to design all of our service centres and clinics using similar visual concepts, designs and setup. Each flagship aesthetic medical centre and standard aesthetic medical centres consist of service rooms, consultation rooms for client relationship managers, medical consultation rooms, Registered Practitioners' offices and a reception area. As at 31 March 2015, the average g.f.a. of our flagship aesthetic medical centres and standard centres in Hong Kong are approximately 37,876 sq. ft. and 2,020 sq. ft., respectively.

We generally aim to provide the same types of services and equipment in all of our service centres and clinics. However, aesthetic surgical procedures are only performed in Hong Kong aesthetic surgery centres, and dental services are only performed at locations with dental facilities. The following table summarises the services available at our various types of centres:

	Aesthetic Surgical Procedures	Minimally Invasive Procedures	Energy-based Procedures	Traditional Beauty Services	Dental Services	General Consultation	Chinese Medicine
Hong Kong flagship aesthetic medical centres	x	√	√	√	○	√	○
Hong Kong standard aesthetic medical centres	x	√	√	√	x	√	○
Hong Kong aesthetic surgery centres	√	√	√	x	x	√	x
Hong Kong standalone dental office	x	x	x	x	√	(Dental only)	x
Macau aesthetic medical clinic	x	√	√	√	x	√	x
Macau beauty service centre	x	x	√	√	x	x	x
PRC aesthetic medical clinic	x	√	√	x	x	√	x

√ - Yes
x - No
○ - At some centres

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In Hong Kong, our Registered Practitioners rotate through our service centres at different locations to provide medical services, in accordance with a predetermined schedule, which we adjust from time to time in accordance with our active monitoring of utilisation rates of our service centres. Our non-medical staff may also perform their services at different service centres, and we allocate our manpower and equipment with the assistance of our integrated information technology infrastructure to enhance the utilisation of our resources. A few advanced service devices are available only in certain of our flagship aesthetic medical centres. In addition, a few other service devices are available at all times in flagship aesthetic medical centres but are rotated through our standard aesthetic medical centres. Regardless of location of purchase, we allow all of our clients to book and receive services in any of our centres that they select, subject to availability.

The following table sets forth a breakdown of revenue from services performed and product sold at our top-two revenue-generating aesthetic medical centres and as a percentage of our revenue from services performed and products sold at our flagship aesthetic medical centres for the periods indicated:

	Year ended 31 March						Six months ended 30 September	
	2013		2014		2015		2015	
	<i>(HK\$ in thousands, except for percentages)</i>							
Langham Flagship Centre	19,210	88.2%	69,937	56.0%	119,963	56.6%	80,283	59.2%
World Trade Flagship Centre.	<u>2,569</u>	<u>11.8%</u>	<u>54,926</u>	<u>44.0%</u>	<u>91,910</u>	<u>43.4%</u>	<u>55,330</u>	<u>40.8%</u>
Total.	<u><u>21,779</u></u>	<u><u>100.0%</u></u>	<u><u>124,863</u></u>	<u><u>100.0%</u></u>	<u><u>211,874</u></u>	<u><u>100.0%</u></u>	<u><u>135,612</u></u>	<u><u>100.0%</u></u>

Hong Kong Service Centres

In Hong Kong, our standard aesthetic medical centres offer the same features and services as our flagship aesthetic medical centres, except that our flagship aesthetic medical centres are larger in terms of floor space and have a few additional advanced service devices and service rooms, such as X-ray rooms, CT-Scan Room, and integrated dental offices.

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Flagship aesthetic medical centres



Notes:

1. Reception of Langham Flagship Centre (31/F)
2. Medical consultation room
3. Minimally invasive service room
4. Reception of World Trade Flagship Centre (37/F)
5. Consultation room
6. Dental service room

As at the Latest Practicable Date, we had two flagship aesthetic medical centres, located in office towers of shopping malls of World Trade Centre and Langham Place, respectively, which are located in the commercial districts of Causeway Bay and Mong Kok in Hong Kong. For the year ended 31 March 2015 and the six months ended 30 September 2015, over 60% of our contracted sales took place in our flagship aesthetic medical centres. These centres offer medical, quasi-medical and traditional beauty services. These centrally located centres are our most popular centres, with an average range of approximately 50 to 60 service rooms. Both Langham Flagship Centre and World Trade Flagship Centre have integrated dental

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offices. In addition, two of our aesthetic surgery centres are located on the 21st floor of Langham Place and the 37th floor of the World Trade Centre, respectively, which are adjacent to our Langham Flagship Centre and World Trade Flagship Centre. The integration and proximity of our dental and surgical facilities help us provide a more seamless one-stop experience to our clients.

Standard aesthetic medical centres

As at the Latest Practicable Date, we had nine standard aesthetic medical centres, which had an average range of approximately 10 to 15 service rooms. They are placed in less centrally located commercial districts in Hong Kong, such as Yuen Long and Shatin, to make our services more accessible to clients and potential clients.

Aesthetic surgery centres

We have three aesthetic surgery centres in Hong Kong, which are staffed with Plastic Surgeons, Doctor's Assistants and other support staff. Our aesthetic surgery centres are located in the districts of Central, Causeway Bay and Mong Kok, respectively. We have measures in place to help ensure that aesthetic surgeries are only performed by Plastic Surgeons.

Standalone dental offices

In addition to our two integrated dental offices at our flagship aesthetic medical centres, we also have three additional standalone dental offices in Hong Kong.

Macau and PRC Aesthetic Medical Clinics and Beauty Service Centre

We have one aesthetic medical clinic in Macau and one aesthetic medical clinic in Guangzhou, both of which are licensed medical clinics in accordance with local laws and regulations. We are also in the process of expanding the scale of operations of our Guangzhou Clinic and we also expect to open a new aesthetic medical clinic in Shanghai, Guangzhou and Shenzhen, respectively, in 2016. Our aesthetic medical clinic in Macau is similar to our standard aesthetic medical centres in Hong Kong, staffed with three Macau Doctors and other staff, but offers only minimally invasive procedures and energy-based procedures. In addition, we operate a beauty service centre in Macau in the same building as our aesthetic medical clinic, which offers traditional beauty services.

We are in the process of expanding the operations of our aesthetic medical clinic in Guangzhou, and the aesthetic medical clinic in Guangzhou as well as the additional aesthetic medical clinics to be established in Shanghai, Guangzhou and Shenzhen are intended to be similar to our flagship aesthetic medical centres in Hong Kong in terms of facilities and design, except that we currently plan to offer only minimally invasive procedures and energy-based procedures performed by Doctors in our PRC aesthetic medical clinics. Currently, our aesthetic medical clinic in Guangzhou is staffed with one PRC doctor and two PRC Nurses.

Operating our Aesthetic Medical Clinics and Beauty Service Centres Outside of Hong Kong

As a general matter, outside of Hong Kong, we operate our existing aesthetic medical clinics and beauty centres, and intend to operate those future ones, by a combination of hiring locally qualified professionals and stationing personnel that have had experiences in Hong Kong (on a short-term or long-term basis, as our business needs require). Before entering a new location, our management would seek the advice of locally qualified legal counsel to help ensure that our operations to be established would be compliant with applicable local laws and regulations.

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In particular, in the PRC, for both our existing (the Guangzhou Clinic) and future operations, we have hired and will continue to hire locally qualified Registered Practitioners in the PRC, as well as PRC Nurses. In addition, three of our Hong Kong Doctors and Dentists have obtained the relevant licences under CEPA and we intend to send them to help oversee both our existing and future PRC operations, as well as to help provide training to our staff there. Registered Practitioners in the PRC also come to Hong Kong to attend relevant training programmes and conferences from time to time. For the six months ended 30 September 2015, we derived revenue of HK\$1.9 million from our PRC operations. In the months of June, July, August and September of 2015, the contracted sales of our Guangzhou Clinic were approximately HK\$0.2 million, HK\$0.8 million, HK\$0.5 million and HK\$1.6 million, respectively, and in the same periods, we had 11, 36, 41 and 107 clients, respectively, who had made at least one purchase of services from our Guangzhou Clinic.

For our Macau aesthetic medical clinic, we hire Doctors qualified to practise medicine in Macau and also local staff. Some business personnel who had relevant experience in Hong Kong had also been sent to Macau to help manage such operations. Registered Practitioners in Macau also come to Hong Kong to attend relevant training programmes and conferences from time to time.

Safety Features of Our Service Centres and Clinics

We highly value the safety of all our clients and have taken care to set up our service centres and clinics with safety features. Our aesthetic surgical centres are equipped and stocked with safety devices and supplies such as automated external defibrillator (AED), oxygen cylinder, laryngoscope, patient monitor, wheelchair, airbag, adrenaline 1:1000 ml, hydrocortisone 100mg and 0.9% sodium chloride. Our aesthetic surgical centres are designed with hallways that are wide enough for access by emergency response teams, including rolling hospital beds. All of our service centres and clinics that do not provide aesthetic surgical procedures are equipped and stocked with safety devices and supplies, such as airbag angiocath, angiocatheter 22G, adrenaline 1:1000, chlorpyrimine 10 mg, hydrocortisone 100mg hyalase, 1500 I.U., aspirin, nitroderm TTS-5 25mg, ampiclox 500mg, timolol eye drops, and plastic and paper bags.

Utilisation Rates of Our Service Centres and Clinics

During the Track Record Period, the service capacity of our service centres and clinics was not fully utilised, and the utilisation rate of our flagship aesthetic medical centres during peak hours ranged from approximately 16%-36% and during the non-peak hours ranged from approximately 10%-27%. Our Directors confirm that in order to create a feeling of comfort and luxury for our clients, our Group does not aim to maximise the utilisation of our service centres and clinics to their respective maximum limits. We consider that a utilisation rate in terms of room availability of approximately 50% a good benchmark for offering a comfortable experience for our clients. In addition, we actively monitor the workload of our Registered Practitioners and Trained Therapists to help ensure that there is sufficient capacity to service all prepaid packages sold. During the Track Record Period, our Group did not receive any material complaints from our clients in respect of failure to make bookings for service sessions.

With the assistance of our integrated information technology infrastructure, we are able to monitor the utilisation rate of our service centres and clinics, as well as the workload of our personnel, so that we have sufficient service capacity to handle all prepaid packages sold to our clients within the validity periods. Please see “—Information Technology Systems” in this prospectus.

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The following table provides details of the utilisation of each of our flagship centres, and standard aesthetic medical centres or clinics for the periods indicated:

	Year ended 31 March									Six months ended 30 September		
	2013			2014			2015			2015		
	Service Capacity ⁽¹⁾	Actual Service Provided ⁽²⁾	Utilisation Rate ⁽⁴⁾	Service Capacity ⁽¹⁾	Actual Service Provided ⁽²⁾	Utilisation Rate ⁽⁴⁾	Service Capacity ⁽¹⁾	Actual Service Provided ⁽²⁾	Utilisation Rate ⁽⁴⁾	Service Capacity ⁽¹⁾	Actual Service Provided ⁽²⁾	Utilisation Rate ⁽⁴⁾
Flagship aesthetic medical centres												
<i>Langham Flagship Centre</i> (opened on 1 July 2012) ⁽⁵⁾												
— Peak Hours ⁽³⁾	144,672	22,507	16%	433,840	97,880	23%	549,728	152,737	28%	337,696	116,827	35%
— Non-Peak Hours ⁽³⁾	253,176	24,273	10%	759,220	118,849	16%	962,024	193,925	20%	590,968	157,414	27%
<i>World Trade Flagship Centre</i> (opened on 1 February 2013) ⁽⁷⁾												
— Peak Hours ⁽³⁾	20,000	4,170	21%	288,272	57,120	20%	370,592	88,938	24%	185,888	66,456	36%
— Non-Peak Hours ⁽³⁾	35,000	4,925	14%	504,476	73,947	15%	648,536	119,453	18%	325,304	85,246	26%
Standard aesthetic medical centres and clinics												
<i>Macau beauty service centre</i> (opened on 1 April 2013)												
— Peak hours	NA	NA	NA	75,920	NA	NA	75,920	19,685	26%	38,064	14,211	37%
— Non-peak hours	NA	NA	NA	132,860	NA	NA	132,860	26,492	20%	66,612	19,918	30%
<i>Macau aesthetic medical clinic</i> (opened on 1 April 2013)												
— Peak hours	NA	NA	NA	58,400	NA	NA	58,400	2,559	4%	29,280	2,123	7%
— Non-peak hours	NA	NA	NA	102,000	NA	NA	102,000	3,444	3%	51,240	2,976	6%
<i>9 Po Lun Street</i> (opened on 22 November 2013)												
— Peak hours	NA	NA	NA	20,800	11,550	56%	58,400	28,761	49%	29,280	17,307	59%
— Non-peak hours	NA	NA	NA	36,400	15,783	43%	102,200	41,041	40%	51,240	25,401	50%
<i>New Town Tower II</i> (opened on 1 December 2013)												
— Peak hours	NA	NA	NA	27,104	13,564	50%	81,760	39,967	49%	40,992	19,996	49%
— Non-peak hours	NA	NA	NA	47,432	17,305	36%	143,080	49,751	35%	71,736	27,106	38%
<i>Landmark North 8</i> (opened on 12 May 2014)												
— Peak hours	NA	NA	NA	NA	NA	NA	51,840	21,866	42%	29,280	14,173	48%
— Non-peak hours	NA	NA	NA	NA	NA	NA	90,720	28,495	31%	51,240	19,016	37%
<i>Metro City II G/F</i> (opened on 1 February 2013)												
— Peak hours	10,384	2,442	24%	64,240	29,723	46%	64,240	30,868	48%	32,208	16,956	53%
— Non-peak hours	18,172	3,475	19%	112,420	39,526	35%	112,420	41,324	37%	56,364	22,309	40%
<i>Parklane Square 27</i> (opened on 20 November 2013)												
— Peak hours	NA	NA	NA	27,456	11,651	42%	73,424	34,915	48%	36,816	23,461	64%
— Non-peak hours	NA	NA	NA	48,048	14,648	30%	128,492	44,617	35%	64,428	29,809	46%
<i>City Landmark I 17</i> (opened on 22 January 2010)												
— Peak hours	75,120	8,355	11%	75,120	41,621	55%	75,120	42,696	57%	37,680	24,790	66%
— Non-peak hours	131,460	10,094	8%	131,460	54,364	41%	131,460	57,568	44%	65,940	34,152	52%
<i>Kwong Wah Plaza 9</i> (opened on 1 September 2010)												
— Peak hours	64,240	9,561	15%	64,240	23,201	36%	64,240	24,691	38%	32,208	10,805	34%
— Non-peak hours	112,420	11,523	10%	112,420	28,549	25%	112,420	32,218	29%	56,364	14,242	25%
<i>Glassview Commercial</i> (opened on 1 December 2013) ⁽⁶⁾												
— Peak hours	NA	NA	NA	15,696	9,231	59%	88,560	37,775	43%	50,976	25,836	51%
— Non-peak hours	NA	NA	NA	23,544	11,347	48%	132,840	47,498	36%	76,464	34,688	45%
<i>Guangzhou Clinic</i> (opened on 18 June 2015)												
— Peak hours	NA	NA	NA	NA	NA	NA	NA	NA	NA	2,816	191	7%
— Non-Peak hours	NA	NA	NA	NA	NA	NA	NA	NA	NA	4,224	168	4%

Notes:

- Service capacity refers to total capacity for provision of services which is calculated based on the product of the number of service rooms in the service centre(s), the number of room-periods available during business hour of each day when the service centre(s) are open and the number of days the service centre(s) is open in a financial period. Each room-period is a 15-minute block. The business hour of our service centre(s) is 10 a.m. to 9 p.m. on the days when the service centre(s) are open.

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2. Actual service provided refers to the actual number of room-periods used to provide service sessions to clients in the financial period. Each room-period consists of a 15-minute block.
3. Peak hours mean 3 p.m. to 7 p.m. on days which the facility is open. Non-Peak hours mean the remaining operating hours of the service centres.
4. Utilisation rate is calculated by dividing actual service provided by service capacity.
5. This flagship centre expanded in size by an additional floor on 1 July 2013 and further expanded by another floor on 31 December 2014.
6. Part of this flagship centre (21/F) had undergone renovation since 1 December 2014 but had reopened subsequent to the Track Record Period. Therefore, data related to this part of the flagship centre for the year ended 31 March 2015 only include data collected up to 30 November 2014. This centre is not currently in use.
7. This flagship centre expanded in size by an additional floor on 1 August 2013.

Equipment

Our service centres and clinics are equipped with advanced service devices. We invest in devices from leading medical device manufacturers from Europe, Korea, the U.S., Israel and the PRC. We apply stringent standards in selecting service devices. Please see “—Quality Control” in this prospectus for further details regarding our quality control procedures in purchasing service devices. We purchase our service devices from one supplier who is a connected party, Good Union, and a number of suppliers who are Independent Third Parties. Please see “Continuing Connected Transactions—Continuing Connected Transactions—II. Non-exempt continuing connected transactions—Supply of medical devices, consumables and equipment framework agreement” in this prospectus for further details regarding Good Union.

Our key medical service devices are our devices for our energy-based procedures and aesthetic surgical procedures, such as devices used for laser hair removal and skin rejuvenation. Our key non-medical service devices are used in the provision of our traditional beauty services, which utilise technologies such as ionisation, water pressure, vacuum and relatively low power lasers (as compared to that of our medical service devices).

The average useful lives of our service devices are approximately five years. We perform regular maintenance on our service devices in accordance with the relevant suggestions by the respective manufacturers. Set forth below is a table summarising the estimated average useful lives of certain of our key service devices:

Type of Devices	Number of Devices	Approximate Average Age of Machines <i>(Years)</i>	Estimated Remaining Lives ⁽¹⁾ <i>(years)</i>
Cryolysis	18	1.4	3.7
HIFU	23	2	5.1
Variable Intense Pulsed Light	7	0	7
Laser	35	3.3	3.3
Radiofrequency	11	1.8	5.2
Total	94	2.2	4.2

Note:

1. The actual length that we will use these machines may be different from the estimates.

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EXPANSION OF OUR BUSINESS

During the Track Record Period, we experienced rapid expansion, by, among others, increasing the number of our service centres in Hong Kong and aesthetic medical clinics in the PRC and Macau.

Criteria for Opening or Closing Service Centres and Clinics

We intend to open additional service centres and clinics whenever we identify suitable locations. We take into account the following factors when establishing new aesthetic medical centres:

- our need to increase service capacity;
- rental costs, terms of the lease and potential returns;
- geographical overlap with our existing service centres and clinics;
- suitability of location and neighbourhood for our clients and potential clients (e.g., expanding to more districts in Hong Kong);
- quality of the premises and facilities (including the management of the facilities); and
- composition of the tenants.

During the Track Record Period, we also closed a number of service centres in Hong Kong for the following reasons:

- replacing a few smaller service centres with a flagship aesthetic medical centre to enjoy economies of scale in terms of operating expenses and to increase the level of our clients' experience; and
- we found alternative locations with more competitive rent pricing subsequent to expiration of the relevant leases.

Due Diligence prior to Acquisitions

In addition to organic growth by opening new service centres and clinics and employing the services of additional professionals, we also grow our business by acquiring other similar businesses when we identify suitable opportunities. Please see “Our History, Reorganisation and Corporate Structure—Major Acquisitions” in this prospectus for a description of our significant acquisitions.

We carefully evaluate and conduct due diligence on our targets prior to acquisitions. We consider a number of relevant factors, such as:

- the condition of the target's existing equipment and service facilities;
- credentials and experience of the target's professionals and staff;
- the profile and quantity of the target's existing clients;
- the target's past violations of laws and regulations (if any) and track record of client complaints;
- the soundness of the target's accounting, operating, marketing and record keeping policies procedures;
- terms of the target's existing leases;

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- the target's industry reputation; and
- the target's potential synergy with our existing operations.

MARKET AND COMPETITION

The aesthetic medical service markets in Hong Kong and in the rest of Greater China are highly fragmented and competitive. We compete primarily on the basis of the reputation and quality of our services, the range of services offered and the effectiveness of our operational infrastructure.

We compete primarily against providers of aesthetic medical services in Hong Kong, including independent aesthetic medical offices, private aesthetic medical speciality hospitals, traditional beauty salons that offer certain aesthetic medical services, aesthetic medical departments of public hospitals and other one-stop aesthetic medical service providers. As we derive a portion of our revenue from traditional beauty services, we also compete with traditional beauty service providers in Hong Kong.

For the year ended 31 December 2014, we were the largest aesthetic medical service provider in terms of revenue in Hong Kong, according to the Frost & Sullivan Report. While the aesthetic medical service market in Hong Kong is expected to grow in the coming years, according to the Frost & Sullivan Report, consolidation among market players is expected to accelerate as more competitive market players gain market share and less competitive market players are forced to leave the market. Please see "Industry Overview" in this prospectus for a more detailed discussion regarding the markets in which we operate.

CUSTOMERS

During the Track Record Period, substantially all of our customers were clients who were individual retail consumers. Our clients are required to pay before receiving our services, and no credit period is granted to them from us (while they may receive financing plans from credit card companies). For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, revenue from our five largest clients was HK\$2.2 million, HK\$3.8 million, HK\$5.7 million and HK\$3.3 million, respectively, representing 1.0%, 0.8%, 0.9% and 1.0% of our revenue for the same periods. All of our five largest clients during the Track Record Period are individuals and Independent Third Parties.

Average Revenue from Services Provided

The following table sets forth certain data regarding our clients who received at least one service session (at least one prepaid service session) for the periods indicated:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
Revenue from services provided (in HK\$ in thousands)	185,931	280,115	348,506	162,806	196,517
Number of clients who received at least one service session	22,669	26,495	25,959	18,846	20,072
Average revenue per client from services provided, in HK\$	8,202	10,572	13,425	8,639	9,791

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The following table sets forth our average revenue per client from services provided by nature of services for the periods indicated:

	Years ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
Number of clients who received at least one medical service session	8,154	10,182	11,801	6,705	8,753
Average revenue per client from medical services provided, in HK\$.	14,930	18,621	18,556	14,735	14,813
Number of clients who received at least one quasi-medical service session	5,507	5,949	6,761	5,051	4,896
Average revenue per client from quasi-medical services provided, in HK\$.	3,398	4,974	9,265	5,610	7,019
Number of clients who received at least one traditional service session	13,852	16,887	15,142	12,194	10,996
Average revenue per client from traditional beauty services provided, in HK\$.	3,283	3,608	4,417	2,925	2,955

The following table sets forth a breakdown of certain average revenue per client from medical services provide by the nature of medical services for the periods indicated:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
			(in HK\$)		
Aesthetic surgical procedures	23,368	35,722	32,042	26,379	27,317
Minimally invasive procedures	11,788	13,725	17,160	14,088	13,296
Energy-based procedures performed by Doctors	29,459	39,464	29,120	24,906	21,502

Contracted Sales

The following table sets forth certain data regarding clients who made at least one purchase of services or products for the periods indicated:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
Number of clients who made at least one purchase of services or products	20,450	23,950	23,592	14,737	17,639
Contracted sales (in HK\$ in thousands) . . .	337,869	528,404	574,557	292,174	320,888
Average spending per client, in HK\$(¹)	16,522	22,063	24,354	19,826	18,192

Note:

- Contracted sales divided by number of clients who made at least one purchase of services or products in the relevant financial period.

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The following table sets forth our contracted sales from services provided by nature of services for the periods indicated:

	Years ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
Number of clients who purchased at least one medical service session	8,177	9,971	11,896	6,033	8,727
Contracted sales from medical services provided (in HK\$ in thousands)	178,928	251,682	284,156	132,778	182,197
Number of clients who purchase at least one quasi-medical service session	3,576	4,796	5,561	3,780	3,817
Contracted sales from quasi-medical services provided (in HK\$ in thousands)	30,760	63,064	99,128	57,411	55,733
Number of clients who purchased at least one traditional beauty service session	12,645	15,637	12,693	8,717	8,483
Contracted sales from traditional beauty services provided (in HK\$ in thousands)	116,421	185,890	161,083	87,847	73,476

Key Clients

An important operating data that our senior management analyses is the number of Key Clients that we had in each financial year, as Key Clients contributed approximately 66%, 76% and 79% of our revenue from services provided for the years ended 31 March 2013, 2014 and 2015, respectively, and Key Clients contributed approximately 53%, 65% and 72% of our contracted sales for the same periods, respectively. We define Key Clients as the clients who have, in the relevant financial year, contributed at least HK\$5,000 to our revenue from services provided and have visited our service centres or clinics for at least four times. For the years ended 31 March 2013, 2014 and 2015, we had approximately 5,100, 7,500 and 8,400 Key Clients, respectively, and the average contracted sales per client to such clients were approximately HK\$35,000, HK\$46,000 and HK\$49,000, respectively, for the same periods. Approximately 75% of our Key Clients in the year ended 31 March 2015 had at least two years of relationship with us as at 31 March 2015.

Repeat Clients

For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, approximately 46%, 59%, 64% and 59%, of our clients who made at least one purchase of services or products are Repeat Clients.

Other Client Data

During the Track Record Period, our clients were predominately females. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively, approximately 91%, 91%, 90% and 90% of our clients who received at least one service session were females. We served clients of different age groups, and were not reliant on clients from any particular age group. For the year ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively, approximately 67%, 68%, 64% and 66% of our clients who received at least one service session were between the ages of 16 to 45.

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The following table sets forth the length of relationship with our clients who received at least one service session during the year ended 31 March 2015 as at the date indicated:

<u>Length of relationship</u>	<u>31 March 2015</u>
Less than one year	33.0%
One year to less than two years	11.9%
Two to less than three years	30.8%
Three to less than four years	6.1%
Four to less than five years	6.6%
Five or more years	<u>11.4%</u>
	<u>100.0%</u>

CLIENT FEEDBACK MANAGEMENT

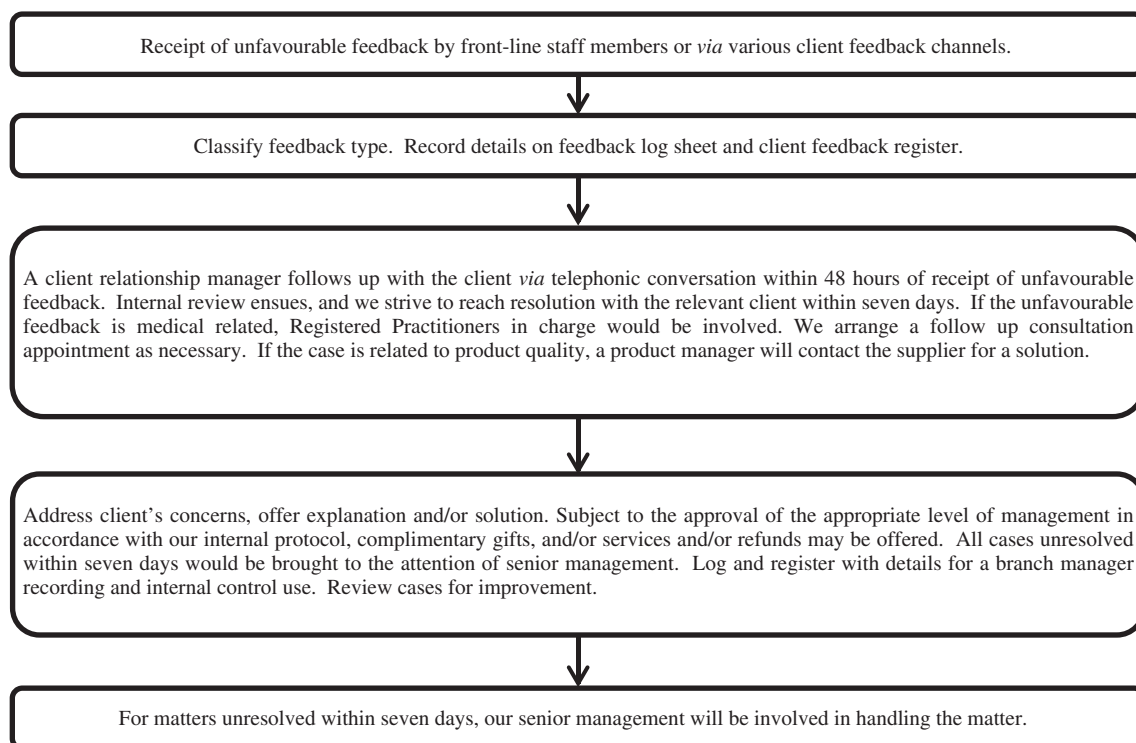
Clients' satisfaction is essential to client retention and long-term loyalty, and therefore, we highly value client feedback and have established a comprehensive client feedback management system, which comprises detailed protocols and guidelines. We have created multiple channels for soliciting and receiving client feedback, including e-mails, social media platforms, comment collection surveys that we actively encourage clients to fill out, a client hotline, face-to-face discussions with our frontline staff and Registered Practitioners and our client phone survey system that was established in July 2013. We also take advantage of our integrated information technology infrastructure to record and analyse our client feedback. Client feedback helps us improve our services and enhance the client experience at our service centres and clinics. Pursuant to our client feedback protocols, our staff are required to, as soon as reasonable, record all client feedback received, whether favourable or unfavourable, through our information technology infrastructure.

We utilise such feedback to evaluate our operations, as well as our employees. Favourable feedback helps encourage our employees and lets us know the areas where we are doing well. However, since our reputation is important to our business, we pay particular close attention to unfavourable feedback, and within 48 hours of any unfavourable feedback, a client relationship manager is tasked with establishing initial telephonic communication with the relevant client. Within seven working days of the receipt of any unfavourable feedback, our staff reviews and analyses the matter internally and engages in further telephonic communication with the relevant client to try to reach a preliminary resolution. If the matter cannot be resolved by such telephonic communications, our staff reports such cases to senior management for further actions and discussion with the relevant client.

In trying to resolve unfavourable feedback, our staff may offer an explanation, and if appropriate, an apology to the relevant client. Our staff may also, subject to the approval of the appropriate level of management in accordance with our internal protocol, offer complimentary gifts and/or services and/or refunds while handling unfavourable feedback. We approve such methods of resolutions on a case-by-case basis, depending on the reasonableness of the client's complaint and demand, as well as other factors such as resources that we may otherwise have to spend in handling the matter. Upon receipt of such complimentary gifts and/or services or refunds, the relevant client is requested to sign a form indicating that the matter has been resolved.

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The following flowchart sets forth our protocol for handling unfavourable feedback:



If the relevant client cannot be contacted within a 3-month period, we will assume that the matter is no longer outstanding.

Client Phone Survey System

In July 2013, we implemented a client phone survey system in order to further our active solicitation of client feedback. Every working day, our client service team calls clients who have received our services on the previous day (excluding those who had already completed such survey in the past 30 days). The survey is conducted based on a questionnaire where we ask clients to give us scores (out of five points) for 14 categories, such as level-of-care, attitude of staff and brand image. We compile the scores through our integrated information technology infrastructure and review such scores to identify targets for improvement. Since the implementation of the programme in July 2013, we had surveyed 8,884 clients in the year ended 31 March 2014 and 8,187 clients in the year ended 31 March 2015. We have been able to improve our scores from such client phone surveys during the Track Record Period.

Materially Unfavourable Feedback Received in Track Record Period

For the years ended 31 March 2013, 2014 and 2015 and from 1 April 2015 up to the Latest Practicable Date, we received 31, 54, 53 and 39 instances of materially unfavourable client feedback (excluding litigious complaints as defined below), respectively, via our various channels such as our client phone survey system, representing approximately 0.01%, 0.01%, 0.01% and 0.01% of the aggregate number of services sessions that we provided during the same periods.

We define materially unfavourable feedback as when we had to offer monetary compensation and/or refunds to settle the relevant matters, *excluding* the cases where the client complained to the Hong Kong Consumer Council or the Macau Consumer Council, instituted legal proceedings against us or if we received a written demand or complaint letter from the relevant client's lawyer ("**litigious complaints**"). Please see

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“—Legal Proceedings, Claims, and Compliance—Hong Kong Consumer Council complaints” and “—Legal Proceedings, Claims and Compliance—Claims and litigation—Claims and threatened litigation made by clients” in this prospectus for further details in respect of litigious complaints during the Track Record Period.

The following table summarises the number and nature of client material unfavourable feedback for the periods indicated:

Nature of materially unfavourable feedbacks from clients	Year ended 31 March			From 1 April 2015 up to the Latest Practicable Date
	2013	2014	2015	
Unsatisfactory/unexpected result of our services	27	38	32	29
Unsatisfactory staff services/miscommunication	4	16	21	10
Disputes over expiry of prepaid packages	0	0	0	0
Total	31	54	53	39

All of the above listed unfavourable client feedback had been properly addressed and satisfactorily resolved as at the Latest Practicable Date. For the years ended 31 March 2013, 2014 and 2015 and from 1 April 2015 up to the Latest Practicable Date, expenses incurred in resolving materially unfavourable feedback were approximately HK\$0.4 million, HK\$1.0 million, HK\$1.2 million, and HK\$0.8 million respectively.

Follow up Policy and Non-Complaint Refunds

As we are engaged in the provision of aesthetic medical services and the improvement of the physical appearance of our clients, we understand that our clients may have a high level of expectation on the effectiveness of our services and products provided. In some circumstances, for example, when a Doctor considers that a client is unsuitable to continue receiving service purchased, a client has experienced unexpected side-effects or developed an allergy to a particular service or skincare or beauty product, or for other personal reasons, the client may request for a refund or a product return. We investigate such requests on a case-by-case basis, and at least one of our Registered Practitioners must participate in such investigation. In addition, the approval of a member of our senior management is required for any refund or product returns. Moreover, we issue full refunds during a client’s seven-day “cooling-off” period. For the years ended 31 March 2013, 2014 and 2015 and from 1 April 2015 up to the Latest Practicable Date, such non-complaint related refunds or product returns amounted to approximately HK\$2.2 million, HK\$3.8 million, HK\$4.4 million and HK\$2.8 million, respectively.

REVENUE MODEL AND PREPAID PACKAGES

Revenue Model

All of our services are sold on a prepaid basis. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, 19,932, 23,605, 23,407 and 17,344 clients, respectively, purchased at least one prepaid package. The minimum service package consists of one service session, and a client may purchase one service session at the beginning of a visit and thereafter immediately redeem the relevant package. However, most of our clients purchase prepaid packages for multiple service sessions in connection with services that we offer. The reason is that many of the services we offer are likely to require clients to undergo multiple service sessions to achieve the desired results, and we also offer pricing incentives for purchasing multiple service sessions.

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Contract Terms

Each prepaid package sold is a formal contract between us and the client. The contract clearly sets out the terms and conditions of the prepaid packages, including, among other things, the contractual validity period of the prepaid packages (which is one year), the services that the client shall be entitled to under the contract and restriction that the prepaid package cannot be extended or used for other services not specified in the contract. Prepaid packages are settled up-front by the client by cash, EPS or credit cards. Certain credit card companies and commercial banks offer financing options to our clients. We allow our clients to make deposits for prepaid packages and settle the outstanding amounts at a later date but clients are not entitled to enjoy the relevant services until outstanding amounts have been settled. All of our prepaid packages have a contractual validity period of one year from the date of purchase, which we explain to our clients at the time of purchase and is stipulated in the relevant sales contracts.

All of our clients are given a seven-day “cooling-off” period from the date of purchase of any prepaid packages. Within seven days of the purchase, any client may request for a full refund if for any reason she no longer wants to commit to the purchase. We believe that we are an industry pioneer in Hong Kong for offering such terms, which are intended to protect the interests of our clients.

When designing the number of service sessions of various prepaid packages, we take into account, among other things, our Registered Practitioners’ assessment and also the recommended protocols by the suppliers of the relevant service devices or products in respect of the number of optimal sessions to achieve desired results. The prepaid packages we offer are service-specific, i.e., the relevant value prepaid can only be utilised for the specific services prepaid for (although on a case-by-case basis, we allow clients, subject to our absolute discretion, to substitute services), enabling us to easily record revenue when services are provided, recognise income when prepaid packages expire and monitor deferred income through our information technology infrastructure. Our information technology infrastructure records origination, utilisation, expiration and change of prepaid packages sold. We closely monitor the utilisation of our service facilities, devices and consumables to ensure that we have sufficient capacity to perform services under prepaid packages purchased by clients.

Pricing Mechanism

Each prepaid package of minimally invasive procedures is tailor-made for a specific client. The price of minimally invasive procedures is based on the type of medication used, the volume of medication used, the area of application of the medication and the technical skills required from our Doctors. In general, other than a few promotional packages, we do not have fixed prepaid packages (in the sense of a fixed number of service sessions for a single type of procedure) for minimally invasive procedures as clients’ needs vary and the packages need to be tailored for each client. Our Group offers greater discounts if a client purchases more minimally invasive procedure service sessions within a single purchase.

For energy-based procedures performed by Doctors, we have a list price for each procedure per service session, the majority of which range from HK\$600 to over HK\$40,000 per service session. We offer varying discounts depending on the number of service sessions purchased, as well as the sophistication of the procedure. In general, as compared to lower-end procedures, higher-end procedures require less volume of purchase to qualify for a relatively higher discount rate.

For quasi-medical procedures and traditional beauty procedures, the majority of the service sessions has list prices ranging from a few hundred Hong Kong dollars to HK\$18,000. We offer varying discounts depending on the number of service sessions purchased, as well as the sophistication of the procedure. In general, as compared to lower-end procedures, higher-end procedures require less volume of purchase to qualify for a relatively higher discount rate.

The combinations of prepaid packages we sell vary widely. During the Track Record Period, over 90% of our clients purchased prepaid packages which were priced between HK\$100 and HK\$100,000. During the Track Record Period, the majority of our prepaid packages contain 1 to 50 service sessions.

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Expiry, Extension, Refund and Complaints

The validity period of our prepaid packages is one year. During the Track Record Period, we believe that some clients did not use the prepaid packages fully prior to expiration because (i) such clients considered that they have already obtained the desired results or (ii) a number of other personal reasons, such as a busy schedule. As a matter of policy and contract with clients, we do not allow refund or extension of prepaid packages subsequent to the expiration of the validity period.

Prior to the expiry date of prepaid packages, however, subject to our absolute discretion, and taking into account factors such as the specific client's spending profile and loyalty to our Group, we permit clients to purchase new service packages and apply the remaining value of their existing packages towards their new purchases. For example, in some limited cases, the client informed us prior to the expiry of the prepaid package that the reasons she had stopped using the prepaid package was that the desired result had been achieved, and we had allowed such a client, on a case-by-case basis, to apply the remaining value of the previously purchased prepaid packages in a new purchase. In order to apply such balance of the specific service package previously purchased, the new purchase must meet certain minimum threshold as our management determines from time to time. The newly purchased package in such a case expires a year from the date of the new purchase.

While our Doctors and Trained Therapists perform pre-service screening in accordance with the applicable industry standards for the services, in circumstances where a client has experienced side effects or developed an allergy to a particular service, subject to our Registered Practitioners' medical evaluation, we would (whether or not the prepaid package has expired) offer the client a refund or an opportunity to choose another prepaid package.

Since September 2014, we implemented a system to monitor whether a client schedules the next service session within 120 days of her previous visit. Our target is that 90 percent of our clients to book their next service session within 120 days. For instance, over 90% of our clients who visited us in August 2015 had scheduled their next service session as at the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we had 97 Hong Kong Consumer Council complaints and ten cases in the Hong Kong Small Claims Tribunal, and three of such Consumer Council complaints and two of such small claims cases, respectively, were in connection with the expiry of our prepaid packages. However, such complaint has been resolved by explanation or complimentary gifts, and it did not result in any material adverse effect on our business, results of operations, financial condition or prospects. Please see “—Legal Proceedings, Claims, and Compliance” in this prospectus for further information relating to such complaints and cases.

Accounting Treatment of Revenue Recognised from Unutilised Prepaid Packages

Payments received for prepaid packages are recorded as deferred revenue in our consolidated statements of financial position at the time of payment and are subsequently recognised as revenue in our profit or loss when service is delivered.

At the end of the service period under a prepaid package (which is generally one year for our prepaid packages sold since the first day of the Track Record Period, 1 April 2012, the same as the contractual validity period of our prepaid packages), the value of the unused portion of the prepaid package would be fully recognised and recorded as revenue recognised from unutilised prepaid packages in our financial statements. Such revenue recognised from unutilised prepaid packages in our financial statements is regarded as revenue generated in the ordinary course of our business. Our Group has derived revenue from unutilised prepaid packages since our inception. Please see “Financial Information—Description of Major Components of Results of Operations—Revenue recognised from unutilised prepaid packages” for further details.

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The following table sets forth the movement of our deferred revenue for the periods indicated:

	Year ended 31 March			Six months ended 30 September
	2013	2014	2015	2015
	<i>(HK\$ in thousands)</i>			
Deferred revenue	359,456	396,169	347,468	331,549
At the beginning of the year/period	251,546	359,456	396,169	347,468
Sales contracts entered into during the year/period	337,869	528,404	574,557	320,888
Acquisition of business/subsidiaries	1,504	937	—	—
Revenue recognised upon the provision of services	(185,931)	(280,115)	(348,506)	(196,517)
Revenue recognised upon sales of products	(12,135)	(26,904)	(30,181)	(9,323)
Refunds	(2,907)	(4,624)	(4,508)	(1,615)
Revenue recognised from unutilised prepaid packages	(30,489)	(180,985)	(240,064)	(129,352)
At the end of the year/period	<u>359,456</u>	<u>396,169</u>	<u>347,468</u>	<u>331,549</u>

For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, HK\$30.5 million, HK\$181.0 million, HK\$240.1 million and HK\$129.4 million were attributed to revenue recognised from unutilised prepaid packages, respectively, representing 13.3%, 37.0%, 38.7% and 38.5% of our revenue for the same periods.

Repeat purchases subsequent to expiry

The following table sets forth certain statistics regarding clients who made repeat purchases despite their unutilised prepaid packages having expired in the periods indicated:

	Year ended 31 March		
	2013	2014	2015
Number of clients who made at least one purchase of services or products	20,450	23,950	23,592
Number of clients who made further purchases subsequent to expiry of unutilised prepaid packages (purchased different prepaid package than previous purchase)	309	3,436	3,652
Number of clients who made further purchases subsequent to expiry of unutilised prepaid packages (purchased same prepaid package as previous purchase)	124	2,744	4,198
Number of clients who purchased further packages upon expiry of unutilised prepaid packages, as a percentage of total clients who have made at least one purchase of services or products	2%	26%	33%

Many of our Key Clients, despite having experienced prepaid packages expired without utilising, continued to make further purchases. For example, the number of Key Clients who had their unutilised prepaid packages expired in the year ended 31 March 2014 was 3,689, of which 2,647 (or approximately 72%) made at least one purchase in the year ended 31 March 2015.

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Internal Control Measures Regarding Selling Practices and Unutilised Prepaid Packages

We have implemented a series of internal control measures, including a number of measures that reference applicable “best practice” guidelines issued by governmental bodies (such as the Hong Kong Consumer Council and the Commerce and Economic Development Bureau of Hong Kong), to help prevent our staff from engaging in coercive selling practices, such as:

- adopting a refund policy which includes a seven-day cooling-off period whereby our clients are allowed to request a full refund within seven days of purchase of any prepaid packages;
- adopting a policy that commission is not paid to our sales staff for contracted sales which are subsequently refunded;
- establishing procedures for recording and handling complaints;
- having written terms and conditions with clients;
- sharing media reports of forced selling cases with our staff to highlight the potential adverse consequences of such practices;
- proactively seeking clarification of the Trade Description Ordinance from the relevant government authorities and organising a seminar provided by the officers of the Hong Kong Customs and Excise Department relating to the Trade Description Ordinance for our staff;
- detailed employee guidelines on, inter alia, responsible selling practices (for example, not to harass or pressure clients into purchasing prepaid packages);
- video and voice recording devices in consultation rooms to monitor staff behaviour during consultations; and
- offering our employees compensation incentives which are linked to the actual utilisation of prepaid packages by the clients.

SALES AND MARKETING

As substantially all of our clients are retail consumers, our sales and marketing efforts towards retail consumers are paramount to our success. Our marketing efforts are led by our marketing department and our sales efforts are led by our client relationship managers, who receive sales commissions for their sales effort.

Advertising and Promotion

We dedicate substantial resources in the promotion of our brands and services. We take into consideration factors such as market development, brand building, client acceptance and seasonality as well as efforts of our competitors in designing our promotional campaigns. Our marketing department adjusts our marketing efforts from time to time in response to our business development and market changes. We advertise throughout the year for brand maintenance purposes in Hong Kong. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, we incurred marketing expenses and advertising expenses of HK\$28.4 million, HK\$23.8 million, HK\$23.9 million and HK\$17.0 million, respectively.

We have two main categories of advertising: (i) fixed-budget marketing campaigns for branding purposes, such as printed advertisements, outdoor advertisements, engaging spokespersons and marketing events; and (ii) flexible-budget marketing activities which principally involve advertising through online and social media platforms. Flexible-budget marketing activities refer to marketing activities for which we track the effectiveness and adjust the resources allocated accordingly.

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Printed and billboard advertisements

We place printed advertisements in various popular magazines in Hong Kong that have a predominantly female readership, such as magazines focusing on fashion and celebrity gossips. We also place large billboard advertisements in highly visible and busy areas in Hong Kong, such as subway stations, bus stations and the entrance to the Hong Kong Cross-Harbour Tunnel, a major roadway that connects Hong Kong Island and Kowloon. The following photos are examples of our printed and billboard advertisements:



Notes:

1. Billboard at the Hong Kong Cross Harbour Tunnel
2. Print advertisement
3. Billboard at the Tsim Sha Tsui Star Ferry Pier in Hong Kong
4. MTR poster on wall at Causeway Bay Station Zone A from 6 to 26 Jun 2015
5. Poster-on-wall advertisement in the Causeway Bay Station of the Mass Transit Railway in Hong Kong (“MTR”)

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Notes:

1. Bulkhead banner above an escalator in Langham Place
2. Bus-body advertisement
3. Print advertisement
4. Taxi-body advertisement
5. Poster-on-wall advertisement in the Mong Kok Station of MTR



Notes:

1. Poster-on-wall advertisement in the Hong Kong Station of MTR
2. Escalator advertisement in Langham Place
3. Station Exterior Billboard at the Yau Ma Tei Station of MTR
4. Expandable fade in/out banner on the Apple Daily Android App
5. Facebook ad in October 2015
6. Search advertising from Google search engine
7. Search advertising from Yahoo! search engine

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Engagement of spokesperson

We engage celebrities as our spokespersons, who appear in our printed and outdoor advertisements, attend our sponsor events and participate in interviews by the press. All of our spokespersons have received our services and therefore are able to share what we believe to be convincing stories with our clients and potential clients. During the Track Record Period and up to the Latest Practicable Date, we have engaged the following spokespersons, all of whom are celebrities in Hong Kong:

Spokesperson	Period of spokesperson agreement	Service location(s)
WAN Irene (溫碧霞)	23 September 2014 to 23 September 2017	Hong Kong
YUEN Mi Ming Erica (袁彌明)	16 July 2015 to 15 July 2017	Hong Kong/Macau/PRC
CHUNG Gillian (鍾欣潼).	15 October 2014 to 14 February 2016 ⁽¹⁾	Hong Kong/Macau

Note:

1. In the process of renewal negotiation; parties have an understanding that the expired agreement shall apply during the renewal negotiation process.

Joint promotion campaigns with credit card companies

We have joint promotion campaigns with certain credit card companies, by offering discounts to a certain class of cardholders. We design certain discount packages and inform the credit card companies of our criteria for targeted clients. The credit card companies in turn inform their clients about the available discounts as a benefit for holders of their respective credit cards.

Online and social media platforms

In our experience, the effectiveness of advertising through the internet and social media platform channels has been increasing throughout the Track Record Period. Therefore, we spend marketing expenses on search engine optimisation, placing advertisements through popular social media platforms, commissioning bloggers, maintaining websites of our Group and sending information through our company accounts on social media platforms.

Client referrals

We also gain a number of new clients through referrals by our existing clients. Word-of-mouth publicity is important to our marketing efforts, and we offer rewards, such as discounts on services and/or free products, for successful referrals.

Corporate employee discounts

We have partnership programmes with a number of corporations in Hong Kong, and we offer special discounted rate to their employees. We understand that our discounts are considered employee benefits by such corporations.

BUSINESS

Compliance and Internal Review

As a provider of aesthetic medical services in Hong Kong, our advertisements are subject to a number of laws and regulations. Key legislations that are applicable to us include the Undesirable Medical Advertisements Ordinance and the Trade Descriptions Ordinance. Please see “Regulatory Overview—Hong Kong Regulatory Overview” in this prospectus for key regulations applicable to Group in Hong Kong.

In order to strive to comply with the relevant laws and regulations, we have established a set of guidelines for designing and reviewing advertisements prior to publication. Some of the key points in these guidelines include:

- review and approval by the head of our marketing team, who has over eight years of experience in marketing aesthetic medical and beauty services and products;
- advertisements are designed by our in-house designer, who has over nine years of experience in designing advertisements for aesthetic medical and beauty services and products;
- our staff actively monitor similar advertisements that are in the market;
- if we were launching advertisements for a new or uncommon service or product, we would consider seeking advice from an external legal counsel; and
- as an industry practice, the media companies through which we place advertisements, such as magazines and owners of outdoor advertisement spaces, perform vetting procedures regarding our advertisements to, among others, screen for compliance issues prior to allowing our advertisements to be displayed.

We have spent considerable efforts, including consultation with external legal counsel from time to time and implementation of the guidelines described above, to help ensure that our advertisements are in compliance with the UMAO and the Trade Descriptions Ordinance before they are placed.

Despite our best efforts, however, for the years ended 31 March 2013, 2014 and 2015, and from 1 April 2015 and up to the Latest Practicable Date, we had received 6, 3, 0 and 0 warning letters in relation to a potential infringement of the UMAO from the Pharmacovigilance and Risk Management Division of the Drug Office of the Department of Health of Hong Kong (“DOH”) out of approximately over 12,000 advertisements we placed through various media during the Track Record Period and up to the Latest Practicable Date. In January 2016, we also received a similar warning letter because a press article containing references to the Group, which was not an advertisement placed by us, allegedly violated the UMAO. To the best of our knowledge after due inquiry, there is no pre-screening services available at the DOH. We believe that the receipts of such warning letters were due to certain infrequent, unintentional and inadvertent oversights by our marketing team, and in each instance we promptly removed the advertisements in question and complied with the requirements set out in these warning letters. According to the UMAO and as specified in the warning letters, an infringement of the UMAO may lead to prosecution thereunder. It is an offence to publish (i) any advertisements that are likely to lead to the use of any medicine, surgical appliance or treatment for the purpose of treating human beings for, or preventing them from contracting certain diseases or conditions prescribed under the legislation, contrary to section 3 of the UMAO, or (ii) an advertisement for an orally consumed product which makes for the product certain claims as prescribed under the legislation, contrary to section 3B of the UMAO. The penalty for violation of section 3 or 3B of the UMAO upon first conviction is a maximum fine of HK\$50,000 and imprisonment for 6 months, and upon a second or subsequent conviction, a maximum fine of HK\$100,000 and imprisonment for 1 year. As at the Latest Practicable Date, we had not faced and did not expect any further action from any authorities subsequent to the warning letters as we had promptly removed the potentially non-compliant advertisement in each instance. Please see also “Risk Factors—Risks Relating to our Business—There are restrictions in advertising and promoting our business” in this prospectus.

BUSINESS

Client Care-Beauty Marketing Programme (關心美容客戶計劃)

To attract potential clients that have purchased service packages from other aesthetic medical service providers or traditional beauty service providers, particularly those that have shut down or are failing, we have established a Client Care-Beauty Marketing Programme since 2009. Under the programme, if a potential client shows us proof of purchase of prepaid packages from our competitors (which in our experience tended to be competitors that were failing or had ceased to conduct business), we may, subject to our absolute discretion and screening process, offer free services to such a potential client. While we try to offer services similar to the services that the potential clients purchased from our competitors, the free services we offer may not be an exact match. When signing up for this programme, the potential clients must sign a form acknowledging that we are independent from the relevant competitors, that they join the programme voluntarily and that the free services would expire in a year. The clients do not need to give up the packages bought from other service providers.

During the Track Record Period, we offered approximately over 30,000 free service sessions (multiple free sessions may be offered to the same individuals) under this programme. For the years ended 31 March 2013, 2014 and 2015, respectively, approximately, 1,600, 6,200 and 6,000 of our clients who have received at least one service session (at least one prepaid service session) were clients who initially signed up through our Client-Care Beauty Marketing Programme, representing approximately 7%, 23% and 23% our number of clients who received at least one service session (at least one prepaid) in the relevant years. While this programme has been successful in helping us capture new clients, it has also resulted in certain misunderstandings and negative publicity in the news media from time to time that we are the successor of, or otherwise related to, some of the failing companies in our industry. Please also see “— Legal Proceedings, Claims, and Compliance—Hong Kong Consumer Council complaints—complaints from certain consumers of Client Care-Beauty Marketing Programme” in this prospectus.

As such, while we will continue this programme, we will also continue to make clear that we are independent from the relevant competitors.

PRICING POLICY

We price our services based on the following factors:

- complexity of the service;
- price of medications used for the service, if any;
- price of similar services charged by other aesthetic medical service providers and/or traditional beauty service providers;
- for an aesthetic medical service, price for a similar service provided at private hospitals in Hong Kong;
- for a dental service, price of a similar service provided at other dental offices in Hong Kong; and
- our brand equity, business strategy and market positioning in various revenue streams, which in turn may affect our determination as to the level of price premiums and/or discounts of our prices as compared to that of other players in our industry.

BUSINESS

PROCUREMENT

Our major purchases of inventories and consumables are purchases of medications, service consumables and beauty and skincare products. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our cost of inventories and consumables was approximately HK\$42.3 million, HK\$42.9 million, HK\$47.6 million and HK\$22.3 million, respectively.

Procurement Process for Medications, Medical Consumables and Beauty Service Consumables

Our services utilise a variety of medications, medical consumables and beauty service consumables. We have policies and procedures for selecting medications, medical consumables and beauty service consumables, as well as selecting reliable and quality suppliers. We have compiled annual purchase plans for inventories and consumables that are needed for our business operations, while our Registered Practitioners also give recommendations from time to time as to the types of medications and medical consumables to procure. For many of our aesthetic medical services, we use some of the most popular medications, such as BOTOX®, Restylane®, JUVÉDERM®, Dysport®, Sculptra® and TEOSYAL®, which are produced and marketed by international pharmaceutical companies. For other consumables used in our services, we have accumulated market knowledge as to the quality of the various sources of supplies and have established various criteria for evaluating our supplies. Our procurement department leads the procurement process based on our business needs and is responsible for negotiating and placing orders with our suppliers.

Our Major Suppliers

We have stringent policies for selecting our suppliers, and our procurement department conducts research and appraisal on the relevant suppliers. We consider, among other factors, the suppliers' reputation, safety record, track record of performance, quality of goods supplied, price competitiveness, punctuality of delivery, relationship with our Group, completeness of certification and credentials provided, service quality and product offerings. We regularly review and assess our suppliers' performance, review the qualifications of our suppliers to ensure the quality of our suppliers and that such suppliers have obtained the applicable licenses (if any), and update our approved supplier list accordingly. The following table sets out the profile of our five largest suppliers for the period indicated:

Name of supplier	Financial period(s) being one of our five largest suppliers	Approximate years of business relationship with our Group as at 30 September 2015	Our major purchases from such supplier
DKSH Hong Kong Limited	Years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015	7	Medication such as BOTOX® and JUVÉDERM®
Good Union Corporation Limited .	Years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015	4	Medication such as TEOSYAL®, medical equipment and medical consumables
LF Asia (Hong Kong) Ltd.	Years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015	4	Medication such as Dysport® and Medical consumables

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Name of supplier	Financial period(s) being one of our five largest suppliers	Approximate years of business relationship with our Group as at 30 September 2015	Our major purchases from such supplier
U.S. Summit Co. Ltd.	Years ended 31 March 2014 and 2015 and the six months ended 30 September 2015	4	Restylane®
Invisalign Hong Kong Limited . . .	Year ended 31 March 2015 and the six months ended 30 September 2015	2	Dental products relating to Invisalign®
Galderma Hong Kong Limited . . .	Year ended 31 March 2013	3	Medication such as Sculptra® and Restylane®
Kingstar International Trading. . . .	Year ended 31 March 2014	9	Beauty products such as “Guinot” related suppliers
Target Million International	Year ended 31 March 2013	3	Beauty products such as certain PRODERMA LAB products

Most of our major suppliers during the Track Record Period are distributors and trading companies, which primarily assist with arranging the delivery and settlement of purchase orders from our Group of certain medications that are produced and marketed by international pharmaceutical companies and used in connection with our aesthetic medical services. While we make purchases through and receive invoice from such distributors and trading companies, we consider the respective international pharmaceutical companies as our ultimate suppliers and we maintain direct communication with them on matters such as pricing and joint marketing efforts. We consider that such arrangements are common among suppliers of pharmaceutical products.

With the exception of our contract with Good Union, we generally do not enter into any long term contract with our suppliers, and we are free to source from any suppliers. We do not believe that there are any concentration risks with respect to our suppliers. Please see “Continuing Connected Transactions—Continuing Connected Transactions—II. Non-exempt continuing connected transactions—Supply of medical devices, consumables and equipment framework agreement” in this prospectus for details of our agreement with Good Union. We believe that we have good relationships with our suppliers, and during the Track Record Period, we did not experience any difficulties in sourcing medications, medical consumables, beauty service consumables and skincare and beauty products.

Our suppliers generally grant us credit terms ranging from 30 to 60 days. Settlements with suppliers are usually done by cheques in Hong Kong dollars for purchases in Hong Kong or by way of telegraphic transfer in the currency of the principal place of business for purchases outside Hong Kong.

For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, purchases from our five largest suppliers were HK\$29.5 million, HK\$32.1 million, HK\$30.6 million and HK\$23.9 million, respectively, representing 66.6%, 66.2%, 60.1% and 72.6% of our total purchases for the same periods, and for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, purchases from our largest supplier were HK\$12.1 million, HK\$12.5 million, HK\$8.3 million and HK\$7.3 million, respectively, representing 27.3%, 25.8%, 16.3% and 22.1% of our total purchases for the same periods.

BUSINESS

Except for Good Union, as at the Latest Practicable Date, none of our Directors or any shareholder who owns more than 5% of our issued share capital immediately following completion of the Global Offering (but without taking into account the exercise of the Over-allotment Option) nor any of their respective associates, to the knowledge of our Directors, has any interest in any of our five largest suppliers.

Procurement Process for Skincare and Beauty Products

We do not manufacture any skincare and beauty products that we sell, and all such products are purchased either from (i) third-party manufacturers who have manufactured products for our private-label brands or (ii) other third-party vendors. We have a standard procedure for procuring our skincare and beauty products. We are in contact with our existing suppliers as well as a number of other suppliers, who send us product information from time to time. For products that we are already selling, our procurement department keeps track of inventory via our integrated information technology infrastructure and places new purchase orders as needed. For products that we have not purchased before, our procurement team from time to time contacts suppliers for further information, such as ingredients, origin and research reports for the products that may be suitable for our clients. We also ask for samples of such products and pass them to staff from different teams for testing and scoring. If we identify a suitable product, we would then negotiate the purchase order with the supplier.

For the products of our private-label brands, we develop them with the assistance of our contract manufacturers. Typically, for a product series, the third-party manufacturer presents us with product ideas including chemical composition and the components of the product series. Our procurement team and Doctors review such ideas and may suggest modifications to the chemical composition and the components of the product series. Thereafter, we will place the purchase order, and we will also provide the supplier with the name and desired visual design of the packaging of the product, and production will then commence.

During the Track Record Period, we have ordered skincare products from eight manufacturers from Switzerland, Spain, South Korea, Hong Kong and the PRC, and we had approximately two years of business relationships with most of them. We do not have any long term contracts with such contract manufacturers and instead, make *ad hoc* purchase orders according to our needs. Our procurement team researches the background and qualification of the third-party manufacturers which we decide to engage. Our procurement team also performs quality checks of sample products prior to placing bulk orders, as well as quality checks of each batch of products delivered. Please see “—Quality Control—Quality control of our skincare and beauty products” in this prospectus regarding the quality control procedures for our skincare and beauty products.

Inventory Management

Inventory management measures

Utilising our integrated information technology infrastructure, we maintain strict control over our inventory in terms of items' expiry dates. We aim to keep approximately 90 days of inventory to meet the needs of our service centres and clinics. We are currently in the process of considering an adjustment to our desired inventory level. We closely monitor pharmaceutical expiry dates to ensure no expired items will be used. We carry out periodic physical inventory taking and assessments to verify the accuracy of our inventory record.

BUSINESS

Inventory turnover day

The table below sets forth our average inventory turnover days for the financial period indicated:

	Year ended 31 March			Six months ended 30 September
	2013	2014	2015	2015
Average inventory turnover days ⁽¹⁾	37	65	92	165

Note:

1. The inventory turnover days for a financial period is the arithmetic mean of the beginning and ending balances of inventories divided by the cost of inventories and consumables for that financial period multiplied by number of days in the relevant financial period.

Our inventory primarily comprises of medications, medical consumables and beauty service consumables. For the years ended 31 March 2013, 2014, 2015 and the six months ended 30 September 2015, our inventory turnover days were 37, 65, 92 and 165, respectively. Please see also “Financial Information — Selected Items of Consolidated Statements of Financial Position — Inventories” in this prospectus for further details.

Physical inventory taking

During the Track Record Period, for accounting purposes, a physical count of inventories (a “**stock take**”) is performed at the end of each financial reporting period, and the period-ending inventory balance is adjusted to match results from such physical count, with the difference being accounted for as cost of inventories and consumables for the relevant financial periods, respectively. We have systems in place to perform and have completed the relevant stock take procedures throughout the Track Record Period.

QUALITY CONTROL

We believe that the professional knowledge and expertise of both our Registered Practitioners and other staff members are crucial to the provision of safe and quality services. We have established a comprehensive quality control policy that includes management of Registered Practitioners, standardised safety measures, stringent employee guidelines and policies, strict and detailed training requirements and systems for checking equipment and supplies.

Management of Registered Practitioners

Our senior management and all of our Registered Practitioners have an annual internal conference to review high-level medical, dental and Chinese medicinal aspects of our Group’s operations. Our General Practitioners, Macau Doctors, Specialists, Dentists and Chinese Medicine Practitioners, respectively, also have regular meetings to discuss issues and share knowledge. In addition, our Registered Practitioners may convene meetings from time to time as needed, to, for example, discuss special matters or attend special trainings offered by our pharmaceutical suppliers.

BUSINESS

Our General Practitioners' and Macau Doctors' joint monthly meetings in Hong Kong are co-led by our general manager of medical operations and our general-practitioner-in-charge, who had over 19 years of post-qualification experience as at the Latest Practicable Date. Subject matters of such meetings include, but are not limited to, changes in our Company's policy (if any), sharing of relevant knowledge, skills and techniques, discussion on new service offerings and devices and presentation on special subject matters by members of our General Practitioners' panel. The General Practitioners' panel is a panel comprising a number of our General Practitioners, each of whom is assigned to one or more medical topics and would research such topics for the purposes of knowledge sharing and training within our Group. Our general-practitioner-in-charge also gives an annual appraisal to our other General Practitioners.

Our Specialists meet with our executive Directors quarterly to discuss, among other matters, medical aspects of the Group's operations in order to help make improvements in safety and service quality. As an additional quality control measure, our plastic-surgeon-in-charge, a Plastic Surgeon with over 40 years of post-qualification experience as at the Latest Practicable Date, can offer a second opinion to our clients as necessary or when requested.

Our Dentists' monthly meetings in Hong Kong are co-led by our general manager of medical operations and our dentist-in-charge, who had over 30 years of post-qualification experience as at the Latest Practicable Date. Subject matters of such meetings include, but are not limited to, changes in our Company's policy (if any), sharing of relevant knowledge, skills and techniques, and discussion on new service offerings and devices. Our dentist-in-charge also provides mentorship and advice to the other dentists of our Group from time to time on dentistry-related issues.

Our Chinese Medicine Practitioners' quarterly meetings in Hong Kong are led by our general manager of medical operations. Subject matters of such meetings include, but are not limited to, changes in our Company's policy (if any), sharing of relevant knowledge, skills and techniques, and discussion on new service offerings and devices.

Medical Committee

We have established a medical committee to regularly review the medical operations of our Group, discuss and review the quality control measures of our service centres and clinics, improve the quality of our Group's medical services and supervise the implementation of services standards and procedures. The medical committee currently consists of four members, including Mr. Tang, Mr. Lee, Mr. Cheng Yeung (our general manager of medical operations) and Dr. Yu Ka Fai Alexis. The medical committee plans to meet every three to six months. Different Doctors and Dentists engaged by our Group will be invited to attend the committee meetings as observers.

Training

We believe that well-trained employees and staff are one of our strongest assets and that proper training is critical to safety and service quality. One of our core values is the safety of our clients. Due to the inherent health risks of our services, we put a strong emphasis on the training of our Registered Practitioners, as well as our Trained Therapists.

Doctors' training

Our Registered Practitioners attend industry conferences and seminars provided by our pharmaceutical suppliers from time to time to update their medical knowledge. Every new General Practitioner joining our Group is required to undergo a four-week introductory training consisting of, among others, product training, shadowing of the experienced doctors of our Group during performance of procedures, training on utilising medical devices of our Group, and injection training led by our general-practitioner-in-charge.

BUSINESS

Internal training and certification programme

We have established an extensive training programme, which is led and designed by our Doctors. Our junior Trained Therapists are required to undergo at least approximately 240 hours of training with us prior to performing any service for clients. We also have an advanced training programme of over an additional 100 hours before a junior Trained Therapist can become a senior Trained Therapist. In addition to the initial induction courses, all of our Trained Therapists are required to undergo over 70 hours of training with us annually. We also pair up novice Trained Therapists with more experienced Trained Therapists in the initial periods of services performed by novice Trained Therapists.

As part of the training programme, we have also established a multi-tier examination and certification system. For all of our quasi-medical service offerings, as well as some of the more complex and advanced procedures, our Trained Therapists must pass both knowledge-based written exams and practical hands-on exams, administered by our Doctors and training staff, to obtain our internally issued certifications for the relevant procedures prior to performing them. Various types of exams and internal certifications have been established correspondingly for various types of procedures.

We have also established a similar training and licensing programme for our client relationship managers, who are required, among others, to have a working knowledge of aesthetic medical services and the related risks. Our client relationship managers are required to undergo 85 hours of training with us when they first join our Group. These training sessions include basic knowledge regarding aesthetic medical services, potential side-effects and health risks, our corporate in at least four different subjects culture and company policies. They are required to pass basic internal examinations based on different subjects prior to serving any clients. We also have minimum hour requirements for on-going training with us per annum for our client relationship managers.

Operational Safety Guidelines and Policies

To help ensure quality and consistent service for our clients, we have implemented a number of guidelines and policies with respect to various aspects of our operations that our employees and staff must adhere to. These guidelines are also introduced and taught at the relevant employee and staff trainings.

The following table sets forth examples of some of our operational safety guidelines and policies:

<u>Concerned Area</u>	<u>Example of Guidance/Policies</u>
Emergency response protocol for critical medical emergencies (serious medical complications)	<ul style="list-style-type: none">• Sets out a flow chart of steps to follow and allocation of responsibilities among Registered Practitioners and other staff members in the event that a client suffers a cardiac arrest
Operating protocols for performance of high-energy procedures utilising laser technologies	<ul style="list-style-type: none">• Personnel authorised to perform procedures• Relevant personnel is required to have knowledge about the potential health effects of lasers• Equipment requirements such as safety goggles• Sets out requirements for pre- and post-procedure examination of the client
Medical equipment repair flowchart	<ul style="list-style-type: none">• Sets out detailed steps and record-keeping requirements for repair of medical equipment

BUSINESS

We followed our emergency response protocol for critical emergencies when handling a recent medical incident. Please see “—Legal Proceedings, Claims and Compliance—Claims and litigation—Claims and threatened litigation made by clients—Recent medical incident” in this prospectus for further details.

Infection Control

Our Clinical Microbiologist gives advice regarding infection control issues, such as, reprocessing of reusable surgical instruments and medical devices, and also protocols for our daily operations.

Quality Control of our Skincare and Beauty Products

In addition to carefully choosing our suppliers and reviewing samples prior to ordering, we also have quality control procedures in place for our skincare and beauty products upon their delivery to our warehouse, including:

- confirming that the relevant packaging materials meet the applicable standards;
- reviewing the production report that accompanies the delivered products; and
- microbiological examination conducted by an accredited external laboratory (by random sampling).

RESEARCH AND DEVELOPMENT

We do not engage in any proprietary medical research and development. Our Doctors and management, however, spend time and effort on reviewing medical journals, studying market news and attending industry conferences and presentations of suppliers to keep abreast of the latest developments in the aesthetic medical services available in the market. Led by input from our Registered Practitioners, we introduce new procedures developed into our service offering from time to time as we deem appropriate.

INFORMATION TECHNOLOGY SYSTEMS

We have developed a proprietary and integrated information technology infrastructure, which allows us to manage our client bookings, compute operational and financial data, manage inventory, calculate payroll and store client data through a centralised informational technology platform. Our information technology infrastructure has been largely designed and developed in-house by our information technology team, led by our executive Director and chief information officer, Mr. Luk, who is a software engineer with over 12 years of experience in the information technology industry. This infrastructure assists us in all facets of our operations by enhancing our efficiency, cost-effectiveness, data analysis, record keeping and risk management.

For example, the system keeps detailed records of sales and marketing activities, which enable us to analyse, among other things, client preferences, demographics and consumption behaviour. Such real-time information allows our management to be fully aware of situations in front-line of operations and thereby assists them in business decision making, such as pricing, launching products, marketing strategies and selecting locations for establishing new service centres and clinics.

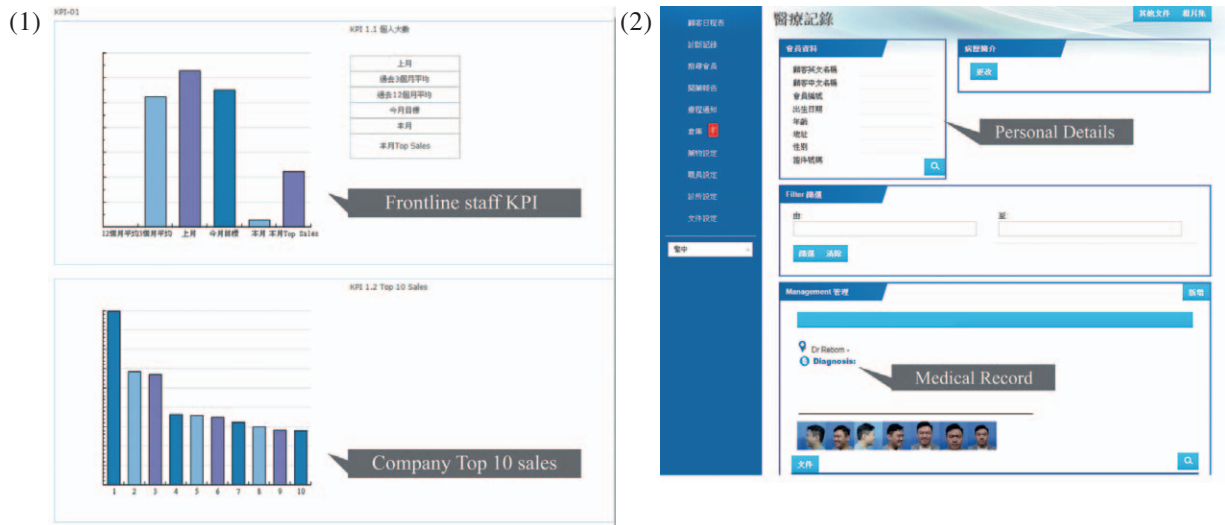
BUSINESS

The following table sets forth a summary of the programmes and features of our information technology systems:

Programme	Features
<p>“Portal”</p>	<p>Portal is an enterprise decision management platform that facilitates our business operations in three areas: (i) management of clients’ accounts, (ii) monitoring of frontline staff’s key performance indicators and (iii) computerisation of management and administrative tools for service centres and clinics. For example, this platform:</p> <ul style="list-style-type: none"> • enables us to manage our clients’ service session bookings electronically, increasing our accuracy and efficiency while reducing paperwork required; • is used to record data of interactions with clients, including services purchased and provided, payment histories and signatures of consent forms, improving access to as well as completeness of client data; and • enables our management as well as frontline staff to access real-time data to frontline staff’s key performance indicators such as sales performance, and thus giving our management useful information for decision making, as well as giving our frontline staff up-to-date and transparent information regarding their performance and thereby encouraging productivity.
<p>“Clinic Solution”</p>	<p>A comprehensive medical records management platform and search engine that assists our Registered Practitioners and other staff to record and access medical and other records of our clients, such as medical history, diagnosis and prescription given at our service centres and clinics, lab-test results, pre- and post-procedure photographs and up-coming appointments. All data are saved in a centralised server and can be retrieved in any shop under our network.</p>
<p>Marketing system</p>	<p>A platform that enables our staff to log marketing calls, offers and orders, and also assists us in tracking our return on investment in terms of sales and marketing efforts.</p>
<p>Human resources management system</p>	<p>This platform consists of (i) a payroll and commission calculator, (ii) an attendance and roster management tool, which synchronises with Portal’s service session booking system, to facilitate our arrangement of human resources, and (iii) a knowledge management system, which centrally stores our know-hows, such as internal training course materials, and transmits them to the individual electronic handheld devices used by our staff.</p>

BUSINESS

The following screenshots illustrate certain programmes and features of our information technology system:



(3) 市場宣傳管理系統

2015/10/7 的所有預約資料

● 客人已同意接收資訊並已收sms ● 客人拒絕接收資訊，請不要再電 OK

來電日期	預約日期	預約時間	客戶姓名	年齡	聯絡電話	預約	預約	來源	查詢	登記人	更改	刪除	加單
預約記錄: s1. First Booking by CSRebecca - 2015/10/05 19:32:05													
出席記錄: s1. 1st Confirm, 已W ---- - 2015/10/05 19:32:52													
s2. 2nd Confirm, 已whatsapp add ---- - 2015/10/05 19:33:02													
s3. Showup at shop_ - 2015/10/07 10:56:38													

Marketing calls log entries

(4) Leave Application, Attendance Sheet, Payroll

Year: 2015 Month: October

Date	AM	PM	Roster	Adjust Out	Late Mins (0)	OT Mins AM (15)	OT Mins (0)(7)	EL Mins (0)	Action
Pass 1	Statutory Holidays Leave	Statutory Holidays Leave	11:00 - 20:00	--	--	--	--	0	Add
Pass 2	Normal	Normal	12:00 - 21:00	11:36 - 21:02	15	0	0(2)	0	Edit
Pass 3	Normal	Normal	10:00 - 19:00	09:30 - 19:05	15	0	0(5)	0	Edit
Pass 4	Off	Off			0	0	0(0)	0	
5	Normal	Normal	12:00 - 21:00		15	0	0(0)	0	
6	Normal	Normal	12:00 - 21:00		15	0	0(0)	0	

Staff attendance records

Notes:

1. Portal
2. Clinic Solution
3. Marketing system
4. Human resources management system

BUSINESS

We also have recently launched a mobile application (which is still at development stage) to improve customer experience. This mobile application allows customers to, among others, make bookings for service sessions, view promotions and search for a nearby store. The following screenshots illustrate the features that we developed for our mobile application:



BUSINESS

SALES RECEIPT CONTROL AND MANAGEMENT POLICY

Our clients normally pay by cash, credit cards or EPS. We accept most common types of credit cards. We do not provide financing to our clients, but our clients may pay by instalments through the financing plans offered by the credit card companies and commercial banks that they use.

Utilising our integrated information technology infrastructure, we have implemented a system to help ensure that our sales receipts are accurately received and recorded. Our chief financial officer and finance and accounting team also closely review the reports generated from our integrated information technology infrastructure to monitor whether our sales receipts are accurately received and recorded.

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

INTELLECTUAL PROPERTY

We believe that it is important to protect our Group against infringement of its intellectual property rights and have taken appropriate steps to do so, such as registration of trademarks with the relevant authorities. During the Track Record Period, we were not aware of any material infringement of our intellectual property rights, and we believe that we have taken all reasonable measures to deter such infringement.

Domain Names

As at the Latest Practicable Date, we had 14 domain names. Please see “Statutory and General Information—B. Further Information about the Business of our Group—2. Our material intellectual property rights—(b) Domain names” set out in Appendix IV to this prospectus for further details.

Trademarks

As at the Latest Practicable Date, we had 23 registered trademarks in Hong Kong and six registered trademarks in Macau which were material to our business, and we were in the process of applying for the registration of one registered trademark in the PRC. Please see “Statutory and General Information—B. Further Information about the Business of our Group—2. Our material intellectual property rights—(a) Trademarks” set out in Appendix IV to this prospectus for further details.

PROPERTIES

Leased Properties

For the six months ended 30 September 2015, we had leased properties with an aggregate average g.f.a. of approximately 98,917 sq. ft., which were used for the operation of our service centres and clinics.

BUSINESS

The following table sets forth the duration of the lease agreements of all our leased properties as at the Latest Practicable Date:

Leased Property	Duration ⁽⁴⁾	
	From	To
Service centres		
9 Po Lun Street	22 November 2013	21 November 2017
Central Surgery Centre	24 January 2011	23 January 2017
City Landmark I 17	22 January 2011	21 January 2017
Glassview Commercial (16-17/F) ⁽²⁾	1 July 2014	30 June 2016
Glassview Commercial (3/F) ⁽²⁾	1 December 2015	30 November 2018
Grand Waterfront Plaza 1	1 July 2014	10 August 2016
Guangzhou Clinic	17 February 2013	16 December 2015 ⁽⁵⁾
Hang Lung Centre 25	1 May 2013	31 May 2016
Kornhill 5	1 May 2013	31 October 2016
Kwong Wah Plaza 9	1 September 2010	18 July 2016
Landmark North 8	12 May 2014	5 November 2017
Langham Flagship Centre (21/F) and Mong Kok Surgery Centre ⁽¹⁾	1 April 2015	31 March 2018
Langham Flagship Centre (31/F)	1 October 2014	30 September 2018
Langham Flagship Centre (41/F)	1 May 2013	30 April 2016
Macau aesthetic medical centre	1 July 2011	31 August 2017
Macau beauty service centre	1 July 2011	31 August 2017
Metro City II G/F	1 February 2013	19 July 2016
New Town Tower 11	14 December 2012	13 December 2017
Parklane Square 27	20 November 2013	19 November 2016
World Trade Flagship Centre (19/F)	3 December 2012	2 December 2015 ⁽⁶⁾
World Trade Flagship Centre (37/F) and Causeway Bay Surgery Centre ⁽¹⁾	27 May 2013	26 May 2016
Yuen Long Landmark 11 ⁽³⁾	15 October 2015	21 October 2018
Offices		
6/F, Hong Hing Industrial Building, 704 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong	1 June 2014	31 May 2019
Suites 7-8, 21/F, Office Tower, Langham Place	1 April 2015	31 March 2018
Warehouses		
Block A, Wah Tat Industrial Centre, 8 Wah Sing Street, Kwai Chung, New Territories, Hong Kong	18 August 2015	17 August 2018
Block C, Wah Tat Industrial Centre, 8 Wah Sing Street, Kwai Chung, New Territories, Hong Kong	18 August 2015	17 August 2018
Block 1, Vigor Industrial Building, 14-20 Cheung Tat Road, Kwai Chung, New Territories, Hong Kong	18 August 2015	17 August 2018

Notes:

1. Located adjacent to each other and subject to the same lease.
2. Not currently in use.
3. This centre is located at 11/F, Yuen Long Landmark, 115-127 Yuen Long Castle Peak Road, Yuen Long, New Territories, Hong Kong and opened on 6 January 2016.
4. The duration may represent the aggregate terms of all consecutive lease agreements of the relevant leased property.
5. We have received a draft lease agreement from the landlord, and been in the process of negotiating the renewal lease agreement. As at the Latest Practicable Date, we continue to operate our Guangzhou clinic on this premise.
6. We have reached substantial agreement with the landlord with a termination date of 2 December 2018, and the lease agreement is in the process of being formally executed.

BUSINESS

Our lease agreements typically have terms of two years to six years. Most of our rents for our service centres and clinics are fixed monthly rents according to the lease agreements. A few of our lease agreements set out variable monthly rents based on the higher of a percentage of revenue attributable to the relevant service centres or the fixed rent stated in the relevant leases, respectively. During the Track Record Period, we did not experience any material difficulties in renewing our lease agreements or finding new premises of our service centres and clinics.

EMPLOYEES AND STAFF

As at the Latest Practicable Date, we had 665 employees and staff. As at the Latest Practicable Date, we procured the full-time services of 23 Registered Practitioners, either as employees or through contracts for services, two of which are Plastic Surgeons, one of which is an Anaesthesiologist and one of which is a Clinical Microbiologist. We also had five Dentists and two Chinese Medicine Practitioners, as well as four Dental Hygienists.

The following table summarises the number of our employees and staff by function as at the Latest Practicable Date:

<u>Function</u>	<u>Number of Employees and Staff</u>
Senior management	5
Registered Practitioners	23
Medical administration	7
Trained Therapists	238
Dental Hygienists	4
Doctor's Assistants and PRC Nurses	47
Client relationship managers	157
Operation team members at service centres and clinics	142
Finance and accounting	21
Human resources and administration	6
Information technology	6
Marketing	9
Total	<u>665</u>

We believe that we have maintained a good relationship with our employees and staff. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material disruption to our business operations due to labour disputes.

For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our Registered Practitioner expenses and employee benefit expenses were, in aggregate, HK\$128.9 million, HK\$204.2 million, HK\$213.0 million and HK\$117.5 million, respectively, representing 56.1% , 41.7%, 34.3% and 35.0% of our revenue for the same periods.

Please see “—Quality Control—Training” in this prospectus for a description of our training programmes for our employees.

BUSINESS

INSURANCE

Our Hong Kong Doctors and Dentists maintain professional malpractice liability insurance or indemnity scheme, which is partially paid by our Group. Such insurance or indemnity scheme also includes advice and representation services in relation to litigation, claims and complaints arising out of or in connection with their medical practices. They are insured or indemnified for legal costs and compensation payments involved in medical malpractice claims, subject to certain limitations including criminal proceedings from non-clinical practice and fraud allegations which are excluded from the scope of such indemnity.

In Hong Kong and Macau, we maintain institutional medical malpractice insurance (subject to certain exclusions, including but not limited to exclusions of certain aesthetic surgeries such as liposuction and hair transplants, as well as AIDS/HIV exclusion) against any claim arising out of medical malpractice of our Hong Kong Doctors and Macau Doctors. In accordance with the Group's understanding after seeking quotation and receiving explanation from different insurance providers, the exclusions under the institutional malpractice insurance scheme that we decided to purchase are generally in line with general industry practice. In the PRC, we also maintain institutional medical malpractice insurance (subject to certain exclusions, including but not limited to liabilities resulting from natural disasters or actions by non-qualified personnel). The exclusions in the malpractice that our Group and our Registered Medical Practitioners mean that we may not be fully-covered and are exposed to financial liabilities in the events of claims. Please see also "Risk Factors—our Group is subject to professional and other liabilities, including misconduct or negligence of our Registered Practitioners, for which our Registered Practitioners' and our Group's insurance coverage may not adequately cover" in this prospectus. In addition, we also maintain business insurance for related liabilities covering (subject to certain exceptions and limitations): (i) office contents; (ii) business interruption; (iii) loss of monies (e.g., cash's, crossed cheques etc.); (iv) losses from malicious attacks; and (v) third party bodily injury and property damage in connection with our business.

For the three years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, the premiums that we paid for our insurance were HK\$688,169, HK\$1,260,136, HK\$909,850 and HK\$198,927, respectively, representing 0.3%, 0.3%, 0.1% and 0.1% of our revenue for those periods.

Indemnification of the Group by our Registered Practitioners

Our Hong Kong Doctors, Dentists and Chinese Medicine Practitioners or the entities established by the relevant Hong Kong Doctors and Dentists, in their respective employment or contracts for services with our Group, have agreed to provide us with indemnity against any claims from our clients concerning death or injury resulting from the relevant Hong Kong Doctor's or Dentist's or Chinese Medicine Practitioner's professional negligence in his or her provision of medical or dental or Chinese medicinal service to our clients. Nevertheless, if our Group were subject to claims arising from death or injury to our client of our Group in relation to any professional negligence of our Registered Practitioner(s), there are certain limitations to our ability to seek indemnity and recover the relevant damages from the relevant Registered Practitioner(s). Please see "Risk Factors—Risks relating to our Business—There are certain limitations to our ability to seek indemnity from our Registered Practitioners under the applicable indemnity provisions that have been agreed between our Group and our Registered Practitioners" in this prospectus for further details.

Insurance Claims

During the Track Record Period and up to the Latest Practicable Date, no material insurance claims were filed by our Group.

BUSINESS

HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

We believe that the health and safety of our staff are important to our Group's business. We have implemented detailed procedures and guidelines in respect of handling equipment, needle-sticks, sharp objects and medical waste, such as hiring a third-party medical waste disposal company to handle and transport our used medical consumables.

We keep records of all workplace accidents. During the Track Record Period, none of our employees has been involved in any material workplace accident or suffered any material injury in the course of their employment, and we have not been subject to any disciplinary action with respect to occupational safety.

Our costs for compliance with applicable health, safety and environmental rules and regulations for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015 were HK\$63,350, HK\$47,657, HK\$43,254 and HK\$16,904, respectively. We expect that such costs of compliance may increase in accordance with the scale of our future expansion in jurisdictions other than Hong Kong.

AWARDS

During the Track Record Period, we have received various awards and recognition in respect of the quality and reputation of our brands and services including, among others, the following:

Year	Awards and Recognition	Award Issuing Entity
2015	United Nations Millennium Development Goals — Green Office Awards Labelling Scheme	World Green Organization
2015	Big Idea Chair Award for Best Search ROI Campaign (Merit) — Search Advertising Campaign for Branding and Sales Lead Acquisition	Yahoo!
2014-2015 and 2013-2014 .	Smoke-free Enterprise (無煙企業)	Lok Sin Tong Benevolent Society
2008-2014 . . .	2008-2014 Seven Consecutive Years Highest Sales Achievement Among All Beauty Medical Centres in Hong Kong for Dysport® (2008-2014連續七年全港醫學美容中心 Dysport® 銷量冠軍)	IPSEN Pharma (Hong Kong)
2013	Excellent Enterprises of Sustainable Development 2013 (傑出可持續發展企業大獎)	Hong Kong Sustainable Development Research Institute (香港可持續發展研究中心 x CAPITAL Entrepreneur)
2013	Beauty Achievement Award (成就美麗大獎)	FACE Magazine

BUSINESS

Year	Awards and Recognition	Award Issuing Entity
2011-2014. . .	Highest Sales Achievement of TEOSYAL® Product in Years 2011-2014 in Hong Kong (2011-2014連續四年TEOSYAL®全港銷量冠軍)	TEOSYAL®
2011-2014. . .	Highest Sales Achievement of Restylane® Product in Years 2011-2014 in Hong Kong (2011-2014連續四年Restylane®全港銷量冠軍)	GALDERMA
2010-2014. . .	Highest Sales Achievement of BOTOX® Product in Years 2010-2014 in Hong Kong (DR REBORN 2010-2014連續五年BOTOX®全港銷量冠軍)	ALLERGAN
2010-2014. . .	Highest Sales Achievement of JUVÉDERM® Product in Years 2010-2014 in Hong Kong (DR REBORN 2010-2014連續五年JUVÉDERM®全港銷量冠軍)	ALLERGAN
2010-2014. . .	Highest Sales Achievement of Sculptra® Product in Years 2010-2014 in Hong Kong (DR REBORN 2010-2014年連續五年Sculptra®全港銷量冠軍)	SANOFI
2012, 2011 and 2010. . .	2012, 2011 and 2010 Most Support Brand Award (最撐 Brand Award)	FACE Magazine
2012 and 2011	Smart Living Award 2012 and 2011 - Most Professional Medical Beauty Centre (優質生活名牌 - 最專業醫學美容中心)	3 Magazine x Lisa Taste Family (3周刊 x Lisa味道Family)
2010.	U CHOICE Brand Award - Beauty Slimming Centre (U CHOICE 生活品牌 2010 - 美麗生活醫學塑身中心大獎)	MetroInfo FM99.7 (新城知訊台)
2010.	Body Specialist 2010 - Medical Skin Clinic	Marie Claire Magazine
2010.	Highest Sales Achievement of Restylane® Product in Year 2010 in Hong Kong (2010年度全年Restylane®產品全港銷量No.1)	DermAsia

BUSINESS

LICENCES AND PERMITS

Licensing Requirements of Our Registered Practitioners

Our Registered Practitioners, as at the Latest Practicable Date, had obtained all the necessary licences required of them for practising their respective medical, dental and Chinese medicinal practices.

Licensing Requirements of Our Aesthetic Medical Services

Hong Kong

The “Report of the Working Group on Differentiation between Medical Procedures and Beauty Services”, made available to the public in around November 2013, recommended that certain beauty procedures should only be performed by Hong Kong Doctors. Since the release of the report, we have, to the best of our effort, strived to follow the recommendations therein. To the extent that such recommendations specified clear requirements to follow (e.g. certain procedures must be performed by Hong Kong Doctors and Dentists), we have controls in place to help ensure that such requirements are followed. Please see also “Regulatory Overview—Hong Kong Regulatory Overview—Recent development in relation to regulation of medical procedures and beauty services, as well as private healthcare facilities” in this prospectus for further information regarding the recommendations and our compliance with such recommendations.

PRC

Our aesthetic medical clinic in Guangzhou, the PRC has obtained the Medical Institution Operating Licence (醫療機構執業許可證) issued by the local health bureau, which permits us and our PRC Doctor to offer aesthetic medical services in the clinic.

Macau

Our aesthetic medical clinic in Macau has obtained the medical polyclinic permit (“Alvará”, in Portuguese language, “牌照”, in Chinese language) issued by the Macau Department of Health and hence is duly authorised to operate a medical polyclinic in Macau.

Please see also “Regulatory Overview” in this prospectus for a more detailed summary of the laws and regulations which our Group and our Registered Practitioners are subject to.

LEGAL PROCEEDINGS, CLAIMS, AND COMPLIANCE

The majority of claims against our Group during the Track Record Period arose from claims made by our clients to the Hong Kong Consumer Council and/or Small Claims Tribunal, as well as threatened litigation against us. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, the monetary amount of refunds and settlements to resolve such matters were approximately HK\$0.2 million, HK\$0.3 million, HK\$0.3 million and HK\$20,000 respectively. In addition, we offered free services and gifts, the cost of which was immaterial to our results of operations, to resolve a few of such matters.

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Hong Kong Consumer Council Complaints

For the years ended 31 March 2013, 2014 and 2015 and from 1 April 2015 up to the Latest Practicable Date, there were 18, 52, 16 and 11 complaints, respectively, filed against us with the Hong Kong Consumer Council.

The following table sets forth the breakdown of client complaints filed with Hong Kong Consumer Council by nature of complaints for the periods indicated:

Nature of client complaints	Year ended 31 March			From 1 April 2015 up to the Latest Practicable Date
	2013	2014	2015	
Unsatisfactory or unexpected result of our services	2	4	2	5
Physical injury	3	2	0	0
Complaints from certain clients of our Client				
Care-Beauty Marketing Programme	0	35	5	0
Unsatisfactory staff services or miscommunication	3	4	2	5
Subsequent disagreement with the terms and conditions of contracts	0	0	1	0
Disputes over refunds	7	5	5	1
Disputes over expiry of prepaid packages	2	1	0	0
Services not available at a certain centre	1	0	1	0
Others ⁽¹⁾	0	1	0	0
Total	<u>18</u>	<u>52</u>	<u>16</u>	<u>11</u>

Note:

- Others mainly involve general complaints without a clear reason.

For the 97 complaints filed with the Hong Kong Consumer Council set forth above, as at the Latest Practicable Date, save for one complaint in relation to physical injury and two complaints in relation to unsatisfactory or unexpected result of our services, all other complaints had been settled or resolved with the relevant clients. In particular, we resolved the three complaints in relation to disputes over expiry of prepaid packages by reaching settlement agreements with the respective complainants, each of whom signed a written agreement to indicate their acceptance of our offer of a refund or complementary products or services as full and final settlement of the respective disputes. In respect of the outstanding complaints, we are in the process of resolving them, and estimate that our maximum financial liability would be approximately HK\$200,000.

Complaints from certain consumers of our Client Care-Beauty Marketing Programme

Of the 97 complaints filed with the Hong Kong Consumer Council, 40 were from consumers who had signed up for free trials through our Client Care-Beauty Marketing Programme. Please see “—Sales and Marketing—Client Care-Beauty Marketing Programme” in this prospectus for a description of the programme. Most of the complaints filed by such consumers relate to the expiration of the free services offered to them.

We have explained the above facts to the Hong Kong Consumer Council, and we believe that the complaints of such consumers do not have any merits. However, we nevertheless have settled some of such complaints during the Track Record Period with the complainants by offering certain amount of complementary products or services.

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Macau Consumer Council Complaints

During the Track Record Period, and up to the Latest Practicable Date, there had been no complaints filed against us with the Macau Consumer Council.

Claims and Litigation

Claims and threatened litigation made by clients

Hong Kong Small Claims Tribunal

For the years ended 31 March 2013, 2014 and 2015 and from 1 April 2015 up to the Latest Practicable Date, two, six, two and zero claims, respectively, were filed by clients against us in the Hong Kong Small Claims Tribunal, and four of which also had corresponding consumer council complaints.

The following table sets forth the breakdown of claims filed by our clients against us in the Hong Kong Small Claims Tribunal by nature of claims for the periods indicated:

Nature of claims	Year ended 31 March			From 1 April 2015 up to the Latest Practicable Date
	2013	2014	2015	
Unsatisfactory or unexpected result of our services	0	2	0	0
Physical injury	1	1	1	0
Complaints from certain clients of our Client				
Care-Beauty Marketing Programme	0	1	1	0
Unsatisfactory staff services or miscommunication	1	0	0	0
Disputes over expiry of prepaid packages	0	2	0	0
Total	2	6	2	0

Of these ten claims: (i) two claims were brought by clients of our Client Care-Beauty Marketing Programme in connection with an alleged failure to provide the free trials or services and the expiry of the free trials or services, which were settled by our offering of complementary products and treatments; (ii) three claims were brought in relation to physical injuries allegedly caused by our services, which were settled by our offering of refund and monetary compensation; (iii) two claims were brought in relation to alleged unsatisfactory results, which were settled by our offering of refund and monetary compensation; (iv) two claims were brought in relation to disputes over the expiry of prepaid packages, which were settled by our offering of complementary products; and (v) one claim was brought in relation to alleged unsatisfactory staff services or communication, which was settled by our offering of refund.

As at the Latest Practicable Date, there were no outstanding cases filed against us in the Hong Kong Small Claims Tribunal.

Threatened litigation

For the years ended 31 March 2013, 2014 and 2015 and from 1 April 2015 up to the Latest Practicable Date, there were one, one, two and two instances in which our clients threatened litigation against us, respectively.

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The following table sets forth the breakdown of our threatened litigation by nature for the periods indicated:

Nature of threatened litigation	Year ended 31 March			From 1 April 2015 up to the Latest Practicable Date
	2013	2014	2015	
Unsatisfactory or unexpected result of our services	0	0	0	1
Physical injury	1	1	2	1
Disputes over expiry of prepaid packages	0	0	0	0
Total	1	1	2	2

Of such matters, two had corresponding Hong Kong Consumer Council complaints. Except for one immaterial threatened litigation and one threatened litigation related to the recent medical incident in 2014 as discussed below, all such matters have been settled with the relevant clients.

Recent medical incident

While we take many precautions towards the safety and quality of our services, there are inevitable health risks in our services. For example, in October 2014, a medical incident occurred in one of our aesthetic surgery centres during which a client experienced serious medical complications during an aesthetic surgical procedure, and had to be taken to the hospital. We followed our emergency response protocol for critical medical emergencies when handling the incident. The client had since been discharged from the hospital. We received a letter dated 10 September 2015 from the client’s solicitors in respect of this incident intending to claim common law damages arising from negligence and/or breach of “common duty of care” but without specifying a specific claim amount. We issued a reply letter dated 19 October 2015, which, *inter alia*, denied admission to any liability of our Group. Subsequently, this client’s counsel and our counsel had several correspondences in respect of the possibility of reaching an amicable settlement. However, as advised by a legal advisor, as at the Latest Practicable Date, since the matter was still at an early stage and that we have neither received a statement of claim nor received sufficient information, we cannot obtain any meaningful assessment as to (i) whether the alleged claim is justified by reason, and (ii) our liability exposure, if any, on this matter. Potential claims in relation to this recent medical incident are not covered by the institutional medical malpractice insurance that we maintain. However, our Group may be able to seek indemnity from the relevant Hong Kong Doctors of ours should they be deemed professionally negligent. As at Latest Practicable Date, no formal court proceedings have commenced in respect of this incident. Please see also “Risk Factors—Risks Relating to our Business—There are inevitable health risks associated with our services, which may subject us to claims and negative press” in this prospectus.

Other claims and litigation

As at the Latest Practicable Date, other than as disclosed in this prospectus, we were not a party to any material on-going litigation, arbitration or administrative proceedings, and we are not aware of any claims or proceedings contemplated by government authorities or third parties which would materially and adversely affect our business. In addition, our Directors are not involved in any actual or, to their best knowledge, threatened material claims or litigation.

Magistrates’ Courts

Certain of our subsidiaries received summons from the magistrates’ courts in Hong Kong for not filing their respective tax returns under the stipulated time as required by the relevant law. Please see “—Legal Proceedings, Claims and Compliance—Non-compliance incidents—Inland Revenue Ordinance” in this prospectus for further details.

Non-compliance Incidents

Some of our subsidiaries were not in full compliance with certain requirements under the Inland Revenue Ordinance and the Companies Ordinance (or the Predecessor Companies Ordinance) in Hong Kong, respectively.

Inland Revenue Ordinance

Non-compliance incident	(i) Reason(s) for non-compliance (ii) Identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
<p>Late Filing of Profits Tax Returns</p> <p>Under the relevant Hong Kong tax laws and regulations, a business entity must file profits tax returns received from the IRD within the stipulated time, whether they had taxable profits or not. During tax years 2008/09 to 2013/14 (the “Years of Assessment”), some of our subsidiaries were late in the filings of their respective profits tax returns within the stipulated time on such tax returns after receiving such returns from the IRD for certain Years of Assessment as required under section 51(1) of the Inland Revenue Ordinance (the “IRO”). In particular, Beauty International, Honor HK, Union Investment and Union Best Union were late in six Years of Assessment, Best Union was late in four Years of Assessment, and Union Harvest, New Elite, One Dental and One Dental Plus were late in one Year of Assessment (collectively the “Relevant Subsidiaries”). Our Group received a total of 65 profits tax returns in the Years of Assessment and our Group timely filed 34 of such profits tax returns while 31 of such profits tax returns were filed late.</p>	<p>Late Filing of Profits Tax Returns</p> <p>The late filings of profits tax returns were primarily attributable to our Relevant Subsidiaries not timely completing the closing of their accounting books in the relevant financial periods. Since the accounting books of our Relevant Subsidiaries were not available by the stipulated due dates set out in the respective profits tax returns, the Relevant Subsidiaries were not able to timely file their respective profits tax returns.</p> <p>Such late closing of the accounting books was mainly due to (i) the lack of resources in the accounting department of our Group at the relevant times as we were experiencing rapid expansion, including a number of acquisitions, in the relevant past years and (ii) the lack of sufficient knowledge and experience of certain former staff members in our accounting department in the relevant past years. Such lack of resources and sufficient knowledge in turn caused the Relevant Subsidiaries to have gone through a number of partial difficulties, which gave rise to delays. Examples of the resources</p>	<p>Late Filing of Profits Tax Returns</p> <p>According to our filed tax returns (including those that were filed late), had all of our Hong Kong subsidiaries timely filed all profits tax returns (including those that were late filed), the entire amount of the taxes that we should have paid under the Years of Assessment would have been approximately HK\$19.2 million, substantially all of which were attributable to profits of Union Investment, and approximately HK\$14.5 million of such taxes were attributable to tax year 2013/2014.</p> <p>For the Years of Assessment, although we were late in our profit tax returns filings, prior to our respective filings of the profit tax returns for the Years of Assessment, we paid a total of approximately HK\$4.6 million in taxes pursuant to estimated and additional tax assessment received at the relevant times. Subsequent to our respective filings of the various profit tax returns for the Years of Assessment for Union Investment, we were issued various corresponding additional tax assessments for the respective Years of Assessment, and we paid taxes of HK\$16.6 million pursuant to such additional tax</p>	<p>Late Filing of Profits Tax Returns</p> <p><i>Settlement proposal, provision and indemnity</i></p> <p>Since receiving the letter from the IRD on 11 December 2014, we had various correspondences and discussions with the IRD. On 24 September 2015, we submitted our latest settlement proposal, on a without prejudice basis, to the IRD, which explained in detail our tax situation, and included a revised tax computation for the years under review in the settlement proposal. Based on the tax advice received, and on a without prejudice basis, we proposed in the settlement proposal an amount of approximately HK\$12 million, which was calculated with reference to the penalty policy of the IRD and by multiplying the amount of our Tax Undercharged of approximately HK\$17.0 million (which, as discussed above, forms the basis of our penalty on late filing of profits tax returns) by certain percentage (by referencing the said policy). Since the submission to the IRD, we have had, with the assistance of our tax representative, various written correspondences and meetings with the IRD, including meetings in January 2016. We understand that the IRD is currently considering our settlement proposal.</p>

Non-compliance incident	(i) Reason(s) for non-compliance identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
<p>Out of such Relevant Subsidiaries, according to the relevant profits tax returns filed by us, substantially all of the Group's taxable profit in the Years of Assessment was attributable to Union Investment. On various dates, prior to having filed the profits tax returns for the relevant Years of Assessment, respectively, Union Investment received a number of estimated and additional tax assessments of the different years of the Years of Assessment, in the aggregate amount of HK\$4.6 million, and did timely settle the respective amounts.</p> <p>Court summonses for the late filings</p> <p>From October 2011 to November 2015, such Relevant Subsidiaries (which had been late in filing of their respective profits tax returns) (including Beauty International, Honor HK, New Elite, and Union Investment) also received a total of seven summonses from the Kowloon City Magistrates' Court and the Eastern Magistrates' Court of Hong Kong (together with the Kowloon City Magistrates' Court, the "Magistrates' Courts"), in each case requesting the relevant entity to appear before the court for not filing their respective tax returns within the stipulated time as required by the relevant law.</p>	<p>constraints eventually caused the delays in the closing of the relevant accounting books include: (i) change in accounting policy during the year ended 31 March 2011; (ii) change of auditors in 2011/12; (iii) attempt to transition to a new (computer) accounting system in 2009/10; (iv) multiple acquisitions of businesses and also a significant increase in the numbers of subsidiaries during the Years of Assessment, which, among others, (a) significantly increased the number of management accounts that needed to be closed and reviewed and (b) introduced significant additional complexities in relation to intercompany balances within the Group for the purposes of closing the accounting books of Union Investment and (v) significant increase in volume of transactions over years.</p> <p>Discrepancies in Employer's Tax Returns</p> <p>Such discrepancies arose primarily because of a technical and practical timing issue — that the relevant employer's tax returns of our Group (primarily Union Honor) had been, in the Years of Assessment, filed before the audit of the accounts was completed and therefore the employer's returns were completed based on our human resources department's record as at the financial year end.</p>	<p>assessments. We timely settled all taxes payable pursuant to estimated and additional assessments for the Years of Assessment. As such, according to tax advice received, in aggregate for the Years of Assessment, we had paid HK\$21.2 million in taxes.</p> <p>As at the Latest Practicable Date, based on tax advice received, we believe that the outstanding tax to be settled for the Years of Assessment was HK\$162,434 which was referred to in our settlement proposal to the IRD (as discussed below), being an additional amount of tax we proposed to pay to the IRD in respect of the Technical Adjustments relating to the certain areas raised during the tax audit (as discussed under the heading "Other matters raised during tax audit in the first" column of this table).</p> <p>Penalty Policy of the IRD and Relevant Statutory Provisions</p> <p><i>Tax undercharged</i></p> <p>When assessing penalty for late filing of profits tax returns, according to tax advice received, the IRD <i>entirely disregards</i> any actual tax payments that we have made. Rather, the IRD assesses the relevant penalty based on the entire amount of the taxes that our Relevant Subsidiaries should have paid, during the Years of</p>	<p>Our Tax Counsel, having considered the documents and information provided to them by us and our tax representative, advised that it appears quite likely that a full and final settlement can be achieved between us and the IRD. As advised by our Tax Counsel, subject to the wording of any full and final agreement reached, the IRD would not be entitled to reopen the matter absent fraud, by prosecuting any party on the same facts.</p> <p>We have made the necessary provision in our consolidated financial information for the settlement of the tax audit based on our best estimation of the possible outcome of the tax audit and the IRD's assessment of our settlement proposal.</p> <p>Each of our Controlling Shareholders will enter into a deed of indemnity in favour of our Group by Listing in respect of, among others, any tax liabilities falling on our Group arising out of the said tax audit conducted by the IRD to the extent such liabilities exceed the proposed settlement amount described above of approximately HK\$12 million. Please see "Statutory and General Information—E. Other Information—2. Deed of indemnity" in Appendix IV to this prospectus for further details.</p> <p>Payment of fines imposed by the Magistrates' Courts</p> <p>In relation to the seven summonses mentioned above, we have paid an aggregate of HK\$19,500 of fines in accordance with the court orders and in each instance, we promptly settled the fines within not more than 11 days after the issue date of the relevant court order.</p>

Non-compliance incident	(i) Reason(s) for non-compliance (ii) Identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
<p>Tax Audit</p> <p>On 11 December 2014, we received a letter from the IRD regarding the commencement of a tax audit in respect of the Years of Assessment. During the tax audit, according to tax advice received, the major concern raised by the IRD was the non-compliance of the IRO in relation to our late filing of profits tax returns.</p> <p>Other matters raised during the tax audit</p> <p>In addition, the IRD has also requested for information and documentary evidence in respect of the following areas: (i) change of revenue recognition estimation of our Group during the Years of Assessment; (ii) transactions between our Relevant Subsidiaries and certain companies owned by Mr. Tang not forming part of our Group; (iii) discrepancies between the salaries reported in the financial statements and the Employer's returns of our Relevant Subsidiaries; (iv) consultancy fee income received by our Group from related parties; (v) deduction claimed on the commission and consultancy fees of our Group; and (vi) commission we paid to our employees and/or their related companies. However, based on tax advice received, these areas related to various technical adjustments</p>	<p>(i) Reason(s) for non-compliance (ii) Identity and position of the person involved</p> <p>As such, during the Years of Assessment, the relevant employer's tax returns did not reflect certain adjustments that were made to some employees' bonuses after the respective financial year ends. Such adjustments, however, were captured in the audited financial statements. These adjustments primarily took place because in many cases, our employees may be entitled to more or less bonuses upon the management's and the accounting department's further review of such employees' performance, as well as our operating results. (For example, certain employees had validly asked for extra bonuses that they were entitled to, which we awarded, and on the other hand, when we have made a refund to a client, we retrospectively disallowed the relevant sales-related bonuses). Such further review only took place around the same time as or subsequent to the filing of the employers' tax returns, which did not allow sufficient time for the results of such adjustments to be reflected in the employer's tax returns.</p>	<p>Assessments had they timely filed all profits tax returns. Taking into account certain adjustments according to tax advice received, the relevant amount according to our settlement proposal was approximately HK\$17.0 million (the "Tax Undercharged"). According to tax advice received, in determining the Tax Undercharged, the IRD would not take into consideration taxes that we already paid (as discussed above). For the avoidance of doubt, the concept of "tax undercharged" is distinguished from one having or <i>underpaid</i> one's tax liabilities. The Group believes that it did not file any profits tax returns with knowingly false or incorrect information, and in any event, pursuant to tax advice received the difference in opinion between the Group and the IRD in terms of tax payable is the Technical Adjustments of only HK\$162,434 (as discussed above).</p> <p><i>Relevant statutes</i></p> <p>In relation to the late filing of profits tax returns,</p> <ul style="list-style-type: none"> • (i) the IRD may take penalty action under section 80(2) of the IRO, pursuant to which each of our Relevant Subsidiaries may be prosecuted, or 	<p>Discrepancies in Employer's Tax Returns</p> <p>We understand that as at the Latest Practicable Date, the IRD was reviewing the immaterial discrepancies in our subsidiaries' employer's tax returns. Each of our Controlling Shareholders will enter into a deed of indemnity in favour of our Group by Listing in respect of, among others, the relevant potential liabilities, if any, arising from such further review.</p> <p>During the relevant years, whenever the Group discovered these discrepancies, it had on most occasions (except for instances where the Group had taken the advice of its former tax representative that no supplementary filing should be made at that time in order not to complicate the tax audit) promptly notified the IRD of the discrepancies by submitting updated or supplemental information for the employer's tax returns.</p> <p>As at 16 January 2016, we have notified the IRD of all such discrepancies in the Years of Assessment by submissions to the IRD.</p> <p>Furthermore, to prevent such discrepancies in the future, we have made a few procedural changes, including but not limited to: (i) allocating the responsibility of filing employer's tax returns to our accounting department, instead of our human resources department and (ii) having monthly closing of the relevant accounts. Our management believes that such measure should prevent similar discrepancies from occurring again.</p> <p>Enhanced Internal Control</p> <p>To prevent the recurrence of such non-compliances, we have implemented a set of internal control policies relating to tax filings, payments and other taxation matters, which, among others, include internal policies to accelerate the timing of the closing of management accounts to facilitate the timely filing of profits tax returns.</p>

(i) Reason(s) for non-compliance (ii) identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
<p>Non-compliance incident</p> <p>(“Technical Adjustments”) and would have immaterial impact on our overall tax liabilities, and therefore we believe that the main area of concern was just the late filing of profits tax returns, and substantially all of our proposed settlement amount (as discussed below) referenced the tax liabilities relating to such late profits tax filings.</p>	<ul style="list-style-type: none"> (ii) if no prosecution under section 80(2) is instituted, each of our Relevant Subsidiaries may be liable to an additional tax assessed by the Commissioner of Inland Revenue or his deputy under section 82A of the IRO, or (iii) the IRD may, pursuant to section 80(5) of the IRO, compound any offence under section 80 of the IRO. 	<p>In addition, since the current chief operating officer Mr. Lee, joined our Group in April 2014 and current chief financial officer, Mr. Yeung, joined our Group in July 2014, they have begun implementing rectification steps to help enable the Group’s subsidiaries to timely close their accounting books and therefore timely file the profit tax returns, including the development of the Group’s information technology platform for financial reporting and introduction of more stringent procedures. These measures, in addition to the strengthened internal control policies, eventually enabled all of the Group’s subsidiaries to have timely filed their profits tax returns for the tax year 2014/15 in advance of the stipulated deadline as required by law.</p>
<p>Discrepancies in Employer’s Tax Returns</p> <p>During the course of the tax audit, we communicated with the IRD regarding some immaterial discrepancies between (i) the employer’s returns (which specify the salaries of our employees during the relevant years) of our Group (primarily Union Honor, which handles the human resources function of our Group) and (ii) the salaries reported in the audited financial statements. We estimate that there had been 626 entries of discrepancies over a period of six years. The taxable income of each relevant employee may have been either overstated or understated in the employer’s returns, which may have caused the relevant employees to in turn over-report or under-report their salaries tax in their respective tax returns. Our estimated aggregate amount of understatement of our employees’ salaries in the employer’s returns compared to the financial statements through the six</p>	<p>Pursuant to section 80(2) of the IRO, each of our Relevant Subsidiaries may be prosecuted and liable to a penalty which is not more than a fine of HK\$10,000 and a further fine of treble the amount of our Tax Undercharged; alternatively, pursuant to section 82A of the IRO, the Commissioner of Inland Revenue or his deputy may assess additional tax, the maximum amount of which should not exceed treble the amount of our Tax Undercharged. As advised by the Tax Counsel, in the Company’s case, absent a settlement, litigation and assessment of additional tax as a penalty under section 82A of the IRO is more likely than prosecution under section 80 of the IRO. Based on the available documents to them, the Tax Counsel considered it unlikely that our relevant subsidiaries will be subject to the maximum fine of treble the amount of HK17.0 million (being the approximate tax undercharged) for the said non-compliances, because the maximum penalty is normally imposed only in <i>the most serious cases</i>, usually involving deliberate non-compliance. As advised by the Tax Counsel, according to the IRD’s relevant penalty policy, the scale of penalty ranges from 5% to 60% of the tax undercharged for cases where a taxpayer fails to exercise reasonable care and omits profits/income. For cases where disclosure of information was withheld by a taxpayer, the penalty may be around 100% of the tax undercharged.</p>	<p>For details, please see “—Internal Control and Risk Management” in this prospectus.</p>
		<p>As discussed under the heading “Rectification actions taken and status” in this table, we are in the process of trying to reach a settlement with the IRD.</p>

(i) Reason(s) for non-compliance (ii) identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
<p>Non-compliance incident</p> <p>years in the Years of Assessment was approximately HK\$5.9 million and, without taking into consideration the amount of any potential overstatements of our employees' salaries (for the sake of prudence), the potential tax impact amounts to HK\$1.0 million.</p>	<p><i>Fines by the Magistrates' Courts</i></p> <p>Pursuant to the seven summonses received in relation to late filings of profits tax returns, fines ranging from HK\$2,000 to HK\$2,550 were imposed by the Magistrates' Courts in respect of the seven summonses issued under, among others, section 80(2) of the IRO on each of the relevant subsidiaries. According to tax advice received, for those offences relevant in the summonses, since the IRD has already prosecuted the relevant Group subsidiaries and fines have been ordered and paid, the court would impose no further fine, whether of treble the amount of tax undercharged or otherwise. Our Tax Counsel considered that those subsidiaries will not face further fines for the same offences and facts specified in the respective summonses.</p>	
	<p>Discrepancies in Employer's Tax Returns</p> <p>As a result of the discrepancies, we may be required to offer a monetary penalty on the incorrect filing of employer's returns after the IRD has completed its review on the salaries tax position of the relevant employees. Under the relevant law, the maximum penalty for the most serious causes can be the sum of a fine of HK\$10,000 per instance of non-compliance and three times the tax undercharged. According to tax advice received, the most prudent estimation of the theoretical maximum penalty would be to (i) classify each entry of discrepancy as an instance of non-compliance subject to the maximum fine, and (ii) assume the Company's estimated amount of tax impact of approximately HK\$1.0 million as the tax undercharged and accordingly, the maximum potential penalty in such a calculation would be approximately HK\$9.3 million. However, according to tax advice received, it is highly unlikely that the penalty will be HK\$9.3 million, and is likely to be a lower amount, as the nature of the Company's offense in this case is not of a serious nature. Our Tax Counsel advised that in practice, instead of prosecuting all 626 cases, if the IRD chose to prosecute, it would only prosecute the most serious cases (of discrepancies) as sample cases, and that in the</p>	

Non-compliance incident	(i) Reason(s) for non-compliance (ii) identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
		<p>present circumstances, it appears unlikely that the IRD would prosecute under section 82 of the IRO concerning the discrepancies in Union Honor's employer's tax returns (but would instead assess additional tax as penalty under section 82A of the IRO). Therefore, it would be unlikely for the IRD to classify each instance of discrepancy as a separate non-compliance and charge the maximum penalty of HK\$10,000 for 626 times in the Company's case. Therefore, the Company believes that the potential penalty would be much closer to a multiple of the tax impact of HK\$1.0 million. As at the Latest Practicable Date, the IRD was still in the process of reviewing the relevant matters. The relevant provision we have made for tax liabilities in our consolidated financial statements is, in accordance with the management best estimate of the relevant tax impact, sufficient to cover such tax impact.</p> <p>No Known Concerns Regarding Tax Evasion</p> <p>According to tax advice received, up to 17 November 2015 our previous tax representative was not aware of any allegations or concerns by the IRD in respect of the Company's intention to evade tax or to assist any other person to evade tax; and from 18 November 2015 and up to the 21 December 2015, our current tax representative was not aware of any allegations or concerns by the IRD in respect of the Company's intention to evade tax or to assist any other person to evade tax.</p> <p>Furthermore, according to IRD's penalty policy, there may be prosecution against any person who wilfully, with intent to evade or to assist any other person to evade tax: (i) omits from a return any sum which should be included; (ii) makes any false statement or entry in any return; (iii) makes any false statement in connection with a claim for any deduction of allowance; (iv) signs any untrue statement/return; (v) gives any false answer to any question or request for information asked or made in accordance with the provisions of IRO; (vi) prepares or maintains any false books of</p>	

Non-compliance incident	(i) Reason(s) for non-compliance (ii) identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
		<p>accounts; or (vii) makes use of any fraud, etc. to evade tax. Our Directors confirm that they are not aware of the Group being accused of or prosecuted by the IRD or any other relevant authorities for the aforementioned behaviours.</p> <p>Based on the information available to our Tax Counsel, we were advised that it is unlikely that the Group, its related companies or Mr. Tang would face a charge of tax evasion. In summary, the factors which the Tax Counsel took into account were: (i) the absence of any deliberate intention to evade tax; (ii) the prosecution's heavy onus under section 82 of the IRO; and (iii) the on-going settlement talks which, if successful, will prevent prosecution.</p>	

Companies Ordinance (or the Predecessor Companies Ordinance)

Non-compliance incident	(i) Reason(s) for non-compliance (ii) identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
<p>All of our Hong Kong subsidiaries (except for Grand Best Union and Union Glamorous) did not hold valid annual general meeting(s) ("AGM(s)") and lay their respective profit and loss accounts within the statutory time limit before the date of their respective AGM(s) for the financial years ended 31 March 2012, 2013 and/or 2014, contrary to sections 111 and 122 of the Predecessor Companies Ordinance (corresponding to sections 429, 431 and 610 of the Companies Ordinance).</p>	<p>The non-compliance incidents were primarily attributable to our relevant subsidiaries not timely completing the closing of their accounting books in the relevant financial periods. Without the closed accounting books, the relevant subsidiaries in turn were not able to properly hold their respective AGMs and lay accounts. Such late closing of the accounting books (which led to the inability to properly convene the AGMs) was mainly due to (i) the lack of resources in the accounting department of our Group as we were experiencing rapid expansion, including a number of acquisitions, in the relevant past years and (ii) the lack of sufficient knowledge and experience of certain former staff members in our accounting department. Such lack of resources and sufficient knowledge in turn caused the relevant subsidiaries to not have focused on prioritising the timely closing of accounting books.</p>	<p>For breach of section 111 of the Predecessor Companies Ordinance (corresponding to section 610 of the Companies Ordinance), the relevant subsidiaries and each of their respective officers (including directors) shall be liable, on summary conviction, to a maximum fine of HK\$50,000 on each count pursuant to section 111(5) of the Predecessor Companies Ordinance (corresponding to section 610 of the Companies Ordinance).</p> <p>Pursuant to section 122(3) of the Predecessor Companies Ordinance (corresponding to sections 429(3),(4) of the Companies Ordinance), each director of the subsidiaries who fails to take all reasonable steps to comply with the duty to lay accounts before annual general meetings shall be liable to a maximum fine of HK\$300,000, and imprisonment for 12 months on each count, provided that the director can only be sentenced to imprisonment if he committed the breach wilfully. In addition, the penalty for failing to send copies of the financial statements to members within the statutory time limit is a maximum fine of HK\$10,000 on each count pursuant to sections 129G(1) & (3) of the Predecessor Companies Ordinance, or a maximum fine of HK\$50,000 on each count pursuant to section 433 of the Companies Ordinance.</p>	<p>In October 2015, the audited profit and loss accounts for the financial year ended 31 March 2015 of all relevant Hong Kong subsidiaries were timely adopted by the respective shareholder resolutions in writing passed in October 2015 in lieu of the 2015 AGMs, and the outstanding audited profit and loss accounts for the financial years ended 31 March 2012, 2013, and/or 2014 were also separately laid at the respective extraordinary general meetings held in October 2015.</p> <p>As advised by our legal counsel, Mr. Lincoln Cheung ("Legal Counsel"), if the Companies Registry of Hong Kong chooses to prosecute our Group or any of the directors of our respective subsidiaries for some or all of these non-compliance incidents, the penalty in most cases would be a fine, and the chance of imposing a sentence of imprisonment on the director(s) of our respective subsidiaries would be unlikely, unless the offence was committed wilfully. We confirm that the omission was not wilful.</p> <p>Further, our Legal Counsel advised that based on recent judgements of the High Court of Hong Kong, the court will not readily grant relief under sections 111 and 122 of the Predecessor Companies Ordinance (corresponding to sections 429, 431 and 610 of the Companies Ordinance) because the court is concerned about the proliferation of relief applications which are not strictly necessary in the context of listing applications. Based on the above advice, we have decided not to apply to the court to seek relief in relation to this.</p>
			<p>Each of our Controlling Shareholders will enter into a deed of indemnity in favour of the Group by Listing in respect of, among others, certain liabilities arising out of our historical non-compliance with the applicable laws, rules and regulations on or before the Listing Date. Please see "Statutory and General Information—E. Other Information—2. Deed of indemnity" in Appendix IV to this prospectus for further details.</p> <p>To prevent the recurrence of such non-compliances, we have implemented a set of internal control policies to accelerate the timing of the closing of management accounts and has put in place internal control and corporate governance measures with respect to financial reporting and public disclosure. For details, please see "—Internal Control and Risk Management" in this prospectus.</p>

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INTERNAL CONTROL AND RISK MANAGEMENT

As the aforementioned non-compliance incidents were primarily attributable to our relevant subsidiaries not completing the closing of their accounting books on time, we have put in place a series of internal control and corporate governance measures with respect to risk management, financial reporting and public disclosure in order to improve our Group's corporate governance and to prevent recurrence of the aforementioned non-compliances in the future. Set forth below are the examples of such measures:

Preparation of accounts:

1. Mr. Yeung Chin Wan, our chief financial officer and executive Director who joined our Group in July 2014, a member of the Hong Kong Institute of Certified Public Accountants who has over 14 years of experience in finance reporting and will assume the overall responsibility to oversee our entire financial reporting function and ensure timely closing of the accounting book of all entities in our Group. In addition, we have hired a senior finance manager in November 2015, who has over 10 years of experience in accounting and finance and is a member of the Hong Kong Institute of Certified Public Accountants, to assist our chief financial officer in discharging the above duties.
2. To ensure all book-closing procedures are completed in a timely manner, a period-end closing checklist have been adopted recently. A completed checklist will be reviewed and signed off by our chief financial officer before the preparation of financial statements for each financial period. We have also implemented a financial reporting policy to help ensure the timeliness and completeness in preparing financial statements and public disclosures. The policy sets forth the procedures, content requirements, allocation of responsibility and relevant timetables for financial reporting, such as timing of closing accounts, standards to be followed in preparing financial statements and processes to be undertaken prior to external public disclosure.
3. We have continued to upgrade our accounting software and in particular, improved our software for the recording of prepaid package sales, as well as clients' utilisation of prepaid packages, which facilitated the retrieval of our sales and purchase records, and thus our financial reporting process. Further, we have entered into a letter of intent with an IT consulting service provider for the implementation of an enterprise resource planning system which allows us to manage information across the business units of our Group, including our accounting system. We expect that the enterprise resource planning system will improve our recording of sales and purchase data and monitoring of our accounting and finance system, which in turn will improve the overall efficiencies in closing our accounting books.
4. We established an audit committee on 19 February 2016. The audit committee consists of Mr. Look Andrew, Dr. Yu Ka Fai Alexis and Mr. Ma Ching Nam. The chairman of the audit committee is Mr. Look Andrew, an independent non-executive Director, who has over 20 years of experience in equity investment analysis of Hong Kong and the PRC stock markets and over 15 years of experience in the banking, property development and fund management industries. He has also served as the independent non-executive director of five companies listed in Hong Kong apart from our Company and holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The audit committee has the ongoing duties and obligations to, among other things, assist our Directors in overseeing the internal control procedures and accounting and financial reporting matters of our Group, so to ensure our compliance with the relevant laws and regulations. For details, please see "Directors and Senior Management—Board Committees—Audit committee" in this prospectus.

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Non-compliance incidents in relation to the IRO:

5. We have retained and intend to continue to retain the advice of an international professional accounting firm as our tax representative to assist in the preparation and submission of our tax filings, as well as in handling any tax queries from the IRD.
6. We have established a written tax filing policy which stipulates the procedures for profits tax filing. The content of the policy includes the tasks or controls to be performed by our designated personnel for each tax assessment year.
7. Our chief financial officer will also be responsible for our taxation matters, including to ensure timely filings of our tax returns and corresponding tax payments.

Non-compliance incidents in relation to the Companies Ordinance:

8. Our company secretary, Dr. Leung Shiu Ki Albert, will ensure our compliance with the Companies Ordinance, including the requirements on annual filings and laying accounts. Dr. Leung is a member of the Hong Kong Institute of Certified Public Accountants and has obtained a certificate from each of the Chartered Association of Certified Accountants, the Chartered Institute of Management Accountant, and the Institute of Chartered Secretaries and Administrators in the United Kingdom. For details, please see “Directors and Senior Management—Company Secretary” in this prospectus.
9. We have engaged legal advisers separately to advise us on our company secretarial matters, including the corporate proceedings and statutory filing requirements under the Companies Ordinance.
10. We have established a written policy for AGM which stipulates the policy for holding AGMs in each year, and the required timeline and procedures to be performed before and after holding the AGMs of the Company and our subsidiaries.

Internal control and risk management:

11. In preparation of the Listing, we have engaged an independent internal control consultancy company, Protiviti Hong Kong Co. Limited (the “**Internal Control Consultant**”), to review the adequacy and effectiveness of our internal control system and to provide recommendations for improving our internal control system in areas such as financial reporting, operation, compliance and risk management. In addition to the above, we have engaged the Internal Control Consultant for (i) reviewing the adequacy and effectiveness of internal controls in relation to the non-compliance in relation to the late filing of tax returns and not holding the AGMs and laying the profit and loss accounts before the AGMs for the Group’s subsidiaries in December 2015, and (ii) for our general internal control processes, including the preparation of our internal control policies and procedures. The Internal Control Consultant is a global business consulting and internal audit firm specialising in advisory services with regard to finance and transactions, operations, risk, and compliance. The engagement team of the Internal Control Consultant includes Certified Internal Auditors, members of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst. In relation to the non-compliance incidents mentioned above, the Internal Control Consultant has comprehensively reviewed and provided a series of recommendations to our internal control designs for preventing the recurrence of such incidents, and we have also adopted remedial measures which are recommended by our Internal Control Consultant. Furthermore, we have engaged the Internal Control Consultant to provide internal audit and risk assessment services to strengthen our risk management, corporate governance and internal control processes.

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12. We have established a comprehensive code of conduct applicable to all of our employees and staff since June 2015, which sets forth standardised business practices and expected ethical standards, as well as guidelines on matters such as anti-money laundering, reporting of conflicts of interest, insider trading, gifts, anti-bribery, anti-fraud and whistleblowing. The code of conduct has been communicated and made accessible to our employees and staff. Violation of the code of conduct will be disciplined accordingly. Our Directors are responsible for our risk management, which entails identifying, monitoring and if necessary, implementing mitigation measures for our risks, such as strategic risks, marketing risks, operational risks and legal risks. For example, our Directors will strive to keep up-to-date with news regarding changes in laws and regulations applicable to us.
13. Our Company arranged for our Directors to attend a training session in September 2015 conducted by the legal advisers to our Company regarding director's duties under the Listing Rules and the laws of Hong Kong. We also intend to engage external legal counsels from time to time to, among others, assist us in complying with the laws, rules and regulations applicable to us, including but not limited to the Listing Rules and the Companies Ordinance.
14. Our management, with assistance from external legal counsels, endeavours to ensure that we and our Registered Practitioners have obtained and maintained all necessary permits and licences required for our existing operations, as well as when we open up new service centres and clinics, expand to a new business or geographic segment, launch a new service and launch new products.

The non-compliance incidents were principally due to the lack of resources and experience of our accounting staff at a time when the Group was experiencing rapid expansion, including a number of acquisitions. Our Directors have taken actions to rectify the non-compliance incidents to the extent practicable and strengthened our internal control system to prevent recurrence of the incidents. During the period of non-compliance, the management of the Group, recognising the significance of the non-compliance incidents, had made multiple efforts and attempts to address the problems of late production of accounts and the consequential delay in the filing of profits tax returns which unfortunately had not been effective in the first few years of non-compliance due to a combination of extraneous factors. The key measures taken by the Group along the years include, among others:

1. The Group engaged and relied on external professional services of a local audit firm to deal with production of accounts and for guidance on tax matters in the initial years of operation as the then scale of operation of the Group did not yet call for a sophisticated and robust internal accounting system. The reliance on the local audit firm was, with the benefit of hindsight, unfortunately insufficient;
2. In addition to engaging external professional services, as the Group grew in scale, it had increased the number of staff in the accounting department with appropriate experience and qualification to enhance the accounting function of the Group. The then expansion of the accounting department was an attempt to meet the demands of the Group's business expansion but such efforts were insufficient, which resulted in the continuous increase in the volume of financial information to be collected and accounted for;
3. The Group continuously attempted to improve its accounting system and information technology infrastructure to facilitate more timely book closing and reduce the reliance on human resources. Unexpected technical problems had been encountered along the way which delayed the implementation of the computerised system;

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4. In light of the failure of the local audit firm in providing proper guidance and services to the Group, and with a view to improving the accounting practices and financial reporting of the Group, Union Investment, the principal subsidiary of the Group, replaced its statutory auditor with an international accounting firm after the year ended 31 March 2011. As a result of, among other things, the lack of cooperation from the local audit firm and the delay in completion of audit by the local audit firm, the new statutory auditor had incurred additional audit time resulting in consequential and successive delay in completing the audit of accounts for subsequent years; and
5. The management of the Group had attached high priority on resolving the non-compliance issues and in selecting the candidates for executive directors and the senior executive roles of the Company, it looked for individuals with relevant background and experience who could help resolve the problems. The chief operating officer, the chief financial officer and the chief information officer of the Group had contributed to the success in resolving the non-compliance issues.

While the Group had been late in completing the closing of its accounting books, it had promptly made its profits tax filings after the relevant audited accounts had been produced.

View of our Directors, the Internal Control Consultant and the Sole Sponsor

Based on the above, and after due consideration, our Directors confirm that the aforementioned internal control measures implemented and to be implemented are adequate and could effectively ensure a proper internal control system of our Group and prevent the recurrence of such non-compliance incidents. Based on our review of the latest report issued by the Internal Control Consultant, we did not note any statement on findings of material weakness or material insufficiency in our Group's internal control system. The Internal Control Consultant has confirmed on 22 December 2015 that we have implemented all the material recommended internal control measures according to its latest report dated 16 December 2015. Our Directors do not believe that the historical non-compliances with the IRO, which occurred as cumulative results of a number of extraneous factors beyond the control of the Directors, reflect negatively on the executive Directors' competence under Rules 3.08 and 3.09 of the Listing Rules. Our Directors further confirm that our executive Directors are competent to manage our Group's business in a law abiding manner, and the aforementioned non-compliance incidents would not affect the suitability of our executive Directors under Rules 3.08 and 3.09 of the Listing Rules or the suitability for listing of our Company under Rule 8.04 of the Listing Rules.

Based on the review and procedures conducted by the Internal Control Consultant, the Internal Control Consultant is of the view that the internal controls of the Group, if implemented on a continuous basis, are effective and adequate in preventing the recurrence of the aforementioned non-compliance incidents.

Based on the internal control and corporate governance measures that the Group has put in place as described in this section of the prospectus, and after taking into consideration the view of the Internal Control Consultant, of the reports of the Internal Control Consultant, the remedial measures taken by the Group, and the other due diligence steps (including, without limitation, the due diligence with the tax representatives and the former statutory auditors of the Group), in the context of the non-compliance incidents, the Sole Sponsor is of the view that the Group's enhanced internal control measures are adequate and as demonstrated by the remedial measures taken by the Group and the fact that the Group has timely filed all the profits tax returns for the year of assessment 2014/15 and duly adopted the audited accounts for the financial year ended 31 March 2015 of all the relevant Hong Kong subsidiaries in compliance with the Companies Ordinance, the Group's enhanced internal control measures have effectively addressed the inadequacies of the Group underlying the corresponding non-compliance incidents mentioned above. Based on the above, the Sole Sponsor is of the view that the aforementioned non-compliance incidents would not affect the suitability for listing of the Company under Rule 8.04 of the Listing Rules.

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The Sole Sponsor notes the qualification and experience of each executive Director the details of which are summarised in “Directors and Senior Management — Executive Directors” in this prospectus and in particular, the executive Directors possess relevant knowledge and experience in industry specific legal and regulatory environment, management and corporate governance, accounting and financial reporting, as well as business operation and development in the aesthetic medical and beauty industry. The appointment of Mr. Gabriel Lee, Mr. Luk Kun Shing Ben and Mr. Yeung Chin Wan to the management of the Group has been proven effective in assisting Mr. Tang and adding valuable senior management resources and enhancing the standard of corporate governance and compliance, sophistication of information technology utilisation, timeliness and standard of accounting and financial reporting and profits tax returns filing, as well as general management and operation of the Group as a whole. Given the executive Directors’ past work experiences and their respective contribution to the Group which had led to the timely preparation of financial accounts in the financial year 2014/15 and the timely filing of profits tax returns in November 2015, the Sole Sponsor is of the view that the executive Directors, taken as a whole, are competent in discharging their duties and responsibilities of their roles in the Company.

The Sole Sponsor notes from the tax representatives of the Group that as at the Latest Practicable Date, based on their discussion with the IRD, they were not aware of any allegations by, or concerns of, the IRD in relation to the intention of the Group, any of its Directors or Controlling Shareholders to evade or to assist any other person to evade tax. The Sole Sponsor further notes that the Tax Counsel have advised the Company that, based on the information available to the Tax Counsel, it is unlikely that the Group, its related companies or Mr. Tang would face a charge of tax evasion. Based on the above and the other due diligence steps (including, without limitation, the due diligence with the tax representatives and the former statutory auditors of the Group), the Sole Sponsor is of the view that the aforementioned non-compliance incidents would not affect the suitability of the Company’s executive Directors under Rules 3.08 and 3.09 of the Listing Rules.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Our Group was founded by Mr. Tang (鄧志輝) in November 2005. Please see “Our History, Reorganisation and Corporate Structure” in this prospectus for further details of the development of the Group.

Mr. Tang and Union Medical Care will together be entitled to directly or indirectly exercise or control 75% of the voting rights at the general meeting of our Company immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options granted under the Share Option Scheme. Accordingly these parties are considered to be our Controlling Shareholders immediately following the Global Offering.

Please see “Directors and Senior Management—Directors and Senior Management—Executive Directors” in this prospectus for more details of Mr. Tang’s background.

EXCLUDED INTEREST

None of our Controlling Shareholders nor any of our Directors was, as of the Latest Practicable Date, interested in any business, other than our Group, which, competed or was likely to compete, either directly or indirectly, with our Group’s business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

Mr. Tang’s Other Businesses

As at the Latest Practicable Date, Mr. Tang was interested in a number of companies which will not be included in our Group upon Listing (the “**Relevant Companies**”).

<u>Name of the Relevant Companies</u>	<u>Nature of business</u>	<u>Board of directors</u>	<u>Size of business</u>
Good Union Medical Limited (“GUM”) ⁽¹⁾ . . .	Supply of medical consumables ⁽⁴⁾	Mr. Cheng Yeung and Redhill Shine Limited ⁽⁷⁾	Revenue in 2015: HK\$0 Net loss in 2015: less than HK\$300,000 ⁽⁸⁾
Healthy Concept (HK) Limited (“Healthy Concept”) ⁽²⁾	Supply of skincare and beauty products/ operation of call centre ⁽⁵⁾	Mr. Tang	Revenue in 2015: less than HK\$13,000,000 Net loss in 2015: less than HK\$9,000,000 ⁽⁸⁾
Good Union ⁽³⁾	Supply and distribution of medical consumables, devices and equipment ⁽⁶⁾	Mr. Cheng Yeung and Redhill Shine Limited ⁽⁷⁾	Revenue in 2015: less than HK\$30,000,000 Net profit in 2015: less than HK\$4,000,000 ⁽⁸⁾

Notes:

1. GUM is a company incorporated under the laws of Hong Kong with limited liability on 15 July 2013, and is 50% owned by the spouse of Mr. Tang, therefore Mr. Tang is deemed to be interested in 50% of the issued shares of GUM. The remaining interest is owned by Mr. Cheng Yeung, our general manager of medical operations.
2. Healthy Concept is a company incorporated under the laws of Hong Kong with limited liability on 26 May 2006, and is wholly-owned by Mr. Tang.
3. Good Union is 50% owned by the spouse of Mr. Tang, therefore Mr. Tang is deemed to be interested in 50% of the issued shares of Good Union. The remaining interest is owned by Mr. Cheng Yeung, our general manager of medical operations.
4. GUM operates its business in Hong Kong and its target customers are primarily aesthetic medical or traditional beauty service providers.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

5. Healthy Concept operates its business in Hong Kong. Its target customers in respect of the supply of skincare and beauty products are primarily aesthetic medical or traditional beauty service providers. Separately, it also operates a call centre which targets individual customers. The personnel of the call centre contact individual customers and refer them to the providers of body screening services, beauty products and beauty services, respectively, for referral income. However, Healthy Concept does not provide any aesthetic medical or traditional beauty services, nor body screening services.
6. Good Union operates its business in Hong Kong and its target customers are primarily aesthetic medical or traditional beauty service providers, as well as individual doctors.
7. Redhill Shine Limited is a company incorporated under the laws of BVI with limited liability on 5 January 2010 and is wholly owned by the spouse of Mr. Tang.
8. The figures are determined by reference to the 2015 unaudited management accounts of the respective Relevant Companies.

Our Group offers a broad range of services and products, including medical services, quasi-medical services, traditional beauty services and skincare and beauty products, primarily of our private-label brands, PRODERMA LAB and Suissebeaute. We do not focus on widespread retail of our products and substantially all of our skincare and beauty products are sold to the clients of our services. Please see “Business—Our Business Model” in this prospectus for further details.

Our Directors are of the view that our business activities are clearly delineated from that of the Relevant Companies, since our Group does not focus on the supply and distribution of medical consumables, devices and equipment, or skincare and beauty products. Instead, we only focus on (i) applying medical consumables, devices and equipment during the course of our provision of service and (ii) selling skincare and beauty products to the clients of our services. In contrast, the Relevant Companies focus on the supply and distribution of such goods to aesthetic medical service providers and traditional beauty service providers in Hong Kong. Furthermore, the Relevant Companies do not supply and distribute any skincare and beauty products of the Group’s private-label brands, PRODERMA LAB and Suissebeaute.

Based on the above, our Directors are of the view that the businesses conducted by the Relevant Companies do not form part of, and are not in line with the core business of our Group, and as such do not compete and are unlikely to compete, either directly or indirectly, with our Group’s business.

As at the Latest Practicable Date, Mr. Tang was also interested in a number of companies which carried out and/or will continue to carry out certain transactions with our Group before and/or after Listing. Please see “Continuing Connected Transactions”, “Financial Information—Related Party Transactions” and Note 34 of Section II to the Accountants’ Report in Appendix I to this prospectus for details of these transactions.

DEED OF NON-COMPETITION

Pursuant to the non-competition undertakings set out in the deed of non-competition dated 19 February 2016, each of our Controlling Shareholders (the “**Covenantors**” and each a “**Covenantor**”) has undertaken to our Company (for itself and on behalf of its subsidiaries) that during the period commencing from the Listing Date and ending on the occurrence of the earliest of (i) the day on which our Shares cease to be listed on the Stock Exchange or other recognised stock exchange; (ii) the day on which the Covenantors cease to be controlling shareholders of our Company; and (iii) the day on which the Covenantors beneficially own or are interested in all the issued ordinary shares of our Company:

- Each of them will not and will procure that none of his/its close associates, persons to whom each of them provides financial assistance to set up and operate businesses (the “**Controlled Persons**”) or any companies in the equity capital of which each of the Covenantors, his family interests (if applicable) and/or any trustee interests (if applicable) taken together are interested (directly or indirectly) so as to exercise or control the exercise of 30% or more of the voting power at general meetings, or companies in which each of the Covenantors, his family interests (if applicable) and/or any trustee interests (if applicable) controls the composition of a majority of the board of directors of such companies (the “**Controlled Companies**”) will, except through his/its interests in our Company, whether as principal or agent and whether undertaken directly or indirectly through any person, body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, participate, acquire or hold any right or interest or otherwise

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

be interested, involved or engaged in or concerned with, directly or indirectly, any business which is in any respect in competition with or similar to or is likely to be in competition with the business of our Group as described in this prospectus and any other business from time to time conducted by any member of our Group or in which any member of our Group is engaged or has invested in, or entered into any of intent or memorandum of understanding to enter into, or which our Group has otherwise publicly announced its intention to enter into, engage in or invest in (whether as principal or agent and whether undertaken directly or through any body corporate, partnership, joint venture, or other contractual arrangement) within Hong Kong, Macau, the PRC or any of the territories where any member of our Group carries and/or will carry on business from time to time (the “**Restricted Business**”);

- If he/it and/or any of his/its respective close associates, and/or any of the Controlled Persons and/or any of the Controlled Companies is offered or becomes aware of any potential business opportunity directly or indirectly to engage or become interested in a Restricted Business, he/it:
 - (a) shall promptly notify our Company in writing and refer such business opportunity to our Company for consideration and provide such information as may be reasonably required by our Company in order to make an informed assessment of such business opportunity; and
 - (b) shall not and shall procure that his/its close associates and/or Controlled Persons and/or Controlled Companies shall not, invest or participate in any such project or business opportunity unless such project or business opportunity shall have been rejected by our Company and the principal terms of which each of the Controlling Shareholder or his/its close associates and/or Controlled Persons and/or Controlled Companies invest(s) or participate(s) are no more favourable than those made available to our Company.
- If he/it and/or any of his/its respective close associates, and/or any of his/its Controlled Persons take up such business opportunity with our consent to conduct a new business in accordance with paragraph (b) above, and that he/it and/or any of his/its respective close associates, and/or any of his/its Controlled Persons intends to transfer, sell, lease, license, or otherwise assign or give permission for the use of such new business to a third party during the term of the deed of non-competition, we shall have the right of first refusal to acquire such new business, and the principal terms for such acquisition shall be no less favourable than those made available to such third party.

Each Covenantor undertakes that he/it will not and will procure that none of his/its respective close associates and/or the Controlled Persons shall:

- At any time induce or attempt to induce any director, manager or employee or consultant of any member of our Group to terminate his or her employment or consultancy (as appropriate) with our Group, whether or not such act of that person would constitute a breach of that person’s contract of employment or consultancy (as appropriate);
- At any time employ any person who has been a director, manager, employee of or consultant to any member of our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to the Restricted Business; or
- Alone or jointly with any other person, or as manager, adviser, consultant, employee or agent for or shareholder in any person, firm or company, in competition with any member of our Group, canvass, solicit or accept orders from or do business with any person with whom any member of our Group has done business or solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group in relation to the Restricted Business to cease to deal with our Group or reduce the amount of business which the person would normally do with our Group or seek to improve their terms of trade with any member of our Group.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Each Covenantor further undertakes, jointly and severally, to indemnify and keep indemnified our Group against any damage, loss or liability suffered by our Group arising out of or in connection with any breach of covenants and undertakings and/or any of the obligations of the Covenantors under the deed of non-competition, including any costs and expenses incurred as a result of such breach.

The implementation of the deed of non-competition will be governed and monitored as follows:

- Our independent non-executive Directors will be responsible for deciding, without attendance by any executive Director (except as invited by our independent non-executive Directors to assist them or provide any relevant information but in no circumstances shall the executive Director(s) who participate in such meeting be counted towards the quorum or be allowed to vote in such meeting), whether or not to take up a new business opportunity referred to us and exercise the right of first refusal under the terms of the deed of non-competition.
- Our independent non-executive Directors will be granted full access to the financial information and other information that they request from the managers of the Company and Covenantors in order to make an informed decision. Our independent non-executive Directors will make each decision based on any factors they consider appropriate and which they consider are beneficial to the Group.
- Our independent non-executive Directors may employ an independent financial advisor as they consider necessary to advise them on the terms of any new business opportunity and the exercise of the right of first refusal (if applicable).
- Each of the Covenantors undertakes to keep us informed and shall procure his/its respective close associates, Controlled Persons and Controlled Companies to keep us informed, of new business opportunities and to provide all information reasonably required by our independent non-executive Directors to assist them in their consideration of any new business opportunity.
- Our independent non-executive Directors will review, on an annual basis, the implementation of the deed of non-competition the compliance of the non-competition undertakings given by each of the Covenantors, and any decisions in relation to new business opportunities referred to us and exercise the right of first refusal (if applicable), and state their basis and reasons in our Company's annual report.
- After the Listing, our Directors will continue disclosing details of any potential competing interests in our annual reports to the Shareholders.
- Our Directors shall disclose any new development concerning any potential competition disclosed in this prospectus in our annual reports to the Shareholders.
- In the event that our Company decides not to proceed with any particular projects or business opportunities and that the Covenantors or his/its Controlled Persons and/or Controlled Companies decide to proceed with such a project or business opportunity, we shall announce such decision by way of an announcement setting out therein the basis for us not taking up the project or business opportunity.

DEED OF INDEMNITY

Each of our Controlling Shareholders has entered into a deed of indemnity in favour of the Group. For more details, please see “Statutory and General Information—E. Other Information—2. Deed of indemnity” in Appendix IV to this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe that our Group is capable of carrying on our business independent of, and does not place undue reliance on, our Controlling Shareholders or their respective associates, taking into consideration the following factors:

(a) Financial Independence

Our Group has an independent financial system, internal control, accounting and financial management system, accounting and finance department, independent treasury functions for cash receipts and payments, and makes financial decisions according to our own business needs. As of the Latest Practicable Date, none of our Controlling Shareholders or their respective associates had provided any loans, guarantees or pledge to our Group. We will not rely on our Controlling Shareholders for financing and will be able to obtain financing from external sources after the Global Offering as we have sufficient working capital to operate our business independently.

(b) Operational Independence

We have established our own organisational structure, and each department is assigned to specific areas of responsibilities. We do not rely on our Controlling Shareholders or their respective associates for our operations. We have independent access to clients and an independent management team to handle our daily operations. We do not rely on our Controlling Shareholders to grant us licences to carry on and operate our business and we have sufficient operational capacity in terms of capital and employees to operate independently. We have also established a set of internal controls to facilitate the effective operation of our business.

Good Union is 50% owned by the spouse of Mr. Tang, therefore Mr. Tang is deemed to be interested in 50% of the issued shares of Good Union. Good Union is one of the largest suppliers of medical devices, consumables and equipment of our Group for each of the three years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015. Good Union is also the exclusive distributor for the dermal filler TEOSYAL® in Hong Kong, which we utilise for our aesthetic injection procedures. Nonetheless, our Directors believe that we have independent access to suppliers to handle our daily operations for the following reasons:

- Apart from Good Union, we obtained medical devices, consumables and equipment (other than TEOSYAL®) from 18, 108 and five other independent suppliers, respectively, for the year ended 31 March 2015.
- Other suppliers for the medical devices, consumables and equipment (other than TEOSYAL®) are also available in the market.
- The use of medical devices, consumables and equipment (including TEOSYAL®) supplied from Good Union may be substituted by other equivalent products in our relevant aesthetic medical procedures.
- Given that we are the largest client of Good Union, we believe that we have strong bargaining power over Good Union when negotiating terms of our supply agreement.
- Further, we typically maintain our inventory of supplies of medical devices and consumables, including TEOSYAL®, for one to three months, we therefore have sufficient time to locate new supplier(s) for such medical devices and consumables when necessary.

Please see “Continuing Connected Transactions” in this prospectus for details of our non-exempt continuing connected transactions with Good Union.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders and our Group is able to operate independently from our Controlling Shareholders after the Listing.

(c) Management Independence

Our Company maintains an independent Board to oversee our Group's business. Our Board is responsible for contemplating and approving business plans and strategies of the Group, monitoring the implementation of business plans and strategies and supervising the management of our Group. Our Group has an independent management team, which is led by a team of senior management with extensive experience and expertise in our business, to implement our Group's business plans and strategies in the daily operations. Please see "—Corporate Governance" in this prospectus for details.

Our Board consists of seven Directors, of which four are executive Directors and three are independent non-executive Directors. One of our Controlling Shareholders is an executive Director. Please see "Directors and Senior Management" in this prospectus for details.

CORPORATE GOVERNANCE

Our Directors are of the view that our Board and senior management will function independently from our Controlling Shareholders for the following reasons:

- (i) each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interest of our Company and does not allow any conflict between his duties as a Director and his personal interests to exist;
- (ii) in the event that there is a potential conflict of interest arising from any transaction to be entered into between our Group and any of our Directors or their respective associates, the interested Director(s) shall declare the nature of such interest at the relevant Board meetings in respect of such transactions and, in the case of a material interest, such Director and his associates will abstain from voting at, and not be counted as part of the quorum for the relevant Board meetings;
- (iii) our independent non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements under the Listing Rules to ensure that the decision of the Board are made only after due consideration of independent and impartial opinions; and
- (iv) our Company has also established an internal control mechanisms to identify related party transactions to ensure that our Controlling Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions.

Based on the above, our Board is satisfied that each Director is able to perform his role in our Company independently and our Board is able to operate independently from our Controlling Shareholders.

CONTINUING CONNECTED TRANSACTIONS

CONNECTED PERSONS

Following completion of the Global Offering, Union Medical Care will hold 75% of our issued Shares (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options granted under the Share Option Scheme) while Mr. Tang will continue to be an executive Director, and both Union Medical Care and Mr. Tang will remain as our Controlling Shareholders. We will continue to be party to certain transactions with Mr. Tang's associates, which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Under Rules 14A.07(1) and (4) of the Listing Rules, Mr. Tang, Union Medical Care and their associates are our connected persons.

Nature of Transaction	Parties	Connectedness between our Group and the connected person
Warehouse Lease Agreements	Between Union Investment and Ever Shine Consultants Limited (“ Ever Shine ”)	Ever Shine is 99% owned by Ms. Yau Ming Li (“ Ms. Yau ”), the spouse of Mr. Tang, and 1% owned by Ms. Wong Yuk Kam, the mother of Ms. Yau. Accordingly, Ever Shine is an associate of Mr. Tang, and is therefore our connected person.
	Between Union Investment and Major Giant Limited (“ Major Giant ”)	Major Giant is wholly-owned by Mr. Tang. Accordingly, Major Giant is an associate of Mr. Tang, and is therefore our connected person.
Travel Administrative Services Framework Agreement	Between Union Investment and Window-Discovery Tours Limited (“ Window Discovery ”)	Window Discovery is 49.47% owned by Ms. Yau. Accordingly, Window Discovery is an associate of Mr. Tang, and is therefore our connected person. The remaining 50.53% of the issued shares of Window Discovery is owned by Independent Third Parties.
Insurance Brokerage Services Framework Agreement	Between Union Investment and World Trade Capital Group Limited (“ World Trade Capital ”)	World Trade Capital is 66.67% owned by Ms. Yau indirectly. Accordingly, World Trade Capital is an associate of Mr. Tang, and is therefore our connected person. The remaining 33.33% of the issued shares of World Trade Capital is owned by Independent Third Parties indirectly.

CONTINUING CONNECTED TRANSACTIONS

Nature of Transaction	Parties	Connectedness between our Group and the connected person
Equipment Maintenance Services Framework Agreement	Between Union Investment and Simmer Engineering Limited (“ Simmer Engineering ”)	Simmer Engineering is 65% owned by Good Union and 35% owned by an Independent Third Party. Good Union is 50% owned by Ms. Yau and 50% owned by Mr. Cheng Yeung, the general manager of medical operations of our Group. Accordingly, Simmer Engineering is an associate of Mr. Tang, and is therefore our connected person.
Supply of Cosmetic Products Framework Agreement	Between Union Investment and Healthy Concept (HK) Limited (“ Healthy Concept ”)	Healthy Concept is wholly-owned by Mr. Tang. Accordingly, Healthy Concept is an associate of Mr. Tang, and is therefore our connected person.
Supply of Medical Devices, Consumables and Equipment Framework Agreement	Between UMA and Good Union	Good Union is 50% owned by Ms. Yau and 50% owned by Mr. Cheng Yeung, the general manager of medical operations of our Group. Accordingly, Good Union is an associate of Mr. Tang, and is therefore our connected person.

CONTINUING CONNECTED TRANSACTIONS

I. Fully Exempt Continuing Connected Transactions

The following transactions are entered into in the ordinary and usual course of business of our Group and carried out on normal commercial terms, where each of the applicable percentage ratios (except for the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will, as our Directors currently expect, be (i) less than 0.1% on an annual basis; or (ii) less than 5% on an annual basis and the annual consideration will, as our Directors currently expect, be less than HK\$3,000,000. Therefore, under Rule 14A.76(1) of the Listing Rules, the following transactions are exempted from the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

1. Warehouse Lease Agreements

Principal terms

We entered into a lease agreement with Ever Shine on 18 August 2015 (the “**First Ever Shine Lease**”) whereby Ever Shine has agreed to lease us warehouse spaces in Block A, Wah Tat Industrial Centre, Kwai Chung, Hong Kong for a fixed term of three years commencing from 18 August 2015 to 17 August 2018. We also entered into another lease agreement with Ever Shine on the same date (the “**Second Ever Shine Lease**”) whereby Ever Shine agreed to lease to us warehouse spaces in Block 1, 26th Floor, Vigor Industrial Building, Kwai Chung, Hong Kong for a fixed term of three years commencing from 18 August 2015 to 17 August 2018. In addition, we entered into a lease agreement with Major Giant on 18 August 2015 (the “**Major Giant**”

CONTINUING CONNECTED TRANSACTIONS

Lease”, and together with the First Ever Shine Lease and Second Ever Shine Lease, collectively the “**Warehouse Lease Agreements**”) whereby Major Giant agreed to lease to us warehouse spaces in Block C, Wah Tat Industrial Centre, Kwai Chung, New Territories, Hong Kong for a fixed term of three years commencing from 18 August 2015 to 17 August 2018.

During the term of each of the Warehouse Lease Agreements, we have and will have the right to use the premises for storage purpose. The monthly rent was fixed at HK\$12,000 for each of the Warehouse Lease Agreements throughout its term. Ever Shine and Major Giant shall be responsible for the government rates and management fees under the relevant Warehouse Lease Agreements and we shall be responsible for paying the utilities. Each of the Warehouse Lease Agreements will terminate at the end of its term and is not automatically renewable.

Reasons for the transaction

At the time when we entered into the Warehouse Lease Agreements, we considered that the spaces in some of our service centres in Hong Kong as well as our office in Lai Chi Kok, Hong Kong were limited. For the purpose of cost-saving, we decided to move some of our inventories of medical consumables, beauty products and obsolete equipment to the warehouse spaces in Kwai Chung, Hong Kong, which are generally close to our office in Lai Chi Kok, and properly renovated. Our management was also of the view that it would be more administratively convenient for us to rent the relevant warehouse premises from Ever Shine and Major Giant than from the landlord whom we rented the warehouse from previously, as any changes of the locations of the warehouse spaces would potentially incur transportation and administrative costs. There is also a risk that the transferred items may be lost during the course of the transportation.

Pricing policy

In determining the rents under the Warehouse Lease Agreements, the Company made reference to the prevailing market rents of comparable industrial properties as at the date of the respective Warehouse Lease Agreements.

Historical amounts

The amounts of rent paid by us to Ever Shine and Major Giant, respectively, for the three years ended 31 March 2013, 2014 and 2015, and the six months ended 30 September 2015 are set forth below:

	Historical Transaction Amounts for			
	Year Ended 31 March			Six months ended 30 September
	2013	2014	2015	2015
	(HK\$)			
Total rent paid to Ever Shine	36,000	288,000	288,000	144,000
Total rent paid to Major Giant	—	84,000	144,000	72,000
Total	36,000	372,000	432,000	216,000

CONTINUING CONNECTED TRANSACTIONS

Annual caps

In accordance with Rule 14A.53 of the Listing Rules, the Company has set the annual caps on the maximum aggregate annual amount of rent in connection with the Warehouse Lease Agreements for the three years ending 31 March 2016, 2017 and 2018, which are set out below:

	Proposed Annual Cap for Year Ending 31 March		
	2016	2017	2018
		(HK\$)	
Total rent paid to Ever Shine	288,000	288,000	288,000
Total rent paid to Major Giant	<u>144,000</u>	<u>144,000</u>	<u>144,000</u>
Total	432,000	432,000	432,000

The above annual caps are determined with reference to the existing rent under each of the Warehouse Lease Agreements.

2. Travel Administrative Services Framework Agreement

Principal terms

We entered into a travel administrative services framework agreement with Window Discovery on 23 July 2015 (the “**Travel Administrative Services Framework Agreement**”) whereby Window Discovery has agreed to, from time to time upon our request, provide us with quotations for travelling packages, accommodation and other travel-related services and products. We have agreed to pay each relevant invoice which is due and submitted to us by Window Discovery within 14 days of receipt. The Travel Administrative Services Framework Agreement is for a three year term commencing from its date.

Reasons for the transaction

We anticipate that our management staff and employees would travel more frequently in the future in light of our contemplated expansion of operations in the PRC. Further, we believe that Window Discovery, with 16 years of corporate travelling service experience and a long list of suppliers, is able to provide us with reliable services in a timely and responsive manner. We also believe that Window Discovery is able to provide competitive and transparent quotations for our Group.

Pricing policy

Under the Travel Administrative Services Framework Agreement, the price of each travelling-related service and product equals the cost at which Window Discovery obtains such services or products from its suppliers, which are Independent Third Parties, and a mark-up on such cost in the range of 5% to 8%, being the brokerage fee charged by Window Discovery for its services. In determining the percentage of the mark-up, the parties will make reference to the price guarantee offered by Window Discovery to us which ensures the provision of competitive quotations, and the standard mark-up percentages contained in quotations provided by Window Discovery to Independent Third Parties for similar services. Further, we will perform price evaluation on Window Discovery’s services and products at least annually, and will also obtain quotations of travelling-related services and products from at least two independent service providers for price comparison, before we obtain services or products from Window Discovery.

CONTINUING CONNECTED TRANSACTIONS

Historical amounts

The transaction amounts paid by us to Window Discovery for the three years ended 31 March 2013, 2014 and 2015, and the six months ended 30 September 2015 were nil, nil, nil and HK\$154,232, respectively.

Annual caps

In accordance with Rule 14A.53 of the Listing Rules, the Company has set the annual caps on the maximum aggregate annual transaction amount in connection with the Travel Administrative Services Framework Agreement for the three years ending 31 March 2016, 2017 and 2018, which are set out below:

	<u>Proposed Annual Cap for Year Ending 31 March</u>		
	<u>2016</u>	<u>2017</u>	<u>2018</u>
		(HK\$)	
Total transaction amount paid to Window Discovery	1,500,000	1,100,000	1,220,000

The above annual caps are determined with reference to (i) the historical transaction amounts for the six months ended 30 September 2015 and (ii) the expected increase in business travelling by our management staff and employees for the three years ending 31 March 2016, 2017 and 2018 for our contemplated expansion of operations in the Greater China in line with our business expansion. The proposed annual cap is larger for the year ending 31 March 2016 than for the year ending 31 March 2017 as we expect more business travelling for the Listing, such as for the roadshows.

3. Insurance Brokerage Service Framework Agreement

Principal terms

We entered into an insurance brokerage service framework agreement with World Trade Capital on 23 July 2015 (the “**Insurance Brokerage Service Framework Agreement**”) whereby World Trade Capital has agreed to provide us with quotations of employees’ insurance and other types of insurance from independent insurance companies from time to time and upon our request.

Upon our agreement to the quotation, we will pay the relevant insurance premium to World Trade Capital’s client account and thereafter, World Trade Capital shall pay the relevant insurance company a sum which represents the total insurance premium *minus* the commission fee retained by it. World Trade Capital shall not charge us any administrative fees nor any additional charges. The Insurance Brokerage Services Framework Agreement is for a three year term commencing from its date.

Reasons for the transaction

We entered into the Insurance Brokerage Service Framework Agreement as we believe that World Trade Capital is familiar with the operations of our Group and is able to obtain quotations from multiple insurance companies. Our management is also of the view that it would be more administratively convenient for us to obtain such insurance quotation services from World Trade Capital than from other insurance agents with whom we have worked in the past, as any changes of insurance agents would potentially incur administrative costs.

CONTINUING CONNECTED TRANSACTIONS

Pricing policy

Under the Insurance Brokerage Service Framework Agreement, World Trade Capital only charges us the insurance premium (containing World Trade Capital's commission) quoted from the insurance companies, where the amount of commission being retained by World Trade Capital is decided solely by the relevant insurance companies. When considering the amount of such insurance premium, the relevant insurance companies will make reference to the prevailing amount of premium on employment insurance policies (or other types of insurance policies, if applicable) in the comparable market, and the standard quotations provided by World Trade Capital to its independent clients for similar services from time to time. Further, we will perform price evaluation on the quotations provided by World Trade Capital at least annually, and will also obtain quotations from at least two independent service providers for price comparison, before we accept quotations from World Trade Capital.

Historical amounts

The amounts of insurance premium paid by us to World Trade Capital for the three years ended 31 March 2013, 2014 and 2015, and the six months ended 30 September 2015 were nil, nil, HK\$532,378, and HK\$108,480, respectively.

Annual caps

In accordance with Rule 14A.53 of the Listing Rules, the Company has set the annual caps on the maximum aggregate annual amount of insurance premium in connection with the Insurance Brokerage Service Framework Agreement for the three years ending 31 March 2016, 2017 and 2018, which are set out below:

	Proposed Annual Cap for Year Ending 31 March		
	2016	2017	2018
	(HK\$)		
Total insurance premium paid to World Trade Capital	612,000	704,000	810,000

The above annual caps are determined with reference to (i) the historical transaction amounts for the year ended 31 March 2015 and the six months ended 30 September 2015 and (ii) the expected increase in our employment insurance expenses due to the expected increase in the salary and number of our employees for the three years ending 31 March 2016, 2017 and 2018 in line with our business expansion.

4. Equipment Maintenance Services Framework Agreement

Principal terms

We entered into an equipment maintenance services framework agreement with Simmer Engineering on 24 July 2015 (the "**Equipment Maintenance Services Framework Agreement**"), pursuant to which we have agreed to pay a monthly service fee of HK\$20,000 to Simmer Engineering, and Simmer Engineering has agreed to, upon our request, instruct one of its in-house engineers to inspect and, where applicable, repair any malfunctioning machine or equipment utilised for aesthetic procedures in our service centres. Where the repair or maintenance requires installation of additional parts, Simmer Engineering will provide us with quotation in respect of the sourcing of the parts. Upon our acceptance of the quotation, Simmer Engineering will source such relevant additional parts for us. The sourcing and repairing fees for each repairing order equals the costs incurred by Simmer Engineering in obtaining the relevant parts from third parties, and a mark-up on such cost at 20%. We have agreed to pay the invoices within 30 days of receipt. The Equipment Maintenance Services Framework Agreement is for a three year term commencing from its date.

CONTINUING CONNECTED TRANSACTIONS

Reasons for the transaction

We need the services of Simmer Engineering for our equipment which are not covered by manufacturers' warranties. We have generally found that the services provided by Simmer Engineering Limited to be fair and its services reliable. Our management is also of the view that it would be more administratively convenient for us to continue obtaining such repairing services from a company that we have worked with in the past.

Pricing policy

In determining the monthly service fee, the parties made reference to the qualification of the engineer provided by Simmer Engineering as at the date of the Equipment Maintenance Services Framework Agreement. In determining the sourcing and repairing fees, the parties made reference to the prevailing market price of similar sourcing and repairing fee obtained from Independent Third Parties. Further, we will perform price evaluation on their part sourcing and repairing fee at least annually, and will also obtain quotations of the parts from at least two independent suppliers for price comparison, before we request the part sourcing services from Simmer Engineering.

Historical amounts

The amount of service fees paid by us to Simmer Engineering for the three years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015 were nil, HK\$96,000, HK\$641,398, and HK\$431,259, respectively.

Annual caps

In accordance with Rule 14A.53 of the Listing Rules, the Company has set the annual caps on the maximum aggregate annual amount of service fees in connection with the Equipment Maintenance Services Framework Agreement for the three years ending 31 March 2016, 2017 and 2018, which are set out below:

	Proposed Annual Cap for Year Ending 31 March		
	2016	2017	2018
	(HK\$)		
Total fees paid to Simmer Engineering	770,000	924,000	1,109,000

The above annual caps are determined with reference to (i) the historical transaction amounts for the years ended 31 March 2013, 2014 and 2015 and for the six months ended 30 September 2015, and (ii) the expected increase in equipment maintenance costs due to the expected increase in the usage and procurement of medical equipment for the years ending 31 March 2016, 2017 and 2018 in line with our business expansion.

5. Supply of Cosmetic Products Framework Agreement

Principal terms

We entered into a supply of cosmetic products framework agreement with Healthy Concept on 23 July 2015 (the "**Supply of Cosmetic Products Framework Agreement**"), pursuant to which we have agreed to, from time to time during the term of the agreement, request provision of certain cosmetic products specified in the agreement (which we use during our provision of traditional beauty services and sell as skincare and beauty products to our clients) from Healthy Concept by giving Healthy Concept our order, and Healthy Concept has agreed to supply such products in accordance with such orders. Healthy Concept may invoice

CONTINUING CONNECTED TRANSACTIONS

us for each order on or at any time after delivery, and we have agreed to settle invoices in full within 30 days of receipt. The parties shall meet in September of each year to review and, where appropriate, agree on changes to the product prices. The agreed changes will take effect on 1 January of the following year. The Supply of Cosmetic Products Framework Agreement is for a three year term commencing from its date.

Reasons for the transaction

We entered into the Supply of Cosmetic Products Framework Agreement primarily because Healthy Concept is one of the few suppliers of the relevant beauty products in Hong Kong and we have utilised the relevant products in our traditional beauty services for a number of years. Our management is also of the view that Healthy Concept is able to supply the products in a timely manner, and that it would be more administratively convenient for us to obtain such products from a company with whom we have had a business relationship historically.

Pricing policy

Under the Supply of Cosmetic Products Framework Agreement, the price of each product equals the cost of such product charged by the suppliers of Healthy Concept and a mark-up on such cost of approximately 30%, being the margin charged by Healthy Concept. In determining the percentage of mark-up, the parties made reference to the availability of substitute products, the standard price charged by Healthy Concept to Independent Third Parties and the lengths of periods for which the products have been released to the market. Further, we will perform price evaluation on the products of Healthy Concept at least annually.

Historical amounts

The amount of purchase prices paid by us to Healthy Concept for the three years ended 31 March 2013, 2014 and 2015, and the six months ended 30 September 2015 were HK\$885,220, HK\$476,174, HK\$443,622 and HK\$50,066, respectively.

Annual caps

In accordance with Rule 14A.53 of the Listing Rules, the Company has set the annual caps on the maximum aggregate annual amount of consideration in connection with the Supply of Cosmetic Products Framework Agreement for the three years ending 31 March 2016, 2017 and 2018, which are set out below:

	Proposed Annual Cap for Year Ending 31 March		
	2016	2017	2018
		(HK\$)	
Total consideration paid to Healthy Concept	532,000	638,000	766,000

The above annual caps are determined with reference to (i) the historical transaction amounts for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, (ii) the expected increase in our product sales for the years ending 31 March 2016, 2017 and 2018 as a result of our continuing marketing efforts in promoting the sale of beauty products to compliment our aesthetic medical services, and (iii) the expected increase in the price of the beauty products for the years ending 31 March 2016, 2017 and 2018.

CONTINUING CONNECTED TRANSACTIONS

II. Non-exempt Continuing Connected Transactions

The following transactions will be entered into in the ordinary and usual course of our business and carried out on normal commercial terms, where, as our Directors currently expect, each of the applicable percentage ratios (except for the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5% on an annual basis and the annual consideration will exceed HK\$3,000,000. Under Rule 14A.76(2) of the Listing Rules, these transactions will be exempted from the independent shareholders' approval requirement.

Supply of Medical Devices, Consumables and Equipment Framework Agreement

Principal terms

We entered into a supply of medical devices, consumables and equipment framework agreement with Good Union on 23 July 2015 (the “**Supply of Medical Devices, Consumables and Equipment Framework Agreement**”), pursuant to which we have agreed to, from time to time during the term of the agreement, request to procure certain medical devices, consumables and equipment (which we use to perform certain of our minimally invasive procedures and energy-based procedures) from Good Union. Good Union may invoice us for each order on or at any time after delivery, and we have agreed to settle invoices in full within 30 days of receipt. The parties shall meet in September of each year to review and, where appropriate, agree on changes to the product prices. The agreed changes will take effect on 1 January of the following year. The Supply of Medical Devices, Consumables and Equipment Framework Agreement is for a three-year term commencing from its date.

Reasons for the transaction

Good Union is one of the largest suppliers of our Group of medical devices, consumables and equipment for the three years ended 31 March 2013, 2014 and 2015 and for the six months ended 30 September 2015. Good Union is the exclusive distributor in Hong Kong for TEOSYAL[®], a popular dermal filler produced in Europe which we utilise in our aesthetic medical centres and clinics for certain of our minimally invasive procedures. Good Union has also been one of our first suppliers for some of our medical devices, consumables and equipment. We also believe that Good Union is able to provide a wide range of medical devices, consumables and equipment for our selection, which is largely in line with our product and service offerings. In addition, we have generally found the services and products provided by Good Union to be of good quality and reliable.

Pricing policy

Under the Supply of Medical Devices, Consumables and Equipment Framework Agreement, the price of each medical device, consumable and equipment equals the cost of such products charged by the independent suppliers of Good Union, and a mark-up on such cost in the range of 10% to 66%, being the margin charged by Good Union. In determining the percentage of mark-up, the parties made reference to the standard price charged by Good Union to Independent Third Parties and the lengths of periods for which the products have been released to the market and availability of substitute products. Further, we will perform price and quality evaluation on the products of Good Union at least annually. We will also obtain quotations from at least two independent suppliers to ascertain if the price and terms offered by Good Union are fair and reasonable and comparable to those offered by independent suppliers.

CONTINUING CONNECTED TRANSACTIONS

Historical amounts

The amounts of purchase price paid by us to Good Union for the three years ended 31 March 2013, 2014 and 2015, and the six months ended 30 September 2015 are set out below:

	Historical Transaction Amounts for			
	Year Ended 31 March			Six months ended 30 September
	2013	2014	2015	2015
	(HK\$)			
Transaction amounts in respect of the purchase of medical consumables	4,434,191	6,938,620	8,262,879	6,172,369
Transaction amounts in respect of the purchase of medical devices and equipment	<u>260,000</u>	<u>1,424,530</u>	<u>3,063,309</u>	<u>712,600</u>
Total	<u>4,694,191</u>	<u>8,363,150</u>	<u>11,326,188</u>	<u>6,884,969</u>

Annual caps

The maximum aggregate annual amount of purchase price in connection with the Supply of Medical Devices, Consumables and Equipment Framework Agreement for the three years ending 31 March 2016, 2017 and 2018 shall not exceed the annual caps as set out below:

	Proposed Annual Cap for Year Ending 31 March		
	2016	2017	2018
	(HK\$)		
Transaction amounts in respect of the purchase of medical consumables	12,394,000	14,873,000	17,848,000
Transaction amounts in respect of the purchase of medical devices and equipment	<u>4,289,000</u>	<u>5,361,000</u>	<u>6,165,000</u>
Total	<u>16,683,000</u>	<u>20,234,000</u>	<u>24,013,000</u>

Purchase of medical consumables:

The above annual cap in respect of our purchase of medical consumables for the year ending 31 March 2016 is determined based on (i) the historical growth rate of transaction amounts for the years ended 31 March 2013, 2014 and 2015; (ii) the historical transaction amount for the six months ended 30 September 2015 being more than 50% of the transaction amount for the year ended 31 March 2015, primarily due to (a) the increase in market demand for medical consumables for the said period as a result of, among others, our introduction of several new minimally invasive procedure offerings, one of which involved the usage of TEOSYAL® and (b) our accumulation of inventory of medical consumables, including dermal fillers, in anticipation of the increased demand for the same during 2015 summer; (iii) the increase in market demand as well as the steady consumption of TEOSYAL® in our service offerings during the Track Record Period, taking into account the fact that Good Union is the exclusive distributor of TEOSYAL® in Hong Kong and we were one of the top providers of aesthetic injection procedures involving the use of TEOSYAL® in Hong Kong for the period from 2011 to 2014; (iv) the expected increase in our purchase of new medical consumable products from Good Union for the year ending 31 March 2016 in line with our continuing efforts on introducing new service offerings to our clients; and (v) the expected overall increase in our purchase of medical consumables for the year ending 31 March 2016 in line with our business expansion.

CONTINUING CONNECTED TRANSACTIONS

The above annual caps in respect of the purchase of medical consumables for the years ending 31 March 2017 and 2018 are determined based on (i) the increase in market demand as well as the steady contribution of TEOSYAL® in our service offerings during the Track Record Period for the aforementioned reasons; (ii) the expected increase in our purchase for new medical consumable products from Good Union for the years ending 31 March 2017 and 2018 for the aforementioned reasons; and (iii) the expected overall increase in our purchase of medical consumables for the years ending 31 March 2017 and 2018 in line with our business expansion.

Purchase of medical devices and equipment:

The above annual cap in respect of our purchase of medical devices and equipment for the year ending 31 March 2016 is determined based on (i) the historical growth rate of transaction amounts for the years ended 31 March 2013, 2014 and 2015; (ii) the expected significant increase in our purchase of medical devices and equipment for replacement for the year ending 31 March 2016 due to (a) the damage and deterioration of our medical devices and equipment resulting from ordinary use and (b) the replacement of our older medical devices and equipment as part of our continuing efforts to keep abreast of the latest technology in the aesthetic medical industry; (iii) the expected overall increase in our purchase of new medical devices and equipment for the year ending 31 March 2016 in line with our business expansion due to our new store openings in Hong Kong and the PRC as well as the expected increase in market demand for energy-based procedures based on our historical records and the Frost & Sullivan Report; and (iv) the generally higher selling prices of medical devices and equipment which are newly released to the market.

The above annual caps in respect of the purchase of medical devices and equipment for the years ending 31 March 2017 and 2018 are determined based on (i) the expected overall increase in our purchase for new medical devices and equipment for the years ending 31 March 2017 and 2018 in line with our business expansion for the aforementioned reasons; and (ii) the expected slowdown of growth rate of transaction amounts for the years ending 31 March 2017 and 2018 as the expected useful life of our medical devices and equipment are on average more than a year.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

By virtue of Rules 14A.74 and 14A.76(2) of the Listing Rules, the transactions under the Supply of Medical Devices, Consumables and Equipment Framework Agreement constitute continuing connected transactions for the Company that will be subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

As the transactions contemplated under the Supply of Medical Devices, Consumables and Equipment Framework Agreement described above are and will continue to be entered into in the ordinary and usual course of business of our Group on a continuing basis, the Directors are of the view that compliance with the announcement requirements would impose unnecessary administrative costs and undue burden to the Group and would be impracticable. Under Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirements as may otherwise be required of the Company under Chapter 14A of the Listing Rules in connection with the Supply of Medical Devices, Consumables and Equipment Framework Agreement and all transactions contemplated under it. We will comply at all times with the other applicable provisions under Chapter 14A of the Listing Rules in respect of such continuing connected transactions.

CONFIRMATION FROM THE DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions as set out above have been and will be entered into during our ordinary and usual course of business, are on normal or better commercial terms, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for these transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor has reviewed the relevant information and historical figures prepared and provided by our Company relating to the non-exempt continuing connected transactions under the paragraph II of subsection headed “Continuing Connected Transactions” above, and has also discussed these transactions with us.

Based on the above, the Sole Sponsor is of the view that such non-exempt continuing connected transactions are in the ordinary and usual course of business of our Group, are on normal or better commercial terms, and are fair and reasonable and in the interests of our Shareholders as a whole. The Sole Sponsor is also of the view that the above proposed annual caps for such non-exempt continuing connected transactions are fair and reasonable and in the interests of our Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

Our Board of Directors consists of seven Directors, of which four are executive Directors and three are independent non-executive Directors. Our Board of Directors is responsible and has general powers for the management and conduct of our business, while our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the members of our Board of Directors and senior management:

Name	Age	Position	Date of Appointment	Date of Joining the Group	Principal Role and Responsibility	Relationship with other Directors and Senior Management
<i>Executive Directors</i>						
TANG Chi Fai (鄧志輝)	37	chairman, executive Director and chief executive officer	7 July 2015	23 November 2005	overall management and strategic planning and development; chairman of the nomination committee	N/A
LEE Gabriel (李嘉豪)	37	executive Director and chief operating officer	1 September 2015	1 April 2014	day-to-day operations management	N/A
LUK Kun Shing Ben (陸韻晟)	36	executive Director and chief information officer	1 September 2015	1 March 2010	overseeing information technology infrastructure	N/A
YEUNG Chin Wan (楊展叻)	36	executive Director and chief financial officer	1 September 2015	2 July 2014	financial reporting and management	N/A
<i>Independent Non-Executive Directors</i>						
MA Ching Nam (馬清楠)	63	independent non-executive Director	19 February 2016	19 February 2016	providing independent opinion and judgment to our Board; member of the audit committee and remuneration committee	N/A
YU Ka Fai Alexis (余嘉輝)	54	independent non-executive Director	19 February 2016	19 February 2016	providing independent opinion and judgment to our Board; chairman of the remuneration committee, member of audit committee and nomination committee	N/A
LOOK Andrew (陸東)	50	independent non-executive Director	19 February 2016	19 February 2016	providing independent opinion and judgment to our Board; chairman of the audit committee, member of remuneration committee and nomination committee	N/A
<i>Senior Management (other than the Executive Directors)</i>						
CHENG Yeung (鄭泱)	44	general manager of medical operations	4 November 2015	1 May 2011	overseeing medical related business operations	N/A

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

TANG Chi Fai (鄧志輝), aged 37, is the Founder of our Group. He founded our Group on 23 November 2005 and was appointed as our chairman, executive Director and chief executive officer on 4 November 2015. He is responsible for the overall management and strategic planning and development of our Group.

Mr. Tang has more than 13 years of experience in the aesthetic medical and beauty industries. Prior to joining our Group, from 2001 to 2005, Mr. Tang worked at Lionfaith Limited (亨譽有限公司), a company engaged in public relations in Hong Kong, as a sales director primarily responsible for sales management. In 2004, Mr. Tang worked as a sales director at Nutriplus (Asia) Limited (欣泉(亞洲)有限公司), a company engaged in direct sales of branded beauty products in Hong Kong, and a wholly-owned subsidiary of Easy Repay Finance & Investment Limited (易還財務投資有限公司) (formerly known as B.A.L. Holdings Limited (變靚D控股有限公司)) (Stock Code: 8079), listed on the Growth Enterprise Market of the Stock Exchange, which was engaged in the business of beauty and weight management in Hong Kong. During that period, he was primarily responsible for the initial establishment and business development of four beauty centres, the development of marketing strategies and maintenance of sales channels. From 2002 to 2003, Mr. Tang worked at Sau San Tong (修身堂), a company later listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8200), which provides slimming and beauty products and services in Hong Kong. He was primarily responsible for sales management.

In addition, Mr. Tang also invests in businesses other than those providing aesthetic medical and beauty service businesses, such as leasing of warehouse spaces, insurance brokerage, medical equipment maintenance and repair, and supply of cosmetic products, medical devices, consumables and equipment. Please see “Relationship with Controlling Shareholders—Excluded Interest—Mr. Tang’s other businesses” and “Continuing Connected Transactions—Continuing Connected Transactions” in this prospectus for details of these businesses.

From September 1998 to May 2001, Mr. Tang attended the University of Hong Kong where he was enrolled in the bachelor of medicine and the bachelor of surgery programmes before deciding to pursue a different career path. From September 2001 to February 2005, Mr. Tang enrolled in the bachelor of business administration in accounting and finance at the University of Hong Kong and worked on a part-time basis before deciding to switch to full-time employment. Mr. Tang obtained Certificate IV in Training and Assessment from Northern Melbourne Institute of Technical and Further Education in September 2009 and the executive master of business administration degree from the University of Hull in January 2014.

LEE Gabriel (李嘉豪), aged 37, joined our Group on 1 April 2014 and was appointed as our executive Director and chief operating officer on 4 November 2015. He is responsible for the management of day-to-day operations for our Group.

Mr. Lee has over 14 years of experience in business management. Prior to joining our Group, from July 2001 to April 2014, Mr. Lee worked at Cathay Pacific Airways Limited (國泰航空有限公司) (“**Cathay Pacific**”), an international airline listed on the Main Board of the Stock Exchange (Stock Code: 293). He joined Cathay Pacific as a management trainee from July 2001 to June 2004 and subsequently served in various managerial positions, including more recently, as manager of cargo hub operations from January 2014 to April 2014 to manage the cargo operations of the airline in the Hong Kong International Airport, manager of planning and performance for the Hong Kong International Airport from August 2011 to December 2013 to oversee airport operations of the airline at the Hong Kong International Airport and manager of cargo operations of the airline from July 2009 to March 2010 to supervise cargo staff in 14 Chinese cities and to develop the cargo business in the PRC. During his employment with Cathay Pacific, Mr. Lee was seconded to Air China Cargo Company Limited (中國國際貨運航空有限公司) in Beijing, a state-owned airline enterprise in the PRC, from March 2011 to July 2011 where he served as the assistant president of its commercial (sales and marketing) division. From July 2007 to July 2009, he was seconded to Hong Kong Dragon Airlines Ltd. in Shanghai, the PRC, where he served as a manager of marketing & sales in Eastern China.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lee graduated from the University of Hong Kong with a bachelor of business administration degree in accounting and finance in July 2001. In March 2007, Mr. Lee attended the SWIRE Management Programme organised by INSEAD Graduate Business School in Singapore. Mr Lee also attended the SWIRE Accounting and Control Programme and SWIRE Advanced Management Programme organised by INSEAD Graduate Business School in Fontainebleau, France from October to November 2010 and from May to June 2013, respectively.

LUK Kun Shing Ben (陸韵晟), aged 36, joined our Group on 1 March 2010 and was appointed as our executive Director and chief information officer on 4 November 2015. He is responsible for overseeing information technology infrastructure of our Group.

Mr. Luk has more than 5 years of experience in the aesthetic medical industry, and over 12 years of experience in the information technology industry. Prior to joining our Group, from January 2011 to February 2014, Mr. Luk served as a software engineer at Google (Hong Kong) Limited, a subsidiary of Google Inc., specialising in internet-related services and products. From December 2003 to December 2010, he was a software engineer at Google Inc., in Mountain View, California, the United States and involved in the implementation of Google Maps.

Mr. Luk graduated from Cornell University with a bachelor of science degree in computer science in August 2000 and Stanford University with a master of science degree in computer science in June 2003.

YEUNG Chin Wan (楊展昀), aged 36, joined our Group on 2 July 2014 and was appointed as our executive Director and chief financial officer on 4 November 2015. He is responsible for the financial reporting and management of our Group.

Mr. Yeung has over 14 years of experience in financial reporting and investment management and services. Prior to joining our Group, from April 2010 to June 2014, Mr. Yeung served as a director of We & V Accounting Services and Consultancy Limited (維爾會計及顧問有限公司), a boutique accounting and consultancy company in Hong Kong, where he was responsible for providing advisory services on tax and corporate matters. From November 2004 to March 2010, he held a number of positions in AXA Wealth Management (HK) Limited (安盛財富管理(香港)有限公司), a company engaged in wealth management and provision of consulting services in Hong Kong and a subsidiary of AXA Group, which is a multinational insurance and asset management group, to provide solutions for clients' portfolios. From September 2001 to October 2004, Mr. Yeung worked at PricewaterhouseCoopers Ltd. (羅兵咸永道有限公司) in Hong Kong, where he began as an associate and later became a senior associate in the financial services group, responsible for audit engagement in the investment banking and asset management industries.

In addition, since 2014, Mr. Yeung has been the chief executive officer of World Trade Capital Group Limited (世貿金融資本集團有限公司), an insurance brokerage firm providing us with quotations of employees' insurance and other types of insurance from independent insurance companies. He is primarily responsible for liaising with insurance companies for quotations and monitoring compliance of the brokerage firm in Hong Kong. Please see "Continuing Connected Transactions—Continuing Connected Transactions—I. Fully exempt continuing connected transactions" in this prospectus for more details.

Mr. Yeung graduated from Hong Kong Polytechnic University with a bachelor of arts in accountancy in November 2001. He has been a member of the Hong Kong Institute of Certified Public Accountants since August 2003 and a Chartered Wealth Manager of the International Academy of Financial Management since January 2010.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

MA Ching Nam (馬清楠), aged 63, was appointed as our independent non-executive Director on 19 February 2016.

Mr. Ma has been practising law for almost 35 years. He was admitted as a solicitor in England and Wales, Hong Kong, Australia and Singapore. He currently serves as senior partner of Hastings & Co, Solicitors & Notaries, a law firm in Hong Kong. Mr. Ma is also a Notary Public, China Appointed Attesting Officer and Civil Celebrant. He was the president of the Hong Kong Society of Notaries from 2007 to 2013.

Mr. Ma currently serves as directors of Tai Sang Bank Limited, Heptacontinental group of companies, Chiu Yin Enterprises Limited, Ma Kam Ming Company Limited and Ma's Enterprises Company Limited. He is also an independent non-executive director of Time Watch Investments Limited which was listed on the Main Board of the Stock Exchange (Stock Code: 2033). Mr. Ma has also been a director and Vice Chairman of Po Leung Kuk since 2009 and 2014 respectively.

Mr. Ma is also a member of the Hospital Governing Committee of North District Hospital in Hong Kong, a member of the Standing Committee on Language Education and Research (SCOLAR) in Hong Kong, and a council member of Hong Kong St. John Ambulance. He has been appointed as a member of Political and Consultative Conference in Hunan Province, PRC. He was also one of the past Chairmen of St. Paul's Co-educational College Alumni Association.

Mr. Ma graduated from the University of Hull with a bachelor of science degree in economics with honours in 1977.

YU Ka Fai Alexis (余嘉輝), aged 54, was appointed as our independent non-executive Director on 19 February 2016.

Dr. Yu has over 30 years of experience in medicine as a doctor, and 22 years of experience in ophthalmology. Prior to joining our Group, he has been the director of Eye Point Company Limited, Hong Kong Eye Surgery Centre and Hong Kong Eye Consultants Limited since June 2011, June 2006 and January 2001 respectively. From March 2001 to January 2008, he served as an eye consultant at Hong Kong Adventist Hospital Eye Centre, where he was primarily responsible for treating patients with eye diseases. Dr. Yu was employed by the Hospital Authority of Hong Kong from July 1986 to July 2001, during which he was primarily responsible for treating patients with eye diseases. In particular, he served as a senior medical officer of Tung Wah Hospital in Hong Kong from November 1994 to July 2001, as a senior medical officer of Caritas Medical Centre in Hong Kong from January 1994 to November 1994, as a senior medical officer of Hong Kong Eye Hospital from January 1993 to December 1993, as a medical officer, and subsequently a senior medical officer, of the Hong Kong Government from July 1986 to December 1992.

Dr. Yu graduated from the University of Hong Kong with a bachelor of medicine and a bachelor of surgery in November 1985. He obtained a diploma in ophthalmology from the Royal College of Physicians of Ireland and the Royal College of Surgeons in Ireland in September 1990. He then obtained fellowships from the Royal College of Surgeons of Edinburgh, Scotland, the College of Ophthalmologists, the United Kingdom, the College of Surgeons of Hong Kong, the Hong Kong Academy of Medicine and the College of Ophthalmologists of Hong Kong in November 1990, December 1990, March 1993, December 1993, and March 1996, respectively.

LOOK Andrew (陸東), aged 50, was appointed as our independent non-executive Director on 19 February 2016.

Mr. Look has over 15 years of experience in equity investment analysis of Hong Kong and the PRC stock markets and in the banking, property development and fund management industries. Prior to joining our Group, Mr. Look has been the founder, chief investment officer and managing director of Look's Asset

DIRECTORS AND SENIOR MANAGEMENT

Management Limited, an equity investment company incorporated in September 2009. From June 2000 to August 2008, he was the managing director and the head of Hong Kong research, strategy and product of UBS Securities Asia Limited, where he was responsible for producing thematic and quality market strategy reports for hedge fund and wealth management clients.

Mr. Look has served as the independent non-executive director of Ka Shui International Holdings Limited, a company engaged in the manufacture and sale of zinc, magnesium and aluminium alloy die casting components, listed on the Main Board of the Stock Exchange (Stock Code: 0822) since December 2009, TCL Communication Technology Holdings Limited, a company engaged in the provision of mobile handsets in China, listed on the Main Board of the Stock Exchange (Stock Code: 2618) since September 2010, Man Sang Jewellery Holdings Limited, a company engaged in the purchasing, processing, designing, production and wholesale distribution of pearls and jewellery products, listed on the Main Board of the Stock Exchange (Stock Code: 1466) since October 2014, Hung Fook Tong Group Holdings Limited, a company engaged in the production and sales of Chinese herbal drinks and other drink products, listed on the Main Board of the Stock Exchange (Stock Code: 1446) since June 2014, and CITIC Resources Holdings Limited, a company engaged in the provision of strategic natural resources and key commodities, listed on the Main Board of the Stock Exchange (Stock Code: 1205) since September 2015.

Mr. Look graduated from the University of Toronto with a bachelor of commerce degree in June 1986.

Senior Management (other than the Executive Directors)

CHENG Yeung (鄭泱), aged 44, joined our Group on 1 May 2011 and was appointed as our general manager of medical operations on 4 November 2015. He is responsible for overseeing the medical related business operations of our Group.

Mr. Cheng has more than 20 years of experience in the pharmaceutical industry having worked in various pharmaceutical companies including Allergan Hong Kong Limited (愛力根香港有限公司), a healthcare company focused on developing and marketing pharmaceuticals products and medical devices, where he served as a senior sales and marketing manager.

Mr. Cheng graduated from the Hong Kong Baptist University in December 1993 with a bachelor of science degree in applied biology. He completed a diploma course on smaller company management from the Chinese University of Hong Kong in February 1997, and obtained a master degree in business administration from Heriot-Watt University in November 2006.

Save as disclosed above, none of our Directors or senior management members is and has been a director of any other listed companies in Hong Kong or overseas in the past three years.

COMPANY SECRETARY

LEUNG Shiu Ki, Albert (梁兆棋), aged 66, joined our Group on 1 September 2015 and was appointed as our company secretary on 1 September 2015. Since January 1993, Dr. Leung has been the director of Beauchamp International Development Limited, a company engaged in the provision of business consultancy services, and is responsible for providing financial and business development services.

Since April 2014, he has also been the governor of the Hong Kong Kidney Foundation, a non-profit making organisation providing assistance to persons suffering from kidney failure. Since June 2015, he has been the non-executive director of China Translation & Printing Services Limited, a company providing press, digital printing and colour scanning services in the PRC. He is also the independent non-executive director of Oi Wah Pawnshop Credit Holdings Limited, a financial service provider operating in Hong Kong, listed on the Main Board of the Stock Exchange (Stock Code: 1319), and was that of Nga Chun Holdings Company Limited,

DIRECTORS AND SENIOR MANAGEMENT

a company engaged in the provision of building services in Hong Kong, listed on the Main Board of the Stock Exchange (Stock Code: 1462), and Skyway Securities Group Limited, a company engaged in investments, supply and procurement of metal minerals, listed on the Main Board of the Stock Exchange (Stock Code: 1141).

Dr. Leung obtained a doctorate degree in finance from the Shanghai University of Finance and Economics in June 2007 and a master degree in business administration from Brunel University, United Kingdom in December 1985. Dr. Leung was admitted to and rejoined as a member of the Hong Kong Institute of Certified Public Accountants in September 1988 and January 2015, respectively. He obtained a certificate from each of the Chartered Association of Certified Accountants and the Chartered Institute of Management Accountants in February 1987 and in March 1988, respectively, and the Institute of Chartered Secretaries and Administrators in the United Kingdom in December 1987.

COMPLIANCE ADVISER

We have appointed Ample Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance adviser will advise us on the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The terms of the appointment shall commence on the Listing Date and end on the date on which we distribute the annual report of our financial results for the first full financial year commencing after the Listing Date (being the financial year ending 31 March 2017).

BOARD COMMITTEES

We have established the following committees in our Board of Directors: an audit committee, a remuneration committee and a nomination committee. The committees operate in accordance with terms of reference established by our Board of Directors.

Audit Committee

The Company established an audit committee on 19 February 2016 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 and paragraph D.3 of the Corporate Governance Code. The audit committee consists of Mr. Look Andrew, Dr. Yu Ka Fai Alexis, and Mr. Ma Ching Nam. The chairman of the audit committee is Mr. Look Andrew, an independent non-executive Director, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the audit committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process and performing other duties and responsibilities as assigned by our Board.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The Company established a remuneration committee on 19 February 2016 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 and paragraph D.3 of the Corporate Governance Code. The remuneration committee consists of Dr. Yu Ka Fai Alexis, Mr. Look Andrew and Mr. Ma Ching Nam. The chairman of the remuneration committee is Dr. Yu Ka Fai Alexis, an independent non-executive Director. The primary duties of the remuneration committee include, without limitation, the following: (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

Nomination Committee

The Company established a nomination committee on 19 February 2016 with written terms of reference in compliance with paragraph A.5 and paragraph D.3 of the Corporate Governance Code. The nomination committee consists of Mr. Tang, Dr. Yu Ka Fai Alexis and Mr. Look Andrew. The chairman of the nomination committee is Mr. Tang. The primary functions of the nomination committee include, without limitation, reviewing the structure, size and composition of the Board of Directors, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors.

CORPORATE GOVERNANCE

Our Company intends to comply with all code provisions under the Principles of Good Governance, Code Provisions and Recommended Best Practices in the Corporate Governance Code after the Listing except for paragraph A.2.1 of the Code, which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The role of chairman and chief executive officer of our Company are both performed by Mr. Tang. We consider that having Mr. Tang acting as both our chairman and chief executive officer will provide a strong and consistent leadership to our Company and allow for more effective planning and management of our Company. Further, in view of Mr. Tang's extensive experience in the industry, personal profile and role in our Group and the historical development of our Group as mentioned in "Our History, Reorganisation and Corporate Structure" in this prospectus, the Board considers that it is appropriate and beneficial to the business prospects of our Group that Mr. Tang continues to act as both our chairman and chief executive officer after Listing. Therefore, our Company currently does not propose to separate the functions of chairman and chief executive officer. The Board intends to regularly review the operations of our Company under Mr. Tang's leadership, and does not believe that this arrangement will have a negative influence on the balance of power between the Board and the management of our Group.

COMPENSATION OF DIRECTORS AND MANAGEMENT

Our Directors and senior management receive compensation in the form of salaries, bonuses and other allowances and benefits-in-kind, including our Company's contribution to the pension scheme on their behalf. We determine the salaries of our Directors based on each Director's responsibilities, qualification, position and seniority.

The aggregate amount of remuneration (including salaries, discretionary bonuses, other benefits and contributions to pension schemes) which were paid to our Directors and senior management for the years ended 31 March 2013, 2014 and 2015, and the six months ended 30 September 2015 were approximately HK\$1,229,000, HK\$1,230,000, HK\$3,833,039 and HK\$2,165,300, respectively.

DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of remuneration (including salaries, discretionary bonuses, other benefits and contributions to pension schemes) which were paid by our Group to our five highest paid individuals (including both employees and Directors) for the years ended 31 March 2013, 2014 and 2015, and the six months ended 30 September 2015 were approximately HK\$7,816,255, HK\$12,788,109, HK\$15,211,608 and HK\$10,067,680, respectively.

It is estimated that remuneration equivalent to approximately HK\$4,550,200 in aggregate will be paid or payable to our Directors by us in respect of the financial year ending 31 March 2016 under arrangements in force at the date of this prospectus.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past Directors for the Track Record Period for the loss of office as 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. None of our Directors waived any emoluments during the same period.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted pursuant to the written resolutions of the sole shareholder of the Company and Directors passed on 19 February 2016. The rules of the Share Option Scheme are in compliance with Chapter 17 of the Listing Rules and other relevant rules and regulations. Please see “Statutory and General Information—D. Share Option Scheme” in Appendix IV to this prospectus for details.

DIRECTOR’S INTEREST

Save as disclosed in this prospectus, each of our Directors (i) did not hold other positions in our Company or other members of our Group as of the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or Controlling Shareholders of our Company as of the Latest Practicable Date; and (iii) did not hold any other directorships in listed public companies in the three years prior to the Latest Practicable Date. As of the Latest Practicable Date, save for Mr. Tang’s interests in the Shares which are disclosed in “Statutory and General Information—C. Further Information about Directors and Substantial Shareholders—1. Disclosure of Interests—(a) Interests of the Directors and chief executives in our share capital and our associated corporations following the Global Offering” in Appendix IV to this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options to be granted under the Share Option Scheme), the following persons will have interests or short positions in our Shares or our underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, 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 general meetings of our Company or any other member of our Group:

Name	Capacity/Nature of Interest	Number of Shares held after the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options to be granted under the Share Option Scheme)	Approximate percentage of shareholding in the total issued share capital of our Company after the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options to be granted under the Share Option Scheme)	Approximate percentage of shareholding in the total issued share capital of our Company after the Global Offering (assuming the Over-allotment Option is fully exercised and without taking into account any Shares to be issued upon the exercise of share options to be granted under the Share Option Scheme)
Mr. Tang ⁽¹⁾	Interest in a controlled corporation	735,000,000	75%	72.3%
Ms. Yau Ming Li ⁽²⁾	Interest of spouse	735,000,000	75%	72.3%
Union Medical Care ⁽¹⁾	Beneficial owner	735,000,000	75%	72.3%

Notes:

1. Mr. Tang and Union Medical Care are the Controlling Shareholders of the Company. Union Medical Care is entirely owned by Mr. Tang.
2. Ms. Yau Ming Li is the spouse of Mr. Tang.

Except as disclosed above and in the section headed “Our History, Reorganisation and Corporate Structure—Our Shareholding and Corporate Structures” in this prospectus, we are not aware of any person who will, immediately following the Global Offering, have an interest or short position in Shares or underlying shares which would be required to be disclosed to our Company and the Stock Exchange 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 other member of our Group.

SHARE CAPITAL

SHARE CAPITAL

The authorised share capital of our Company is as follows:

Authorised share capital:	HK\$
38,000,000,000 Shares	380,000

Assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme, our Company's issued share capital immediately after completion of the Global Offering will be as follows:

Issued share capital:	HK\$	Approximate percentage of issued share capital (%)
735,000,000 Shares in issue	7,350	75.0
245,000,000 Shares to be issued under the Global Offering	2,450	25.0
980,000,000 Total	9,800	100

Assuming the Over-allotment Option is exercised in full and without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme, our Company's issued share capital immediately after completion of the Global Offering will be as follows:

Issued share capital:	HK\$	Approximate percentage of issued share capital (%)
735,000,000 Shares in issue	7,350	72.3
245,000,000 Shares to be issued under the Global Offering	2,450	24.1
36,500,000 Shares to be issued upon the full exercise of the Over-allotment Option	365	3.6
1,016,500,000 Total	10,165	100

ASSUMPTIONS

The above tables assume that the Global Offering becomes unconditional and Shares are issued pursuant to the Global Offering. It takes no account of any Shares to be issued upon the exercise of any share options 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.

RANKING

The Offer Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

SHARE CAPITAL

GENERAL MANDATE

Our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

- (i) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering; and
- (ii) the aggregate nominal value of share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to below.

This mandate will expire at the earliest of:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in a general meeting.

Please see "Statutory and General Information—A. Further Information about Our Company—5. Resolutions in writing of the Sole Shareholder of the Company passed on 19 February 2016" in Appendix IV to this prospectus for details of this general mandate.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue or to be issued immediately following completion of the Global Offering.

This mandate only relates to repurchases made on the Stock Exchange, or any other approved stock exchange(s) on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/or requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in "Statutory and General Information—A. Further Information about our Company—6. Repurchase of our Shares by our Company" in Appendix IV to this prospectus.

This mandate will expire at the earliest of:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in a general meeting.

Please see "Statutory and General Information—A. Further Information about Our Company—5. Resolutions in writing of the Sole Shareholder of the Company passed on 19 February 2016" in Appendix IV to this prospectus for details of this repurchase mandate.

SHARE OPTION SCHEME

The Share Option Scheme was adopted on 19 February 2016. Please see "Statutory and General Information—D. Share Option Scheme" in Appendix IV to this prospectus for details.

SHARE CAPITAL

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Cayman Companies Law and the terms of the Memorandum and Articles of Association, 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 Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. Please see “Summary of the Constitution of our Company and Cayman Islands Company Law—2. Articles of Association—(c) Alteration of capital” in Appendix III to this prospectus for details.

Pursuant to the Cayman Companies Law and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to the Share or any class of 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 the Shares of that class. Please see “Summary of the Constitution of our Company and Cayman Islands Company Law—2. Articles of Association—(d) Variation of rights of existing shares or classes of shares” in Appendix III to this prospectus for details.

FINANCIAL INFORMATION

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, set out in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with HKFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis and other parts of this prospectus contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in “Risk Factors” in this prospectus.

OVERVIEW

We are the largest aesthetic medical service provider in Hong Kong in terms of revenue in the year ended 31 December 2014, according to the Frost & Sullivan Report. We are well-positioned to further extend our leading position in the growing aesthetic medical service market in Hong Kong and broaden the types of services that we offer, as well as to expand our business in the rest of Greater China. According to the Frost & Sullivan Report, for each of the years ended 31 December 2012, 2013 and 2014, we ranked first in Hong Kong in terms of: (i) the number of aesthetic injection procedures performed involving utilisation of the top-six revenue-generating aesthetic medications in Hong Kong, including BOTOX®, Dysport®, Sculptra®, Restylane®, JUVÉDERM® and TEOSYAL®; and (ii) the number of breast augmentation, liposuction and double-eyelid surgery procedures performed, which are the top-three revenue-generating aesthetic surgical procedures in Hong Kong.

With a focus on improving the physical appearance and/or general well-being of our clients, we offer a broad range of services and products, including: (i) medical services, comprising aesthetic surgical procedures, minimally invasive procedures and energy-based procedures performed by Doctors and general consultation services, as well as dental, Chinese medicinal and ophthalmological services; (ii) quasi-medical services, comprising energy-based procedures performed by our Trained Therapists who have completed mandatory internal training developed by our Doctors; (iii) traditional beauty services, comprising facials, massages and other non-invasive procedures; and (iv) skincare and beauty products, primarily of our private-label brands, PRODERMA LAB and Suissebeaute.

During the Track Record Period, we experienced significant growth. Our revenue increased from HK\$229.7 million for the year ended 31 March 2013 to HK\$489.4 million for the year ended 31 March 2014 and further to HK\$621.1 million for the year ended 31 March 2015, representing a CAGR of 64.4%. For the six months ended 30 September 2014 and 2015, our revenue was HK\$289.8 million and HK\$335.9 million, respectively. We improved from a loss of HK\$33.2 million for the year ended 31 March 2013 to a profit of HK\$81.4 million for the year ended 31 March 2014, and our profit further increased to HK\$174.8 million for the year ended 31 March 2015. Our profit for the period increased from HK\$74.9 million for the six months ended 30 September 2014 to HK\$83.9 million for the six months ended 30 September 2015.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The aesthetic medical service industry in Hong Kong and the rest of Greater China experienced strong growth during the Track Record Period, and according to the Frost & Sullivan Report, such trend is expected to continue. Our financial condition and results of operations benefited from this industry trend during the Track Record Period and are expected to be significantly affected in the future by the growth or contraction of the aesthetic medical service industry in Hong Kong, as well as the rest of Greater China.

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In addition, our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

- contracted sales;
- number of clients, particularly Key Clients, and average revenue per client from services provided;
- cost of operations and, in particular, expenses relating to remuneration of our Registered Practitioners and employees and staff, as well as rental expenses;
- growth and increasing market acceptance of the aesthetic medical service industry in Hong Kong and the rest of Greater China;
- our reputation;
- our expansion through organic growth, acquisitions and joint ventures; and
- advances in aesthetic medical technology.

Contracted sales

Contracted sales, meaning sales contracts entered into during the year/period, is an important factor affecting our results of operations. Contracted sales is, in turn, primarily driven by the number of clients who have made at least one purchase during a financial period and the average spending per client. For the years ended 31 March 2013, 2014 and 2015, contracted sales were HK\$337.9 million, HK\$528.4 million and HK\$574.6 million respectively, and for the same periods, the number of clients who made at least one purchase of services or products during the respective financial years was 20,450, 23,950 and 23,592, respectively. For the six months ended 30 September 2014 and 2015, our contracted sales were HK\$292.2 million and HK\$320.9 million, respectively, and for the same periods, the number of clients who made at least one purchase during the respective financial periods was 14,737 and 17,639, respectively.

Our ability to maintain and grow our client spending and number of clients who made purchases are affected by factors such as our number of service centres (including dental offices) and clinics, the strength and reputation of our brands, number and types of services and products, our acquisition of other businesses and our retention of the clients of such acquired businesses, the number of our Registered Practitioners, the available aggregate g.f.a. for providing services to clients, the success of our marketing efforts, the quality of our service, our ability to keep up with the changes in our clients' and potential clients' preferences by introducing services and products that match such preferences, visits by PRC tourists to Hong Kong, as well as the overall macroeconomic environment in the markets where we operate.

Number of clients who received services, particularly Key Clients, and average revenue per client from services provided

Our revenue is significantly affected by the number of clients who received our services, particularly Key Clients, and the average revenue per client from services provided. For the years ended 31 March 2013, 2014 and 2015, 22,669, 26,495 and 25,959 clients, respectively, received at least one service session. For the six months ended 30 September 2014 and 2015, 18,846 and 20,072 clients, respectively, received at least one service session. The number of our Key Clients, meaning clients who have contributed more than HK\$5,000 to our revenue from services provided and have visited our service centres or clinics at least four times in a financial year, increased from approximately 5,100 in the year ended 31 March 2013 to approximately 7,500 in the year ended 31 March 2014 and further increased to 8,400 in the year ended 31 March 2015. For the years ended 31 March 2013, 2014 and 2015, our Key Clients contributed to approximately 66%, 76% and 79%, respectively, of our revenue from services provided.

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Our average revenue per client from services provided (excluding revenue recognised from unutilised prepaid packages and revenue from the sale of products) increased from approximately HK\$8,202 in the year ended 31 March 2013 to HK\$10,572 in the year ended 31 March 2014, and further increased to HK\$13,425 in the year ended 31 March 2015. Our average revenue per client from services provided is to a large extent determined by the prices of the service packages they purchase and the relevant services received, which in turn are affected by the variety of our service offerings, our clients' loyalty to our brand and our ability to cross-sell the various types of services that we offer.

Cost of operations and, in particular, expenses relating to remuneration of our Registered Practitioners and employees and staff, as well as rental expenses

Our ability to control our cost of operations and, in particular, our expenses relating to remuneration of Registered Practitioners and employees and staff and rental expenses, significantly affects our profitability. The salary-level in the aesthetic medical service industry in Hong Kong and Greater China has been generally increasing in recent years, and we offer competitive wages and other benefits to recruit and retain quality medical and dental practitioners and supporting staff. Our Registered Practitioner expenses and employee benefit expenses in aggregate, which include wages and salaries, bonuses, pension costs and other employee welfare expenses for our Registered Practitioners, employees and staff ranged from 34.3% to 56.1% as a percentage of our revenue during the Track Record Period and increased by 58.4% from HK\$128.9 million for the year ended 31 March 2013 to HK\$204.2 million for the year ended 31 March 2014 and further increased by 4.3% to HK\$213.0 million for the year ended 31 March 2015. Such expenses increased by 10.8% from HK\$106.0 million for the six months ended 30 September 2014 to HK\$117.5 million for the six months ended 30 September 2015.

Our rental and related expenses represented 14.9%, 13.0%, 10.6% and 9.1%, respectively, of our revenue for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015. As our service centres (including dental offices) and clinics are located at busy commercial districts in the cities in which we operate and where rental rates tend to be expensive, we expect that rental expenses will continue to be a significant part of our cost of operations.

Growth and increasing market acceptance of the aesthetic medical service industry in Hong Kong and the rest of Greater China

Our business expansion and revenue growth are significantly affected by the trend of growth in consumer spending on aesthetic medical services. According to the Frost & Sullivan Report, the total revenue generated from aesthetic medical procedures in Hong Kong increased from approximately HK\$2.1 billion for the year ended 31 December 2009 to approximately HK\$3.5 billion for the year ended 31 December 2014, representing a CAGR of 10.8%, and in the PRC, the total revenue generated from aesthetic medical procedures increased from approximately US\$2.8 billion for the year ended 31 December 2009 to approximately US\$5.5 billion for the year ended 31 December 2014, representing a CAGR of 14.5%. Comparatively, the penetration rates of aesthetic medical services of Hong Kong and the PRC are lower than those of Korea, the U.S. and Japan, in which aesthetic medical services are relatively more widely accepted. According to the Frost & Sullivan Report, the penetration rates of aesthetic medical services in the PRC and Hong Kong are expected to increase during the period from 2014 to 2019. Please see "Industry Overview" in this prospectus for further details. As the largest aesthetic medical service provider in Hong Kong in terms of revenue in the year ended 31 December 2014, according to the Frost and Sullivan Report, and with an expanding presence in the rest of Greater China, we are well-positioned to capture the growth of the aesthetic medical service industry in Hong Kong and the rest of Greater China. Conversely, a slowdown of the aesthetic medical service industry in Hong Kong and the rest of Greater China may materially and adversely affect our results of operations.

The growth and success of the aesthetic medical service industry have depended and will depend, in part, on the market acceptance of aesthetic medical services by consumers in Hong Kong and Greater China. Until fairly recently, we believe that there was relatively limited knowledge among consumers in Hong Kong and the rest of Greater China regarding the spectrum and the process of aesthetic medical services. However,

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we believe that aesthetic medical procedures have gained popularity in recent years due to increased safety and effectiveness, reduced recovery time and generally greater publicity of the industry in the media. On the other hand, many consumers may be concerned with the risks inherent in aesthetic medical procedures. Therefore, any shift caused by media influences, peer perceptions, research indicating adverse health effects of aesthetic medical procedures, any medical incidents in the industry or otherwise could lead to deterioration in market perception towards and less demand for aesthetic medical services. We believe that, however, during the Track Record Period, at times when there was negative publicity that affected total market demand for aesthetic medical services in Hong Kong and the rest of Greater China, the resulting adverse effect on our results of operations was mitigated to certain extent by the fact that certain consumers had chosen to use our services over that of other less reputable market players.

Our reputation

We believe that maintaining and enhancing a reputation for safe, reliable and quality service is paramount for aesthetic medical service providers. As aesthetic medical procedures inherently entail certain risks, clients and potential clients would only choose an aesthetic service provider if they have confidence that the service provider can perform the desired aesthetic medical procedures safely and effectively. We believe that by having the most number of full-time Hong Kong Doctors among the top-five market players of the aesthetic medical industry in Hong Kong in terms of revenue for the year ended 31 December 2014 according to the Frost & Sullivan Report, and the fact that we have two Plastic Surgeons, provide us with a competitive advantage over other market players in building our reputation.

In order to enhance public recognition of our brands and services in both existing and new markets and to attract new clients, retain our existing clients and increase contracted sales, we advertise through various marketing channels. For example, we advertise on billboards, traditional media and online search engines, utilise social media platforms, host promotional events, circulate promotional materials and offer rewards to our clients for referrals. Our marketing and advertising expenses were HK\$28.4 million, HK\$23.8 million, HK\$23.9 million and HK\$17.0 million, for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively, representing 12.4%, 4.9%, 3.9% and 5.0%, respectively, of our revenue for the same periods. The effectiveness of our marketing and promotional efforts has a direct and significant impact on our revenue and profitability.

Our expansion through organic growth, acquisitions and joint ventures

During the Track Record Period, organic growth (such as opening service centres and clinics, and hiring additional Registered Practitioners) and acquisitions of businesses were both important contributors to our revenue growth. We will continue to grow and strengthen our market position in the aesthetic medical service industry through both organic growth and strategic acquisitions of business, and we will also consider joint ventures, in Hong Kong and other strategically targeted cities in the rest of Greater China. The success of our intended expansion depends largely on our ability to (i) identify suitable markets for the types of services we offer, (ii) identify consumer preferences, (iii) address market competition, (iv) negotiate acceptable lease terms, (v) hire, train and retain a growing workforce of medical and dental professionals and other staff, (vi) successfully integrate newly acquired businesses and assets into our existing corporate structure and operations, including our integrated information technology infrastructure, (vii) identify suitable business partners, and/or (viii) secure financing or otherwise have enough capital to invest in or acquire new aesthetic medical centres, dental offices and clinics.

Our intended expansion is expected to require additional capital expenditure and funding, and we may also incur losses from our new operations during their initial establishments and early stages of development, which may materially and adversely affect our results of operations.

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Advances in aesthetic medical technology

During the Track Record Period, aesthetic medical technology advanced quickly and is expected to continue to evolve as new procedures and devices emerge. Our ability to retain and attract clients and, in turn, our ability to generate revenue have been, and are expected to continue to be, affected by our ability to make available new aesthetic medical services derived from developments in technology. Moreover, advances in technology may further reduce potential risks associated with aesthetic medical procedures, thereby increasing the popularity of aesthetic medical services among consumers.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 7 July 2015. As part of a group reorganisation as set out in “Our History, Reorganisation and Corporate Structure” in this prospectus, the entire issued share capital of Union Investment was transferred to Union Health Services, our wholly-owned subsidiary, which was in turn controlled by our Controlling Shareholders (the “**Share Transfer**”). Upon the completion of the Share Transfer, our Company and Union Health Services became the parent companies of Union Investment and its subsidiaries, and the holding companies of our Group.

The companies that took part in the Share Transfer were controlled by the same ultimate equity shareholders before and after the Share Transfer, and there were no changes in the business and operations of Union Investment and its subsidiaries. The Share Transfer only involved incorporating our Company and Union Health Services with no prior substantive operations as the holding companies of Union Investment and our Group. Accordingly, the Share Transfer has been accounted for using a principle similar to that for a reverse acquisition with Union Investment treated as the acquirer for accounting purposes. The financial information has been prepared and presented as a continuation of the consolidated financial information of Union Investment and its subsidiaries, with the assets and liabilities of our Group recognised and measured at their historical carrying amounts prior to the Share Transfer, and as if the group structure upon completion of the Share Transfer had been in existence throughout the entire Track Record Period.

As at 30 September 2015, our Group had net current liabilities of HK\$45.0 million. Notwithstanding our net current liabilities at 30 September 2015, our Group’s financial information has been prepared on a going concern basis because the Directors are of the opinion that we would have adequate funds to meet our obligations, as and when they fall due, having regard to the following:

- (a) we expect to generate positive operating cash flows in the future; and
- (b) the deferred revenue of HK\$331.5 million as at 30 September 2015 represents non-refundable prepaid packages, which is expected to be recognised as income within one year in accordance with our Group’s accounting policy and will not result in any outflow of our Group’s assets.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that we believe are most significant to the preparation of our consolidated financial statements. Some of our significant accounting policies involve subjective assumption and estimates, as well as complex judgements by our management relating to accounting items. Our significant accounting policies are set forth in detail in Notes 3.1 and 3.2 of Section II to the Accountants’ Report included in Appendix I to this prospectus.

The estimates and associated assumptions are based on our historical experience and various other relevant factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgements about matters that are not readily apparent from other sources. When reviewing our financial results, you should consider: (i) our selection of significant accounting policies, (ii) the judgement

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and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. The determination of these items requires management judgements based on information and financial data that may change in the future periods, and as a result, actual results could differ significantly from those estimates.

Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to our Group and when the revenue can be measured reliably, on the following bases:

- (a) revenue from the rendering of services, when our services have been rendered to customers. Receipts in respect of unutilised prepaid packages for which the relevant services have not been rendered are deferred and recognised as deferred revenue in the statement of financial position. Any unutilised prepaid packages at the end of the service period are fully recognised in profit or loss;
- (b) revenue from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, which generally coincides with the time when the goods are delivered to customers;
- (c) income from the sale of financial investments, when the relevant contract notes are executed on the transaction dates;
- (d) consultancy fee income, commission income and management fee income, when the relevant services are rendered;
- (e) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (f) dividend income, when the shareholders' right to receive payment has been established.

Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each year or period of the Track Record Period, taking into consideration interpretations and practices prevailing in the jurisdictions in which our Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each year or period of the Track Record Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each year or period of the Track Record Period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each year or period of the Track Record Period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each year or period of the Track Record Period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, our Group recognise such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms or 25%
Furniture and fixtures	25%
Operation equipment	20%
Office equipment	20%
Computers	20%

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Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents beauty service centres under renovation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of renovation during the period of renovation. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each year or period of the Track Record Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful lives of property, plant and equipment

We determine the estimated useful lives and related depreciation charges for our items of property, plant and equipment. Such estimate is based on our historical experience of the actual useful lives of our items of property, plant and equipment of similar nature and functions. Our management will revise the depreciation charge where useful lives are different to the ones previously estimated, and we will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Net realisable value of inventories

We perform regular review of the carrying amounts of inventories with reference to ageing analyses of our Group's inventories. Based on this review, write-down of inventories will be made when the net realisable value of inventories declines below their carrying amount.

Impairment of loans and receivables

We regularly review our loans and receivables to assess impairment. In determining whether a loan or receivable or a group of loans and receivables is impaired and impairment losses are incurred, we consider, inter alia, whether there is any observable data indicating that there is a measureable decrease in the estimated cash flows from our receivables. This requires us to make estimates about our expected future cash flows, and hence they are subject to uncertainty.

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DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

The following table sets forth our Group's revenue breakdown by revenue stream and as a percentage of our revenue for the periods indicated:

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	(unaudited)									
	(HK\$ in thousands, except for percentages)									
Medical services	121,737	53.0%	189,597	38.7%	218,981	35.3%	98,801	34.1%	129,656	38.6%
Quasi-medical services	18,715	8.1%	29,589	6.0%	62,642	10.1%	28,335	9.8%	34,363	10.2%
Traditional beauty services	45,479	19.8%	60,929	12.4%	66,882	10.8%	35,669	12.3%	32,499	9.7%
Skincare and beauty products	13,246	5.8%	28,313	5.8%	32,520	5.2%	14,226	4.9%	9,999	3.0%
Revenue recognised from unutilised prepaid packages	30,489	13.3%	180,985	37.0%	240,064	38.7%	112,731	38.9%	129,352	38.5%
Total	<u>229,666</u>	<u>100.0%</u>	<u>489,413</u>	<u>100.0%</u>	<u>621,090</u>	<u>100.0%</u>	<u>289,763</u>	<u>100.0%</u>	<u>335,868</u>	<u>100.0%</u>

During the Track Record Period, we generated revenue from the following service and product offerings: (i) medical services, (ii) quasi-medical services, (iii) traditional beauty services and (iv) skincare and beauty products. In addition, we recognise revenue upon expiry of the service period under unutilised prepaid packages. For the year ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our revenue was HK\$229.7 million, HK\$489.4 million, HK\$621.1 million and HK\$335.9 million, respectively. The overall increase was primarily attributable to the expansion of our operations during the Track Record Period. As we expanded our flagship aesthetic medical centres and clinics and experienced an overall increase in the aggregate average g.f.a. of our service centres and clinics from 71,287 sq. ft. for the year ended 31 March 2013 to 98,917 sq. ft. for the six months ended 30 September 2015, recruited additional Registered Practitioners and other staff and added new service and product offerings, we experienced a growth in volume of services provided and volume of products sold and an increased average revenue per client from services provided. Our overall revenue growth during the Track Record Period is also to a lesser extent attributable to our annual price increase of our services.

We sell all of our services on a prepaid basis, and revenue is recognised when the relevant service presold has been provided to a client or upon expiry of the service period under the prepaid packages, which is one year for prepaid packages sold since the first day of the Track Record Period, 1 April 2012. For further details regarding our prepaid packages, please see “Business—Revenue Model and Prepaid Packages” in this prospectus for further details regarding the mechanisms of our prepaid packages. Products may be purchased on a prepaid basis as well. When a client prepays for a service or product, the relevant payment is recorded as deferred revenue in our consolidated statements of financial position until we recognise revenue from the relevant prepaid package. Please see “—Selected Items of Consolidated Statements of Financial Position—Deferred revenue” in this prospectus for further information. Our clients may utilise the prepaid package from the time of payment until the expiry of the prepaid package. Our prepaid packages expire one year from the purchase date as stipulated in our contracts with clients.

We offer prepaid packages consisting of a varying number of service sessions. While some of our clients do pay for services in a one-off manner (before receiving the relevant services), due to the nature of many of our service offerings (which tend to require multiple service sessions to achieve the desired results by our clients) and pricing incentives, our clients typically tend to purchase prepaid packages comprising multiple service sessions, and our clients can utilise the relevant services over time prior to the expiry of the relevant prepaid packages. As such, our revenue from services provided in a financial period is primarily

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driven by the number of clients who received at least one service session and the average revenue per such client from services provided, which are in turn significantly affected by the amount of prepaid packages sold in both the relevant and the previous financial period. The following table illustrates our revenue from services provided, number of clients who received at least one service session in the relevant financial period (excluding non-paying clients) and average revenue per client from services provided for the periods indicated:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
Revenue from services provided, in HK\$ in thousands ⁽¹⁾	185,931	280,115	348,506	162,806	196,517
Number of clients who received at least one service session	22,669	26,495	25,959	18,846	20,072
Average revenue per client from services provided, in HK\$	8,202	10,572	13,425	8,639	9,791

Note:

1. Calculated by subtracting revenue from the sale of skincare and beauty products and revenue recognised from unutilised prepaid packages from the revenue of the Group.

We also recognise revenue at the end of the service period when the prepaid packages expire (and if there were unutilised sessions remaining in the expired prepaid packages and such value was not applied towards the purchase of a new prepaid package prior to such package's expiry). Please see "—Description of Major Components of our Results of Operations—Revenue recognised from unutilised prepaid packages" in this prospectus for further details.

For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, 98.9%, 95.9%, 96.2% and 95.3%, respectively, of our revenue was derived from our operations in Hong Kong. The following table sets forth our Group's revenue breakdown by geographic regions and as a percentage of our revenue for the periods indicated:

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	(unaudited)									
	(HK\$ in thousands, except for percentages)									
Hong Kong	227,073	98.9%	469,439	95.9%	597,596	96.2%	278,535	96.1%	319,945	95.3%
Macau	2,593	1.1%	19,974	4.1%	23,493	3.8%	11,228	3.9%	14,057	4.2%
PRC	—	—	—	—	—	—	—	—	1,866 ⁽¹⁾	0.6%
Total	<u>229,666</u>	<u>100.0%</u>	<u>489,413</u>	<u>100.0%</u>	<u>621,090</u>	<u>100.0%</u>	<u>289,763</u>	<u>100%</u>	<u>335,868</u>	<u>100%</u>

Note:

1. We commenced operations of Guangzhou Clinic, our first aesthetic medical clinic in the PRC, in June 2015.

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Revenue recognised from unutilised prepaid packages

Revenue recognised from unutilised prepaid packages for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, was HK\$30.5 million, HK\$181.0 million, HK\$240.1 million and HK\$129.4 million, respectively, representing 13.3%, 37.0%, 38.7% and 38.5% of our revenue for the same periods. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our forfeiture rate, meaning our revenue recognised from unutilised prepaid packages as a percentage of our Group's total revenue excluding revenue from sale of products, was 14.1%, 39.3%, 40.8% and 39.7%, respectively. The overall increase was primarily attributable to (i) the overall growth in our sales during the Track Record Period and (ii) resultant change in the timing of revenue recognition in accordance with the change in our business operational protocols to strictly enforce the one-year validity period of our prepaid packages sold on or after 1 April 2012, which is the beginning of the Track Record Period.

All of our services are sold on a prepaid basis (except for free trials where no payments are involved), and our products may also be purchased on a prepaid basis. We offer a variety of prepaid packages, which are, subject to certain exceptions on a case-by-case basis (such as when the client is deemed by a Doctor to be unsuitable for a service after she has already made a purchase), non-refundable, and which have a validity period of one year and may not be extended. Within the validity period of a purchased prepaid package, we allow our clients, subject to our discretion and administration fees (if applicable), to apply the unused value of purchased prepaid packages towards a new purchase, provided that the new purchase meets a minimum threshold that our management determines from time-to-time, and the expiry date of the newly purchased package would be one year from the date of the new purchase. For further details regarding our prepaid packages, please see "Business—Revenue Model and Prepaid Packages" in this prospectus. Contracted sales are recorded as deferred revenue in our consolidated statements of financial position, and we recognise revenue from unutilised prepaid packages at the end of their respective service periods. The service period (meaning the time we reasonably expect to perform services under the prepaid packages) under the prepaid packages sold on or after the first day of the Track Record Period, 1 April 2012, is one year, same as the contractual validity period of the prepaid packages.

Change in business operational protocols in respect of expired unutilised prepaid packages and corresponding effect on timing of revenue recognition

We decided to change our business operational protocols in respect of expired unutilised prepaid packages on the first day of the Track Record Period, 1 April 2012. Prior to such changes, even though our prepaid packages had contractually stipulated to expire one year from the relevant purchase dates, as the service period under the prepaid packages was four years, we recognised revenue from unutilised prepaid packages on the last day of the fourth year from the relevant purchase dates for purchases made prior to 1 April 2012.

We adopted the aforesaid timing for recognising revenue for unutilised prepaid packages sold prior to the Track Record Period primarily because even though our prepaid packages always have had a contractual validity period of one year, we did not strictly enforce the expiration of our prepaid packages and allowed our clients to utilise their expired unutilised prepaid packages and receive services up to four years from the relevant purchase dates of the prepaid packages. Therefore, our service period under the prepaid packages, meaning the period of time we reasonably expect to perform services under the prepaid packages, was four years prior to 1 April 2012. According to the relevant accounting rules under HKFRSs, if the Group has a reasonable expectation to perform services under a prepaid package, the Group should not immediately recognise revenue for unutilised prepaid packages sold upon the legal expiry of the prepaid package, and instead, in accordance with observed historical patterns, recognise revenue on the last day of the fourth year from the relevant purchase dates.

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We decided to change our business operational protocols commencing 1 April 2012 to strictly enforce the one-year contractual validity period of our prepaid packages for prepaid packages sold on or after 1 April 2012. We made this change because (i) we desired to further align our actual practice for prepaid packages with what we believe to be the industry practice and (ii) we wanted to improve our resource management on expired prepaid packages, which may be achieved by implementing measures that would align our business practices with the legal terms of our contracts with clients. We made adjustments to our business operational protocols, which aimed to expedite usage of purchased prepaid packages, included: (i) establishment of clear guidelines to instruct our staff to make clear to clients regarding the strict one-year validity period of our prepaid packages at the time of sale; (ii) continuing to enhance our “active calling system” to remind clients to visit us at more frequent intervals, and we also launched our “active booking programme”, which encouraged clients to make appointments for their next visit before they leave our service centres; and (iii) reviewing and further standardising our sales contracts with clients to help ensure that the one-year validity period is stated explicitly and unequivocally in our sales contracts with clients.

As a result of the aforementioned change to our business operational protocols commencing 1 April 2012, we considered it appropriate and necessary to recognise revenue for unutilised prepaid packages immediately upon expiry of the one-year contractual validity period of prepaid packages sold on or after 1 April 2012, in order for the timing of our revenue recognition to reflect our business practice, as well as our contractual agreements with our clients. In other words, commencing 1 April 2012 our service period under the prepaid packages expires when the validity of the prepaid package expires.

As we did not change our business operational protocols until 1 April 2012, we will continue to allow clients to use expired prepaid packages that had been purchased prior to 1 April 2012 for four years. Accordingly, since the service period of such unutilised prepaid packages remains to be four years, there was no change to the revenue recognition for prepaid packages sold prior to 1 April 2012, and in turn, our revenue recognised from unutilised prepaid packages during the Track Record Period included amounts derived from sales made prior to the Track Record Period. Specifically, deferred revenue attributable to expired unutilised prepaid packages sold in the years ended 31 March 2009 to 2011 were recognised as revenue in the years ended 31 March 2013 to 2015, respectively. We also expect to recognise revenue from unutilised prepaid packages sold in the year ended 31 March 2012 in the year ending 31 March 2016. Commencing 1 April 2016, we will no longer have any revenue from unutilised prepaid packages sold prior to 1 April 2012. The following table sets forth a breakdown of our revenue recognised from unutilised prepaid packages for the periods indicated:

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	(unaudited)									
	(HK\$ in thousands, except for percentages)									
Prepaid packages sold prior to 1 April 2012	30,489	100.0%	36,186	20.0%	36,554	15.2%	14,599	13.0%	21,645	16.7%
Prepaid packages sold on or after 1 April 2012	—	—	144,799	80.0%	203,510	84.8%	98,132	87.0%	107,707	83.3%
Revenue recognised from unutilised prepaid packages .	<u>30,489</u>	<u>100.0%</u>	<u>180,985</u>	<u>100.0%</u>	<u>240,064</u>	<u>100.0%</u>	<u>112,731</u>	<u>100.0%</u>	<u>129,352</u>	<u>100.0%</u>

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For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, 13.3%, 7.4%, 5.9% and 6.4% of our Group's revenue were attributable to revenue recognised from unutilised prepaid packages sold prior to 1 April 2012. Our deferred revenue as at 30 September 2015 included HK\$10.3 million of amounts received from prepaid packages sold prior to 1 April 2012. Such amounts, representing the remaining deferred revenue relating to prepaid packages sold prior to 1 April 2012, are expected to be recognised as revenue in the year ending 31 March 2016.

Medical services

We derived a substantial majority of our revenue from service provided during the Track Record Period from medical services. This revenue stream comprises revenue generated from (i) the provision of aesthetic medical services, (ii) the provision of dental services and (iii) provision of other ancillary medical services, including general consultation, Chinese medicinal services and ophthalmological services. Our aesthetic medical services comprise aesthetic surgical procedures, minimally invasive procedures and energy-based procedures performed by Doctors.

Our medical services revenue was HK\$121.7 million, HK\$189.6 million, HK\$219.0 million and HK\$129.7 million for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively, representing 53.0%, 38.7%, 35.3% and 38.6% of our revenue for the same periods. The following table sets forth a breakdown of our revenue generated from the provision of medical services and as percentage of this revenue stream for the periods indicated:

Type of Medical Service	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	Revenue	% of medical services revenue	Revenue	% of medical services revenue	Revenue	% of medical services revenue	Revenue	% of medical services revenue	Revenue	% of medical services revenue
(unaudited)										
(HK\$ in thousands, except for percentages)										
Aesthetic surgical procedures	29,467	24.2%	30,757	16.2%	20,475	9.3%	12,636	12.8%	7,703	5.9%
Minimally invasive procedures	83,037	68.2%	105,709	55.8%	125,785	57.4%	58,719	59.4%	80,176	61.8%
Energy-based procedures performed by Doctors	8,366	6.9%	36,149	19.1%	36,022	16.4%	16,089	16.3%	20,513	15.8%
Dental services	—	—	14,401	7.6%	34,896	15.9%	10,626	10.8%	20,764	16.0%
Others ⁽¹⁾	867	0.7%	2,581	1.4%	1,804	0.8%	730	0.7%	499	0.4%
Total Medical Services Revenue .	121,737	100.0%	189,597	100.0%	218,981	100.0%	98,801	100.0%	129,656	100.0%

Note:

- Others include general consultation, Chinese medicine and ophthalmological services.

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Aesthetic surgical procedures

Our revenue from aesthetic surgical procedures represented 24.2%, 16.2%, 9.3% and 5.9%, respectively, of our total medical services revenue for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015. The overall decrease in the proportion of our medical services revenue attributable to aesthetic surgical procedures during the Track Record Period was mainly because there was a shift in consumer preference towards minimally invasive procedures and energy-based procedures. We intend to maintain our revenue generated from aesthetic surgical procedures. However, we may also experience further decrease in revenue from aesthetic surgical procedures, but do not expect such a trend to materially and adversely affect our results of operations due to the broad range of aesthetic medical services that we offer.

Minimally invasive procedures

Minimally invasive procedures, mainly comprising the injection of various medications, represented approximately 68.2%, 55.8%, 57.4% and 61.8% of our total medical services revenue for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively. From the year ended 31 March 2013 to the year ended 31 March 2015, the revenue generated from minimally invasive procedures grew at a CAGR of 23.1% as we expanded the scale of operations for such procedures which led to an increase in the number of injection procedures performed.

Energy-based procedures performed by Doctors

Energy-based procedures performed by Doctors represented 6.9%, 19.1%, 16.4% and 15.8% of our total medical services revenue for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively. In the year ended 31 March 2013, we made significant capital investments in purchasing energy-based aesthetic medical devices, and we also expanded our overall scale of operations. In addition, we began focusing more of our marketing efforts towards energy-based procedures. As a result, we experienced significant growth in the volume of energy-based procedures performed by Doctors, as well as revenue generated from energy-based procedures performed by Doctors in the year ended 31 March 2014. While the revenue generated from energy-based procedures performed by Doctors slightly decreased for the year ended 31 March 2015 as compared to that for the year ended 31 March 2014, this decrease was offset by the growth of our quasi-medical services (energy-based procedures performed by our Trained Therapists) in the same period, which demonstrated the growth in our overall revenue generated from energy-based procedures.

Dental services

We established our dental services business in the year ended 31 March 2014, and revenue from dental services represented 7.6%, 15.9% and 16.0% of our medical services revenue for the years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, respectively. We established two integrated dental offices in our flagship aesthetic medical centres and also several additional standalone dental offices in Hong Kong. During the Track Record Period, four Dentists joined our Group. Revenue from dental services is expected to continue to increase in significance as part of our total medical services revenue.

Others

We also generated a small portion of our medical services revenue during the Track Record period from our other medical services, including general consultation services, Chinese medicinal services and ophthalmological services (which have been subcontracted).

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Quasi-medical services

Our quasi-medical services are procedures utilising energy-based aesthetic medical devices and performed by our Trained Therapists who have completed mandatory internal training developed by our Doctors and who have been certified by our Doctors according to our internal licensing programme. Certain of our energy-based procedures can be performed by either Doctors or our Trained Therapists. When performed by Doctors, we categorise such procedures as medical services, and when performed by our Trained Therapists, we categorise such procedures as quasi-medical services. Please see “Business—Quality Control—Trainings” in this prospectus for further details with respect to our training programmes, which require our Trained Therapists performing quasi-medical services to be certified by our Doctors pursuant to our internal guidelines. For the same energy-based procedures, those performed by Doctors are priced relatively higher than those performed by our Trained Therapists. We have internal guidelines instructing our client relationship managers to (i) inform clients of both options before they make their purchase decisions and (ii) clearly explain whether the procedure being purchased would be performed by a Doctor or a Trained Therapist before a client makes a purchase decision. Please see “Business—Our Services and Products—Quasi-medical services—Selection criteria for quasi-medical services” in this prospectus for further information with respect to our criteria for our quasi-medical service offering.

For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, revenue from this revenue stream was HK\$18.7 million, HK\$29.6 million, HK\$62.6 million and HK\$34.4 million, respectively, representing 8.1%, 6.0%, 10.1% and 10.2% of our revenue for the same periods. During the Track Record Period, the number of clients who used our quasi-medical services increased significantly, and the average revenue per client from quasi-medical services provided also increased. Such increases were primarily attributable to the overall increase in the aggregate average g.f.a. of our service centres from 71,287 sq. ft. for the year ended 31 March 2013 to 98,917 sq. ft. for the six months ended 30 September 2015 and our number of and variety of energy-based aesthetic medical devices, as well as an increase in cross-selling to clients of different revenue streams, which in turn drove contracted sales and the number of service sessions provided to clients and thereby the revenue recognised.

Traditional beauty services

Our traditional beauty services primarily include beauty services such as facials, massages, slimming and other services that are non-medical and non-invasive in nature. For the years ended 31 March 2013, 2014 and 2015, and the six months ended 30 September 2015, revenue from this revenue stream was HK\$45.5 million, HK\$60.9 million, HK\$66.9 million, and HK\$32.5 million, respectively, representing 19.8%, 12.4%, 10.8% and 9.7% of our revenue for the same periods. The overall growth in revenue from traditional beauty services was primarily attributable to the overall increase in the aggregate average g.f.a of our service centres and the number of and variety of traditional beauty devices, as well as an increase in cross-selling to clients of different revenue streams, which in turn drove client spending and the number of service sessions provided to clients.

The overall decrease in the percentage of our revenue contributed by traditional beauty services was primarily due to our business strategy of focusing on growing our medical services and quasi-medical services business. While we intend to continue providing traditional beauty services, we expect that going forward, we will continue to focus more of our resources and efforts in growing our medical and quasi-medical businesses.

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Skincare and beauty products

We generate revenue from selling skincare and beauty products in our aesthetic medical centres in Hong Kong and the aesthetic medical clinic and the beauty service centre in Macau, primarily to clients who use our services. In addition, from time to time we sell a very small portion of our inventory to certain related parties and Independent Third Parties at the request of such entities, and such sales are not the focus of our business. Please see also “—Related Party Transactions—Sale of skincare and beauty products” in this prospectus. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, revenue from this revenue stream was HK\$13.2 million, HK\$28.3 million, HK\$32.5 million and HK\$10.0 million, respectively, representing 5.8%, 5.8%, 5.2% and 3.0% of our revenue for the same periods. Our revenue from selling skincare and beauty products during the Track Record Period was primarily attributable to selling products from one of our private-label brands, PRODERMA LAB.

Other Net Income and Gains

During the Track Record Period, our other net income and gains primarily comprised dividend income for listed equity fund investments and unlisted fund investments, net unrealised fair value gains/(losses) on financial assets/liabilities at fair value through profit or loss, net realised gains on disposal of financial assets/liabilities at fair value through profit or loss, commission income and management fee income. Our other net income and gains were HK\$13.0 million, HK\$8.3 million, HK\$5.7 million, and HK\$0.9 million for the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, respectively.

During the Track Record Period, among other means of managing our finances, we invested in various financial assets, from which we derived a certain amount of dividend income, net unrealised fair value gains/(losses) and net realised gains on disposals. Please see “—Selected Items of Consolidated Statements of Financial Position—Financial assets/liabilities at fair value through profit or loss” in this prospectus for further details regarding our investments and our investment policy recently adopted on 29 September 2015. Due to the more conservative approach of our newly adopted investment policy, we expect our income from financial investments to decrease.

Commission income represents certain commission fee received from Healthy International Enterprise Limited, a related party which is 75.0% owned by Mr. Tang, which paid us a commission for introduction of clients for chiropractic services during the Track Record Period. This arrangement was terminated on 31 March 2015. Please see “—Related Party Transactions” in this prospectus for further details. Management fee income represented management fees paid to us by Blue Ocean (formerly known as Be A Lady (Macau) Limited), a then Independent Third Party, and Pacific Health Care Limited, an Independent Third Party, respectively, during the Track Record Period for provision of business management services. Such management arrangement was terminated on 26 March 2013, and we completed our acquisition of Blue Ocean (formerly known as Be A Lady (Macau) Limited) on 1 April 2013. Please see “Our History, Reorganisation and Corporate Structure—Major Acquisitions—Acquisition of Blue Ocean and All Angles (Site 1)” in this prospectus for further details. We terminated our management arrangements with Pacific Healthcare Limited in August 2014.

Cost of Inventories and Consumables

Our cost of inventories and consumables consists of costs of medications and medical and beauty consumables used in the course of provision of our services. Examples of medications used include medications used for our minimally invasive procedures, such as botulinum toxin type A and hyaluronic acid. Examples of medical consumables include syringes and medical gloves. Examples of beauty consumables include moisturising cream, cleansing milk and lotion. For the years ended 31 March 2013, 2014 and 2015, and the six months ended 30 September 2015, our cost of inventories and consumables was HK\$42.3 million, HK\$42.9 million, HK\$47.6 million and HK\$22.3 million, respectively, representing 18.4%, 8.8%, 7.7% and 6.6% of our revenue for the same periods.

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Registered Practitioner Expenses

Our Registered Practitioner expenses consist of the cost of compensation and other benefits of our Registered Practitioners. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our Registered Practitioner expenses were HK\$28.0 million, HK\$40.2 million, HK\$46.3 million and HK\$25.8 million, respectively, representing 12.2%, 8.2%, 7.4% and 7.7% of our revenue for the same periods. As at 31 March 2013, 2014 and 2015, and 30 September 2015 we had 14, 15, 20 and 21 Registered Practitioners working full-time for us, respectively. Some of our Registered Practitioners are compensated on the basis of a fixed monthly salary and a discretionary bonus based on performance. Our other Registered Practitioners' compensation, in general, comprises a fixed-portion and a variable portion that correlates with their performance, including the number of clients served, which is designed to encourage our Registered Practitioners to perform more efficiently and effectively. We expect that our Registered Practitioner expenses will continue to increase in line with our business expansion as we continue to recruit additional Registered Practitioners and as our volume of business increases.

Employee Benefit Expenses

Our employee benefit expenses consist of the cost of salaries and other employee benefits (such as pension costs) to all our employees other than our Registered Practitioners. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our employee benefit expenses were HK\$100.9 million, HK\$164.0 million, HK\$166.8 million and HK\$91.6 million, respectively, representing 43.9%, 33.5%, 26.9% and 27.3% of our revenue for the same periods. As at 31 March 2013, 2014 and 2015, and 30 September 2015, we had, excluding Registered Practitioners, 691, 603, 563 and 647 employees, respectively. We expect that our employee benefit expenses will continue to increase in line with our business expansion as the variable portion of our employee remuneration, which correlates to their sales performance, would increase, and we also generally increase the salary-level of our employees annually.

Our front-line employees comprise our client relationship managers, Trained Therapists and other employees that engage in the daily operations of our service centres and clinics. Management, administration and back office employees comprise our senior management, mid-level managers, accounting staff and other back office team members. Our employees are remunerated in the form of fixed salaries and discretionary bonuses based on their job performance. For our front-line employees, their job performance is measured based on, among others, prepaid packages sold and clients' utilisation of prepaid packages. For our management, administration and back office employees, their job performance is evaluated by whether they meet and/or exceed their respective supervisors' expectations, as determined in annual appraisals. The following table sets forth a breakdown of our employee benefit expenses for the periods indicated:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
				(unaudited)	
	<i>(HK\$ in thousands)</i>				
Front-line	84,809	146,537	147,265	74,801	80,982
Management, administration and back office	16,109	17,417	19,506	8,889	10,659
Total	<u>100,918</u>	<u>163,954</u>	<u>166,771</u>	<u>83,690</u>	<u>91,641</u>

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Marketing and Advertising Expenses

Our marketing and advertising expenses primarily consist of fees and expenses for various sales, advertising and brand building efforts, such as internet advertisement, bill board advertisements and celebrity spokesperson fees. Please see “Business—Sales and Marketing” in this prospectus for further details. For the years ended 31 March 2013, 2014 and 2015, and the six months ended 30 September 2015, we incurred marketing and advertising expenses of HK\$28.4 million, HK\$23.8 million, HK\$23.9 million and HK\$17.0 million, respectively, representing 12.4%, 4.9%, 3.9% and 5.0% of our revenue for the same periods.

Rental and Related Expenses

Our rental and related expenses primarily consist of rental payments made under our leases for our service centres, clinics and dental offices. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our rental and related expenses were HK\$34.2 million, HK\$63.7 million, HK\$65.8 million and HK\$30.7 million, respectively, representing 14.9%, 13.0%, 10.6% and 9.1% of our revenue for the same periods. We expect that our rental and related expenses will continue to increase in line with our business expansion, as we continue to open new service centres and clinics. However, we expect that our rental and related expenses as a percentage of our revenue will likely remain at the current level or decrease.

Credit Card Expenses

Our credit card expenses primarily consist of service fees charged by credit card companies and commercial banks upon payment by our clients when our clients make payments through their credit cards. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our credit card expenses were HK\$12.7 million, HK\$19.8 million, HK\$21.7 million and HK\$11.2 million, respectively, representing 5.5%, 4.1%, 3.5% and 3.3% of our revenue for the same periods. During the Track Record Period, fees charged by credit card companies and commercial banks ranged from approximately 2% to 11% of the relevant transaction amount, depending on the specific credit card used by a client and the payment method used by the relevant client. In general, service fees are higher when our clients paid through instalment plans offered by credit card companies and commercial banks.

Finance Costs

Our finance costs primarily consist of certain interest on bank borrowings and imputed interest expense on non-current rental deposits. As certain of our lease agreements for service centres were for a period of over one year, according to the relevant accounting rules, the corresponding rental deposits had to be classified as non-current assets and were subject to fair value discounting, which therefore gave rise to imputed interest expense. For the years ended 31 March 2013, 2014 and 2015, our finance costs were HK\$0.9 million, HK\$0.5 million and HK\$0.9 million, respectively, representing 0.4%, 0.1% and 0.1% of our revenue for the same periods. In the six months ended 30 September 2015, we did not incur any finance costs.

Other Expenses

During the Track Record Period, our other expenses primarily consisted of provision made for potential tax liabilities in connection with a tax audit and other miscellaneous expenses such as laundry and cleaning, utilities, insurance and bank charges. For the six months ended 30 September 2015, our other expenses also included expenses related to the Global Offering. Please see “Business—Legal Proceedings, Claims, and Compliance—Non-compliance incidents” for further details regarding our potential tax liabilities in connection with a tax audit. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our other expenses were HK\$16.8 million, HK\$30.8 million, HK\$25.5 million and HK\$23.3 million, respectively, representing 7.3%, 6.3%, 4.1% and 6.9% of our revenue for the same periods.

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Income Tax Expense

Income tax expense comprises current tax and deferred tax. Our Company and its subsidiaries are incorporated in different jurisdictions, with different taxation requirements which are summarised below.

The following table sets forth a breakdown of our major components of income tax expense for the periods indicated:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	(unaudited)				
	(HK\$ in thousands)				
Current — Hong Kong					
Charge for the year/period	1,728	14,491	34,825	16,716	21,069
Under-provision in respect of prior years	—	—	—	—	156
	1,728	14,491	34,825	16,716	21,225
Current — Elsewhere ⁽¹⁾					
Charge for the year/period	8	622	342	285	355
Deferred tax	292	150	651	(392)	(1,127)
Tax charge for the year/period	2,028	15,262	35,819	16,609	20,452

Note:

1. Such tax represents Macau income tax.

For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our income tax expense was HK\$2.0 million, HK\$15.3 million, HK\$35.8 million and HK\$20.5 million, respectively. For the year ended 31 March 2013, even though we experienced a net loss, the IRD issued an estimated assessment to our Company, which was reflected in our tax expense for the year.

Cayman Islands

We are an exempt Company with limited liability incorporated in the Cayman Islands. Pursuant to the rules and regulations of the Cayman Islands, our Group is not subject to any income tax in the Cayman Islands.

British Virgin Islands

Pursuant to the rules and regulations of the British Virgin Islands, our Group is not subject to any income tax in the British Virgin Islands.

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% on our estimated assessable profits arising in Hong Kong or based on the estimated assessment issued by the IRD during the Track Record Period.

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(Loss)/Profit for the Year/Period

For the year ended 31 March 2013, we experienced a loss for the year of HK\$33.2 million, which was primarily attributable to significant expenses associated with our large-scale expansion plan. As our revenue-generation capability caught up to our costs for executing our expansion plan in the ensuing years (for example, increased number of Key Clients, increased contracted sales and increased efficiency due to economies of scale), and also attributable to increases in our revenue recognised from unutilised prepaid packages, we achieved profits of HK\$81.4 million and HK\$174.8 million, respectively, for the years ended 31 March 2014 and 2015. We had profit for the period of HK\$74.9 million and HK\$83.9 million for the six months ended 30 September 2014 and 2015, respectively.

RESULTS OF OPERATIONS

The following table sets forth our results of operations for the periods indicated:

	Year ended 31 March						Six months ended 30 September			
	2013		2014		2015		2014		2015	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(unaudited)									
	<i>(HK\$ in thousands, except for percentages)</i>									
Revenue	229,666	100.0	489,413	100.0	621,090	100.0	289,763	100.0	335,868	100.0
Other net income and gains . .	12,993	5.7	8,333	1.7	5,706	0.9	2,954	1.0	899	0.3
Cost of inventories and consumables	(42,277)	(18.4)	(42,901)	(8.8)	(47,586)	(7.7)	(27,721)	(9.6)	(22,255)	(6.6)
Registered practitioner expenses	(28,004)	(12.2)	(40,211)	(8.2)	(46,265)	(7.4)	(22,318)	(7.7)	(25,842)	(7.7)
Employee benefit expenses . .	(100,918)	(43.9)	(163,954)	(33.5)	(166,771)	(26.9)	(83,690)	(28.9)	(91,641)	(27.3)
Marketing and advertising expenses	(28,434)	(12.4)	(23,805)	(4.9)	(23,928)	(3.9)	(8,897)	(3.1)	(16,956)	(5.0)
Rental and related expenses . .	(34,244)	(14.9)	(63,711)	(13.0)	(65,831)	(10.6)	(30,162)	(10.4)	(30,701)	(9.1)
Credit card expenses	(12,657)	(5.5)	(19,847)	(4.1)	(21,700)	(3.5)	11,144	(3.8)	(11,159)	(3.3)
Depreciation	(9,632)	(4.2)	(15,319)	(3.1)	(17,708)	(2.9)	(8,038)	(2.8)	(10,558)	(3.1)
Finance costs	(936)	(0.4)	(512)	(0.1)	(890)	(0.1)	(271)	0.1	—	—
Other expenses	(16,760)	(7.3)	(30,816)	(6.3)	(25,520)	(4.1)	(9,014)	(3.1)	(23,308)	(6.9)
(Loss)/Profit Before Tax	(31,204)	(13.6)	96,669	19.8	210,597	33.9	91,463	31.6	104,348	31.1
Income tax expense	(2,028)	(0.9)	(15,262)	(3.1)	(35,819)	(5.8)	(16,609)	(5.7)	(20,452)	(6.1)
(Loss)/Profit For The Year/Period	(33,232)	(14.5)	81,407	16.6	174,778	28.1	74,854	25.8	83,896	25.0
Attributable to:										
Owners of the Company	(32,301)	(14.1)	81,122	16.6	174,415	28.1	74,483	25.7	83,471	24.9
Non-controlling interests	(931)	(0.4)	285	0.1	363	0.1	370	0.1	425	0.1

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PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended 30 September 2015 Compared to Six Months Ended 30 September 2014

Revenue

Our revenue increased by 15.9% from HK\$289.8 million for the six months ended 30 September 2014 to HK\$335.9 million for the six months ended 30 September 2015, primarily attributable to growth in revenue from our medical services and quasi-medical services, partially offset by decreases in revenue from our traditional beauty services and the sale of skincare and beauty products.

Our revenue from medical services increased by 31.2% from HK\$98.8 million for the six months ended 30 September 2014 to HK\$129.7 million for the six months ended 30 September 2015, primarily attributable to the increases of 36.5% in our revenue from minimally invasive procedures, 95.4% in our revenue from dental services and 27.5% in our revenue from energy-based procedures performed by Doctors, partially offset by decreases of 39.0% in our revenue from aesthetic surgical procedures and 31.7% in our revenue from other medical services.

The growth in our revenue from minimally invasive procedures was primarily attributable to an increase in the volume of minimally invasive procedures performed, from approximately 15,200 procedures in the six months ended 30 September 2014 to approximately 20,500 procedures in the six months ended 30 September 2015, as clients further increased utilisation of prepaid packages as demand for the relevant procedures increased. The growth in our revenue from our dental services was primarily attributable to the continued expansion of our dental business since we launched it in the year ended 31 March 2014. The growth in our revenue from energy-based procedures performed by Doctors was primarily attributable to an increase in the number of energy-based procedures performed by Doctors, from approximately 2,320 procedures in the six months ended 30 September 2014 to approximately 2,840 procedures in the six months ended 30 September 2015. The decrease in our revenue from aesthetic surgical procedures was primarily due to a decrease in the number of aesthetic surgical procedures performed, from approximately 410 procedures in the six months ended 30 September 2014 to approximately 310 procedures in the six months ended 30 September 2015, primarily attributable to what we believe to be a continued shift in consumer preferences in Hong Kong towards less invasive aesthetic medical procedures, such as minimally invasive procedures and energy-based procedures, particularly those which may achieve similar short-term aesthetic results as certain aesthetic surgical procedures.

Our revenue from quasi-medical services increased by 21.3% from HK\$28.3 million for the six months ended 30 September 2014 to HK\$34.4 million for the six months ended 30 September 2015, primarily attributable to an increase in the number of quasi-medical procedures performed as demand for such procedures increased.

Our revenue from traditional beauty services decreased by 8.9% from HK\$35.7 million for the six months ended 30 September 2014 to HK\$32.5 million for the six months ended 30 September 2015, primarily attributable to a decrease in the volume of traditional beauty services provided, which was mainly caused by a shift in some of the client demand away from traditional beauty services towards aesthetic medical services.

Our revenue from the sale of skincare and beauty products decreased by 29.7% from HK\$14.2 million for the six months ended 30 September 2014 to HK\$10.0 million for the six months ended 30 September 2015. We experienced a particularly strong sales performance for our skincare and beauty products for the six months ended 30 September 2014, primarily attributable to our significant marketing effort for such products at the relevant time.

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Our revenue recognised from unutilised prepaid packages increased by 14.7% from HK\$112.7 million for the six months ended 30 September 2014 to HK\$129.4 million for the six months ended 30 September 2015, primarily attributable to an increase in our sale of prepaid packages in the previous financial year, partially offset by the increased utilisation of prepaid packages prior to expiration, attributable to our efforts in encouraging our clients to use their prepaid packages.

The overall growth in our revenue was also, to a lesser extent, attributable to our annual price increase for our services.

Cost of inventories and consumables

Our cost of inventories and consumables decreased by 19.7% from HK\$27.7 million for the six months ended 30 September 2014 to HK\$22.3 million for the six months ended 30 September 2015, primarily attributable to slightly lower average prices of medical consumables for the six months ended 30 September 2015 as we experienced (i) better bargaining power with certain suppliers due to volume of purchase and increased length of relationships, as well as (ii) a shift in service-mix within minimally invasive procedures which resulted in increased use of certain medications with lower unit-cost.

Other net income and gains

Our other net income and gains decreased by 69.6% from HK\$3.0 million for the six months ended 30 September 2014 to HK\$0.9 million for the six months ended 30 September 2015, primarily attributable to a decrease in income derived from financial assets as we disposed of some financial assets.

Registered Practitioner expenses

Our Registered Practitioner expenses increased by 15.8% from HK\$22.3 million for the six months ended 30 September 2014 to HK\$25.8 million for the six months ended 30 September 2015, primarily attributable to an overall increase in the number of Registered Practitioners, which was 19 as at 30 September 2014 and 21 as at 30 September 2015.

Employee benefit expenses

Our employee benefit expenses increased by 9.5% from HK\$83.7 million for the six months ended 30 September 2014 to HK\$91.6 million for the six months ended 30 September 2015, primarily attributable to an increase in our overall headcount (excluding Registered Practitioners), which was 584 as at 30 September 2014 and 647 as at 30 September 2015, as well as our annual salary increase.

Marketing and advertising expenses

Our marketing and advertising expenses increased by 90.6% from HK\$8.9 million for the six months ended 30 September 2014 to HK\$17.0 million for the six months ended 30 September 2015, primarily attributable to an increased level of marketing and advertising activities in the six months ended 30 September 2015, such as sponsoring a television programme, placing additional billboard advertisements and additional fees paid to advertising agencies.

Rental and related expenses

Our rental and related expenses increased by 1.8% from HK\$30.2 million for the six months ended 30 September 2014 to HK\$30.7 million for the six months ended 30 September 2015, primarily attributable to increased relocation expenses and increased rent in accordance with certain lease agreements of our service centres and clinics, partially offset by a decrease in the aggregate average g.f.a. of our service centres and clinics, which was 105,548 sq. ft. for the six months ended 30 September 2014 and 98,917 sq. ft. for the six months ended 30 September 2015.

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Credit card expenses

Our credit card expenses remained stable at HK\$11.1 million for the six months ended 30 September 2014 and HK\$11.2 million for the six months ended 30 September 2015.

Other expenses

Our other expenses increased by 158.6% from HK\$9.0 million for the six months ended 30 September 2014 to HK\$23.3 million for the six months ended 30 September 2015, primarily attributable to listing expenses of HK\$12.9 million that were accrued in the six months ended 30 September 2015.

Profit before tax

As a result of the foregoing, our profit before tax increased by 14.1% from HK\$91.5 million for the six months ended 30 September 2014 to HK\$104.3 million for the six months ended 30 September 2015.

Income tax expense

Our income tax expense increased by 23.1% from HK\$16.6 million for the six months ended 30 September 2014 to HK\$20.5 million for the six months ended 30 September 2015.

Profit for the period

As a result of the foregoing, our profit for the period increased by 12.1% from HK\$74.9 million for the six months ended 30 September 2014 to HK\$83.9 million for the six months ended 30 September 2015.

Year Ended 31 March 2015 Compared to Year Ended 31 March 2014

Revenue

Our revenue increased by 26.9% from HK\$489.4 million for the year ended 31 March 2014 to HK\$621.1 million for the year ended 31 March 2015, primarily attributable to growth in revenue generated from the provision of medical services and quasi-medical services, as well as an increase in our revenue recognised from unutilised prepaid packages.

Our revenue from medical services increased by 15.5% from HK\$189.6 million for the year ended 31 March 2014 to HK\$219.0 million for the year ended 31 March 2015, primarily attributable to a growth of 19.0% in our revenue from minimally invasive procedures and a growth of 142.3% in our revenue from dental services, partially offset by a decrease of 33.4% in our revenue from aesthetic surgical procedures and a decrease of 0.4% in our revenue from energy-based procedures performed by Doctors.

The growth in our revenue from minimally invasive procedures was primarily attributable to an increase in the volume of minimally invasive procedures performed, from approximately 31,800 procedures in the year ended 31 March 2014 to approximately 33,500 in the year ended 31 March 2015, as well as a shift in service-mix towards more expensive minimally invasive procedures, as we increased the types of minimally invasive procedures offered and experienced an increase in the number of Key Clients and client utilisation of prepaid packages. The growth in our revenue from our dental services was primarily attributable to the expansion in scale of our dental service business, including the hiring of additional Dentists and increased cross-selling efforts to clients of other revenue streams. The decrease in our revenue from aesthetic surgical procedures was primarily due to decreased volume for aesthetic surgical procedures performed, from approximately 920 procedures in the year ended 31 March 2014 to approximately 680 procedures in the year ended 31 March 2015, primarily attributable to what we believe to be a shift in consumer preferences in Hong Kong towards less invasive aesthetic medical procedures, such as minimally invasive procedures and energy-based procedures, particularly those which may achieve similar short-term aesthetic results as certain

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aesthetic surgical procedures. The slight decrease in our revenue from energy-based procedures performed by Doctors was primarily attributable to a shift in service mix towards energy-based procedures performed by Doctors with lower prices, partially off-set by an increase in volume of energy-based procedures performed by Doctors from approximately 5,400 procedures to approximately 6,100 procedures.

Our revenue from quasi-medical services increased by 111.7% from HK\$29.6 million for the year ended 31 March 2014 to HK\$62.6 million for the year ended 31 March 2015, primarily attributable to an increase in the provision of relatively higher-priced quasi-medical services (using relatively newer and more technologically sophisticated equipment), as well as a significant increase in the number of quasi-medical procedures performed, as we increased the number of Key Clients, expanded our flagship aesthetic medical centres, increased the number and types of energy-based devices and the number of quasi-medical service offerings (which enhanced our ability to offer higher-end quasi-medical services), as well as an emphasis in marketing our quasi-medical services to our clients and potential clients.

Our revenue from traditional beauty services increased by 9.8% from HK\$60.9 million for the year ended 31 March 2014 to HK\$66.9 million for the year ended 31 March 2015, primarily attributable to our overall business expansion and thereby increased number of service sessions provided.

Our revenue from sale of skincare and beauty products increased by 14.9% from HK\$28.3 million for the year ended 31 March 2014 to HK\$32.5 million for the year ended 31 March 2015, primarily attributable to the increased number of clients who used our services, which in turn increased the number of clients who purchased skincare and beauty products from us.

Our revenue recognised from unutilised prepaid packages increased by 32.6% from HK\$181.0 million for the year ended 31 March 2014 to HK\$240.1 million for the year ended 31 March 2015, primarily attributable to an increase in our sales of prepaid packages in the year ended 31 March 2014 compared to 31 March 2013 as a result of our business expansion, partially offset by an increase in the percentage of prepaid packages utilised prior to expiration, attributable to our efforts in encouraging our clients to use their prepaid packages.

The overall growth in our revenue was also, to a lesser extent, attributable to our annual price increase for our services.

Cost of inventories and consumables

Our cost of inventories and consumables increased by 10.9% from HK\$42.9 million for the year ended 31 March 2014 to HK\$47.6 million for the year ended 31 March 2015, primarily attributable to the increase in volume of medication and service consumables used in line with the increase in the volume of service procedures performed. Our cost of inventories and consumable grew at a slower rate as compared to that of our revenue from services provided because of a shift in our service mix towards energy-based procedures, which require significantly less expensive consumables.

Other net income and gains

Our other net income and gains decreased by 31.5% from HK\$8.3 million for the year ended 31 March 2014 to HK\$5.7 million for the year ended 31 March 2015, primarily attributable to the fact that we had losses on the disposal of financial assets/liabilities through profit or loss, net, of HK\$0.8 million in the year ended 31 March 2015 as compared to a gain on disposal of financial assets/liabilities through profit or loss, net, of HK\$1.9 million in the year ended 31 March 2014.

Registered Practitioner expenses

Our Registered Practitioner expenses increased by 15.1% from HK\$40.2 million for the year ended 31 March 2014 to HK\$46.3 million for the year ended 31 March 2015, primarily attributable to an increase in the number of our Registered Practitioners, which was 15 as at 31 March 2014 and 20 as at 31 March 2015,

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an increase in the fixed portion of certain of our Registered Practitioners' compensation, which correlated to their respective advancement in years of practice experiences, and an increase in the variable portion of certain of our Registered Practitioners' compensation, which correlated to their performance, including the number of clients serviced.

Employee benefit expenses

Our employee benefit expenses increased by 1.7% from HK\$164.0 million for the year ended 31 March 2014 to HK\$166.8 million for the year ended 31 March 2015, primarily attributable to an increase in bonuses paid to our employees which correlated to, among others, their increased productivity, prepaid packages sold and trainings undertaken, which were largely in line with our increase in revenues, but partially offset by a decrease in headcount (excluding Registered Practitioners), which was 603 as at 31 March 2014 and 563 as at 31 March 2015, as we decided to improve our operational efficiency by only retaining the relatively more effective employees.

Marketing and advertising expenses

Our marketing and advertising expenses remained stable, increasing slightly by 0.5% from HK\$23.8 million for the year ended 31 March 2014 to HK\$23.9 million for the year ended 31 March 2015.

Rental and related expenses

Our rental and related expenses increased by 3.3% from HK\$63.7 million for the year ended 31 March 2014 to HK\$65.8 million for the year ended 31 March 2015, primarily attributable to increased relocation expenses and increased rent in accordance with certain lease agreements of our service centres and clinics.

Credit card expenses

Our credit card expenses increased by 9.3% from HK\$19.8 million for the year ended 31 March 2014 to HK\$21.7 million for the year ended 31 March 2015, primarily attributable to our increase in sales.

Other expenses

Our other expenses decreased by 17.2% from HK\$30.8 million for the year ended 31 March 2014 to HK\$25.5 million for the year ended 31 March 2015, primarily because there were no expenses relating to provisions made for potential tax liabilities in connection with a tax audit in the year ended 31 March 2015, partially offset by listing expenses accrued during the financial year.

Profit before tax

As a result of the foregoing, our profit before tax increased from HK\$96.7 million for the year ended 31 March 2014 to HK\$210.6 million for the year ended 31 March 2015.

Income tax expense

Our income tax expense increased by 134.7% from HK\$15.3 million for the year ended 31 March 2014 to HK\$35.8 million for the year ended 31 March 2015, primarily attributable to the increase in our profit before tax during the same periods.

Profit for the year

As a result of the foregoing, our profit for the year increased from HK\$81.4 million for the year ended 31 March 2014 to HK\$174.8 million for the year ended 31 March 2015.

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Year Ended 31 March 2014 Compared to Year Ended 31 March 2013

Revenue

Our revenue increased by 113.1% from HK\$229.7 million for the year ended 31 March 2013 to HK\$489.4 million for the year ended 31 March 2014 due to overall increases in all of our revenue streams, primarily attributable to our business expansion and a change in our business practice and the corresponding change in timing for recognising revenue from unutilised prepaid packages as compared to the prior year. Please see “—Description of Major Components of our Results of Operations—Revenue recognised from unutilised prepaid packages” in this prospectus for a further discussion regarding such change.

In the year ended 31 March 2014, among other milestones, we expanded the sizes of the Langham Flagship Centre and the World Trade Flagship Centre by adding an extra floor to each centre, opened an additional aesthetic surgery centre in Hong Kong, a net of one Registered Practitioner joined our Group to work for us full-time, and we increased the variety of our service offerings, as well as the types of skincare and beauty products sold, all of which contributed to the growth in our client base and the average purchase per client, and thereby our revenue.

Our revenue from medical services increased by 55.7% from HK\$121.7 million for the year ended 31 March 2013 to HK\$189.6 million for the year ended 31 March 2014, primarily as a result of the expansion that we began undertaking in the year ended 31 March 2013 and continued in the year ended 31 March 2014. Our revenue from aesthetic surgical procedures increased by 4.4% from HK\$29.5 million for the year ended 31 March 2013 to HK\$30.8 million for the year ended 31 March 2014, primarily attributable to the addition of one Plastic Surgeon and a shift in our service mix towards more expensive aesthetic surgical procedures driven by client demand. Our revenue from minimally invasive procedures increased by 27.3% from HK\$83.0 million for the year ended 31 March 2013 to HK\$105.7 million for the year ended 31 March 2014, primarily attributable to an increase in the volume of minimally invasive procedures performed from approximately 25,600 procedures in the year ended 31 March 2013 to approximately 31,800 procedures in the year ended 31 March 2014. Our revenue from energy-based procedures performed by Doctors increased by 332.1% from HK\$8.4 million for the year ended 31 March 2013 to HK\$36.1 million for the year ended 31 March 2014, primarily attributable to an increase in the number of energy-based procedures performed by Doctors from approximately 1,140 procedures in the year ended 31 March 2013 to approximately 5,400 procedures in the year ended 31 March 2014. In addition, we began offering dental services in the year ended 31 March 2014, and the revenue from dental services for that year was HK\$14.4 million.

Our revenue from quasi-medical services increased by 58.1% from HK\$18.7 million for the year ended 31 March 2013 to HK\$29.6 million for the year ended 31 March 2014, primarily attributable to a shift in service mix towards higher priced quasi-medical services and also a slight increase in number of quasi-medical procedures performed. Such shift and increase were primarily due to our business expansion, entailing, among others, the opening of services centres, increased training for employees and purchase of additional service equipment, which enabled us to introduce certain new and higher-end quasi-medical services (which use more advanced equipment).

Our revenue from traditional beauty services increased by 34.0% from HK\$45.5 million for the year ended 31 March 2013 to HK\$60.9 million for the year ended 31 March 2014, primarily attributable to our business expansion, entailing, among others, the expansion of our flagship aesthetic medical centres, increasing our aggregate average g.f.a, which was approximately 71,287 sq. ft. for the year ended 31 March 2013 and 114,447 sq. ft. for the year ended 31 March 2014, increased training for employees and the purchase of additional service equipment, which increased our capability and capacity to offer traditional beauty services and in turn generated increased numbers of clients, as well as increased client spending.

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Our revenue from the sale of skincare and beauty products increased by 113.7% from HK\$13.2 million for the year ended 31 March 2013 to HK\$28.3 million for the year ended 31 March 2014, primarily attributable to sales growth in our private-label products under the brand PRODERMA LAB, which was first introduced in December 2012 and the sales of which further grew in the year ended 31 March 2014.

Our revenue recognised from unutilised prepaid packages increased by 493.6% from HK\$30.5 million for the year ended 31 March 2013 to HK\$181.0 million for the year ended 31 March 2014, primarily attributable to our change in business operational protocols and the corresponding change in timing for recognising revenue from unutilised packages sold on or after 1 April 2012, the first day of the Track Record Period, as well as an increase in sales contracts entered into during the year, partially offset by increased utilisation rates of our prepaid packages by our clients. Please see “—Description of Major Components of our Results of Operations—Revenue recognised from unutilised prepaid packages” in this prospectus for further details.

The overall growth in our revenue was also, to a lesser extent, attributable to our annual price increase for our services.

Cost of inventories and consumables

Our cost of inventories and consumables increased by 1.5% from HK\$42.3 million for the year ended 31 March 2013 to HK\$42.9 million for the year ended 31 March 2014, primarily attributable to an increase in the amount of services provided and, in turn, the consumables used to provide such services. Our cost of inventories and consumables grew at a significantly slower rate than that of our revenue from services provided, primarily because revenue derived from our energy-based procedures performed by Doctors and quasi-medical services, which entail significantly less use of medications and medical consumables than that of our other medical services, including certain minimally invasive procedures and certain aesthetic surgical procedures, contributed proportionately more to our revenue for the year ended 31 March 2014.

Other net income and gains

Our other net income and gains decreased by 35.9% from HK\$13.0 million for the year ended 31 March 2013 to HK\$8.3 million for the year ended 31 March 2014, primarily attributable to a decrease in management fee income, and to a lesser extent, a decrease in commission income. The decrease in management fee income was due to our acquisition of Be a Lady (Macau) Limited in the year ended 31 March 2014. Prior to our acquisition, we provided management services to Be A Lady (Macau) Limited for a management fee. Subsequent to the acquisition, Be a Lady (Macau) Limited became a subsidiary of ours, and therefore we were no longer paid such a management fee. The decrease in commission income was primarily due to reduced referrals from Healthy International Enterprise Limited, the entity from which we earned commission income.

Registered Practitioner expenses

Our Registered Practitioners expenses increased by 43.6% from HK\$28.0 million for the year ended 31 March 2013 to HK\$40.2 million for the year ended 31 March 2014, primarily attributable to an increase in the number of our Registered Practitioners, which was 14 as at 31 March 2013 and 15 as at 31 March 2014, an increase in the fixed portion of certain of our Registered Practitioners' compensation, which correlated to their respective advance in years of practice experiences, and an increase in the variable portion of certain of our Registered Practitioners' compensation, which correlated to their performance, including the number of clients serviced.

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Employee benefit expenses

Our employee benefit expenses increased by 62.5% from HK\$100.9 million for the year ended 31 March 2013 to HK\$164.0 million for the year ended 31 March 2014, primarily attributable to an increase in bonuses paid to our employees which correlated to, among others, their increased productivity, prepaid packages sold and trainings undertaken, which were largely in line with our increase in revenue.

Marketing and advertising expenses

Our marketing and advertising expenses decreased by 16.3% from HK\$28.4 million for the year ended 31 March 2013 to HK\$23.8 million for the year ended 31 March 2014, primarily attributable to our management's active efforts in controlling marketing and advertising expenses by reducing our expenditure on certain relatively ineffective advertising channels, such as certain magazines, in accordance with our management's analysis of the respective returns generated from various marketing and advertising efforts by utilising our information technology system.

Rental and related expenses

Our rental and related expenses increased by 86.0% from HK\$34.2 million for the year ended 31 March 2013 to HK\$63.7 million for the year ended 31 March 2014, primarily attributable to additional rental properties leased for our operations and relocation expenses resulting from our relocation of certain aesthetic medical centres to relatively more expensive districts. The aggregate average g.f.a. of our service centres and clinics increased by 60.5% from 71,287 sq. ft. for the year ended 31 March 2013 to 114,447 sq. ft. for the year ended 31 March 2014.

Credit card expenses

Our credit card expenses increased by 56.8% from HK\$12.7 million for the year ended 31 March 2013 to HK\$19.8 million for the year ended 31 March 2014, primarily attributable to our increase in sales.

Finance costs

Our finance costs decreased by 45.3% from HK\$0.9 million to HK\$0.5 million, primarily attributable to a decrease in imputed interest expense on non-current rental deposits from HK\$0.8 million in the year ended 31 March 2013 to HK\$54,371 in the year ended 31 March 2014.

Other expenses

Our other expenses increased by 83.9% from HK\$16.8 million for the year ended 31 March 2013 to HK\$30.8 million for the year ended 31 March 2014, primarily attributable to a provision made for potential tax liabilities in connection with a tax audit in the year ended 31 March 2014 and increases in bank charges, laundry and cleaning expenses, insurance expenses and write-off of fixed assets correlated to our overall expansion.

(Loss)/profit before tax

As a result of the foregoing, our (loss)/profit before tax improved from a loss of HK\$31.2 million for the year ended 31 March 2013 to a profit of HK\$96.7 million for the year ended 31 March 2014.

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Income tax expense

Our income tax expense increased by 652.6% from HK\$2.0 million for the year ended 31 March 2013 to HK\$15.3 million for the year end 31 March 2014, primarily attributable to our improvement from a loss before tax in the year ended 31 March 2013 to a profit before tax in the year ended 31 March 2014.

(Loss)/Profit for the year

As a result of the foregoing, our (loss)/profit for the year improved from a loss of HK\$33.2 million for the year ended 31 March 2013 to a profit of HK\$81.4 million for the year ended 31 March 2014.

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources

We have financed our operations and capital expenditure needs primarily through cash generated from our operating activities. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash flow generated from our operating activities, other funds raised from the capital markets from time to time and the proceeds from this Global Offering. For details of our future plans regarding our use of proceeds from this Global Offering, please see “Futures Plans and Use of Proceeds” in this prospectus.

Cash Flows Analysis

The following table sets forth our cash flows for the periods indicated:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
				(unaudited)	
				(HK\$ in thousands)	
Net cash generated from operating activities	11,549	144,593	158,558	103,024	78,315
Net cash (used in)/generated from investing activities	(23,356)	(49,884)	17,832	24,944	19,154
Net cash generated from/(used in) financing activities	<u>43,173</u>	<u>(72,493)</u>	<u>(121,327)</u>	<u>(82,882)</u>	<u>96,549</u>
Net increase in cash and cash equivalents .	31,366	22,216	55,063	45,086	194,017
Cash and cash equivalents at beginning of the year/period	21,240	52,606	74,822	74,822	129,885
Effect of changes in foreign exchange rates	—	—	—	—	(178)
Cash and cash equivalents at the end of the year/period	<u>52,606</u>	<u>74,822</u>	<u>129,885</u>	<u>119,909</u>	<u>323,724</u>

FINANCIAL INFORMATION

Net cash generated from operating activities

For the six months ended 30 September 2015, our net cash generated from operating activities was HK\$78.3 million, which was primarily attributable to (i) our profit before tax of HK\$104.3 million, (ii) an adjustment for depreciation of HK\$10.6 million and (iii) an increase in other payables and accruals at HK\$7.7 million, partially offset by (i) a decrease in deferred revenue of HK\$15.9 million mainly due to increased client utilisation of our prepaid packages, (ii) an increase in inventories of HK\$12.8 million, mainly in relation to our decision to stock up inventory of certain medications and medical consumables in the relevant period, and (iii) an increase in trade receivables of HK\$4.7 million.

For the year ended 31 March 2015, our net cash generated from operating activities was HK\$158.6 million, which was primarily attributable to (i) our profit before tax of HK\$210.6 million, (ii) an adjustment for depreciation of HK\$17.7 million and (iii) an increase in other payables and accruals of HK\$10.4 million, partially offset by (i) a decrease in deferred revenue of HK\$48.7 million mainly due to increased client utilisation of our prepaid packages, (ii) an increase in prepayments, deposits and other receivables of HK\$16.2 million, mainly in relation to an increase in prepayments to certain of our Registered Practitioners and deposits for certain of our lease agreements, and (iii) Hong Kong profits tax paid of HK\$11.3 million.

For the year ended 31 March 2014, our net cash generated from operating activities was HK\$144.6 million, which was primarily attributable to (i) our profit before tax of HK\$96.7 million, (ii) an increase in deferred revenue of HK\$35.8 million primarily in relation to increased purchases of prepaid packages from our clients, (iii) an adjustment for depreciation of HK\$15.3 million and (iv) a decrease in trade receivables of HK\$12.8 million mainly in relation to our increased administrative efforts in working with commercial banks and credit card companies to collect receivables, partially offset by (i) an increase in prepayments, deposits and other receivables of HK\$9.3 million, primarily in relation to dividends receivable from a disposed entity declared prior to its disposal, and (ii) an increase in inventories of HK\$5.6 million.

For the year ended 31 March 2013, our net cash generated from operating activities was HK\$11.5 million, which was primarily attributable to (i) an increase in deferred revenue of HK\$106.4 million mainly in relation to increased purchases of prepaid packages from our clients, (ii) an increase in other payables and accruals of HK\$21.0 million and (iii) an adjustment for depreciation of HK\$9.6 million, partially offset by (i) a change in balances with related parties, net, of HK\$65.2 million primarily in relation to settlement of certain related party transactions, (ii) our loss before tax of HK\$31.2 million, (iii) an increase in prepayments deposits and other receivables of HK\$16.5 million and (iv) an increase in trade receivables of HK\$11.0 million.

Net cash (used in)/generated from investing activities

For the six months ended 30 September 2015, our net cash generated from investing activities was HK\$19.2 million, which was primarily attributable to proceeds from the disposal of financial assets/liabilities at fair value through profit or loss of HK\$26.9 million, partially offset by purchases of property, plant and equipment of HK\$7.9 million, mainly in relation to leasehold improvements and the purchase of medical devices.

For the year ended 31 March 2015, our net cash generated from investing activities was HK\$17.8 million, which was primarily attributable to (i) proceeds from the disposal of financial assets/liabilities at fair value through profit or loss of HK\$53.0 million, primarily related to our sale of all of our investments in financial instruments, except for certain listed debt instruments, in the year ended 31 March 2015 and (ii) a decrease in pledged deposits of HK\$10.1 million, partially offset by (i) a purchase of financial assets designated as financial assets at fair value through profit or loss of HK\$23.1 million, mainly in relation to the purchase of a listed debt instrument and (ii) purchases of property, plant and equipment of HK\$24.0 million mainly in relation to leasehold improvements and the purchase of medical devices.

FINANCIAL INFORMATION

For the year ended 31 March 2014, our net cash used in investing activities was HK\$49.9 million, which was primarily attributable to (i) purchases of items of property, plant and equipment of HK\$28.4 million, mainly in relation to leasehold improvements and purchase of medical devices and (ii) the purchase of financial assets designated as financial assets at fair value through profit or loss of HK\$27.9 million.

For the year ended 31 March 2013, our net cash used in investing activities was HK\$23.4 million, which was primarily attributable to (i) purchases of items of property, plant and equipment of HK\$21.6 million, mainly in relation to leasehold improvements and the purchase of medical devices and (ii) the purchase of financial assets designated as financial assets at fair value through profit or loss of HK\$18.6 million, partially offset by proceeds from the disposal of financial assets/liabilities at fair value through profit or loss of HK\$24.0 million.

Net cash (used in)/generated from financing activities

For the six months ended 30 September 2015, our net cash generated from financing activities was HK\$96.5 million, which was attributable to a change in balance with a Controlling Shareholder of HK\$96.5 million, primarily attributable to settlement of balances due from Mr. Tang, a Controlling Shareholder.

For the year ended 31 March 2015, our net cash used in financing activities was HK\$121.3 million, which was primarily attributable to a change in balance with a Controlling Shareholder of HK\$116.3 million, mainly related to funds transferred to Mr. Tang, a Controlling Shareholder, and entities he beneficially owns for his personal purposes.

For the year ended 31 March 2014, our net cash used in financing activities was HK\$72.5 million, which was mainly attributable to a change in balance with Controlling Shareholder of HK\$81.0 million, mainly related to funds transferred to Mr. Tang, a Controlling Shareholder, and entities he beneficially owns for his personal purposes and repayments of interest-bearing bank borrowings of HK\$18.0 million, partially offset by proceeds from new interest-bearing bank borrowings of HK\$26.9 million.

For the year ended 31 March 2013, our net cash generated from financing activities was HK\$43.2 million, which was primarily attributable to a change in balance with Mr. Tang, a Controlling Shareholder, caused by him assuming the debt owed to the Group upon disposal of certain related parties.

Sufficiency of Working Capital

We finance our working capital needs primarily through cash flow from operating activities. Taking into account the financial resources available to our Group, including the cash and cash equivalents on hand, the cash flow from operating activities and the estimated net proceeds from the Global Offering, our Directors, after due and careful inquiry, are satisfied that our Group has available sufficient working capital for our present requirements, that is for at least the next 12 months from the date of this prospectus.

FINANCIAL INFORMATION

Net Current Liabilities

As at 31 March 2013, 2014, 2015 and 30 September 2015, we had net current liabilities of HK\$142.5 million, HK\$68.8 million, HK\$68.4 million, HK\$45.0 million, respectively. As at 31 January 2016, we had net current assets of HK\$12.4 million. The following table sets forth the breakdown of current assets and current liabilities as at the dates indicated:

	As at 31 March			As at 30 September	As at 31 January
	2013	2014	2015	2015	2016
	<i>(HK\$ in thousands)</i>				
Current assets					
Inventories	4,770	10,411	13,671	26,496	25,439
Trade receivables	32,515	21,371	22,124	26,779	33,316
Prepayments, deposits and other receivables	15,593	30,332	34,165	45,757	50,918
Financial assets at fair value through profit or loss	33,377	56,819	27,263	—	135,489
Amount due from the Controlling Shareholder	137,318	219,672	160,990	—	—
Amount due from a related party	1,384	—	—	—	—
Pledged time deposits	8,540	12,113	2,000	2,000	2,000
Cash and cash equivalents	52,606	74,822	129,885	323,724	220,829
Total current assets	<u>286,103</u>	<u>425,541</u>	<u>390,099</u>	<u>424,756</u>	<u>467,991</u>
Current liabilities					
Trade payables	1,574	2,015	3,930	2,917	8,548
Other payables and accruals	46,188	54,958	66,915	80,155	83,630
Financial liabilities at fair value through profit or loss	199	158	—	—	—
Deferred revenue	359,456	396,169	347,468	331,549	304,218
Interest-bearing bank borrowings	15,715	24,640	—	—	—
Tax payable	5,422	16,372	40,199	55,167	59,206
Total current liabilities	<u>428,555</u>	<u>494,312</u>	<u>458,512</u>	<u>469,788</u>	<u>455,602</u>
Net current (liabilities)/assets	<u>(142,452)</u>	<u>(68,771)</u>	<u>(68,413)</u>	<u>(45,032)</u>	<u>12,389</u>

FINANCIAL INFORMATION

Our net current liabilities of HK\$142.5 million, HK\$68.8 million, HK\$68.4 million and HK\$45.0 million as at 31 March 2013, 2014 and 2015 and 30 September 2015, respectively, were primarily attributable to a significant amount of deferred revenue at the relevant times as a result of selling prepaid packages, while the cash (the corresponding current asset) received by us were deployed in the course of business. Our Directors consider that such net current liabilities did not have any material adverse effect on our working capital position because deferred revenue in the consolidated statements of financial position represents receipts from sales of prepaid packages which are not expected to be repaid and hence are not expected to result in cash outflows.

As at 31 January 2016, we had net current assets of HK\$12.4 million, compared to our net current liabilities of HK\$45.0 million as at 30 September 2015. The shift from a position of net current liabilities to a position of net current assets was primarily due to an increase in financial assets at fair value through profit or loss of HK\$135.5 million and a decrease in deferred revenue of HK\$27.3 million, partially offset by a decrease in cash and cash equivalents of HK\$102.9 million.

As at 30 September 2015, we had net current liabilities of HK\$45.0 million, compared to our net current liabilities of HK\$68.4 million as at 31 March 2015. The decrease in net current liabilities was primarily attributable to (i) an increase in cash and cash equivalents of HK\$194.0 million, (ii) an increase in inventories of HK\$12.8 million, (iii) a decrease in deferred revenue of HK\$15.9 million, and (iv) an increase in prepayments, deposits and other receivables of HK\$11.6 million, partially offset by (i) a decrease in amount due from a Controlling Shareholder of HK\$161.0 million, (ii) an increase in tax payable of HK\$15.0 million, and (iii) an increase in other payables and accruals of HK\$13.2 million.

As at 31 March 2015, we had net current liabilities of HK\$68.4 million, as compared to our net current liabilities of HK\$68.8 million as at 31 March 2014.

As at 31 March 2014, we had net current liabilities of HK\$68.8 million, as compared to our net current liabilities of HK\$142.5 million as at 31 March 2013. The decrease in net current liabilities was mainly attributable to (i) an increase in amount due from a Controlling Shareholder of HK\$82.4 million, (ii) an increase in cash and cash equivalents of HK\$22.2 million, and (iii) an increase in our financial assets at fair value through profit or loss of HK\$23.4 million, partially offset by an increase in deferred revenue of HK\$36.7 million.

As at 31 March 2013, we had net current liabilities of HK\$142.5 million. This was mainly due to (i) deferred revenue of HK\$359.5 million, (ii) other payables and accruals of HK\$46.2 million and (iii) interest-bearing bank borrowings of HK\$15.7 million.

FINANCIAL INFORMATION

SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Deferred Revenue

We sell all of our services on a prepaid basis. Please see “Business—Revenue Model and Prepaid Packages—Accounting treatment of revenue recognised from unutilised prepaid packages” in this prospectus for further details. Our products may also be sold on a prepaid basis. Upon selling a service package or product on a prepaid basis, the relevant amount of the sale is recorded as deferred revenue. We recognise revenue upon provision of the relevant service or products, respectively. We also recognise revenue from prepaid packages upon expiry of our service period under such packages, which occurs one year from the date of purchase if unutilised. The following table provides a movement of our deferred revenue for the periods indicated:

	Year ended 31 March			Six months ended 30 September
	2013	2014	2015	2015
	<i>(HK\$ in thousands)</i>			
At the beginning of the year/period	251,546	359,456	396,169	347,468
Sales contracts entered into during the year/period . . .	337,869	528,404	574,557	320,888
Acquisition of business/subsidiaries	1,504	937	—	—
Revenue recognised upon the provision of services . . .	(185,931)	(280,115)	(348,506)	(196,517)
Revenue recognised upon the retail sale of products . .	(12,135)	(26,904)	(30,181)	(9,323)
Refunds	(2,907)	(4,624)	(4,508)	(1,615)
Revenue recognised from unutilised prepaid packages	<u>(30,489)</u>	<u>(180,985)</u>	<u>(240,064)</u>	<u>(129,352)</u>
Deferred Revenue as at the end of the year/period .	<u>359,546</u>	<u>396,169</u>	<u>347,468</u>	<u>331,549</u>

Our deferred revenue increased by 10.2% from HK\$359.5 million as at 31 March 2013 to HK\$396.2 million as at 31 March 2014, primarily attributable to an increase in sales contracts entered into during the year ended 31 March 2014 as compared to that of the year ended 31 March 2013, and partially offset by increases in both revenue recognised upon the provision of services and revenue recognised from unutilised prepaid packages during the year ended 31 March 2014 as compared to that of the year ended 31 March 2013. Our deferred revenue decreased by 12.3% from HK\$396.2 million as at 31 March 2014 to HK\$347.5 million as at 31 March 2015, primarily attributable to increases in both revenue recognised upon the provision of services and revenue recognised from unutilised prepaid packages during the year ended 31 March 2015 as compared to that of the year ended 31 March 2014, and partially offset by a smaller increase in sales contracts entered into during the year ended 31 March 2015. Our deferred revenue further decreased to HK\$331.5 million as at 30 September 2015, primarily attributable to the amount of revenue recognised exceeding the amount of sales contracts entered into during the six months ended 30 September 2015.

FINANCIAL INFORMATION

Contracted sales, revenue from services provided and revenue recognised from unutilised prepaid packages by nature of services

The following table sets forth a breakdown of our contracted sales by nature of services and products at the time they were sold for the periods indicated:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	(unaudited)				
	<i>(HK\$ in thousands)</i>				
Medical services:					
Aesthetic surgical procedures	40,301	33,805	21,166	17,981	9,079
Minimally invasive procedures	117,180	147,330	165,257	75,806	119,234
Energy-based procedures performed by					
Doctors	18,998	47,549	46,688	18,578	22,093
Dental services	—	18,258	49,357	19,426	30,804
Others ⁽¹⁾	2,448	4,740	1,688	987	988
Total medical services	178,928	251,682	284,156	132,778	182,197
Quasi-medical services	30,760	63,064	99,128	57,411	55,733
Traditional beauty services	116,421	185,890	161,083	87,847	73,476
Skincare and beauty products⁽²⁾	11,760	27,768	30,190	14,138	9,482
Total contracted sales	337,869	528,404	574,557	292,174	320,888

Notes:

1. Others include general consultation, Chinese medicinal and ophthalmological services.
2. Excludes non-retail sales of inventory.

Our contracted sales are primarily driven by the number of clients during the relevant financial period and the average spending per client. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, our contracted sales was HK\$337.9 million, HK\$528.4 million, HK\$574.6 million and HK\$320.9 million, respectively. The overall increase in contracted sales was in line with the growth of our business. Our revenue recognised upon the provision of services is significantly affected by the number of services sessions provided to clients, as well as the frequency and quantity at which our clients utilise their purchased prepaid packages.

The distribution of our contracted sales by nature of services prepaid by clients as a portion of our total contracted sales was different from the distribution of our revenue by services provided as a portion of our total revenue from services provided. This was partly because (a) customers displayed varying utilisation percentages depending on the nature of services, and (b) prior to the expiry date of prepaid packages, subject to our absolute discretion, and taking into account factors such as the specific client's spending profile and loyalty to our Group, we permit clients to purchase new service packages and apply the remaining value of their existing packages towards their new purchases. For example, in some cases, the client informed us prior to the expiry of the prepaid package that one of the reasons she had stopped using the prepaid package was that the desired result had been achieved, and we had allowed such a client, on a case-by-case basis, to apply the remaining value of the previously purchased prepaid packages in a new purchase. In order to apply such balance of the specific service package previously purchased, the new purchase must meet certain minimum threshold as our management determines from time to time. The newly purchased package in such a case expires a year from the date of the new purchase.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our revenue from services provided by nature of services provided for the periods indicated:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	(unaudited)				
	<i>(HK\$ in thousands)</i>				
Medical services:					
Aesthetic surgical procedures	29,467	30,757	20,475	12,636	7,703
Minimally invasive procedures	83,037	105,709	125,785	58,719	80,176
Energy-based procedures performed by					
Doctors	8,366	36,149	36,022	16,089	20,513
Dental services	—	14,401	34,896	10,626	20,764
Others ⁽¹⁾	867	2,581	1,804	730	499
Total medical services	121,737	189,597	218,981	98,801	129,656
Quasi-medical services	18,715	29,589	62,642	28,335	34,363
Traditional beauty services	45,479	60,929	66,882	35,669	32,499
Total revenue from services provided	185,931	280,115	348,506	162,806	196,517

Note:

1. Others include general consultation, Chinese medicinal and ophthalmological services.

Please see “Business — Our Services and Products — Medical services” in this prospectus for further details.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our revenue recognised from unutilised prepaid packages by nature of the services and products for which the clients prepaid at the time they were sold for the periods indicated:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	(unaudited)				
	<i>(HK\$ in thousands)</i>				
Medical services:					
Aesthetic surgical procedures	85	2,119	3,029	1,446	1,323
Minimally invasive procedures	2,432	40,712	53,986	22,940	36,820
Energy-based procedures performed by					
Doctors	504	10,361	13,882	5,858	6,779
Dental services	—	—	1,540	624	2,343
Others ⁽¹⁾	<u>156</u>	<u>1,003</u>	<u>1,556</u>	<u>1,212</u>	<u>260</u>
Total medical services	3,177	54,195	73,992	32,081	47,524
Quasi-medical services	5,899	17,337	31,899	14,279	21,179
Traditional beauty services	21,413	109,361	134,004	66,291	60,456
Skincare and beauty products⁽²⁾	—	93	169	80	192
Total revenue recognised from unutilised prepaid packages	<u>30,489</u>	<u>180,985</u>	<u>240,064</u>	<u>112,731</u>	<u>129,352</u>

Note:

1. Others include general consultation, Chinese medicinal and ophthalmological services.
2. Excludes non-retail sales of inventory.

During the Track Record Period, some of our clients often purchased prepaid packages comprising different types of services at or around the same time, which is consistent with our business model of offering one-stop aesthetic medical and beauty solutions to our clients depending on each client's individual needs. Overall, customers that purchased prepaid packages comprising different types of services at or around the same time often displayed different utilisation behaviour patterns depending on the nature of the services for which they prepaid. As a result, we recognised more revenue from unutilised prepaid packages from preselling quasi-medical services and traditional beauty services, respectively, as compared to medical services. Within medical services, the utilisation rates were higher for aesthetic surgical procedures and dental services, as compared to minimally invasive procedures and energy-based procedures performed by Doctors.

FINANCIAL INFORMATION

Inventories

Our inventories consist primarily of medical and beauty consumables, other supplies used in the provision of our services, as well as our stock of skincare and beauty products. As at 31 March 2013, 2014, 2015 and 30 September 2015, respectively, our inventories represented 1.7%, 2.4%, 3.5% and 6.2%, of our current assets.

The following table sets forth a breakdown of our inventory balances as at the dates indicated:

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	<i>(HK\$ in thousands)</i>			
Skincare and beauty products	316	692	4,121	3,658
Consumables and other supplies	<u>4,453</u>	<u>9,719</u>	<u>9,550</u>	<u>22,838</u>
Total	<u><u>4,770</u></u>	<u><u>10,411</u></u>	<u><u>13,671</u></u>	<u><u>26,496</u></u>

Our inventory increased by 118.3% from HK\$4.8 million as at 31 March 2013 to HK\$10.4 million as at 31 March 2014, increased by 31.3% to HK\$13.7 million as at 31 March 2015, and further increased by 93.8% to HK\$26.5 million as at 30 September 2015. All such increases were in line with our business expansion. We did not experience any write-off of inventories during the Track Record Period. We opened and expanded our flagship aesthetic medical centres in the years ended 31 March 2013 and 2014, and we decided to increase our inventory level, in particular, in the six months ended 30 September 2015, in order to help ensure that we were ready to provide the relevant services upon the request of our clients. In addition, larger volume purchases also enabled us to negotiate better terms with our suppliers. Our medical department and operational manager monitor our inventory level regularly in accordance with our inventory policy, and we make necessary purchases of supplies accordingly.

The table below sets forth our average inventory turnover days for the financial period indicated:

	Year ended 31 March			Six months ended 30 September
	2013	2014	2015	2015
Average inventory turnover days ⁽¹⁾	37	65	92	165

Note:

1. The average inventory turnover days for a financial period is the arithmetic mean of the beginning and ending balances of inventories divided by the cost of inventories and consumables for that financial period multiplied by the number of days in the relevant financial period.

The overall increases in our average inventory turnover days were mainly attributable to the increase in storage space available to store stand-by inventories to help us meet increasing client demands. Our average inventory turnover days for the six months ended 30 September 2015 were 165 days, which was higher than our aim of keeping inventory level at approximately 90 days and higher than previous financial periods, primarily because we further increased our inventory level for the reasons discussed above and we experienced a larger increase in sales of prepaid packages relating to minimally invasive procedures in the six months ended 30 September 2015. In addition, we made certain bulk purchases in the beginning of the financial year ending 31 March 2016 to increase our inventory in anticipation of an increase in market demand. In light of our latest business development, we are evaluating whether to adjust the number of days for which we aim to keep our inventories.

FINANCIAL INFORMATION

The following table sets forth approximate average shelf lives of our Group's major categories of inventories:

Category	Approximate Shelf Life
BOTOX®	2 years
Dysport®	2 years
Sculptra®	2 years
Restylane®	2 years
JUVÉDERM®	2 years
TEOSYAL®	2 years
Gardasil (HPV vaccine)	2 years
PDM (Proderma Lab items)	2 years
Polydioxanone	2 years
Thermage Tip (equipment consumables)	2 years

The following table sets forth an aging analysis of our inventory as at 30 September 2015 and the subsequent usage:

	As at 30 September 2015 Gross amount	Subsequent Settlement as at 31 January 2016	Outstanding Balance
	<i>(HK\$ in thousands)</i>		
Within 30 days	8,082	(7,213)	869
31 - 60 days	7,733	(7,378)	355
61 - 90 days	3,429	(2,929)	501
91 - 120 days	1,747	(1,550)	197
Over 120 days	5,505	(4,686)	818
	<u>26,496</u>	<u>(23,756)</u>	<u>2,740</u>

Trade Receivables

Our trade receivables consist primarily of balances due from credit card companies and commercial banks, which arise when our clients pay with credit cards. Our trade receivables decreased from HK\$32.5 million as at 31 March 2013 to HK\$21.4 million as at 31 March 2014, increased slightly to HK\$22.1 million as at 31 March 2015 and further increased to HK\$26.8 million as at 30 September 2015. The decrease from 31 March 2013 to 31 March 2014 was primarily attributable to our increased effort in liaising with the relevant credit card companies and commercial banks in respect of the required administrative procedures in order for them to settle payments due to us. The increases from 31 March 2014 to 31 March 2015 and from 31 March 2015 to 30 September 2015 were primarily attributable to increases in sales contracts entered into during the relevant periods.

We do not offer credit to our clients. The credit card companies and commercial banks through which our clients pay us are generally required to pay us within 5-120 days, depending on (i) our terms and conditions with the respective credit card companies and commercial banks and (ii) the payment mechanism chosen by our clients.

FINANCIAL INFORMATION

The following table sets forth an ageing analysis of our trade receivables as at the dates indicated:

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	<i>(HK\$ in thousands)</i>			
Neither past due nor impaired	19,605	17,600	19,160	19,628
Less than 3 months past due	5,777	3,595	2,469	6,773
3 to 6 months past due	316	73	130	276
7 to 12 months past due	2,809	24	271	40
More than a year past due	4,008	80	93	62
Total	32,515	21,371	22,124	26,779

Trade receivables that were past due but not impaired primarily relate to certain balances that were not settled with us due to certain administrative issues in relation to filing certain forms and documentation with the relevant credit card companies and commercial banks. We increased our effort in liaising with the relevant credit card companies and commercial banks in respect of the required administrative procedures in the year ended 31 March 2014, and such credit card companies and commercial banks were able to settle the relevant outstanding balances at a quicker pace. Based on our past experience, we did not write-off any trade receivables during the Track Record Period, and we are of the opinion that no provision for impairment in respect of our trade receivables is necessary as our debtors are generally reputable credit card companies and commercial banks which had no history of material default with us, there had not been a significant change in their credit quality and all balances are considered fully recoverable. We do not hold any collateral or other credit enhancement over these outstanding balances.

The table below sets forth our average trade receivables turnover days for the financial period indicated:

	Year ended 31 March			Six months ended 30 September
	2013	2014	2015	2015
Average trade receivables turnover days ⁽¹⁾	43	20	13	13

Note:

- The average trade receivables turnover days for a financial period is the arithmetic mean of the beginning and ending balances of trade receivables divided by revenue for that financial period and multiplied by the number of days in the relevant financial period.

During the Track Record Period, our average trade receivable turnover days decreased, primarily due to our increased effort in liaising with the relevant credit card companies and commercial banks in respect of their required administrative procedures in order for them to settle payments due to us.

As at 31 January 2016, approximately HK\$25.6 million, or 95.5%, of our trade receivables as at 30 September 2015 had been subsequently settled.

FINANCIAL INFORMATION

Prepayments, Deposits and other Receivables

Our prepayments primarily consist of prepayments made to certain of our Registered Practitioners as part of their remuneration. Under some of the employment contracts or contracts for services with the relevant Register Practitioners or the relevant corporate entities owned by them, the relevant Registered Practitioners are advanced on a monthly basis in anticipation of the payments that would be owed to them arising from the variable portion of their respective remuneration arrangements. Our deposits primarily consist of rental deposits required under our lease agreements for our service centres and clinics. Other receivables consist of miscellaneous balances due to us, such as a dividend receivable from a disposed subsidiary (declared before the relevant disposal) and various other receivables from independent third parties.

The following table sets forth a breakdown of our prepayments, deposits and other receivables as at the dates indicated:

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	<i>(HK\$ in thousands)</i>			
Prepayments	6,194	7,050	24,369	29,736
Deposits	21,180	22,301	29,918	28,343
Other receivables	4,854	11,868	3,141	2,863
	<u>32,228</u>	<u>41,219</u>	<u>57,427</u>	<u>60,942</u>
Portion classified as non-current				
Rental deposits	(16,635)	(10,887)	(13,036)	(6,984)
Prepayments and other deposits	—	—	(10,226)	(8,200)
Current portion	<u>15,593</u>	<u>30,332</u>	<u>34,165</u>	<u>45,757</u>

Our prepayments, deposits and other receivables as at 31 March 2013, 2014 and 2015 and 30 September 2015 were HK\$32.2 million, HK\$41.2 million, HK\$57.4 million and HK\$60.9 million, respectively. From 31 March 2013 to 31 March 2014, the current portion of our prepayments, deposits and other receivables increased by 94.5%, primarily attributable to an increase in other receivables, primarily due to a one-off receivable that we had as 31 March 2014 related to dividends receivable from a disposed entity (declared before the relevant disposal). From 31 March 2014 to 31 March 2015, the current portion of our prepayments, deposits and other receivables increased by 12.6%, primarily attributable to an increase in prepayments in relation to the remuneration of certain of our Registered Practitioners and deposits in relation to our lease agreements for the expansion of our flagship aesthetic medical centres. From 31 March 2015 to 30 September 2015, the current portion of our prepayments, deposits and other receivables increased by 33.9%, primarily attributable to certain prepayments made in relation to listing expenses and additional prepayments made in relation to the remuneration of certain of our Registered Practitioners.

FINANCIAL INFORMATION

Financial Assets/Liabilities at Fair Value through Profit or Loss

The following table sets forth our financial assets and liabilities at fair value through profit or loss as at the dates indicated:

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	<i>(HK\$ in thousands)</i>			
Financial assets at fair value through profit or loss				
Listed equity investments, at market value,				
Hong Kong ⁽¹⁾	6,719	7,234	—	—
Listed debt instruments, at market value,				
Hong Kong ⁽²⁾	—	2,901	27,263	—
Unlisted fund investments, at fair value,				
Hong Kong ⁽³⁾	7,614	27,245	—	—
Currency-linked note, at fair value	18,749	19,338	—	—
Derivative financial instruments ⁽⁴⁾	297	102	—	—
	<u>33,377</u>	<u>56,819</u>	<u>27,263</u>	<u>—</u>
Financial liabilities at fair value through profit or loss				
Derivative financial instruments ⁽⁴⁾	199	158	—	—

Notes:

1. Investments in shares of corporations publicly listed in Hong Kong.
2. Investments in preferred shares and bonds issued by corporations publicly listed in Hong Kong.
3. Investment in unlisted funds.
4. Investments in various forward currency contracts which are not for hedging purposes and are measured at fair value through profit or loss. Such derivative financial instruments were secured by pledged time deposits.

During the Track Record Period, our group had invested in financial instruments to manage our financial assets, with the primary goal of earning fixed income through dividends and interest. Our financial assets and liabilities at fair value through profit or loss represented the market value or the fair value, as applicable, of our investments in listed equity, listed debt, unlisted fund, currency-linked note and derivative financial instruments.

All outstanding financial assets at fair value through profit or loss were sold on 25 August 2015. As at the Latest Practicable Date, we no longer had any interests in any financial assets at fair value through profit or loss, including, but not limited to, forward currency contracts. In particular, in deciding not to invest in any derivative financial instruments, our Directors have considered, among other factors, previous experiences of other listed companies of incurring significant losses in derivative financial instruments, which materially and adversely affected the interests of such listed companies' shareholders. However, we may, in the future, manage our cash-position by making certain investments in financial assets in accordance with our investment policy (as discussed below).

FINANCIAL INFORMATION

Before our chief financial officer joined our Group, our investments in financial assets were managed by our previous financial controller and approved by Mr. Tang, a Controlling Shareholder. On 29 September 2015, we put in place an investment policy, which specifies the responsible parties and internal procedures for the review and approval of each investment activity. Our investment management policies, including the review, approval and monitoring of our Group's investment in a financial instrument, are implemented by our chief financial officer and his team. In accordance with our investment policy, we may invest in financial products that are principal protected or with a relatively low level of risk, such as government bonds, treasury bills and certificates of deposit, and in order to diversify our portfolio, we may, after elevated internal review (including joint approval by our chief executive officer and chief financial officer) invest in certain other financial products that are expected to offer stable returns, including but not limited to medium-term and short-term bond funds and money market funds and investment-grade perpetual bond funds. In addition, all investment decision requires the approval of our chief executive officer and investment involving an aggregate amount above HK\$30.0 million also requires approval by our chief financial officer. In determining whether and which product to invest in, we will consider, on a case-by-case basis, and among other factors, the level of risk, financial return on investment, liquidity and the term to maturity of the relevant investment products. Our chief financial officer, Mr. Yeung, has over 14 years of experience in finance and accounting, and he is supported by our accounting manager, who has been a certified public accountant for over 10 years.

Amount due from the Controlling Shareholder

As at 31 March 2013, 2014 and 2015 and 30 September 2015, we had amounts due from the Controlling Shareholder of HK\$137.3 million, HK\$219.7 million, HK\$161.0 million and nil, respectively. The amounts due from the Controlling Shareholder resulted from funds transferred from the Group, then as a privately-held enterprise, to Mr. Tang, a Controlling Shareholder, and entities he beneficially owns for his personal purposes, and were interest-free except for interests from certain loans borrowed by the Group on behalf of two related parties as discussed in “—Indebtedness—Interest-bearing bank borrowings” in this prospectus. Such amounts also had no fixed terms of repayment and were secured by a personal guarantee given by Mr. Tang, a Controlling Shareholder. As at the Latest Practicable Date, all outstanding amounts due from the Controlling Shareholder had been fully settled.

Amount due from a Related Party

As at 31 March 2013, we had amounts due from a related party of HK\$1.4 million, which represented an amount due from a former director of a subsidiary and a current employee, Mr. Pang Sai Yau, arising from an interest free loan to this employee at the relevant time which was non-trade in nature.

Cash and Cash Equivalents and Pledged Time Deposits

Our cash and cash equivalents as at 31 March 2013, 2014 and 2015, and 30 September 2015 were HK\$52.6 million, HK\$74.8 million, HK\$129.9 million and HK\$323.7 million, respectively. The increases in our cash and cash equivalents was primarily attributable to the net cash generated from operating activities and also proceeds from disposals of financial assets/liabilities at fair value through profit or loss. Please also see “—Liquidity and Capital Resources—Cash flows analysis” in this prospectus.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods from one day to three months depending on our Group's immediate cash requirements, and earn interest at the respective short term time deposit rates. Our bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

The effective interest rates of our cash and cash equivalents and pledged time deposits ranged from 0.05% to 0.08% during the Track Record Period.

FINANCIAL INFORMATION

Trade Payables

Our trade payables primarily consist of our balance due to suppliers of medical and beauty consumables, which are non-interest bearing and generally have a credit term of 30 to 60 days. As at 31 March 2013, 2014 and 2015, and 30 September 2015, we had trade payables of HK\$1.6 million, HK\$2.0 million, HK\$3.9 million and HK\$2.9 million, respectively. The following table sets forth the ageing analysis of our trade payables as at the dates indicated:

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	<i>(HK\$ in thousands)</i>			
Within 1 month	1,146	1,870	3,319	2,600
1 to 2 months	293	33	371	151
2 to 3 months	79	44	51	13
Over 3 months	57	68	189	152
Total	<u>1,574</u>	<u>2,015</u>	<u>3,930</u>	<u>2,917</u>

The following table sets forth our average trade payables turnover days for the financial period indicated:

	Year ended 31 March			Six months ended 30 September
	2013	2014	2015	2015
Average trade payables turnover days ⁽¹⁾	10	15	23	28

Note:

- The average trade payables turnover days for a financial period is the arithmetic mean of the beginning and ending balances of trade payables divided by cost of inventories and consumables for that financial period and multiplied by the number of days in the relevant financial period.

The overall increase in our average trade payable turnover days during the Track Record Period was primarily attributable to our decision to take advantage of the credit period offered by our suppliers to allow for financial flexibility.

As at 31 January 2016, HK\$2.9 million, or 100.0%, of our trade payables as at 30 September 2015 had been subsequently settled.

FINANCIAL INFORMATION

Other Payables and Accruals

Our other payables and accruals include other payables, accruals and provision for the reinstatement costs. Our other payables consist primarily of payables for fixed assets. Our other payables are non-interest-bearing and have an average payment term of three months. Our accruals consist primarily of provision for potential tax liabilities in connection with a tax audit, staff costs, accruals for listing expenses, rental costs and other expenses. Please see “Business—Legal Proceedings, Claims, and Compliance—Non-compliance incidents—Inland Revenue Ordinance” in this prospectus for further details regarding the said tax audit. Our provision for reinstatement costs represents our management’s best estimate of our Group’s liabilities of the cost of dismantling and removing the leasehold improvements and restoring sites on which they were located. Pursuant to the terms and conditions of the rental agreements, our Group is required to restore the beauty service centres to the conditions as stipulated in the rental agreements. Accordingly, for the year ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2014 and 2015, our Group has accrued and capitalised the estimated restoration cost of HK\$2,050,000, HK\$1,510,000, HK\$1,060,000, HK\$220,000 (unaudited) and nil, respectively, when such obligations arose.

The following table sets forth a breakdown of our other payables and accruals as at the dates indicated:

	As at 31 March			As at
	2013	2014	2015	30 September 2015
	<i>(HK\$ in thousands)</i>			
Other payables	8,925	5,149	8,187	7,338
Accruals	39,353	50,359	58,238	71,617
Provision for reinstatement costs	3,720	3,960	4,740	4,260
	<u>51,998</u>	<u>59,468</u>	<u>71,165</u>	<u>83,214</u>
Portion classified as non-current provision for reinstatement costs	(2,810)	(2,510)	(3,250)	(2,060)
Other payables and accruals	<u>(3,000)</u>	<u>(2,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>
Current portion	<u>46,188</u>	<u>54,958</u>	<u>66,915</u>	<u>80,155</u>

Our total accruals increased from HK\$39.4 million as at 31 March 2013 to HK\$50.4 million as at 31 March 2014, primarily due to a provision for our potential tax liabilities in connection with a tax audit and an increase in accruals for rental costs. Our total accruals increased from HK\$50.4 million as at 31 March 2014 to HK\$58.2 million as at 31 March 2015, primarily attributable to an increase in accruals for other expenses. Our total accruals further increased to HK\$71.6 million as at 30 September 2015, primarily attributable to an increase in accruals for listing expenses.

Each of our Controlling Shareholders will enter into a deed of indemnity in favour of the Group by Listing in respect of, among others, any tax liabilities falling on our Group arising out of the tax audit conducted by the IRD to the extent such tax liabilities exceed the proposed settlement amount of approximately HK\$12 million. Please see “Statutory and General Information—E. Other Information—2. Deed of indemnity” in Appendix IV to this prospectus for further details.

FINANCIAL INFORMATION

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our capital expenditures during the Track Record Period were primarily related to purchases of operation equipment, which primarily included medical, dental and beauty devices, and expenditure in leasehold improvements. We have financed our capital expenditure through cash flows generated from operating activities.

Operating Lease Commitments

Our operating lease commitments consist of minimum payments in respect of the leases of our service centres and clinics. The following table sets forth a breakdown of our total minimum lease payments under our non-cancellable operating leases as at the dates indicated:

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	<i>(HK\$ in thousands)</i>			
Within one year	27,268	47,216	49,868	41,357
In the second to fifth years, inclusive	23,646	39,918	46,361	35,998
Beyond five years	—	2,071	—	—
Total	<u>50,914</u>	<u>89,206</u>	<u>96,229</u>	<u>77,355</u>

Capital Commitments

The following table sets forth a breakdown of our capital commitment as at the dates indicated:

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	<i>(HK\$ in thousands)</i>			
Contracted, but not provided for	<u>658</u>	<u>—</u>	<u>435</u>	<u>—</u>

The capital commitments as at 31 March 2013 and 31 March 2015 represented the commitments for the purchase of property, plant and equipment.

FINANCIAL INFORMATION

INDEBTEDNESS

Interest-bearing Bank Borrowings

Our borrowings during the Track Record Period primarily consisted of interest-bearing borrowings from commercial banks. The following table sets forth our interest-bearing bank borrowings as at the dates indicated:

	As at 31 March						As at 30 September			As at 31 January					
	2013		2014			2015			2015			2016 (unaudited)			
	Effective interest rate (%)	Maturity	HK\$	Effective interest rate (%)	Maturity	HK\$	Effective interest rate (%)	Maturity	HK\$	Effective interest rate (%)	Maturity	HK\$	Effective interest rate (%)	Maturity	HK\$
Bank loan - secured	—	—	—	2.47	2015	3,000,000	—	—	—	—	—	—	—	—	—
Portion of bank loans due for repayment within one year	0.91	2014	625,976	0.92-2.48	2015	1,649,702	—	—	—	—	—	—	—	—	—
Portion of bank loans due for repayment after one year which contain a repayment on demand clause	0.91	2014-2036	15,089,000	0.92-2.48	2015-2036	19,990,599	—	—	—	—	—	—	—	—	—
			<u>15,714,976</u>			<u>24,640,301</u>									

As at 31 March 2013 and 2014, other than HK\$3.0 million outstanding as at 31 March 2014 in relation to a revolving loan, we had HK\$15.7 million and HK\$21.6 million of interest-bearing bank borrowings. Such loans were borrowed by our Group which were in turn lent to two related entities owned by Mr. Tang, a Controlling Shareholder, for the same interest rates. Interest payments for such loans were recorded as our interest expenses under finance costs in our income statement, while the relevant related entity paid us equivalent amounts to such interest expenses, which were recorded as interest income under other net income and gains in our income statement. Please see also “—Selected Items of Consolidated Statements of Financial Position — Amount due from the Controlling Shareholder” in this prospectus. Mr. Tang adopted this arrangement for his personal administrative convenience. The arrangement was terminated in February 2015 and as at the Latest Practicable Date, our Group’s indebtedness related to such loans was settled.

As at 31 March 2014, we had a revolving credit facility with an outstanding principal amount of HK\$3.0 million and an effective interest rate of 2.47%. Such revolving credit facility was terminated in February 2015. As at 31 March 2015, 30 September 2015 and 31 January 2016, we had no outstanding interest-bearing bank borrowings.

Save for contingent liabilities in relation to bank guarantees given to credit card companies for use of certain credit card equipment, we did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances or acceptance credits or any guarantee or other material contingent liability outstanding as at 31 January 2016. Our Directors confirm that there is no material change in our indebtedness position since 31 January 2016 up to the date of this prospectus. We may seek to finance our operations and expansion partially with bank borrowings and fundraising in the debt capital markets, as we deem appropriate.

FINANCIAL INFORMATION

Our Directors confirm that we did not have any material default in payment of trade and non-trade payables and bank borrowings and had not breached any finance covenants during the Track Record Period.

Contingent Liabilities and Guarantees

As at 31 March 2013, 2014 and 2015 and 30 September 2015, we had contingent liabilities not provided for in our financial statements of HK\$4.5 million, HK\$2.0 million, HK\$2.0 million and HK\$2.0 million, respectively, in relation to bank guarantees given to credit card companies for the use of certain credit card equipment.

As at the Latest Practicable Date, save as disclosed herein, we did not have any unrecorded significant contingent liabilities, guarantees or any litigation against us.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our Group entered into certain commercial transactions with our related parties. Except as disclosed in “Continuing Connected Transactions” in this prospectus, all such related party transactions had been discontinued as at the Latest Practicable Date.

The following table sets forth our transaction and related arrangements with related parties for the periods indicated:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	<i>(HK\$ in thousands)</i>				
	(unaudited)				
Companies beneficially owned by a Controlling Shareholder					
Sales of skincare and beauty products	57	64	15	—	147
Purchase of skincare and beauty products and medical consumables	1,243	856	444	171	—
Commission income	1,832	410	378	189	—
Commission expense	49	561	601	325	62
Interest income	158	324	420	210	—
Management fee income	120	120	120	70	—
Registered Practitioners expense	2,573	3,113	1,803	958	220
Rental expenses	—	84	144	72	72
Companies beneficially owned by the spouse of a Controlling Shareholder					
Sales of skincare and beauty products	57	78	1,404	269	485
Purchase of skincare and beauty products and medical consumables	4,434	6,939	8,263	2,983	6,172
Purchase items of property, plant and equipment	260	1,425	3,063	219	713
Rental expenses	36	288	288	144	144
Insurance brokerage service fee	—	—	532	—	108
Equipment maintenance service fee	—	96	641	409	431
Travelling expenses	—	—	—	—	154
Companies beneficially owned by a family member of a Controlling Shareholder					
Sales of skincare and beauty products	82	982	2	—	—

FINANCIAL INFORMATION

Set out below are additional details regarding such related party transactions during the Track Record Period.

Sale of Skincare and Beauty Products

During the Track Record Period, we entered into certain transactions, each on an one-off basis, to sell a small portion of our inventory of skincare and beauty consumables to entities beneficially owned by (i) Mr. Tang, a Controlling Shareholder, (ii) the spouse of Mr. Tang and (iii) a family member of Mr. Tang, respectively, as we had certain extra inventory supply that were requested by these entities.

Certain Related Party Transactions with Companies Beneficially Owned by a Controlling Shareholder

The purchase of skincare and beauty products and medical consumables of HK\$1.2 million, HK\$0.9 million and HK\$0.4 million for the years ended 31 March 2013, 2014 and 2015, respectively, primarily arose from purchases from Healthy Concept (HK) Limited because Healthy Concept (HK) Limited is one of the few Hong Kong suppliers of the relevant beauty products that have been utilised in our aesthetic medical procedures for a number of years. Commission income of HK\$1.8 million, HK\$0.4 million and HK\$0.4 million for the years ended 31 March 2013, 2014 and 2015, respectively, arose from the referral income from Healthy International Enterprise Limited for us referring clients to it for chiropractic services. Such referral arrangement was terminated on 31 March 2015. For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, we incurred commission expense of HK\$48,916, HK\$0.6 million, HK\$0.6 million and HK\$61,597, respectively, primarily representing payments to Tokyo Asia Pacific Investment Limited, an entity beneficially owned by Mr. Tang, a Controlling Shareholder, for certain call-centre and related services.

For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, the related party expense with respect to Registered Practitioners expense of HK\$2.6 million, HK\$3.1 million, HK\$1.8 million and HK\$0.2 million, respectively, arose because a Hong Kong Doctor who worked full-time for our Group, for commercial reasons at the time of signing the relevant contracts, signed them with a related entity owned by Mr. Tang, a Controlling Shareholder, rather than an entity in our Group. The relevant contracts were novated to our Group in the year ended 31 March 2015, and the expenses were booked as our Group's Registered Practitioners' expenses since such novation.

Certain Related Party Transactions with Companies Beneficially Owned by the Spouse of a Controlling Shareholder

For the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, we had entered into transactions with Good Union Corporation Limited, a company beneficially owned by the spouse of Mr. Tang, a Controlling Shareholder, (i) for the purchase of skincare and beauty products and medical consumables in the amounts of HK\$4.4 million, HK\$6.9 million, HK\$8.3 million and HK\$6.2 million, respectively and (ii) for the purchase of medical equipment in the amounts of HK\$0.3 million, HK\$1.4 million, HK\$3.1 million, and HK\$0.7 million, respectively. Please see "Continuing Connected Transactions—Continuing Connected Transactions—II. Non-exempt continuing connected transactions—Supply of medical devices, consumables and equipment framework agreement" in this prospectus for further discussion with respect to our transactions with Good Union Corporation Limited.

Please see also "Continuing Connected Transactions—Continuing Connected Transactions" for a description of certain related party transactions that will continue after the Listing.

Timing of settlement of balances due to related parties

During the Track Record Period, as a matter of our accounting and finance procedures, we settled all outstanding balances due to related parties prior to the end of each financial year or period. As such, while there were related parties transactions throughout the Track Record Period, we had no balances due to related parties as at the end of each financial year or period.

FINANCIAL INFORMATION

Assumption of certain amounts due to our Group by a Controlling Shareholder

During the year ended 31 March 2013, Mr. Tang, a Controlling Shareholder of the Company, agreed to assume the amounts due from related parties to our Group of HK\$136.6 million by settling current accounts maintained between our Group and Mr. Tang. Prior to such settlement, the amounts due from the related parties to our Group were primarily attributable to the funds transferred to such related parties from our Group, then as a private-held enterprise, for Mr. Tang's personal purposes. Mr. Tang assumed such amounts due in the year ended 31 March 2013 with an intent to settle balances between our Group and other companies that he has interests in.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as at the dates and for the periods indicated:

	As at and for the year ended 31 March			As at and for the six months ended 30 September
	2013	2014	2015	2015
Current ratio ⁽¹⁾	0.67x	0.86x	0.85x	0.90x
Quick ratio ⁽²⁾	0.66x	0.84x	0.82x	0.85x
Net profit margin ⁽³⁾	N/A ⁽⁵⁾	16.6%	28.1%	24.9%
Return on average total assets ⁽⁴⁾	N/A ⁽⁵⁾	19.8%	36.7%	34.5%

Notes:

1. Current ratio equals current assets divided by current liabilities as at the end of the financial period.
2. Quick ratio equals current assets less inventories divided by current liabilities as at end of the financial period.
3. Net profit margin equals profit for the year/period attributable to the owners of the Company divided by revenue for the same period.
4. Return on average total assets equals profit for the year/annualised profit for the period attributable to the owners of the Company divided by the arithmetic mean of the beginning and ending balances of total assets for the financial period/year.
5. Considered not meaningful as we recognised a loss for the year during the said financial year.

Current Ratio and Quick Ratio

Our current ratio increased from 0.67x as at 31 March 2013 to 0.86x as at 31 March 2014, and our quick ratio increased from 0.66x as at 31 March 2013 to 0.84x as at 31 March 2014, primarily attributable to an increase in our current assets mainly due to increases in our cash and cash equivalents, financial assets at fair value through profit or loss and amount due from Mr. Tang, a Controlling Shareholder, while our current liabilities increased at a slower rate than that of our current assets. Our current ratio decreased slightly from 0.86x as at 31 March 2014 to 0.85x as at 31 March 2015, and our quick ratio decreased slightly from 0.84x as at 31 March 2014 to 0.82x as at 31 March 2015. Our current ratio increased to 0.90x as at 30 September 2015, and our quick ratio increased to 0.85x as at 30 September 2015, primarily attributable to a decrease in deferred revenue from HK\$347.5 million as at 31 March 2015 to HK\$331.5 million as at 30 September 2015.

FINANCIAL INFORMATION

Net Profit Margin

Our net profit margin was 16.6% for the year ended 31 March 2014 and improved to 28.1% for the year ended 31 March 2015, primarily attributable to our increase in revenue from services provided, an increase in revenue from unutilised prepaid packages and our economies of scale. Our net profit margin decreased to 24.9% for the six months ended 30 September 2015, primarily attributable to listing expenses accrued as expenses in the six months ended 30 September 2015.

Return on Average Total Assets

We had a loss for the year ended 31 March 2013. For the year ended 31 March 2014, we had realised a return on average total assets of 19.8% as we experienced a profit for the year, and for the year ended 31 March 2015, our return on average total assets further improved to 36.7%, primarily attributable to our increase in profit for the year. For the six months ended 30 September 2015 our return on average total assets decreased slightly to 34.5%, primarily attributable to the impact of our listing expenses accrued as expenses in the period on our annualised profit.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

Credit Risk

Our Group was involved in the provision of medical, quasi-medical and traditional beauty services and the sale of skincare and beauty products, and receivable balances are mainly from financial institutions in respect of credit card receivables. Receivable balances are monitored on an on-going basis by our senior management, and our Group's exposure to bad debts is not significant. In addition, our bank balances are deposited with creditworthy banks with no recent history of default.

The credit risk of our Group's other financial assets arises from the default of the counterparties, with a maximum exposure equal to the carrying amounts of these financial assets.

Further quantitative data in respect of our Group's exposure to credit risk arising from trade receivables are disclosed in note 17 to the Accountants' Report set forth in Appendix I to this prospectus.

Liquidity Risk

Our Group monitors and maintains a sufficient level of cash and cash equivalents deemed adequate by our management to finance our Group's operations and mitigate the effects of fluctuation in our cash flows. Our management reviews and monitors the working capital requirements regularly.

Equity and Debt Price and Investment Fund Risk

Equity and debt price risk is the risk that the fair values of equity and debt securities decrease as a result of changes in the levels of equity indices and the value of underlying individual securities. Our Group is exposed to equity and debt price risk arising from individual equity and debt investments classified as trading investments as the end of each year/period of the Track Record Period. Our Group's listed investments are listed on the Stock Exchange of Hong Kong Limited. Such listed equity investments are valued at quoted market prices at the end of each year/period of the Track Record Period.

Investment fund risk is the risk that the fair value or future cash flows of investment funds will fluctuate due to changes in the prices of underlying securities. The maximum risk resulting from investment funds equals their fair value, respectively.

FINANCIAL INFORMATION

As at the Latest Practicable Date, we did not hold any financial assets/liabilities through profit or loss.

Capital Management

Our Group's main objectives with respect to capital management include maintaining a solid and stable financing structure to support its on-going business growth so that it can continue to maximise shareholders' return, and providing an adequate return to the shareholders by pricing products and services to commensurate with the level of risk.

Our Group regularly reviews and manages our capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust our capital structure, our Group may adjust the dividend payment to the shareholders, return capital to the shareholders, or issue new shares. Our Group is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes for managing capital during the Track Record Period.

On 29 September 2015, we put in place an investment policy. Please see “—Selected Items of Consolidated Statements of Financial Position—Financial assets/liabilities at fair value through profit or loss” in this prospectus.

Foreign Exchange Rate Risk

Foreign exchange rate risk refers to the risk that movement in foreign currency exchange rates will affect our results of operations and cash flows. Our functional currency is Hong Kong dollars, and as we expand our operations in the PRC, increasing amount of our assets and transactions would be denominated in the Renminbi, which would expose us to increased foreign currency exchange rate risk of Renminbi against Hong Kong dollars.

DIVIDEND

Subject to the Cayman Companies Law and our Articles of Association, we may declare dividends in any currency through a general meeting, but no dividend may be declared in excess of the amount recommended by our Board. Our Articles of Association provide that dividends may be declared and paid out of our profit, realised or unrealised, or from any reserve set aside from profits which our Directors determine are no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of a share premium account or any other fund or account, which can be authorised for this purpose in accordance with the Cayman Companies Law.

In the absence of circumstances which might affect the amount of available distributable reserves, whether by losses or otherwise, our Directors currently intend to, upon Listing, distribute approximately 20%-40% of our profit attributable to owners of the Company as dividends annually. However, the declaration of dividends remains subject to the absolute discretion of our Board, and the amounts of dividends actually declared and paid (if any) will depend on:

- our general business conditions;
- our earnings and financial results;
- our capital requirements and surplus;
- our cash generation;
- our operating requirements;
- interests of our shareholders;

FINANCIAL INFORMATION

- contractual restrictions; and
- any other factors which our Board may deem relevant.

We are a holding company incorporated in the Cayman Islands. The payment and amount of our dividends will depend upon the availability of dividends received from our subsidiaries. Distributions from us and our subsidiaries may also be subject to any restrictive covenants in bank credit facilities or loan agreements or other agreements that we or they may enter into in the future. PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles. PRC laws also require PRC enterprises to set aside part of their net profit as statutory reserves before they distribute the net proceeds. These statutory reserves are not available for distribution as cash dividends.

Our Board has absolute discretion in whether to recommend any dividend for any year, and if it decides to recommend a dividend, how much dividend to declare. Our Group declared and paid dividends of HK\$154.9 million and HK\$64.4 million in the year ended 31 March 2015 and the six months ended 30 September 2015, respectively for the purposes of settling amount due from a Controlling Shareholder. On 26 February 2016, our Company declared an interim dividend of HK\$60.0 million which will be paid to one of our Controlling Shareholders, Union Medical Care, and settled by internal resources before Listing. Our dividend distribution record in the past may 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. No distributable reserves of our Company were available for distribution to the owners during the Track Record Period.

We will continue to re-evaluate our approach in respect of the payment of dividends in light of our financial condition and the prevailing economic climate. However, the determination to pay dividends will be made at the discretion of our Board and will be based upon our earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that our Directors deem relevant. We cannot assure you that dividends of any amount will be declared or distributed in any year.

DISTRIBUTABLE RESERVES

As at 30 September 2015, our Company had no distributable reserves available for distribution to our Shareholders.

LISTING-RELATED EXPENSE INCURRED AND TO BE INCURRED

Our listing expenses mainly include underwriting commissions and professional fees paid to legal advisers and the Reporting Accountants for their services rendered in relation to the Listing and the Global Offering. The total listing expenses (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised, including underwriting commissions and excluding any discretionary incentive fee which may be payable by us) for the Global Offering are estimated to be approximately HK\$77.0 million. During the Track Record Period, we incurred listing expenses of approximately HK\$23.4 million, of which approximately HK\$18.5 million was recognised as other expenses for the year ended 31 March 2015 and the six months ended 30 September 2015, and approximately HK\$4.9 million were capitalised as deferred expenses for the year ended 31 March 2015 and the six months ended 30 September 2015, that is expected to be charged against equity upon successful listing under the relevant accounting standards. We expect to incur additional listing expenses of approximately HK\$53.6 million, of which approximately HK\$20.3 million is expected to be recognised as other expenses for the remaining six months of the year ending 31 March 2016 and approximately HK\$33.4 million be capitalised as deferred expenses that is expected to be charged against equity upon successful listing under the relevant accounting standards.

FINANCIAL INFORMATION

CHANGE IN REPORTING ACCOUNTANTS

The Company engaged Ernst and Young (“EY”) as its reporting accountants for listing purposes in January 2015. The Company and EY mutually agreed to the disengagement of EY as the Company’s reporting accountants, which was formally documented in October 2015. The Company engaged KPMG as its reporting accountants for listing purposes, who obtained a clearance letter from EY with reference to Section 440 of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants.

SUBSEQUENT EVENTS

On 19 February 2016, our Company underwent a share sub-division whereby each of the issued or unissued ordinary shares of par value of HK\$0.01 each was sub-divided into 1,000 Shares of par value of HK\$0.00001 each (the “**Subdivision**”). Upon completion of the Subdivision, the authorised share capital was HK\$380,000, divided into 38,000,000,000 shares of par value of HK\$0.00001 each, and 100,000 shares were issued and allotted. On the same date, a total of 1,099,900,000 Shares were further allotted and issued, at par.

On 26 February 2016, our Company repurchased 365,000,000 shares at par. After the repurchase of Shares, our Company’s issued shares consisted of 735,000,000 shares of par value of HK\$0.00001 each.

On 26 February 2016, our Company declared an interim dividend of HK\$60.0 million.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, save as disclosed in this prospectus, there has been no material adverse change in our financial or trading position or prospects since 30 September 2015, being the date on which our latest audited consolidated financial statements were prepared, and there is no event since 30 September 2015 which would materially affect the information as set out in the Accountants’ Report in Appendix I to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as at the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the Global Offering on the net tangible assets of our Group attributable to owners of the Company as at 30 September 2015 as if the Global Offering had taken place on that date. The unaudited pro forma statement of adjusted net tangible assets of our Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of our net tangible assets attributable to owners of the Company had the Global Offering been completed as at 30 September 2015 or at any future date. The consolidated pro forma statement of net tangible assets attributable to owners of the Company is based on the combined net tangible assets attributable to owners of the Company derived from the audited financial information of our Group as at 30 September 2015 as set out in the Accountants' Report in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountants' Report.

	Consolidated net tangible assets attributable to owners of the Company as at 30 September 2015	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share
	HK\$ (Note 1)	HK\$ (Note 2)	HK\$	HK\$ (Notes 3 and 4)
Based on an Offer Price of HK\$2.88 per share	18,042,584	651,998,310	670,040,893	0.68
Based on an Offer Price of HK\$3.88 per share	<u>18,042,584</u>	<u>895,586,445</u>	<u>913,629,029</u>	<u>0.93</u>

Notes:

- The consolidated net tangible assets attributable to the owners of the Company as at 30 September 2015 is arrived at after deducting goodwill and intangible assets of HK\$3,421,318 and HK\$1,287,125, respectively, from the audited equity attributable to the owners of the Company of HK\$22,751,027 as at 30 September 2015, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.
- The estimated net proceeds from the Global Offering are based on the estimated offer prices of HK\$2.88 per Share (being the minimum Offer Price) or HK\$3.88 per Share (being the Maximum Offer Price), after deduction of the estimated underwriting fees and other listing expenses (excluding listing expenses of approximately HK\$23.4 million that we incurred during the track record period), and 245,000,000 Shares expected to be issued under the Global Offering, assuming the Over-allotment Option is not exercised and excluding any Shares which may be issued upon the exercise of share options granted under the Share Option Scheme.
- The unaudited pro forma adjusted net tangible assets attributable to owners of the Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 980,000,000 Shares are in issue, assuming that the subdivision of Shares had been completed as of 30 September 2015 and the Over-allotment Option is not exercised, and excluding any Shares which may be issued upon the exercise of share options granted under the Share Option Scheme.
- No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2015, including the interim dividend of HK\$60,000,000 declared on 26 February 2016.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see “Business—Our Strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$751.1 million, after deducting underwriting fees and commissions and estimated total expenses paid and payable by us in connection thereto, assuming an Offer Price of HK\$3.38 per Share, being the midpoint of the proposed Offer Price range of HK\$2.88 to HK\$3.88 per Share. We intend to use such net proceeds as follows:

- Approximately HK\$300.4 million or approximately 40% of our total estimated net proceeds for establishing new, as well as expanding the scale of our existing, aesthetic medical service centres and clinics in Hong Kong and the rest of Greater China through organic growth, such as hiring of additional Registered Practitioners, purchase of equipment, entering into new leases and making relevant leasehold improvements.
- Approximately HK\$187.8 million or approximately 25% of our total estimated net proceeds for acquiring aesthetic medical centres and aesthetic medical clinics and entering into joint ventures when we identify suitable opportunities; as at the Latest Practicable Date, we had no finalised or definitive understandings, commitments or agreements and have not been engaged in any related negotiations.
- Approximately HK\$75.1 million or approximately 10% of our total estimated net proceeds for expanding our dental service business; we intend to expand the scale of both our aesthetic and regular dental services by increasing both the number of Dentists that we employ and the dental service facilities that we have; we also intend to acquire other dental clinics when we identify suitable opportunities; as at the Latest Practicable Date, we had no finalised or definitive understanding, commitment or agreement and have not been engaged in any related negotiation.
- Approximately HK\$75.1 million or approximately 10% of our total estimated net proceeds for establishing our dermatology-related business line; we intend to achieve this goal by hiring Dermatologists in Hong Kong or acquiring other dermatology medical groups as we identify suitable opportunities; as at the Latest Practicable Date, we had no finalised or definitive understanding, commitment or agreement and have not been engaged in any related negotiation.
- Approximately HK\$37.6 million or approximately 5% of our total estimated net proceeds for upgrading and improving our information technology systems.
- The remaining amount of approximately HK\$75.1 million or approximately 10% of our total estimated net proceeds for supplementing our working capital and for other general corporate purposes.

The time required for a new service centre to recover our investments depends on various factors including but not limited to the market environment, the types of services and products being offered, as well as the location and size of the service centre. Based on our experience and historical results of operations of certain service centres with varying scale of operations, the average cost incurred for setting up a new service centre, which included primarily expenses on furniture and fixture, operation equipment, office equipment and leasehold improvement, ranged from approximately HK\$1 to 8 million in Hong Kong, was approximately HK\$3.2 million in the PRC and was approximately HK\$2.4 million in Macau. Our centres in Hong Kong, the PRC and Macau had an average investment payback period of approximately 4 months, 8 months and 5 months, respectively, which represented the time required for the accumulated cash inflow to cover the accumulated expenses and initial set-up costs. The above historical information may not be

FUTURE PLANS AND USE OF PROCEEDS

indicative of future performance. We cannot assure you that we can achieve the same in the future. Please also see “Risk Factors—Our historical financial and operating results may not be indicative of future performance, and we may not be able to achieve and sustain the historical level of revenue and profitability” in this prospectus for further details.

If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering will increase to approximately HK\$873.0 million, assuming an Offer Price of HK\$3.38 per Share, being the mid-point of the proposed Offer Price range.

The allocation of the proceeds above will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range. If the Offer Price is fixed at HK\$2.88 per Share, being the low end of the stated Offer Price range, our net proceeds will be (i) decreased by approximately HK\$122.5 million, assuming the Over-allotment Option is not exercised; and (ii) decreased by approximately HK\$139.3 million, assuming the Over-allotment Option is exercised in full. If the Offer Price is fixed at HK\$3.88 per Share, being the high end of the stated Offer Share range, our net proceeds will be (i) increased by approximately HK\$121.1 million, assuming the Over-allotment Option is not exercised; and (ii) increased by approximately HK\$136.5 million, assuming the Over-allotment Option is exercised in full. In such event, we will increase or decrease the intended use of the net proceeds for the above purposes on a pro rata basis.

If any part of our expansion plan does not proceed as planned for reasons such as changes in relevant laws and regulations that would render the strategies that we are contemplating not viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate the new proceeds of the Global Offering.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit such net proceeds into interest bearing bank accounts with licensed banks and/or financial institutions.

CORNERSTONE INVESTOR

THE CORNERSTONE INVESTMENT

We have entered into a cornerstone investment agreement (the “**Cornerstone Investment Agreement**”) with the following cornerstone investor (the “**Cornerstone Investor**”), who has agreed to (subject to certain conditions) subscribe at the Offer Price for such number of Shares that may be purchased with an aggregate amount of US\$10.0 million. Assuming an Offer Price of HK\$2.88, HK\$3.38 and HK\$3.88 per Offer Share, being the low-end, mid-point and high-end of the indicative Offer Price range stated in this prospectus, and assuming the conversion rate of USD:HKD 1:7.8 for illustrative purposes only, the total number of Shares to be subscribed for by Haohai Healthcare would be 27,083,000, 23,076,000 and 20,103,000 Shares, representing approximately 2.8%, 2.4% and 2.1% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued pursuant to the exercise of Share options granted under the Share Option Scheme), respectively, and approximately 11.1%, 9.4% and 8.2% of the total number of Offer Shares under the Global Offering (assuming the Over-Allotment Option is not exercised), respectively.

The Cornerstone Investor and its ultimate beneficial owner(s) are Independent Third Parties. The Cornerstone Investor will not subscribe for any Offer Share under the Global Offering other than and pursuant to the Cornerstone Investment Agreement. Immediately following completion of the Global Offering, the Cornerstone Investor will not have any board representation in our Company nor will the Cornerstone Investor become substantial shareholders of our Company. The shareholding of the Cornerstone Investor will be counted towards the public float of our Shares.

The cornerstone investment forms part of the International Offering. The Shares to be subscribed for by the Cornerstone Investors will be subject to adjustment by any reallocation of Shares between the International Offering and Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the sub-section headed “Structure of the Global Offering — The Hong Kong Public Offering” in this prospectus. If the aggregate Shares initially available in the International Offering are not sufficient to cover the shortfall of Shares to be made available in the Hong Kong Public Offering as required by the Listing Rules, the number of Shares to be allocated to the Cornerstone Investor will be deducted on a pro rata basis so as to cover any such shortfall after all of the Shares initially available in the International Offering not allocated to the Cornerstone Investor have been reallocated to the Hong Kong Public Offering. Details of allocation to the Cornerstone Investor will be disclosed in the announcement of allotment results to be published on or about 10 March 2016.

OUR CORNERSTONE INVESTOR

Haohai Healthcare Holdings Co., Limited

Haohai Healthcare Holdings Co., Limited (“**Haohai Healthcare**”) is a wholly-owned subsidiary of Shanghai Haohai Biological Technology Co., Ltd. (上海昊海生物科技股份有限公司) (“**Shanghai Haohai**”). Shanghai Haohai is a joint stock limited company established in the PRC and is listed on the Stock Exchange (Stock Code: 6826) since 2015. Shanghai Haohai and its subsidiaries are principally engaged in the research and development, manufacturing and sales of absorbable biomedical materials, strategically focusing on the fast-growing therapeutic areas in the absorbable biomedical materials market in the PRC, including orthopedics, medical aesthetics and wound care, ophthalmology, and anti-adhesion and hemostasis.

CORNERSTONE INVESTOR

CONDITIONS PRECEDENT

The subscription obligation of the Cornerstone Investor is subject to, among other things, the following conditions precedent being satisfied or waived in accordance with the terms of the Cornerstone Investment Agreement:

- (a) the Hong Kong Underwriting Agreement and the International Purchase Agreement, respectively, having been entered into and having become effective and unconditional and not having been terminated (in accordance with their respective original terms or as subsequently waived or varied by agreement of the relevant parties) by no later than the respective times and dates specified therein;
- (b) the Offer Price having been agreed upon between our Company and the Sole Global Coordinator (on behalf of the Hong Kong Underwriters);
- (c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering, as well as other applicable waivers and approvals and that such permission, waiver or approval not having been revoked;
- (d) no laws having been enacted or promulgated by any governmental authority of any relevant jurisdiction which prohibits the consummation of the subscription in the Shares and no order or injunction of a court of competent and relevant jurisdiction in effect precluding or prohibiting consummation of the subscription; and
- (e) the representations, warranties and undertakings given by the Cornerstone Investors as set out in the Cornerstone Investment Agreement, and the representations, warranties and undertakings given by our Company as set out in the Cornerstone Investment Agreement are true and correct.

RESTRICTIONS ON THE CORNERSTONE INVESTOR'S INVESTMENT

The Cornerstone Investor has agreed that, without the prior written consent of our Company and the Sole Global Coordinator, it shall not and shall procure that its wholly-owned subsidiary (if applicable) will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of any of the Shares subscribed by it pursuant to the Cornerstone Investment Agreement, including any securities convertible into or exchangeable or exercisable for or that represent the right to receive any of the forgoing securities, nor shall it enter into any transaction directly or indirectly with the same economic effect, agree or contract to or publicly announce any intention to enter into any aforesaid transactions, other than in certain limited circumstances such as transfers to any wholly-owned subsidiary of such Cornerstone Investor (provided that, among other things, such wholly-owned subsidiary undertakes in writing to be, and the Cornerstone Investor undertakes in writing prior to such transfer to provide such wholly-owned subsidiary to be, bound by the Cornerstone Investor's obligations under the Cornerstone Investment Agreement).

UNDERWRITING

HONG KONG UNDERWRITERS

Credit Suisse (Hong Kong) Limited
Haitong International Securities Company Limited
CIMB Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Purchasers. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 24,500,000 Hong Kong Offer Shares and the International Offering of initially 220,500,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering”, as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on 29 February 2016. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on the International Purchase Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

UNDERWRITING

Grounds for Termination

The Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) shall be entitled, by written notice to us, to terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

- (a) there develops, occurs, exists or comes into effect:
 - (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, Singapore, the Macau Special Administrative Region or any other jurisdiction relevant to our Group (collectively, the “**Relevant Jurisdiction**”); or
 - (ii) any change or development involving a prospective change, or any event or series of events resulting or likely to result in or representing any change or development, or any prospective change or development, in local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions or exchange control or any monetary or trading settlement system (including, without limitation, a change in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) or a change in the system under which the value of the Hong Kong Dollar is linked to the United States Dollar or a change in any other currency exchange rates, in or affecting any of the Relevant Jurisdictions; or
 - (iii) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, Singapore, the PRC, the European Union (or any member thereof), Japan or any other jurisdiction relevant to any member of our Group, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of the Relevant Jurisdictions; or
 - (iv) the imposition of any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or
 - (v) a change or development or event involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar against any foreign currencies) in any of the Relevant Jurisdictions adversely affecting an investment in the Shares; or
 - (vi) the outbreak or escalation of hostilities (whether or not war is or has been declared) involving or affecting any of the Relevant Jurisdictions or the declaration by any of the Relevant Jurisdictions of a national emergency or war or any other national or international calamity or crisis; or

UNDERWRITING

- (vii) any event, or series of events, in the nature of force majeure in or affecting directly or indirectly any of the Relevant Jurisdictions (including, without limitation, any act of God, act of government, declaration of a national or international emergency or war, calamity, crisis, riot, public disorder, civil commotion, fire, flood, explosion, epidemic (including SARS, swine or avian flu, H5N1, H1N1, H7N9 or such related/mutated forms), pandemic, outbreak of infectious disease, economic sanctions, earthquake, terrorism, strike, labour dispute or lock-out); or
- (viii) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or the commencement by any government, political, regulatory body of any action against any Director in his capacity as such or an announcement by any governmental, political regulatory body that it intends to take any such action; or
- (ix) the Chairman or Chief Executive Officer of our Company vacating his office; or
- (x) any governmental authority or a political or regulatory body or organisation in any Relevant Jurisdiction commencing any investigation or take other action, or announcing an intention to investigate or take other action, against any member of our Group or any Director; or
- (xi) any imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions on the PRC or any other jurisdiction relevant to any member of our Group; or
- (xii) any contravention by any member of our Group of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or other applicable laws; or
- (xiii) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling the Offer Shares (including the Shares allotted or sold under the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (xiv) non-compliance of the Hong Kong Public Offering Documents (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (xv) except with the prior written consent of the Sole Global Coordinator, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus, Preliminary Offering Circular or Final Offering Circular or other documents in connection with the offer and sale of the Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC in circumstances where the matter to be disclosed is, in the reasonable opinion of the Sole Global Coordinator, adversely affect the marketing for or implementation of the Global Offering; or

UNDERWRITING

- (xvi) an order or 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
- (xvii) a valid demand by any creditor for repayment or payment of any of the indebtedness of any member of our Group or in respect of which that member of our Group is liable prior to its stated maturity,

which in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), (1) is or will or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or (2) has or will have or is likely to have a material adverse effect on the success or marketability of the Hong Kong Public Offering or the International Offering or the level of applications under the Hong Kong Public Offering; or (3) makes or will make or is likely to make it inadvisable or inexpedient or impracticable or incapable for any part of the Hong Kong Underwriting Agreement, or for any part of the Hong Kong Public Offering or the Global Offering or the delivery of the Offered Shares to be performed or implemented or proceed as envisaged or to market the Global Offering in the manner contemplated by this prospectus; or (4) has or will or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting the Hong Kong Public Offering and/or the Global Offering) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (b) there comes to the notice of the Sole Global Coordinator:
 - (i) any statement contained in any of this prospectus, the Application Forms and the Formal Notice and/or in any notices, announcements, PHIP, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or inaccurate in any material respect or misleading in any respect, or that any forecast, estimate, expression of opinion, intention or expectation expressed or contained in any of this prospectus, the Application Forms and the Formal Notice and/or any notices, announcements, PHIP, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions with reference to the facts and circumstances then subsisting; or
 - (ii) any matter or event arising or has been discovered rendering or there coming to the notice of the Sole Global Coordinator any matter or event showing any of the representations, warranties and undertakings given by our Company or the warrantors in the Hong Kong Underwriting Agreement or the International Purchase Agreement, as applicable, is (or would when repeated be) untrue, incorrect or incomplete in any material respect, or misleading or having been breached; or

UNDERWRITING

- (iii) any matter or event, act or omission which gives or is likely to give rise to any material liability of our Company or the warrantors pursuant to the indemnities given by our Company, the warrantors or any of them under the Hong Kong Underwriting Agreement; or
- (iv) any breach on the part of our Company and/or the warrantors of any provisions of or obligations under the Hong Kong Underwriting Agreement or the International Purchase Agreement in any material respect; or
- (v) any material adverse change or development involving a prospective material adverse change or development in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, properties, results of operations, position or condition (financial or otherwise) of our Group taken as a whole; or
- (vi) any litigation or dispute or threatened litigation or dispute, which would materially and adversely affect the operation, financial condition or reputation of the Group taken as a whole; or
- (vii) any of the experts (other than the Sole Sponsor) specified in this prospectus has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (viii) our Company has withdrawn this prospectus, the Application Forms (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (ix) approval by the Listing Committee of the listing of, and permission to deal in, the Offer Shares, subject only to allotment and the dispatch of share certificates in respect thereof, is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions) or withheld; or
- (x) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute a material omission from any of this prospectus, the Application Forms and/or in any notices, announcements, PHIP, advertisements, communications or other documents (including any supplement or amendment thereto) issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering; or
- (xi) the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors having been withdrawn, terminated or cancelled or a material portion of the orders in the bookbuilding process at the time the International Purchase Agreement is entered into having been withdrawn, terminated or cancelled and such withdrawn, terminated or cancelled orders not having been fully covered by other orders at or before 4:00 p.m. on 7 March 2016 (the "replacement orders") or any replacement order having been subsequently withdrawn, terminated or cancelled, and the Sole Global Coordinator, in its sole discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering.

UNDERWRITING

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that it will not, at any time within six months from the Listing Date, issue any Shares or other securities convertible into equity securities of us (whether or not of a class already listed) or enter into any agreement or arrangement to issue any Shares or such other securities (whether or not such issue of Shares or such other securities will be completed within six months from the Listing Date), except pursuant to the Global Offering and the Over-allotment Option or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to us that, except for any lending of Shares pursuant to the Stock Borrowing Agreement, it will not (and will procure that the relevant registered holder(s) will not):

- (i) in the period commencing on the date by reference to which disclosure of its shareholding in our Company 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 the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and
- (ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) 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 if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of us.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to us that, within the period commencing on the date by reference to which disclosure of its shareholding in us is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, it will:

- (a) when it pledges or charges any Shares beneficially owned by it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of Shares so pledged or charged; and
- (b) when it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform us of such indications.

UNDERWRITING

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

We have undertaken to the Sole Global Coordinator, the Joint Bookrunners, the Sole Sponsor, the Joint Lead Managers, the Hong Kong Underwriters and each of them not to, and to procure each other member of our Group not to, (save for the issue of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option) and any shares to be issued pursuant to the exercise of any share options under Share Option Scheme) without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date falling six months after the Listing Date (the “First Six-Month Period”):

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, with a depositary in connection with the issue of depositary receipts;
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of any Shares, debt capital or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares);
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
- (iv) offer to or agree to or publicly disclose any intention to effect any such transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or shares or debt capital or other securities of such other member of our Group, as applicable, in cash or otherwise (whether or not the issue of such Shares or securities will be completed within the First Six-Month Period). In the event that, during the six-month period immediately following the First Six-Month Period (the “Second Six-Month Period”), our Company enters into any such transactions or offers to or agrees to or announces or publicly discloses an intention to effect any such transaction, our Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

UNDERWRITING

Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders jointly and severally undertakes to our Company, the Sole Global Coordinator, the Joint Bookrunners and the Hong Kong Underwriters that, without the prior written consent of the Sole Global Coordinator (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

- (a) save for any lending of Shares by the Controlling Shareholders pursuant to the Stock Borrowing Agreement, during the First Six-Month Period, he/it will not:
 - (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of our Company with a depository in connection with the issue of depository receipts; 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 Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, any Shares); or
 - (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
 - (iv) offer to or agree to or announce any intention to effect any transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

- (A) during the Second Six-Month Period, he/it will not enter into any transaction described in paragraphs (a)(i), (ii) or (iii) above or agree or contract to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, any of the Controlling Shareholders will cease to be a “controlling shareholder” (as defined in the Listing Rules) of our Company; and
- (B) until the expiry of the Second Six-Month Period, in the event that he/it enters into any of the transactions specified in paragraphs (a)(i), (ii) or (iii) above or offer to or agrees to, or announces an intention to effect any such transaction, he/it will take all reasonable steps to ensure that he/it will not create a disorderly or false market in the securities of our Company;

UNDERWRITING

- (b) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling 12 months after the Listing Date, he/it shall:
 - (i) if and when he/it pledges or charges any securities or interests in the securities of our Company beneficially owned by him/it, immediately inform our Company and the Sole Global Coordinator in writing of such pledge or charge together with the number of securities so pledged or charged; and
 - (ii) if and when he/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be disposed of, immediately inform our Company and the Sole Global Coordinator in writing of such indications.

The Company agrees and undertakes that upon receiving such information in writing from any of the Controlling Shareholders, it shall, as soon as practicable and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of public announcement.

Hong Kong Underwriters' interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement and/or the International Purchase Agreement and, if applicable, the Stock Borrowing Agreement, as at the Latest Practicable Date, none of the Hong Kong Underwriters was interested legally or beneficially, directly or indirectly, in any Shares or other securities of us or any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or other securities of us or any other member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and/or the International Purchase Agreement.

International Offering

International Purchase Agreement

In connection with the International Offering, we and the Controlling Shareholders expect to enter into the International Purchase Agreement with the International Purchasers. Under the International Purchase Agreement and subject to the Over-allotment Option, the International Purchasers would, subject to certain conditions set out therein, agree severally to initially being offered pursuant to the International Offering. See “Structure of the Global Offering—The International Offering.”

Commissions and Expenses

The Company will pay an aggregate underwriting commission of 3% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares issued pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

The Sole Global Coordinator may receive a discretionary incentive fee of up to 1% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares issued pursuant to the exercise of the Over-allotment Option).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Purchasers.

UNDERWRITING

The aggregate underwriting commissions and fees payable to the Underwriters, together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and all other expenses in relation to the Global Offering are estimated to be approximately HK\$77.0 million (assuming an Offer Price of HK\$3.38 per Offer Share (which is the mid-point of the indicative Offer Price range), the Over-allotment Option is not exercised and no payment of a discretionary incentive fee) and will be paid by us.

Indemnity

We have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

INDEPENDENCE OF THE SOLE SPONSOR

Credit Suisse (Hong Kong) Limited satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “Syndicate Members”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their clients.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

UNDERWRITING

All such activities may occur both during and after the end of the stabilising period described in “Structure of the Global Offering.” Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to us and our affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. Credit Suisse (Hong Kong) Limited is the Sole Global Coordinator of the Global Offering.

The Global Offering comprises:

- (i) the Hong Kong Public Offering of initially 24,500,000 Shares (subject to reallocation) in Hong Kong as described in “—The Hong Kong Public Offering” below; and
- (ii) the International Offering of initially 220,500,000 Shares (subject to reallocation and the Over-allotment Option) (a) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in accordance with Regulation S and (b) in the United States to QIBs in reliance on an exemption from registration under the US Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, as described in “—The International Offering” below.

Of the 24,500,000 Offer Shares initially being offered under the Hong Kong Public Offering, 2,450,000 Offer Shares (representing 10% and 1% of the total number of Offer Shares initially being offered under the Hong Kong Public Offering and the Global Offering (assuming that the Over-allotment Option is not exercised), respectively) are available for subscription by Eligible Employees on a preferential basis under the Employee Preferential Offering, subject to the terms and conditions set out in this prospectus and the **PINK** Application Form.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

Eligible Employees may make an application for the Employee Reserved Shares on a **PINK** Application Form and, in addition, will be entitled to apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent 25.0% of the issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the issued share capital of us immediately following the completion of the Global Offering.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

We are initially offering 24,500,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10.0% of the total number of Offer Shares initially available under the Global Offering. The number of Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 2.5% of the total issued share capital of the Company immediately following the completion of the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

The Hong Kong Public Offering is open to members of the public in Hong Kong, as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in “—Conditions of the Global Offering” below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below and after deducting the number of Hong Kong Offer Shares validly applied for under the Employee Preferential Offering) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable).

If the Hong Kong Offer Shares offered to Eligible Employees for subscription under the Employee Preferential Offering are not fully taken up, any excess Hong Kong Offer Shares will be reallocated to pool A and pool B in equal proportions (to the nearest board lot).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 11,025,000 Hong Kong Offer Shares (being 50% of the 24,500,000 Shares initially comprised in the Hong Kong Public Offering after deducting 2,450,000 Employee Reserved Shares) are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times and (iii) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 73,500,000 Offer Shares (in the case of (i)), 98,000,000 Offer Shares (in the case of (ii)) and 122,500,000 Offer Shares (in the case of (iii)), representing 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer

STRUCTURE OF THE GLOBAL OFFERING

Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B (after deducting the number of Hong Kong Offer Shares validly applied for under the Employee Preferential Offering) and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed for, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate.

The Employee Preferential Offering will not be subject to reallocation between the Hong Kong Public Offering and the International Offering.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has 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 International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is breached and/or untrue (as the case may be) or if it has been or will be placed or allocated International Offer Shares under the International Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the Maximum Offer Price of HK\$3.88 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$3,919.09 for one board lot of 1,000 Shares. If the Offer Price, as finally determined in the manner described in “—Pricing and Allocation” below, is less than the Maximum Offer Price of HK\$3.88 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. See “How to Apply for Hong Kong Offer Shares and Employee Reserved Shares.”

THE EMPLOYEE PREFERENTIAL OFFERING

Of the 24,500,000 Offer Shares initially being offered under the Hong Kong Public Offering, 2,450,000 Offer Shares (representing 10% and 1% of the total number of Offer Shares initially being offered under the Hong Kong Public Offering and the Global Offering (assuming that the Over-allotment Option is not exercised), respectively) are available for subscription by the Eligible Employees on a preferential basis, subject to the terms and conditions set out in this prospectus and the **PINK** Application Form.

The Employee Reserved Shares are being offered out of the Hong Kong Offer Shares and are not subject to the clawback mechanism as set out in the paragraph headed “The Hong Kong Public Offering — Reallocation” in this section.

As at the Latest Practicable Date, there were approximately 700 Eligible Employees being eligible to apply for Employee Reserved Shares under the Employee Preferential Offering.

Allocation of the Hong Kong Offer Shares under the Employee Preferential Offering will be based on the written guidelines distributed to the Eligible Employees which are consistent with the allocation guidelines contained in Practice Note 20 of the Listing Rules. The allocation of the Hong Kong Offer Shares under the Employee Preferential Offering will in any event be made on an equitable basis and will not be based on the identity, the seniority, the length of service or the work performance of the Eligible Employees.

STRUCTURE OF THE GLOBAL OFFERING

No favour will be given to the Eligible Employees who apply for a large number of Employee Reserved Shares. Eligible Employees applying for Employee Reserved Shares will be subject to an allocation basis that is based on the level of valid applications received. The allocation basis will be determined by our Company's Hong Kong Share Registrar based on the level of valid applications received under the Employee Preferential Offering and the number of Employee Reserved Shares validly applied for within each application tier. The allocation basis will be consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of Employee Reserved Shares. Any application made on a **PINK** Application Form for more than 2,450,000 Employee Reserved Shares will be rejected.

Any Hong Kong Offer Shares not subscribed for by the Eligible Employees under the Employee Preferential Offering will be available for subscription by the public in Hong Kong under the Hong Kong Public Offering after the reallocation as described above in the paragraph headed "The Hong Kong Public Offering" in this section.

If you are an Eligible Employee, in addition to being able to apply for Employee Reserved Shares under the Employee Preferential Offering by a **PINK** Application Form, you may also:

- apply for Hong Kong Offer Shares as a member of the public in the Hong Kong Public Offering; or
- apply for or indicate an interest for International Offer Shares under the International Offering,

but you may not do both. Eligible Employees will receive no preference as to entitlement or allocation in respect of such further application for Hong Kong Offer Shares or International Offer Shares.

THE INTERNATIONAL OFFERING

Number of Offer Shares Initially Offered

The International Offering will consist of an offering of initially 220,500,000 Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering (subject to adjustment and the Over-allotment Option).

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States, as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "—Pricing and Allocation" 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 Shares, and/or hold or sell its Shares, after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of us and the Shareholders as a whole.

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allotment of Offer Shares under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in “—The Hong Kong Public Offering—Reallocation” above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we are expected to grant the Over-allotment Option to the International Purchasers, exercisable by the Sole Global Coordinator on behalf of the International Purchasers.

Pursuant to the Over-allotment Option, the International Purchasers will have the right, exercisable by the Sole Global Coordinator (on behalf of the International Purchasers) at any time during the 30 day period from the last day for lodging applications under the Hong Kong Public Offering, to require us to issue up to an aggregate of 36,500,000 Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among others, cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised, an announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising action. Such stabilising action, if taken, (i) will be conducted at the absolute discretion of the Stabilising Manager or any person acting for it and in what the Stabilising Manager reasonably regards as the best interest of us, (ii) may be discontinued at any time and (iii) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares, (iii) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilising Manager or any person acting for it may, in connection with the stabilising action, maintain a long position in the Shares;

STRUCTURE OF THE GLOBAL OFFERING

- there is no certainty as to the extent to which and the time or period for which the Stabilising Manager or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilising Manager or any person acting for it and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on 3 April, 2016, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

We will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may cover such over-allocations by, among others, exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or through the stock borrowing arrangement as detailed below or a combination of these means.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager or any person acting for it may choose to borrow up to 36,500,000 Shares (being the maximum number of Shares which may be issued pursuant to the exercise of the Over-allotment Option) pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilising Manager or any person acting for it and Union Medical Care on or around 7 March 2016, or acquire Shares from other sources, including exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price.

If such stock borrowing arrangement with Union Medical Care is entered into, it will only be effected by the Stabilising Manager or any person acting for it for the settlement of over-allocations in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of Shares so borrowed must be returned to Union Medical Care or its nominees, as the case may be, on or before the third business day following the earlier of (i) the last day for exercising the Over-allotment Option and (ii) the day on which the Over-allotment Option is exercised in full.

The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Union Medical Care by the Stabilising Manager or any person acting for it in relation to such stock borrowing arrangement.

STRUCTURE OF THE GLOBAL OFFERING

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about 7 March 2016 and, in any event, not later than 10 March 2016, by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$3.88 per Offer Share and is expected to be not less than HK\$2.88 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the Maximum Offer Price of HK\$3.88 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK\$3,919.09 for one board lot of 1,000 Shares. 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 Offer Price range stated in this prospectus.

The International Purchasers will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering 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 Hong Kong Public Offering.

The Sole Global Coordinator, on behalf of the Underwriters, may, where it deems appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of us, reduce the number of Offer Shares offered and/or the 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 Hong Kong Public Offering. 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 last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company and the Stock Exchange at www.umhgp.com and www.hkex.com.hk, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (on behalf of the Underwriters) and us, will be fixed within such revised Offer Price range. Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Sole Global Coordinator (on behalf of the Underwriters) and us, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Employee Preferential Offering, the basis of allocation of the Hong Kong Offer Shares and the Employee Reserved Shares and the results of allocations in the Hong Kong Public Offering and the Employee Preferential Offering are expected to be made available through a variety of channels in the manner described in “How to Apply for Hong Kong Offer Shares and Employee Reserved Shares—14. Despatch/Collection of Share Certificates and Refund Monies” in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to us and the Sole Global Coordinator (on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Purchase Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarised in “Underwriting” in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange;
- (ii) the Offer Price having been agreed between us and the Sole Global Coordinator (on behalf of the Underwriters);
- (iii) the execution and delivery of the International Purchase Agreement on or about the Price Determination Date; and
- (iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Purchasers under the International Purchase Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator (on behalf of the Underwriters) on or before 10 March 2016, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among others, 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 dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and us at www.umhgp.com on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares and Employee Reserved Shares—14. Despatch/Collection of Share Certificates and Refund Monies.” In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on 11 March 2016 provided that the Global Offering has become unconditional in all respects and the right of termination described in “Underwriting” has not been exercised.

STRUCTURE OF THE GLOBAL OFFERING

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on 11 March 2016, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on 11 March 2016.

The Shares will be traded in board lots of 1,000 Shares each and the stock code of the Shares will be 2138.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest in International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at www.eipo.com.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

If you are an Eligible Employee, you may also apply for Employee Reserved Shares by using a **PINK** Application Form. In addition, Eligible Employees may also apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

Save as being an Eligible Employee, 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.

The Company, the Sole Global Coordinator, the **White Form eIPO** 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 Hong Kong 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 **White Form eIPO** 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 Global Coordinator may accept it at their discretion and on any conditions it thinks 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 **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- are a Director or chief executive officer of the Company and/or any of its subsidiaries;

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

- are a core connected person (as defined in the Listing Rules) of the Company or will become a core connected person of the Company immediately upon completion of the Global Offering;
- are an associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

Eligible Employees may apply for the Employee Reserved Shares on a **PINK** Application Form unless they:

- are an existing beneficial owner of Shares in our Company or an associate (as defined in the Listing Rules) of an existing beneficial owner of Shares in our Company;
- are a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon the completion of the Global Offering;
- are a natural person of the PRC; or
- are a United States person or a person who is within the United States (both terms as defined under the Regulation S).

3. APPLYING FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.eipo.com.hk.

For Hong Kong 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.

For Employee Reserved Shares under the Employee Preferential Offering by an Eligible Employee, use a **PINK** Application Form.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a Prospectus during normal business hours from 9:00 a.m. on Tuesday, 1 March 2016, until 12:00 noon on Friday, 4 March 2016 from:

- (i) any of the following offices of the Hong Kong Underwriters:

Credit Suisse (Hong Kong) Limited	Level 88, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Haitong International Securities Company Limited	22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

CIMB Securities Limited
Unit 7706-08
Level 77
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

(ii) any of the branches of the following receiving banks:

(1) Standard Chartered Bank (Hong Kong) Limited

	<u>Branch</u>	<u>Address</u>
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
	Aberdeen Branch	Shop 4A, G/F and Shop 1, 1/F, Aberdeen Centre Site 5, No.6-12 Nam Ning Street, Aberdeen
	Causeway Bay Branch	G/F to 2/F, Yee Wah Mansion, 38-40A Yee Wo Street, Causeway Bay
Kowloon	Kwun Tong Hoi Yuen Road Branch	G/F, Fook Cheong Building, No. 63 Hoi Yuen Road, Kwun Tong
	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
New Territories	Metroplaza Branch	Shop No. 175-176, Level 1 Metroplaza, 223 Hing Fong Road, Kwai Chung
	Shatin Plaza Branch	Shop No. 8, Shatin Plaza, 21-27 Shatin Centre Street, Shatin

(2) Hang Seng Bank Limited

	<u>Branch</u>	<u>Address</u>
Hong Kong Island	Head Office	83 Des Voeux Road Central
	Quarry Bay Branch	989 King's Road
Kowloon	Tsimshatsui Branch	18 Carnarvon Road
	Yaumatei Branch	363 Nathan Road

You can collect a **YELLOW** Application Form and a Prospectus during normal business hours from 9:00 a.m. on Tuesday, 1 March 2016 until 12:00 noon on Friday, 4 March 2016 from the Depository Counter of **HKSCC** at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

A **PINK** Application Form together with a copy of this prospectus can be collected by Eligible Employees at Suites 7-9, 21/F, Office Tower, Langham Place, 8 Argyle Street, Mong Kok, Kowloon, Hong Kong during normal business hours from 9:00 a.m. on Tuesday, 1 March 2016 until 12:00 noon on Thursday, 3 March 2016. Electronic copies of the **PINK** Application Form and this prospectus can be viewed from the respective websites of our Company at www.umhgp.com and the Stock Exchange at www.hkexnews.hk.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

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 "Horsford Nominees Limited—Union Medical Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Tuesday, 1 March 2016—9:00 a.m. to 5:00 p.m.
- Wednesday, 2 March 2016—9:00 a.m. to 5:00 p.m.
- Thursday, 3 March 2016—9:00 a.m. to 5:00 p.m.
- Friday, 4 March 2016—9:00 a.m. to 12:00 noon

Your completed **PINK** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Horsford Nominees Limited—Union Medical Public Offer" for the payment, must be returned to Suites 7-9, 21/F, Office Tower, Langham Place, 8 Argyle Street, Mong Kok, Kowloon, Hong Kong by 12:00 noon on Thursday, 3 March 2016.

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 4 March 2016, the last day for applications or such later time as described in "Effect of Bad Weather on the Opening of the Applications 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 **White Form eIPO** service, among other things, you:

- undertake to execute all relevant documents and instruct and authorise the Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- agree to comply with the Cayman Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the memorandum of association of the Company and the Articles of Association;
- 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;
- 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;
- confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- agree that none of the Company, the Sole Global Coordinator, the Joint Bookrunners, the Underwriters, their respective Directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

- (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 International Offering nor participated in the International Offering;
- (viii) agree to disclose to the Company, our Hong Kong Share Registrar, the receiving banks, the Sole Global Coordinator, the Joint Bookrunners, 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 the Company, the Sole Global Coordinator, the Joint Bookrunners 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 Hong Kong 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 Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any e-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 fulfil the criteria mentioned in "— Personal Collection" section in this prospectus to collect the Share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying except in respect of Employee Reserved Shares applied under the Employee Preferential Offering;
- (xvii) understand that the Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allocation of any of the Hong Kong 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 **White Form eIPO** service by you or by any one as your agent or by any other person; and

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

- (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 Terms and Conditions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

Terms, conditions and instructions for the PINK Application Form

You may refer to the **PINK** Application Form for details.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in “—Who can apply” may apply through the **White Form eIPO** service for the Offer Shares to be allocated and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO service

You may submit your application through the **White Form eIPO** service at www.eipo.com.hk (24 hours daily, except on the last day for applications) from 9:00 a.m. on Tuesday, 1 March 2016 until 11:30 a.m. on Friday, 4 March 2016 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 4 March 2016 or such later time under the “Effect of Bad Weather on the Opening of the Applications Lists” in this section.

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** service more than once and obtaining different application 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 **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

Environmental Protection

The obvious advantage of **White Form eIPO** service is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2.00 for each “Union Medical Healthcare Limited” **White Form eIPO** application submitted via www.eipo.com.hk to support the funding of “Source of DongJiang—Hong Kong Forest” project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong 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 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 Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central, Hong Kong

and complete an input request form.

You can also collect a Prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong 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 the Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Hong Kong 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 Hong Kong Offer Shares to be allocated 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

- **agree** to accept the Hong Kong 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 International Offering;
- (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 the Company, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allocation of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- **authorise** the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- **confirm** that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- **agree** that none of the Company, the Sole Global Coordinator, the Joint Bookrunners, the Underwriters, their respective Directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, 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 the Company, our Hong Kong Share Registrar, the receiving banks, the Sole Global Coordinator, the Joint Bookrunners, 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 31 March 2016, 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 the Company agreeing that it will not offer any Hong Kong 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 (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

- **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 the Company's announcement of the Hong Kong Public Offering 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 Hong Kong Offer Shares;
- **agree** with the Company, for itself and for the benefit of each Shareholder (and so that the 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 (Winding Up and Miscellaneous Provisions) 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.

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 the 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 Hong Kong 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 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong 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 Hong Kong 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:

- Tuesday, 1 March 2016—9:00 a.m. to 8:30 p.m.⁽¹⁾

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

- Wednesday, 2 March 2016—8:00 a.m. to 8:30 p.m.⁽¹⁾
- Thursday, 3 March 2016—8:00 a.m. to 8:30 p.m.⁽¹⁾
- Friday, 4 March 2016—8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Tuesday, 1 March 2016 until 12:00 noon on Friday, 4 March 2016 (24 hours daily, except on the last day for applications).

The latest time for inputting your electronic application instructions will be 12:00 noon on Friday, 4 March 2016, the last day for applications or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong 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 Hong Kong 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 (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the 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 (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving banks, the Sole Global Coordinator, the Joint Bookrunners, 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 Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** 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 day for applications in making your electronic applications. The Company, the Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares or Employee Reserved Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Friday, 4 March 2016.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong 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 **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of Directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

If you are an Eligible Employee, you may also make an application for Employee Reserved Shares by using a **PINK** Application Form. Only one application for Employee Reserved Shares is permitted per Eligible Employee under the Employee Preferential Offering. Multiple applications by any Eligible Employee are liable to be rejected. In addition, Eligible Employees may also apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering but may not do both.

9. HOW MUCH ARE THE HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

The **WHITE**, **YELLOW** and **PINK** 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Shares Hong Kong Offer Shares and if you are an Eligible Employee at the same time, you may also submit an application using a **PINK** Application Form. Each application or electronic application instruction in respect of more than 1,000 Shares Hong Kong 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.eipo.com.hk.

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 “Structure of the Global Offering—Pricing and Allocation.”

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 Friday, 4 March 2016. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 4 March 2016 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 “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Employee Preferential Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, 10 March 2016 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company’s website at www.umhgp.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 of successful applicants under the Hong Kong Public Offering and the Employee Preferential Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company’s website at www.umhgp.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, 10 March 2016;
- from the designated results of allocations website at www.iporeresults.com.hk with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Thursday, 10 March 2016 to 12:00 midnight on Wednesday, 16 March 2016;
- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, 10 March 2016 to Sunday, 13 March 2016;
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 10 March 2016 to Saturday, 12 March 2016 at all the Designated branches of the receiving banks.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

If the 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 Hong Kong Offer Shares and/or the Employee Reserved Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in “Structure of the Global Offering”.

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 ALLOCATED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares and/or the Employee Reserved Shares will not be allocated 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 **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked before 31 March 2016. This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked 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 (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) 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 the Company or its agents exercise their discretion to reject your application:**

The Company, the Sole Global Coordinator, the **White Form eIPO** 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.

(iii) **If the allocation of Hong Kong Offer Shares and Employee Reserved Shares is void:**

The allocation of Hong Kong Offer Shares and Employee Reserved Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

(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) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **White Form eIPO** service 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;
- the Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations;
- your application under the Hong Kong Public Offering is for more than 11,025,000 Hong Kong Offer Shares; or
- your application under the Employee Preferential Offering is for more than 2,450,000 Employee Reserved Shares.

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\$3.88 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering—Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 10 March 2016.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (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) and one share certificate for all Employee Reserved Shares allotted to you under the Employee Preferential Offering.

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**, **YELLOW** and/or **PINK** 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:

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

- Share certificate(s) for all the Hong Kong Offer Shares and/or Employee Reserved Shares allocated 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 Hong Kong Offer Shares and/or Employee Reserved 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 encasement 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 dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on Thursday, 10 March 2016. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

If you apply by **PINK** Application Forms, your refund cheque(s) and Share certificate(s) will be sent to the Company on Thursday, 10 March 2016 and the Company will arrange for onward transmission to you.

Share certificates will only become valid at 8:00 a.m. on Friday, 11 March 2016 provided that the Global Offering has become unconditional and the right of termination described in the “Underwriting” 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 Hong Kong 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 Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 10 March 2016 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 Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 10 March 2016, by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 10 March 2016, 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, 10 March 2016, 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 Hong Kong Offering Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offering Shares allocated to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 10 March 2016 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong 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 White Form eIPO Service*

If you apply for 1,000,000 or more Hong Kong Offer Shares and your application is wholly or partially successful, you may collect your Share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 10 March 2016, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/ e-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 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 10 March 2016 by ordinary post at your own risk.

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-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.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

(iv) *If you apply via Electronic Application Instructions to HKSCC*

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong 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, 10 March 2016, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the 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 allocation of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Thursday, 10 March 2016. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 10 March 2016 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 Hong Kong Offer Shares allocated 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 Hong Kong Offer Shares allocated 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, 10 March 2016. Immediately following the credit of the Hong Kong 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 Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the Maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 10 March 2016.

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 Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

1 March 2016

The Directors
Union Medical Healthcare Limited

Credit Suisse (Hong Kong) Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Union Medical Healthcare Limited (the "Company") and its subsidiaries (together the "Group") which comprise the consolidated statements of financial position of the Group as at 31 March 2013, 2014 and 2015 and 30 September 2015 and the statement of financial position of the Company as at 30 September 2015, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015 (the "Track Record Period"), and a summary of significant accounting policies and other explanatory information (the "Financial Information"), for inclusion in the prospectus of the Company dated 1 March 2016 (the "Prospectus").

The Company was incorporated in the Cayman Islands on 7 July 2015 as an exempted company with limited liability under the Companies Law (Cap.22) (as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation completed on 18 September 2015 (the "Reorganisation") as detailed in the section headed "Our History, Reorganisation and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group, details of which are set out in note 2.2 of Section II below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganisation.

As at the date of this report, no audited financial statements have been prepared for the Company and certain subsidiaries now comprising the Group as detailed in note 1 of Section II, as they either have not carried on any business since the date of incorporation or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

All companies now comprising the Group have adopted 31 March as their financial year end date except for Guangzhou Zhuansheng Enterprise Management Company Limited (廣州專生企業管理有限公司) ("Guangzhou Zhuansheng") and Guangzhou Zhuansheng Aesthetic Medical Beauty Clinic Company Limited (廣州專生美醫療美容門診部有限公司) ("Guangzhou Aesthetic"), which adopt 31 December as their financial year end date. Details of the companies comprising the Group that are subject to audit during the Track Record Period and the names of the respective auditors are set out in note 1 of Section II. The statutory financial statements of these companies were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") or the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China (the "PRC").

The directors of the Company have prepared the consolidated financial statements for the Track Record Period (the “Underlying Financial Statements”) on the same basis as used in the preparation of the Financial Information set out in Section II below. The Underlying Financial Statements for each of the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015 were audited by us under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company for inclusion in the Prospectus in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline “Prospectuses and the Reporting Accountant” (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 September 2015.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report and on the basis of preparation set out in note 2.2 of Section II below, a true and fair view of the financial position of the Group as at 31 March 2013, 2014 and 2015 and 30 September 2015 and the Company as at 30 September 2015 and of the Group's financial performance and cash flows for the Track Record Period then ended.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 September 2014, together with the notes thereon (the “Corresponding Financial Information”), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

(a) Consolidated statements of profit or loss and other comprehensive income

	Section II Notes	Year ended 31 March			Six months ended 30 September	
		2013	2014	2015	2014	2015
		HK\$	HK\$	HK\$	HK\$	HK\$
						(Unaudited)
REVENUE	5	229,666,107	489,412,925	621,089,610	289,762,700	335,868,324
Other net income and gains	5	12,993,391	8,332,587	5,705,724	2,953,510	898,983
Cost of inventories and consumables		(42,276,993)	(42,901,302)	(47,585,730)	(27,720,636)	(22,255,312)
Registered practitioner expenses		(28,004,061)	(40,210,637)	(46,264,988)	(22,317,843)	(25,841,922)
Employee benefit expenses		(100,918,373)	(163,954,306)	(166,770,568)	(83,689,930)	(91,641,285)
Marketing and advertising expenses		(28,434,139)	(23,805,197)	(23,928,266)	(8,896,548)	(16,955,502)
Rental and related expenses		(34,244,377)	(63,710,856)	(65,831,133)	(30,161,536)	(30,700,680)
Credit card expenses		(12,657,413)	(19,847,160)	(21,699,957)	(11,143,850)	(11,158,803)
Depreciation		(9,631,538)	(15,319,312)	(17,707,725)	(8,038,211)	(10,557,602)
Finance costs	6	(936,186)	(512,428)	(889,683)	(270,929)	—
Other expenses		(16,760,201)	(30,815,703)	(25,520,485)	(9,014,195)	(23,307,717)
(LOSS)/PROFIT BEFORE TAX	7	(31,203,783)	96,668,611	210,596,799	91,462,532	104,348,484
Income tax expense	10	(2,028,018)	(15,261,968)	(35,819,037)	(16,608,964)	(20,452,194)
(LOSS)/PROFIT FOR THE YEAR/PERIOD		<u>(33,231,801)</u>	<u>81,406,643</u>	<u>174,777,762</u>	<u>74,853,568</u>	<u>83,896,290</u>
Attributable to:						
Owners of the Company		(32,301,003)	81,121,682	174,415,159	74,483,424	83,471,177
Non-controlling interests		(930,798)	284,961	362,603	370,144	425,113
		<u>(33,231,801)</u>	<u>81,406,643</u>	<u>174,777,762</u>	<u>74,853,568</u>	<u>83,896,290</u>
EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY	12	<u>(0.04)</u>	<u>0.11</u>	<u>0.24</u>	<u>0.10</u>	<u>0.11</u>
(LOSS)/PROFIT FOR THE YEAR/PERIOD		(33,231,801)	81,406,643	174,777,762	74,853,568	83,896,290
Item that may be reclassified subsequently to profit or loss:						
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong, net of HK\$Nil tax		—	—	—	—	30,055
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>(33,231,801)</u>	<u>81,406,643</u>	<u>174,777,762</u>	<u>74,853,568</u>	<u>83,926,345</u>
Attributable to:						
Owners of the Company		(32,301,003)	81,121,682	174,415,159	74,483,424	83,501,232
Non-controlling interests		(930,798)	284,961	362,603	370,144	425,113
		<u>(33,231,801)</u>	<u>81,406,643</u>	<u>174,777,762</u>	<u>74,853,568</u>	<u>83,926,345</u>

(b) Consolidated statements of financial position

	Section II Notes	The Group			The Company	
		As at 31 March			As at	As at
		2013	2014	2015	30 September 2015	30 September 2015
	HK\$	HK\$	HK\$	HK\$	HK\$	
NON-CURRENT ASSETS						
Property, plant and equipment	13	31,788,994	44,740,766	52,181,050	51,460,834	—
Goodwill	14	—	1,378,540	1,773,481	3,421,318	—
Intangible assets	15	275,734	652,977	351,757	1,287,125	—
Investment in a subsidiary	1	—	—	—	—	8
Rental deposits	18	16,634,921	10,887,302	13,036,497	6,984,334	—
Deposits paid for the acquisition of subsidiaries		2,395,690	—	—	—	—
Prepayments and other deposits	18	—	—	10,225,540	8,200,000	—
Total non-current assets		51,095,339	57,659,585	77,568,325	71,353,611	8
CURRENT ASSETS						
Inventories	16	4,769,646	10,410,969	13,671,161	26,496,040	—
Trade receivables	17	32,514,921	21,371,440	22,123,781	26,778,536	—
Prepayments, deposits and other receivables	18	15,593,162	30,331,804	34,165,388	45,757,279	—
Financial assets at fair value through profit or loss	19	33,377,410	56,819,334	27,263,284	—	—
Amount due from the Controlling Shareholder	20	137,318,290	219,672,204	160,990,296	—	—
Amount due from a related party	34(b)	1,383,650	—	—	—	—
Pledged time deposits	21	8,540,329	12,113,028	2,000,000	2,000,244	—
Cash and cash equivalents	21	52,605,992	74,822,200	129,884,745	323,724,341	—
Total current assets		286,103,400	425,540,979	390,098,655	424,756,440	—
CURRENT LIABILITIES						
Trade payables	22	1,573,850	2,015,097	3,929,798	2,917,458	—
Other payables and accruals	23	46,188,432	54,958,103	66,915,316	80,154,706	—
Financial liabilities at fair value through profit or loss	19	199,349	157,758	—	—	—
Deferred revenue	24	359,456,312	396,168,765	347,467,876	331,548,615	—
Interest-bearing bank borrowings	25	15,714,976	24,640,301	—	—	—
Current tax payable		5,422,039	16,371,622	40,199,031	55,167,165	—
Total current liabilities		428,554,958	494,311,646	458,512,021	469,787,944	—
NET CURRENT LIABILITIES		(142,451,558)	(68,770,667)	(68,413,366)	(45,031,504)	—
TOTAL ASSETS LESS CURRENT LIABILITIES		(91,356,219)	(11,111,082)	9,154,959	26,322,107	—
NON-CURRENT LIABILITIES						
Deferred tax liabilities	26	1,150,006	1,299,619	1,951,098	824,036	—
Other payables and accruals	23	3,000,000	2,000,000	1,000,000	1,000,000	—
Provision for reinstatement costs	23	2,810,000	2,510,000	3,250,000	2,059,500	—
Total non-current liabilities		6,960,006	5,809,619	6,201,098	3,883,536	—
NET (LIABILITIES)/ASSETS		(98,316,225)	(16,920,701)	2,953,861	22,438,571	—
(NET DEFICIT)/TOTAL EQUITY						
Equity attributable to owners of the Company						
Issued capital	27	—	—	—	1	1
Reserves	28	(96,951,819)	(15,820,529)	3,691,430	22,751,026	7
		(96,951,819)	(15,820,529)	3,691,430	22,751,027	8
Non-controlling interests		(1,364,406)	(1,100,172)	(737,569)	(312,456)	—
(NET DEFICIT)/TOTAL EQUITY		(98,316,225)	(16,920,701)	2,953,861	22,438,571	8

(c) Consolidated statements of changes in equity

	Notes	Attributable to owners of the Company						(Net deficit)/ total equity HK\$
		Issued capital HK\$	Merger reserve HK\$ (note 28)	Exchange reserve HK\$	(Accumulated losses)/ retained profits HK\$	Total HK\$	Non-controlling interests HK\$	
At 1 April 2012		—	32,100	—	(64,660,816)	(64,628,716)	(433,608)	(65,062,324)
Loss for the year and total comprehensive income for the year		—	—	—	(32,301,003)	(32,301,003)	(930,798)	(33,231,801)
Deemed distribution to the Controlling Shareholder		—	(22,100)	—	—	(22,100)	—	(22,100)
At 1 March 2013 and 1 April 2013		—	10,000*	—*	(96,961,819)*	(96,951,819)	(1,364,406)	(98,316,225)
Profit for the year and total comprehensive income for the year		—	—	—	81,121,682	81,121,682	284,961	81,406,643
Acquisition of subsidiaries	29(b)	—	—	—	—	—	(20,727)	(20,727)
Contribution by the Controlling Shareholder		—	9,608	—	—	9,608	—	9,608
At 31 March 2014 and 1 April 2014		—	19,608*	—*	(15,840,137)*	(15,820,529)	(1,100,172)	(16,920,701)
Profit for the year and total comprehensive income for the year		—	—	—	174,415,159	174,415,159	362,603	174,777,762
Dividend declared	11	—	—	—	(154,903,200)	(154,903,200)	—	(154,903,200)
At 31 March 2015 and 1 April 2015		—	19,608*	—*	3,671,822*	3,691,430	(737,569)	2,953,861
Profit for the period		—	—	—	83,471,177	83,471,177	425,113	83,896,290
Other comprehensive income		—	—	30,055	—	30,055	—	30,055
Total comprehensive income for the period		—	—	30,055	83,471,177	83,501,232	425,113	83,926,345
Issuance of new shares	27	1	—	—	—	1	—	1
Dividend declared	11	—	—	—	(64,441,636)	(64,441,636)	—	(64,441,636)
At 30 September 2015		1	19,608*	30,055*	22,701,363*	22,751,027	(312,456)	22,438,571

(Unaudited)	Issued capital	Merger reserve	Exchange reserve	(Accumulated losses)/ retained profits	Total	Non-controlling interests	(Net deficit)/ total equity
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 April 2014	—	19,608	—	(15,840,137)	(15,820,529)	(1,100,172)	(16,920,701)
Profit for the year and total comprehensive income for the period	—	—	—	74,483,424	74,483,424	370,144	74,853,568
At 30 September 2014	—	19,608*	—*	58,643,287*	58,662,895	(730,028)	57,932,867

* These reserve accounts comprise the consolidated negative reserves of HK\$96,951,819 and HK\$15,820,529 in the consolidated statements of financial position as at 31 March 2013 and 2014, respectively, and consolidated reserves of HK\$3,691,430, HK\$58,662,895 (unaudited) and HK\$22,751,026 in the consolidated statement of financial position as at 31 March 2015 and 30 September 2014 and 2015.

(d) Consolidated statements of cash flows

	Section II Notes	Year ended 31 March			Six months ended 30 September	
		2013	2014	2015	2014	2015
		HK\$	HK\$	HK\$	HK\$ (Unaudited)	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES						
(Loss)/profit before tax		(31,203,783)	96,668,611	210,596,799	91,462,532	104,348,484
Adjustments for:						
Interest on bank borrowings	6	167,497	458,057	465,525	219,642	—
Imputed interest expense/(income) on non-current rental deposits, net . . .	5,6	721,193	(318,391)	117,290	(121,482)	(178,685)
Depreciation		9,631,538	15,319,312	17,707,725	8,038,211	10,557,602
Bank interest income	5	(20,788)	(61,818)	(82,225)	(59,850)	(39,550)
Other interest income	5	(158,275)	(323,506)	(419,852)	(173,463)	—
Interest income from listed debt investments	5	—	—	(653,584)	(135,669)	(843,755)
Dividend income from listed equity and unlisted fund investments	5	(1,419,883)	(1,405,712)	(1,679,754)	(1,202,876)	—
Impairment of goodwill	7	2,062,467	—	—	—	—
Trade receivables written off as uncollectible	7	—	45,303	—	—	—
Amortisation of intangible assets . . .	7	127,375	390,177	445,145	212,770	265,494
Loss/(gain) on disposal of property, plant and equipment	7	564,772	(117,333)	—	—	124,800
Write-off of property, plant and equipment	7	—	1,590,528	620,861	223,690	73,287
Unrealised fair value gains on financial assets/liabilities at fair value through profit or loss, net	5	(1,599,123)	(459,823)	(1,295,637)	(518,142)	—
Realised (gains)/losses on disposal of financial assets/liabilities at fair value through profit or loss, net . . .	5	(1,953,300)	(1,892,257)	834,222	437,861	1,084,090
Gain on disposal of subsidiaries	5	—	(307,081)	—	—	—
Foreign exchange differences		—	—	—	—	(416,934)
		(23,080,310)	109,586,067	226,656,515	98,383,224	114,974,833
(Increase)/decrease in inventories		(1,032,569)	(5,641,323)	(3,260,192)	5,029,886	(12,824,879)
(Increase)/decrease in trade receivables . .		(10,976,948)	12,829,493	(752,341)	(5,586,087)	(4,654,755)
Increase in prepayments, deposits and other receivables		(16,467,906)	(9,304,769)	(16,240,861)	(12,871,513)	(3,324,051)
Increase/(decrease) in trade payables . . .		926,438	441,247	1,764,934	386,194	(1,012,340)
Increase in other payables and accruals . .		21,003,511	5,456,378	10,431,007	15,494,709	7,686,379
Increase/(decrease) in deferred revenue . .		106,406,501	35,775,368	(48,700,889)	2,086,171	(15,919,261)
Change in balances with related parties, net		(65,173,256)	—	—	—	—
Cash generated from operations		11,605,461	149,142,461	169,898,173	102,922,584	84,925,926
Hong Kong Profits Tax (paid)/refunded . .		(55,983)	(4,549,142)	(11,326,190)	101,829	(6,611,127)
Tax paid outside Hong Kong		—	—	(13,959)	—	—
Net cash generated from operating activities		11,549,478	144,593,319	158,558,024	103,024,413	78,314,799

	Section II Notes	Year ended 31 March			Six months ended 30 September	
		2013	2014	2015	2014	2015
		HK\$	HK\$	HK\$	HK\$ (Unaudited)	HK\$
CASH FLOWS FROM INVESTING ACTIVITIES						
Bank interest received		20,788	61,818	82,225	59,850	39,550
Other interest received		158,275	323,506	419,852	173,463	—
Purchase of financial assets designated as financial assets at fair value through profit or loss		(18,562,500)	(27,879,600)	(23,121,754)	—	—
Proceeds from disposal of financial assets/liabilities at fair value through profit or loss		24,033,803	6,748,165	52,981,461	30,337,379	26,904,477
Interest income from listed debt investments		—	—	653,584	135,669	843,755
Dividend received from listed equity and unlisted fund investments		1,419,883	1,405,712	1,679,754	1,202,876	—
Deposits paid for the acquisition of subsidiaries	29(b)	(2,395,690)	—	—	—	—
Disposal of subsidiaries, net	30	—	(7,100)	—	—	—
Acquisition of businesses, net	29	(2,500,000)	1,270,754	(980,000)	(980,000)	(719,979)
(Increase)/decrease in pledged deposits . .		(3,939,942)	(3,572,699)	10,113,028	—	(244)
Proceeds from disposal of property, plant and equipment		—	125,590	—	—	—
Purchases of property, plant and equipment		(21,590,920)	(28,359,869)	(23,996,509)	(5,985,657)	(7,913,532)
Net cash (used in)/generated from investing activities		(23,356,303)	(49,883,723)	17,831,641	24,943,580	19,154,027
CASH FLOWS FROM FINANCING ACTIVITIES						
Interest paid		(167,497)	(458,057)	(465,525)	(219,642)	—
New interest-bearing bank borrowings . . .		—	26,924,245	—	—	—
Repayments of interest-bearing bank borrowings		(620,453)	(17,998,920)	(4,539,511)	(1,090,676)	—
Change in balance with the Controlling Shareholder		43,982,922	(80,970,264)	(116,322,084)	(81,571,312)	96,548,665
Deemed (distribution to)/contribution from the Controlling Shareholder		(22,100)	9,608	—	—	—
Net cash generated from/(used in) financing activities		43,172,872	(72,493,388)	(121,327,120)	(82,881,630)	96,548,665
NET INCREASE IN CASH AND CASH EQUIVALENTS		31,366,047	22,216,208	55,062,545	45,086,363	194,017,491
Cash and cash equivalents at beginning of year/period		21,239,945	52,605,992	74,822,200	74,822,200	129,884,745
Effect of changes in foreign exchange rates		—	—	—	—	(177,895)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	21	52,605,992	74,822,200	129,884,745	119,908,563	323,724,341

II. NOTES TO FINANCIAL INFORMATION**1. CORPORATE INFORMATION**

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Units A, B and D, 6th Floor, Hop Hing Industrial Building, No.704 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong.

The Company is an investment holding company. During the Track Record Period, the Company's subsidiaries were principally engaged in the provision of medical, quasi-medical and traditional beauty services, the sale of skincare and beauty products and investment holding.

The investment in a subsidiary in the statement of financial position of the Company as at 30 September 2015 represents investment in Union Health Services Holding Limited arising from the Reorganisation as detailed in note 2.2 of Section II completed on 18 September 2015.

As at the end of the Track Record Period, the Company had direct and indirect interests in the following principal subsidiaries, all of which are private limited liability companies:

Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Principal activities	Effective interest held by the Group								
				As at 31 March		As at 30 September		Name of statutory auditors				
				2013	2014	2015	2015	2013	2014	2015		
Indirectly held:												
Union (Group) Investment Limited (聯合(集團)投資有限公司)	Hong Kong 1 November 2005	HK\$19,608	Provision of medical, quasi-medical and traditional beauty services and sale of skincare and beauty products	100%	100%	100%	100%	(a)	(f)	(f)	(f)	(f)
Doctor Reborn Cosmetic Surgery Institute Limited (專業醫生整 容中心有限公司)	Hong Kong 8 December 2009	HK\$10,000	Inactive	100%	100%	100%	100%	(b)	(b)	(b)	(b)	(c)
Union Bright Asia Group Limited (聯輝 亞洲集團有限公司) ..	Hong Kong 18 June 2010	HK\$100	Inactive	65%	65%	65%	65%	(b)	(c)	(c)	(c)	(c)
Union Honor International Enterprise Limited (聯信國際企業有限 公司)	Hong Kong 27 May 2008	HK\$10,000	Provision of management services	100%	100%	100%	100%	(b)	(b)	(b)	(b)	(b)
Beauty International Trading Limited (明麗 國際貿易有限公司) ..	Hong Kong 9 July 2008	HK\$100	Inactive	100%	100%	100%	100%	(b)	(c)	(c)	(c)	(c)
Union Medical Association Limited ..	Hong Kong 12 May 2011	HK\$1	Owner of trademarks	100%	100%	100%	100%	(b)	(b)	(b)	(b)	(c)

Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Principal activities	Effective interest held by the Group						Name of statutory auditors			
				As at 31 March		As at 30 September		2013		2014		2015	
				2013	2014	2015	2013	2014	2015	2013	2014	2015	
Honor Hong Kong Development Limited (信譽香港發展有限公 司).....	Hong Kong 8 August 2007	HK\$10	Inactive	100%	100%	100%	100%	100%	(b)	(c)	(c)	(c)	
All Union International Investment Limited (栢聯國際投資有限公 司).....	Hong Kong 12 May 2011	HK\$1	Investment holding	100%	100%	100%	100%	100%	(e)	(e)	(e)	(c)	
New Union International Capital Limited (新聯國際資本有限公 司).....	Hong Kong 18 August 2010	HK\$1	Provision of management services	100%	100%	100%	100%	100%	(b)	(b)	(b)	(c)	
Union Profit International Properties Limited (合利國際置業有限公 司).....	Hong Kong 18 January 2011	HK\$1	Provision of management services	100%	100%	100%	100%	100%	(b)	(b)	(b)	(c)	
Professional Medical and Surgery Center Limited (formerly known as Rich Union Asia Pacific Investment Limited) (專科醫學整合中心有 限公司).....	Hong Kong 3 January 2011	HK\$1	Provision of management services	100%	100%	100%	100%	100%	(b)	(b)	(b)	(c)	
Union Harvest Corporation Limited (豐會有限公司).....	Hong Kong 21 June 2011	HK\$1	Provision of marketing services	100%	100%	100%	100%	100%	(d)	(b)	(b)	(c)	

Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Principal activities	Effective interest held by the Group						Name of statutory auditors						
				As at 31 March		As at 30 September		2013			2014			2015		
				2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015	
Grand Rich Asia Pacific Investment Limited (嘉達亞太投資有限公 司)	Hong Kong 7 July 2010	HK\$1	Inactive	100%	100%	100%	100%	100%	100%	100%	(b)	(b)	(c)	(c)	(c)	
All Angles Company Limited (formerly known as Doctor Professional Beauty Institute Limited) (多角度有限公司)	Hong Kong 8 December 2009	HK\$10,000	Inactive	100%	100%	100%	100%	100%	100%	100%	(b)	(b)	(c)	(c)	(c)	
Grand Best Union Limited (創豐聯有限公司)	Hong Kong 6 September 2010	HK\$1	Provision of administrative services	100%	100%	100%	100%	100%	100%	100%	(b)	(b)	(c)	(c)	(c)	
Jade Master International Limited (note 1)	British Virgin Islands 1 July 2010	US\$10	Investment holding	100%	100%	100%	100%	100%	100%	100%	N/A	N/A	N/A	N/A	N/A	
The One Dental Limited	Hong Kong 8 November 2012	HK\$100	Provision of dental services	100%	100%	100%	100%	100%	100%	100%	N/A	N/A	(c)	(c)	(c)	
Ease Joy Limited (宜悅有限公司)	Hong Kong 2 November 2012	HK\$1	Inactive	100%	100%	100%	100%	100%	100%	100%	N/A	N/A	(c)	(c)	(c)	
Keen Most Limited (致銳有限公司)	Hong Kong 25 October 2012	HK\$1	Inactive	100%	100%	100%	100%	100%	100%	100%	N/A	N/A	(c)	(c)	(c)	
The One Dental Plus Limited (formerly known as Rise Enterprise Limited)	Hong Kong 2 November 2012	HK\$1	Provision of dental services	100%	100%	100%	100%	100%	100%	100%	N/A	N/A	(c)	(c)	(c)	

Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Principal activities	Effective interest held by the Group						
				As at 31 March		As at 30 September		Name of statutory auditors		
				2013	2014	2015	2015	2013	2014	2015
Dr. Pro and Dr. Reborn Medical Aesthetics Centre Limited (formerly known as Union Bright Asia Group (Macau) Limited) (專生美醫學 美容中心有限公司) (note 1).....	Macau 23 December 2010	MOP26,000	Provision of aesthetic medical beauty services	85%	85%	85%	85%	N/A	N/A	N/A
Professional Aesthetic Surgery Centre Limited (formerly known as Southern Consultant Limited) (專業醫學整形中心有 限公司).....	Hong Kong 2 December 2009	HK\$1	Inactive	—	100%	100%	100%	N/A	(c)	(c)
All Angles (Site 1) Limited (formerly known as Be A Lady (Site 1) Medical Limited) (多角度(Site 1)有限公司) (note 1).....	Macau 18 December 2006	MOP30,000	Provision of medical and traditional beauty services and sale of skincare and beauty products	—	90%	90%	90%	N/A	N/A	N/A
Blue Ocean (Macau) Limited (formerly known as Be A Lady (Macau) Limited) (藍海(澳門)一人有限 公司).....	Macau 9 July 2001	MOP60,000	Provision of medical and traditional beauty services and sale of skincare and beauty products	—	100%	100%	100%	(g)	(g)	(g)

Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Principal activities	Effective interest held by the Group						Name of statutory auditors			
				As at 31 March		As at 30 September		2013		2014		2015	
				2013	2014	2015	2013	2014	2015	2013	2014	2015	
Union Enchanting Limited (聯合迷仁有限公司) (note 1).....	British Virgin Islands 18 February 2015	US\$1	Investment holding	—	—	100%	100%	100%	N/A	N/A	N/A	N/A	N/A
New Elite Inc. Limited (新麗興業有限公司)	Hong Kong 15 October 2010	HK\$10	Provision of medical and traditional beauty services and sale of skincare and beauty products	90%	90%	90%	90%	90%	(b)	(b)	(b)	(b)	(b)
Medic One Surgery Center Limited.	Hong Kong 11 March 2011	HK\$1	Inactive	100%	100%	100%	100%	100%	(b)	(b)	(b)	(b)	(c)
Best Union (China) Limited (佳聯(中國)有限公司).....	Hong Kong 9 June 2010	HK\$1	Provision of medical, quasi-medical and traditional beauty services and sale of skincare and beauty products	100%	100%	100%	100%	100%	(c)	(c)	(c)	(c)	(b)
All Angles (HK) Company Limited (formerly known as Be A Lady (HK) Limited) (多角度(香港)有限公司).....	Hong Kong 4 August 2011	HK\$1	Provision of sale management services	100%	100%	100%	100%	100%	(b)	(b)	(b)	(b)	(c)
Best Strategy Investment Limited (怡策投資有限公司)	Hong Kong 26 July 2010	HK\$1	Inactive	100%	100%	100%	100%	100%	(b)	(b)	(b)	(b)	(c)
Up Treasure Limited (晉寶有限公司).....	Hong Kong 16 November 2012	HK\$1	Inactive	100%	100%	100%	100%	100%	N/A	(b)	(b)	(b)	(b)

Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Principal activities	Effective interest held by the Group						Name of statutory auditors						
				As at 31 March		As at 30 September		2013			2014			2015		
				2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015	
United Link Corporation Limited (僑滙有限公司)	Hong Kong 16 November 2012	HK\$1	Inactive	100%	100%	100%	100%	100%	100%	100%	N/A	(b)	(b)	(b)		
Able Lead Corporation Limited (領誌有限公司)	Hong Kong 15 November 2012	HK\$1	Inactive	100%	100%	100%	100%	100%	100%	100%	N/A	(b)	(b)	(b)		
Team Expert Investment Limited (note 1)	British Virgin Islands 3 October 2012	US\$1	Inactive	100%	100%	100%	100%	100%	100%	100%	N/A	N/A	N/A	N/A		
Fancy King Corporation Limited (宜皇有限公司)	Hong Kong 15 November 2012	HK\$1	Inactive	100%	100%	100%	100%	100%	100%	100%	N/A	(b)	(b)	(b)		
Fame Loyal Limited (誼銘有限公司)	Hong Kong 15 November 2012	HK\$1	Inactive	100%	100%	100%	100%	100%	100%	100%	N/A	(b)	(b)	(b)		
Castle Way Limited (堡臨有限公司)	Hong Kong 15 November 2012	HK\$1	Inactive	100%	100%	100%	100%	100%	100%	100%	N/A	(b)	(b)	(b)		
Century Strategy Limited (確圖有限公司)	Hong Kong 15 November 2012	HK\$1	Inactive	100%	100%	100%	100%	100%	100%	100%	N/A	(b)	(b)	(b)		
Global Nice Limited (寰麗有限公司)	Hong Kong 15 November 2012	HK\$1	Inactive	100%	100%	100%	100%	100%	100%	100%	N/A	(b)	(b)	(b)		
Win Merit Limited (德凱有限公司)	Hong Kong 16 November 2012	HK\$1	Inactive	100%	100%	100%	100%	100%	100%	100%	N/A	(b)	(b)	(b)		

Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Principal activities	Effective interest held by the Group						
				As at 31 March		As at 30 September		Name of statutory auditors		
				2013	2014	2015	2015	2013	2014	2015
Kevin Dental Service Limited (嘉勵牙科服務有限公司) (note 3).	Hong Kong 23 December 2011	HK\$100	Provision of dental services	—	—	100%	100%	N/A	N/A	(c)
Vision Dental Limited (note 3).....	Hong Kong 9 November 2011	HK\$10,000	Provision of dental services	—	—	100%	100%	N/A	N/A	(c)
Grand Best Union Services Limited (note 2).....	Hong Kong 4 December 2014	HK\$1	Investment holding	—	—	100%	100%	N/A	N/A	N/A
Union Glamorous Limited (聯合魅力有限公司) (note 2).....	Hong Kong 10 March 2015	HK\$1	Inactive	—	—	100%	100%	N/A	N/A	N/A
Guangzhou Zhuansheng Enterprise Management Company Limited (廣州專生企業管理有限公司) (note 4).....	The PRC 8 July 2013	RMB500,000	Provision of medical services	—	—	—	100%	N/A	N/A	N/A
Guangzhou Zhuansheng Aesthetic Medical Beauty Clinic Company Limited (廣州專生醫療美容門診部有限公司) (note 4).....	The PRC 1 September 2014	RMB10,000,000 (note 5)	Provision of medical services	—	—	—	100%	N/A	N/A	N/A

Note 1: No audited financial statements have been prepared for these entities since their incorporation as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.

Note 2: No audited financial statements have been prepared for these entities since their incorporation.

Note 3: These entities were acquired by the Group on 1 July 2014. The statutory financial statements of these entities for the year ended 31 March 2015 prepared under HKFRSs were audited by Hu Lin Jie Certified Public Accountant (Practising), Certified Public Accountant, Hong Kong.

Note 4: These entities were acquired by the Group on 30 April 2015. No audited financial statements have been prepared since acquisition.

Note 5: The registered capital of this entity was not paid-up as at 30 September 2015.

Names of statutory auditors are as follows:

- (a) Ernst & Young, Certified Public Accountants, Hong Kong
- (b) OWKH, Certified Public Accountants, Hong Kong
- (c) Hu Lin Jie Certified Public Accountant (Practising), Certified Public Accountant, Hong Kong
- (d) Cypress Certified Public Accountants, Certified Public Accountants, Hong Kong
- (e) FTW & Partners CPA Limited, Certified Public Accountants, Hong Kong
- (f) Spencer Ho CPA & Co., Certified Public Accountants, Hong Kong
- (g) B&D, Certified Public Accountants, Macau

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the Track Record Period or formed a substantial portion of the net (liabilities)/assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

2.1 STATEMENT OF COMPLIANCE

The Financial Information set out in this report has been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA. Further details of the significant accounting policies adopted are set out in the remainder of this Section II.

The Financial Information also complies with the applicable disclosure provisions of the Listing Rules. The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Financial Information has been prepared under the historical cost convention, except for financial assets/financial liabilities at fair value through profit or loss which have been measured at fair value. The Financial Information is presented in Hong Kong dollars (“HK\$”).

2.2 BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 7 July 2015. As part of a group reorganisation (the “Reorganisation”) as detailed in the section headed “Our History, Reorganisation and Corporate Structure” in the Prospectus, the entire issued share capital of Union (Group) Investment Limited (“UGIL”) was transferred to Union Health Services Holding Limited (“Union Health Services”), a wholly-owned subsidiary of the Company, which was in turn controlled by the Controlling Shareholder (“the Share Transfer”). Upon the completion of the Share Transfer, the Company and Union Health Services became the parent companies of UGIL and its subsidiaries, and the holding companies of the Group.

The companies that took part in the Share Transfer were controlled by the same ultimate equity shareholder before and after the Share Transfer and there were no changes in the business and operations of UGIL and its subsidiaries. The Share Transfer only involved incorporating the Company and Union Health Services with no prior substantive operations as the holding companies of UGIL and the Group. Accordingly, the Share Transfer has been accounted for using a principle similar to that for a reverse acquisition with UGIL treated as the acquirer for accounting purposes. The Financial Information has been prepared and presented as a continuation of the consolidated financial information of UGIL and its subsidiaries, with the assets and liabilities of the Group recognised and measured at their historical carrying amounts prior to the Share Transfer, and as if the group structure upon completion of the Share Transfer had been in existence throughout the entire Track Record Period.

As at 30 September 2015, the Group has net current liabilities of HK\$45,031,505. Notwithstanding the net current liabilities of the Group at 30 September 2015, the Group’s Financial Information has been prepared on a going concern basis because the directors are of the opinion that the Group would have adequate funds to meet its obligations, as and when they fall due, having regard to the following:

- (a) the Group expects to generate positive operating cash flows in the future; and
- (b) the deferred revenue of HK\$331,548,615 as at 30 September 2015 represents non-refundable prepaid packages, which is expected to be recognised as income within one year in accordance with the Group’s accounting policy and will not result in any outflow of the Group’s assets.

2.3 NEW AND REVISED HKFRSs NOT YET ADOPTED

The Group has not applied the following new or revised HKFRSs, that have been issued but are not yet effective, in the Financial Information:

	Effective for accounting periods beginning on or after
<i>Annual Improvements to HKFRSs 2012-2015 Cycle</i>	1 January 2016
Amendments to HKFRS 10 and HKAS 28 (2011), <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to HKFRS 11, <i>Accounting for acquisition of interests in joint operations</i>	1 January 2016
Amendments to HKAS 1, <i>Disclosure initiative</i>	1 January 2016
Amendments to HKAS 16 and HKAS 38, <i>Clarification of acceptable methods of depreciation and amortisation</i>	1 January 2016
Amendments to HKAS 16 and HKAS 41, <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to HKAS 27 (2011), <i>Equity Method in Separate Financial Statements</i>	1 January 2016
HKFRS 9, <i>Financial instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position, except for the following.

HKFRS 9 *Financial Instruments*

HKFRS 9 replaces the existing guidance in HKAS 39 *Financial instruments: Recognition and measurement*. HKFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from HKAS 39.

HKFRS 15 *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including HKAS 18 *Revenue*, HKAS 11 *Construction contracts* and IFRIC 13 *Customer Loyalty Programmes*. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

The Group does not plan to early adopt the above new standards or amendments. With respect to HKFRSs 9 and 15, given the Group has not completed its assessment of their full impact on the Group, their possible impact on the Group's results of operations and financial position has not been quantified.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Financial Information comprises the Company and its subsidiaries now comprising the Group for the Track Record Period. The financial information of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date of such control ceases.

The acquisition of subsidiaries under common control has been accounted for using merger accounting. The acquisition of subsidiaries not under common control is accounted for using the acquisition method as explained below under "Business combinations and goodwill".

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, if any, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred to the Group, liabilities assumed by the Group to the sellers of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRSs. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments and equity and debt investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | | |
|---------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | — | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | — | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | — | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognised in the Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person (i) has control or joint control over the Group; (ii) has significant influence over the Group; or (iii) is a member of the key management personnel of the Group or of a parent of the Group; or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms or 25%
Furniture and fixtures	25%
Operation equipment	20%
Office equipment	20%
Computers	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents beauty service centres under renovation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of renovation during the period of renovation. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The principal annual rate used for this purpose is as follows:

Customer lists	33%
Licence	33%

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. When the Group is the lessee, rentals payable under operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, and loans and receivables, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value presented as other net income and gains in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for “Revenue recognition” below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other net income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor 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 observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, and financial liabilities at fair value through profit or loss, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the

guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of each reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the reporting periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) revenue from the rendering of services, when the services have been rendered to customers. Receipts in respect of unutilised prepaid packages for which the relevant services have not been rendered are deferred and recognised as deferred revenue in the statement of financial position. Any unutilised prepaid packages at the end of the service period are fully recognised in profit or loss;
- (b) revenue from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, which generally coincides with the time when the goods are delivered to customers;

- (c) income from the sale of financial investments, when the relevant contract notes are executed on the transaction dates;
- (d) consultancy fee income, commission income and management fee income, when the relevant services are rendered;
- (e) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (f) dividend income, when the shareholders' right to receive payment has been established.

Employee benefits

Retirement benefit scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiary which operates in the PRC and Macau are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Dividends

Final dividends proposed by the directors are not classified as a separate allocation of retained profits within the equity section of the consolidated statements of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The Financial Information is presented in HK\$, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The functional currencies of certain subsidiaries outside Hong Kong are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of an operation outside Hong Kong and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of that operation and translated at the closing rate.

Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosure, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to the ones previously estimated, and it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Net realisable value of inventories

The Group performs regular review of the carrying amounts of inventories with reference to ageing analyses of the Group's inventories, projections of expected future saleability of goods and management experience and judgement. Based on this review, write-down of inventories will be made when the net realisable value of inventories declines below their carrying amount. Due to changes in technological, market and economic environment and customers' preference, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation.

Impairment of loans and receivables

The Group regularly reviews its loans and receivables to assess impairment. In determining whether a loan or receivable or a group of loans and receivables is impaired and impairment losses are incurred, the Group considers, inter alia, whether there is any observable data indicating that there is a measureable decrease in the estimated cash flows from its receivables. This requires the Group to make estimates about expected future cash flows, and hence they are subject to uncertainty.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of medical, quasi-medical and traditional beauty services and sale of skincare and beauty products in Hong Kong, Macau and the PRC. Information reported to the Group's management for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Information about geographical areas**(a) Revenue from external customers**

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$	HK\$	HK\$	HK\$ (Unaudited)	HK\$
Hong Kong	227,072,862	469,439,140	597,596,303	278,534,968	319,945,442
Macau	2,593,245	19,973,785	23,493,307	11,227,732	14,056,984
The PRC.	—	—	—	—	1,865,898
	<u>229,666,107</u>	<u>489,412,925</u>	<u>621,089,610</u>	<u>289,762,700</u>	<u>335,868,324</u>

(b) *Non-current assets*

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
Hong Kong	30,629,361	43,791,704	50,730,374	48,670,447
Macau	1,435,367	2,980,579	3,575,914	3,260,288
The PRC	—	—	—	4,238,542
	<u>32,064,728</u>	<u>46,772,283</u>	<u>54,306,288</u>	<u>56,169,277</u>

The non-current asset information above is based on the location of the assets and excludes financial instruments.

Information about major customers

Since no revenue derived from sales to a single customer of the Group has individually accounted for over 10% of the Group's total revenue during each of the periods presented, no information about major customers in accordance with HKFRS 8 *Operating Segments* is presented.

5. REVENUE, OTHER NET INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the value of medical, quasi-medical and traditional beauty services rendered and the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other net income and gains is as follows:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Revenue					
Medical services	121,736,633	189,596,631	218,981,051	98,801,091	129,655,839
Quasi-medical services	18,714,922	29,589,024	62,642,169	28,335,483	34,362,951
Traditional beauty services	45,479,334	60,929,430	66,882,296	35,669,342	32,498,595
Skincare and beauty products	13,245,883	28,312,602	32,520,109	14,225,527	9,999,181
Revenue recognised from unutilised prepaid packages	30,489,335	180,985,238	240,063,985	112,731,257	129,351,758
	<u>229,666,107</u>	<u>489,412,925</u>	<u>621,089,610</u>	<u>289,762,700</u>	<u>335,868,324</u>
Other net income and gains					
Bank interest income	20,788	61,818	82,225	59,850	39,550
Interest income from listed debt investments	—	—	653,584	135,669	843,755
Other interest income	158,275	323,506	419,852	173,463	—
Commission income	1,832,146	409,748	377,694	188,847	—
Consultancy fee income	273,450	—	—	—	—
Dividend income from listed equity and unlisted fund investments	1,419,883	1,405,712	1,679,754	1,202,876	—
Management fee income	4,770,532	484,233	263,076	85,609	—
Unrealised fair value gains on financial assets/liabilities at fair value through profit or loss, net	1,599,123	459,823	1,295,637	518,142	—
Realised gains/(losses) on disposal of financial assets/liabilities at fair value through profit or loss, net	1,953,300	1,892,257	(834,222)	(437,861)	(1,084,090)
Gain on disposal of property, plant and equipment, net	—	117,333	—	—	—
Imputed interest income on non-current rental deposits	47,496	372,762	306,868	172,769	178,685
Gain on disposal of subsidiaries	—	307,081	—	—	—
Others	918,398	2,498,314	1,461,256	854,146	921,083
	<u>12,993,391</u>	<u>8,332,587</u>	<u>5,705,724</u>	<u>2,953,510</u>	<u>898,983</u>

6. FINANCE COSTS

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$	HK\$	HK\$	HK\$	HK\$
				(Unaudited)	
Interest on bank borrowings repayable within five years	9,222	134,551	465,525	219,642	—
Interest on bank borrowings not repayable within five years	158,275	323,506	—	—	—
Imputed interest expense on non-current rental deposits	768,689	54,371	424,158	51,287	—
	<u>936,186</u>	<u>512,428</u>	<u>889,683</u>	<u>270,929</u>	<u>—</u>

Finance costs of bank borrowings, which contain a repayment on demand clause, are determined in accordance with the agreed scheduled repayment dates set out in the loan agreements.

7. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$	HK\$	HK\$	HK\$	HK\$
				(Unaudited)	
Minimum lease payments under operating leases in respect of:					
Land and buildings	27,666,447	52,071,649	52,822,949	24,121,108	24,339,861
Equipment	136,395	73,644	89,538	71,524	107,964
Auditors' remuneration	1,160,148	1,185,350	1,150,000	575,000	595,237
Depreciation	9,631,538	15,319,312	17,707,725	8,038,211	10,557,602
Employee benefit expenses:*					
Salaries, wages, allowances, bonuses, commission and benefits in kind	106,459,042	176,024,161	180,685,287	89,815,311	101,200,810
Pension scheme contributions (defined contribution scheme) . .	3,698,511	6,442,490	6,425,281	3,262,485	3,359,803
	<u>110,157,553</u>	<u>182,466,651</u>	<u>187,110,568</u>	<u>93,077,796</u>	<u>104,560,613</u>
Impairment of goodwill**	2,062,467	—	—	—	—
Amortisation of intangible assets** . .	127,375	390,177	445,145	212,770	265,494
Loss/(gain) on disposal of property, plant and equipment, net	564,772	(117,333)	—	—	124,800
Gain on disposal of subsidiaries	—	(307,081)	—	—	—
Write-off of property, plant and equipment	—	1,590,528	620,861	223,690	73,287
Foreign exchange differences, net . . .	467,836	735,217	186,812	76,472	(550,996)
Trade receivables written off as uncollectible	—	45,303	—	—	—
	<u>—</u>	<u>45,303</u>	<u>—</u>	<u>—</u>	<u>—</u>

* During the years ended 31 March 2013, 2014 and 2015 and six months ended 30 September 2014 and 2015, included in "Employee benefit expenses" are also registered practitioner expenses of HK\$9,239,180, HK\$18,512,345, HK\$20,340,000, HK\$9,387,866 (unaudited) and HK\$12,919,328 paid/payable to certain registered medical practitioners who are also employees of the Group.

** The impairment of goodwill and amortisation of intangible assets are included in "Other expenses" in the consolidated statements of profit or loss and other comprehensive income.

8. DIRECTORS' REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors before 7 July 2015 as the Company was incorporated on 7 July 2015.

During the entire Track Record Period, Mr. Tang Chi Fai was the sole director of UGIL.

Mr. Tang Chi Fai, Mr. Lee Gabriel, Mr. Yeung Chin Wan and Mr. Luk Kun Shing Ben were appointed as directors of the Company on 7 July 2015, 1 September 2015, 1 September 2015 and 1 September 2015, respectively. Mr. Ma Ching Nam, Dr. Yu Ka Fai Alexis and Mr. Look Andrew were appointed as independent non-executive directors of the Company on 19 February 2016, and Mr. Tang Chi Fai was appointed as the chief executive of the Company on 4 November 2015.

Certain directors of the Company received remuneration from the subsidiaries now comprising the Group during the Track Record Period. The remuneration of the directors as recorded in the Financial Information is set out below:

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Year ended 31 March 2013					
<i>Executive director</i>					
Tang Chi Fai	<u>—</u>	<u>1,214,500</u>	<u>—</u>	<u>14,500</u>	<u>1,229,000</u>
	HK\$	HK\$	HK\$	HK\$	HK\$
Year ended 31 March 2014					
<i>Executive director</i>					
Tang Chi Fai	<u>—</u>	<u>1,215,000</u>	<u>—</u>	<u>15,000</u>	<u>1,230,000</u>

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Year ended 31 March 2015					
<i>Executive directors</i>					
Tang Chi Fai	—	1,217,500	—	17,500	1,235,000
Lee Gabriel	—	1,521,000	—	17,650	1,538,650
Yeung Chin Wan	—	877,739	—	13,650	891,389
Luk Kun Shing Ben	—	160,000	—	8,000	168,000
	—	3,776,239	—	56,800	3,833,039
Six months ended 30 September 2014					
(Unaudited)					
<i>Executive directors</i>					
Tang Chi Fai	—	608,500	—	8,500	617,000
Lee Gabriel	—	702,000	—	8,500	710,500
Yeung Chin Wan	—	289,739	—	4,500	294,239
Luk Kun Shing Ben	—	40,000	—	2,000	42,000
	—	1,640,239	—	23,500	1,663,739
Six months ended 30 September 2015					
<i>Executive directors</i>					
Tang Chi Fai	—	609,000	—	9,000	618,000
Lee Gabriel	—	714,000	—	9,000	723,000
Yeung Chin Wan	—	689,300	—	9,000	698,300
Luk Kun Shing Ben	—	120,000	—	6,000	126,000
	—	2,132,300	—	33,000	2,165,300

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one, nil, one, nil and nil individual is a director for the years ended 31 March 2013, 2014 and 2015 and six months ended 30 September 2014 and 2015, respectively, whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other four, five, four, five and five individuals for the years ended 31 March 2013, 2014 and 2015 and six months ended 30 September 2014 and 2015, respectively, are as follows:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$	HK\$	HK\$	HK\$	HK\$
Salaries, allowances and other benefits in kind	6,405,868	7,668,667	8,814,750	4,100,750	3,774,788
Performance related bonuses	1,304,074	4,969,317	6,222,358	2,595,898	6,217,017
Pension scheme contributions (defined contribution schemes)	106,313	150,125	174,500	83,750	75,875
	7,816,255	12,788,109	15,211,608	6,780,398	10,067,680

The emoluments of the four, five, four, five and five individuals with the highest emoluments for the years ended 31 March 2013, 2014 and 2015 and six months ended 30 September 2014 and 2015, respectively, are within the following bands:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
				(Unaudited)	
HK\$Nil to HK\$1,000,000.	—	—	—	1	—
HK\$1,000,001 to HK\$1,500,000. . . .	2	1	—	2	2
HK\$1,500,001 to HK\$2,000,000. . . .	1	1	—	2	—
HK\$2,000,001 to HK\$2,500,000. . . .	1	—	1	—	2
HK\$2,500,001 to HK\$3,000,000. . . .	—	1	—	—	1
HK\$3,000,001 to HK\$3,500,000. . . .	—	2	1	—	—
HK\$3,500,001 to HK\$4,000,000. . . .	—	—	1	—	—
Over HK\$4,500,001.	—	—	1	—	—
	4	5	4	5	5

No remuneration was paid or payable by the Group to the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period.

10. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong or based on the estimated assessment issued by the Hong Kong Inland Revenue Department during the Track Record Period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The components of the income tax expense for the Track Record Period are as follows:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
				(Unaudited)	
	HK\$	HK\$	HK\$	HK\$	HK\$
Current - Hong Kong					
Charge for the year/period	1,728,054	14,490,851	34,825,462	16,716,261	21,068,631
Under-provision in respect of prior years	—	—	—	—	155,935
	1,728,054	14,490,851	34,825,462	16,716,261	21,224,566
Current - Elsewhere					
Charge for the year/period	8,343	621,504	342,096	284,616	354,690
Deferred tax (note 26)	291,621	149,613	651,479	(391,913)	(1,127,062)
Tax charge for the year/period	2,028,018	15,261,968	35,819,037	16,608,964	20,452,194

Reconciliation between income tax and (loss)/profit before tax at the applicable tax rates:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$	HK\$	HK\$	HK\$ (Unaudited)	HK\$
(Loss)/profit before tax	<u>(31,203,783)</u>	<u>96,668,611</u>	<u>210,596,799</u>	<u>91,462,532</u>	<u>104,348,484</u>
Tax at the Hong Kong statutory tax rate	(5,148,624)	15,950,321	34,748,472	15,091,318	17,217,500
Different tax rate enacted by local authority	198,636	(311,700)	(125,059)	(106,731)	(238,829)
Adjustments in respect of current tax of previous periods	—	—	—	—	155,935
Income not subject to tax	(237,526)	(1,993,562)	(397,728)	(366,003)	(236,788)
Expenses not deductible for tax	6,605,751	2,324,801	1,483,818	472,127	2,779,573
Utilisation of tax losses not recognised	—	(857,253)	(128,455)	—	(226,479)
Tax losses not recognised	<u>609,781</u>	<u>149,361</u>	<u>237,989</u>	<u>1,518,253</u>	<u>1,001,282</u>
Tax charge for the year/period	<u>2,028,018</u>	<u>15,261,968</u>	<u>35,819,037</u>	<u>16,608,964</u>	<u>20,452,194</u>

11. DIVIDEND

Dividend payable by the Company and UGIL (prior to the reorganisation completed on 18 September 2015) to equity shareholder attributable to the year/period:

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$	HK\$	HK\$	HK\$ (Unaudited)	HK\$
Interim dividend declared	<u>—</u>	<u>—</u>	<u>154,903,200</u>	<u>—</u>	<u>64,441,636</u>

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share for the Track Record Period is based on the profit attributable to equity shareholders of the Company for each of the years ended 31 March 2013, 2014 and 2015 and six months ended 30 September 2014 and 2015, and the deemed weighted average number of 735 million shares of the Company after the share sub-division and the further allotment of shares on 19 February 2016 and the repurchase of shares on 26 February 2016 (see note 38).

There were no dilutive potential ordinary shares during the Track Record Period and therefore, diluted earnings per share are not presented.

The basic earnings per share as presented in the consolidated statements of profit or loss and other comprehensive income have not taken into account the proposed share sub-division as described in note 38.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Construction in progress	Furniture and fixtures	Operation equipment	Office equipment	Computers	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Year ended 31 March 2013							
At 1 April 2012							
Cost	10,981,208	1,253,628	2,246,257	19,840,082	1,417,438	1,404,340	37,142,953
Accumulated depreciation	(7,211,140)	—	(1,498,356)	(9,631,048)	(688,615)	(734,094)	(19,763,253)
Net carrying amount	<u>3,770,068</u>	<u>1,253,628</u>	<u>747,901</u>	<u>10,209,034</u>	<u>728,823</u>	<u>670,246</u>	<u>17,379,700</u>
At 1 April 2012, net of accumulated depreciation	3,770,068	1,253,628	747,901	10,209,034	728,823	670,246	17,379,700
Transfers	1,253,628	(1,253,628)	—	—	—	—	—
Additions	11,366,050	—	415,316	11,011,940	594,240	253,374	23,640,920
Disposal	(123,039)	—	(29,144)	(396,658)	(15,931)	—	(564,772)
Business combination (note 29(a))	—	—	—	964,684	—	—	964,684
Depreciation provided during the year	(3,660,496)	—	(511,905)	(4,864,003)	(325,971)	(269,163)	(9,631,538)
At 31 March 2013, net of accumulated depreciation	<u>12,606,211</u>	<u>—</u>	<u>622,168</u>	<u>16,924,997</u>	<u>981,161</u>	<u>654,457</u>	<u>31,788,994</u>
At 31 March 2013:							
Cost	22,798,405	—	2,619,187	31,212,248	1,994,222	1,657,714	60,281,776
Accumulated depreciation	(10,192,194)	—	(1,997,019)	(14,287,251)	(1,013,061)	(1,003,257)	(28,492,782)
Net carrying amount	<u>12,606,211</u>	<u>—</u>	<u>622,168</u>	<u>16,924,997</u>	<u>981,161</u>	<u>654,457</u>	<u>31,788,994</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Year ended 31 March 2014							
At 1 April 2013:							
Cost	22,798,405	2,619,187	31,212,248	1,994,222	1,657,714	60,281,776	60,281,776
Accumulated depreciation	(10,192,194)	(1,997,019)	(14,287,251)	(1,013,061)	(1,003,257)	(28,492,782)	(28,492,782)
Net carrying amount	<u>12,606,211</u>	<u>622,168</u>	<u>16,924,997</u>	<u>981,161</u>	<u>654,457</u>	<u>31,788,994</u>	<u>31,788,994</u>
At 1 April 2013, net of accumulated depreciation	12,606,211	622,168	16,924,997	981,161	654,457	31,788,994	31,788,994
Additions	17,823,128	957,170	9,702,556	452,990	934,025	29,869,869	29,869,869
Write-off	(1,590,528)	—	—	—	—	(1,590,528)	(1,590,528)
Disposal	—	—	(8,257)	—	—	(8,257)	(8,257)
Depreciation provided during the year	(7,434,130)	(421,623)	(6,754,686)	(357,855)	(351,018)	(15,319,312)	(15,319,312)
At 31 March 2014, net of accumulated depreciation	<u>21,404,681</u>	<u>1,157,715</u>	<u>19,864,610</u>	<u>1,076,296</u>	<u>1,237,464</u>	<u>44,740,766</u>	<u>44,740,766</u>
At 31 March 2014:							
Cost	32,759,865	2,592,804	40,822,604	2,171,005	2,591,739	80,938,017	80,938,017
Accumulated depreciation	(11,355,184)	(1,435,089)	(20,957,994)	(1,094,709)	(1,354,275)	(36,197,251)	(36,197,251)
Net carrying amount	<u>21,404,681</u>	<u>1,157,715</u>	<u>19,864,610</u>	<u>1,076,296</u>	<u>1,237,464</u>	<u>44,740,766</u>	<u>44,740,766</u>

	Leasehold improvements	Furniture and fixtures	Operation equipment	Office equipment	Computers	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Year ended 31 March 2015						
At 1 April 2014:						
Cost	32,759,865	2,592,804	40,822,604	2,171,005	2,591,739	80,938,017
Accumulated depreciation . . .	(11,355,184)	(1,435,089)	(20,957,994)	(1,094,709)	(1,354,275)	(36,197,251)
Net carrying amount	<u>21,404,681</u>	<u>1,157,715</u>	<u>19,864,610</u>	<u>1,076,296</u>	<u>1,237,464</u>	<u>44,740,766</u>
At 1 April 2014, net of						
accumulated depreciation . . .	21,404,681	1,157,715	19,864,610	1,076,296	1,237,464	44,740,766
Additions	14,547,795	382,710	9,104,850	358,295	662,859	25,056,509
Write-off.	(620,861)	—	—	—	—	(620,861)
Business combination (note 29(c))	401,422	14,662	159,953	77,540	58,784	712,361
Depreciation provided during the year	(9,345,131)	(452,969)	(7,061,274)	(394,300)	(454,051)	(17,707,725)
At 31 March 2015, net of accumulated depreciation . . .	<u>26,387,906</u>	<u>1,102,118</u>	<u>22,068,139</u>	<u>1,117,831</u>	<u>1,505,056</u>	<u>52,181,050</u>
At 31 March 2015:						
Cost	44,324,151	2,990,176	48,576,003	2,606,840	3,313,382	101,810,552
Accumulated depreciation . . .	(17,936,245)	(1,888,058)	(26,507,864)	(1,489,009)	(1,808,326)	(49,629,502)
Net carrying amount	<u>26,387,906</u>	<u>1,102,118</u>	<u>22,068,139</u>	<u>1,117,831</u>	<u>1,505,056</u>	<u>52,181,050</u>
	Leasehold improvements	Furniture and fixtures	Operation equipment	Office equipment	Computers	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Six months ended 30 September 2015						
At 1 April 2015:						
Cost	44,324,151	2,990,176	48,576,003	2,606,840	3,313,382	101,810,552
Accumulated depreciation . . .	(17,936,245)	(1,888,058)	(26,507,864)	(1,489,009)	(1,808,326)	(49,629,502)
Net carrying amount	<u>26,387,906</u>	<u>1,102,118</u>	<u>22,068,139</u>	<u>1,117,831</u>	<u>1,505,056</u>	<u>52,181,050</u>
At 1 April 2015, net of						
accumulated depreciation . . .	26,387,906	1,102,118	22,068,139	1,117,831	1,505,056	52,181,050
Additions	3,114,807	485,436	4,039,766	56,074	217,449	7,913,532
Write-off.	(73,287)	—	—	—	—	(73,287)
Disposal	—	—	(124,800)	—	—	(124,800)
Business combination (note 29(d))	1,937,393	245,852	—	—	—	2,183,245
Depreciation provided during the period	(5,682,808)	(296,490)	(4,077,289)	(230,961)	(270,054)	(10,557,602)
Exchange adjustment	(50,139)	(11,165)	—	—	—	(61,304)
At 30 September 2015, net of accumulated depreciation . . .	<u>25,633,872</u>	<u>1,525,751</u>	<u>21,905,816</u>	<u>942,944</u>	<u>1,452,451</u>	<u>51,460,834</u>
At 30 September 2015						
Cost	48,352,539	3,716,663	52,490,969	2,662,914	3,530,831	110,753,916
Accumulated depreciation . . .	(22,718,667)	(2,190,912)	(30,585,153)	(1,719,970)	(2,078,380)	(59,293,082)
Net carrying amount.	<u>25,633,872</u>	<u>1,525,751</u>	<u>21,905,816</u>	<u>942,944</u>	<u>1,452,451</u>	<u>51,460,834</u>

14. GOODWILL

	Notes	Year ended 31 March			Six months ended 30 September
		2013	2014	2015	2015
		HK\$	HK\$	HK\$	HK\$
At the beginning of year/period		—	—	1,378,540	1,773,481
Acquisition of businesses.	29(a),(b),(c),(d)	2,062,467	1,378,540	394,941	1,647,837
Impairment during the year/period		(2,062,467)	—	—	—
At the end of year/period.		<u>—</u>	<u>1,378,540</u>	<u>1,773,481</u>	<u>3,421,318</u>
		As at 31 March			As at 30 September
		2013	2014	2015	2015
		HK\$	HK\$	HK\$	HK\$
Cost		2,062,467	3,441,007	3,835,948	5,483,785
Accumulated impairment		<u>(2,062,467)</u>	<u>(2,062,467)</u>	<u>(2,062,467)</u>	<u>(2,062,467)</u>
Net carrying amount		<u>—</u>	<u>1,378,540</u>	<u>1,773,481</u>	<u>3,421,318</u>

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Traditional beauty service cash-generating units;
- Medical, quasi-medical and traditional beauty service cash-generating units;
- Aesthetic dental service cash-generating units; and
- Medical services in the PRC cash-generating units.

Traditional beauty service cash-generating units

The recoverable amount of the traditional beauty service cash-generating units acquired during the year ended 31 March 2013 (the "2013 CGUs") has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projections is 15% and the growth rate used to extrapolate the cash flows of the cash-generating units beyond the five-year period is 3%.

Medical, quasi-medical and traditional beauty service cash-generating units

The recoverable amount of the medical, quasi-medical and traditional beauty service cash-generating units acquired during the year ended 31 March 2014 (the "2014 CGUs") has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projections is 17% and the growth rate used to extrapolate the cash flows of the cash-generating units beyond the five-year period is 3%.

Aesthetic dental service cash-generating units

The recoverable amount of the aesthetic dental service cash-generating units acquired during the year ended 31 March 2015 (the "2015 CGUs") has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projections is 16% and the growth rate used to extrapolate the cash flows of the cash-generating units beyond the five-year period is 3%.

Medical services in the PRC cash-generating units

The recoverable amount of the medical services in the PRC cash-generating units acquired during the six months ended 30 September 2015 (the "2015 April-September CGUs") has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projection is 16% and the growth rate used to extrapolate the cash flows of the cash-generating units beyond the five-year period is 3%.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	As at 31 March			As at
	2013	2014	2015	30 September
	HK\$	HK\$	HK\$	2015
Carrying amount of goodwill				HK\$
2013 CGUs	—	—	—	—
2014 CGUs	—	1,378,540	1,378,540	1,378,540
2015 CGUs	—	—	394,941	394,941
2015 April-September CGUs	—	—	—	1,647,837
Total	—	1,378,540	1,773,481	3,421,318

Assumptions were used in the value-in-use calculations of the 2013 CGUs, 2014 CGUs, 2015 CGUs and 2015 April-September CGUs. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rate - The discount rates used are before tax and reflect specific risks relating to the relevant cash-generating units.

Price inflation - The basis used to determine the price inflation is the forecast price index during the budget year for Hong Kong, Macau or the PRC where the operations are carried out.

The values assigned to the key assumptions are consistent with external information sources.

The projected cash flows for the 2013 CGUs have been reviewed downwards subsequent to the acquisition to reflect the subsequent change in market condition of the beauty service industry during the year ended 31 March 2013. As a result, management has recognised an impairment charge of HK\$2,062,467 against goodwill in respect of the 2013 CGUs as at 31 March 2013, and the 2013 CGUs have been reduced to its recoverable amount of HK\$900,000. The impairment charge is recorded within "Other expenses" in the consolidated statements of profit or loss and other comprehensive income.

15. INTANGIBLE ASSETS

	Note	Customer lists HK\$	Licence HK\$	Total HK\$
Year ended 31 March 2013				
At 1 April 2012				
Cost		—	—	—
Accumulated amortisation		—	—	—
Net carrying amount		<u>—</u>	<u>—</u>	<u>—</u>
At 1 April 2012, net of accumulated amortisation				
Acquisition of business	29(a)	403,109	—	403,109
Amortisation provided during the year		<u>(127,375)</u>	<u>—</u>	<u>(127,375)</u>
At 31 March 2013, net of accumulated amortisation		<u>275,734</u>	<u>—</u>	<u>275,734</u>
At 31 March 2013				
Cost		403,109	—	403,109
Accumulated amortisation		<u>(127,375)</u>	<u>—</u>	<u>(127,375)</u>
Net carrying amount		<u>275,734</u>	<u>—</u>	<u>275,734</u>
	Note	Customer lists HK\$	Licence HK\$	Total HK\$
Year ended 31 March 2014				
At 1 April 2013				
Cost		403,109	—	403,109
Accumulated amortisation		<u>(127,375)</u>	<u>—</u>	<u>(127,375)</u>
Net carrying amount		<u>275,734</u>	<u>—</u>	<u>275,734</u>
At 1 April 2013, net of accumulated amortisation				
Acquisition of business	29(b)	767,420	—	767,420
Amortisation provided during the year		<u>(390,177)</u>	<u>—</u>	<u>(390,177)</u>
At 31 March 2014, net of accumulated amortisation		<u>652,977</u>	<u>—</u>	<u>652,977</u>
At 31 March 2014				
Cost		1,170,529	—	1,170,529
Accumulated amortisation		<u>(517,552)</u>	<u>—</u>	<u>(517,552)</u>
Net carrying amount		<u>652,977</u>	<u>—</u>	<u>652,977</u>

	Note	Customer lists HK\$	Licence HK\$	Total HK\$
Year ended 31 March 2015				
At 1 April 2014				
Cost		1,170,529	—	1,170,529
Accumulated amortisation		(517,552)	—	(517,552)
Net carrying amount		<u>652,977</u>	<u>—</u>	<u>652,977</u>
At 1 April 2014, net of accumulated amortisation		652,977	—	652,977
Acquisition of business	29(c)	143,925	—	143,925
Amortisation provided during the year		(445,145)	—	(445,145)
At 31 March 2015, net of accumulated amortisation		<u>351,757</u>	<u>—</u>	<u>351,757</u>
At 31 March 2015				
Cost		1,314,454	—	1,314,454
Accumulated amortisation		(962,697)	—	(962,697)
Net carrying amount		<u>351,757</u>	<u>—</u>	<u>351,757</u>
	Note	Customer lists HK\$	Licence HK\$	Total HK\$
Six months ended 30 September 2015				
At 1 April 2015				
Cost		1,314,454	—	1,314,454
Accumulated amortisation		(962,697)	—	(962,697)
Net carrying amount		<u>351,757</u>	<u>—</u>	<u>351,757</u>
At 1 April 2015, net of accumulated amortisation		351,757	—	351,757
Acquisition of business	29(d)	—	1,239,956	1,239,956
Amortisation provided during the year		(151,479)	(114,015)	(265,494)
Exchange adjustment		—	(39,094)	(39,094)
At 30 September 2015, net of accumulated amortisation		<u>200,278</u>	<u>1,086,847</u>	<u>1,287,125</u>
At 30 September 2015				
Cost		1,314,454	1,198,803	2,513,257
Accumulated amortisation		(1,114,176)	(111,956)	(1,226,132)
Net carrying amount		<u>200,278</u>	<u>1,086,847</u>	<u>1,287,125</u>

The amortisation charge for the Track Record Period is included in “Other expenses” in the consolidated statements of profit or loss and other comprehensive income.

16. INVENTORIES

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
Skincare and beauty products	316,158	691,565	4,121,390	3,658,096
Consumables and other supplies	4,453,488	9,719,404	9,549,771	22,837,944
	<u>4,769,646</u>	<u>10,410,969</u>	<u>13,671,161</u>	<u>26,496,040</u>

17. TRADE RECEIVABLES

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
Trade receivables	<u>32,514,921</u>	<u>21,371,440</u>	<u>22,123,781</u>	<u>26,778,536</u>

The Group's trading terms with its customers are mainly on credit card settlements. The credit period is generally 5 to 120 days for the credit card settlements from the respective financial institutions. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables, based on the invoice date, is as follows:

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
Within 1 month	16,545,301	13,961,642	12,016,914	21,372,458
1 to 3 months	6,402,899	4,711,725	6,944,378	5,019,602
Over 3 months	9,566,721	2,698,073	3,162,489	386,476
	<u>32,514,921</u>	<u>21,371,440</u>	<u>22,123,781</u>	<u>26,778,536</u>

The ageing analysis of the trade receivables as at the end of each of the Track Record Period, based on the payment due date and net of provision, is as follows:

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
Neither past due nor impaired	19,605,037	17,600,133	19,159,954	19,627,516
Less than 3 months past due	5,776,584	3,594,922	2,469,328	6,772,576
3 to 6 months past due	315,739	72,697	130,041	275,892
7 to 12 months past due	2,809,124	23,556	271,165	40,125
More than 1 year past due	4,008,437	80,132	93,293	62,427
	<u>32,514,921</u>	<u>21,371,440</u>	<u>22,123,781</u>	<u>26,778,536</u>

Trade receivables that were neither past due nor impaired relate to a number of receivables due from financial institutions in respect of credit card settlements for whom there was no recent history of default.

Trade receivables that were past due but not impaired also relate to a number of financial institutions that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
Prepayments	6,194,426	7,050,410	24,369,204	29,735,521
Deposits	21,180,076	22,300,661	29,917,669	28,342,854
Other receivables	4,853,581	11,868,035	3,140,552	2,863,238
	<u>32,228,083</u>	<u>41,219,106</u>	<u>57,427,425</u>	<u>60,941,613</u>
Portion classified as non-current				
- Rental deposits	(16,634,921)	(10,887,302)	(13,036,497)	(6,984,334)
- Prepayments and other deposits . .	—	—	(10,225,540)	(8,200,000)
Current portion	<u>15,593,162</u>	<u>30,331,804</u>	<u>34,165,388</u>	<u>45,757,279</u>

None of the above assets is either past due or impaired. The financial assets included in the above balance relate to receivables for which there was no recent history of default.

19. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
Financial assets at fair value through profit or loss				
Listed equity investments, at market value Hong Kong	6,718,534	7,233,597	—	—
Listed debt instruments, at market value Hong Kong	—	2,900,932	27,263,284	—
Unlisted fund investments, at fair value Hong Kong	7,613,876	27,244,716	—	—
Currency-linked note, at fair value . . .	18,748,500	19,337,819	—	—
Derivative financial instruments				
- Forward currency contracts	296,500	102,270	—	—
	<u>33,377,410</u>	<u>56,819,334</u>	<u>27,263,284</u>	<u>—</u>
Financial liabilities at fair value through profit or loss				
Derivative financial instruments				
- Forward currency contracts	<u>199,349</u>	<u>157,758</u>	<u>—</u>	<u>—</u>

The Group has entered into various forward currency contracts. These forward currency contracts are not designed for hedge purposes and are measured at fair value through profit or loss. Change in fair value of non-hedging currency derivatives amounting to HK\$97,151, HK\$(152,639), HK\$55,488, HK\$55,488 (unaudited) and HK\$Nil were credited/(charged) to profit or loss during the years ended 31 March 2013, 2014 and 2015 and six months ended 30 September 2014 and 2015, respectively.

As at 31 March 2013 and 2014, derivative financial instruments were secured by pledged time deposits of HK\$4,706,246 and HK\$10,113,028, respectively (note 21).

20. AMOUNT DUE FROM THE CONTROLLING SHAREHOLDER

The amount due from the Controlling Shareholder is interest-free, has no fixed terms of repayment and is secured by a deed of guarantee and indemnity given by the Controlling Shareholder except for the amount of HK\$15,714,976 and HK\$21,640,301, as at 31 March 2013 and 2014 respectively, which was interest-bearing at 0.7% to 2.25% above HIBOR and capped at 2.5% per annum. The maximum amount outstanding were HK\$137,318,290, HK\$237,728,622, HK\$219,672,204 and HK\$163,901,746, during the years ended 31 March 2013, 2014 and 2015 and six months ended 30 September 2015, respectively. The balance was fully settled as at 30 September 2015.

21. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
Cash and cash equivalents	52,605,992	74,822,200	119,769,188	321,413,389
Time deposits	<u>8,540,329</u>	<u>12,113,028</u>	<u>12,115,557</u>	<u>4,311,196</u>
	61,146,321	86,935,228	131,884,745	325,724,585
Less: pledged time deposits				
Pledged for banking facilities available for spot and derivative transactions (note 19)	(4,706,246)	(10,113,028)	—	—
Pledged for banking facilities as security for credit card instalments programme	<u>(3,834,083)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,244)</u>
	<u>52,605,992</u>	<u>74,822,200</u>	<u>129,884,745</u>	<u>323,724,341</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods from one day to three months depending on the Group's immediate cash requirements, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

An ageing analysis of the trade payables, based on the invoice date, is as follows:

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
Within 1 month	1,145,583	1,870,011	3,318,653	2,600,260
1 to 2 months	292,854	33,391	370,734	151,389
2 to 3 months	78,845	44,076	51,280	13,200
Over 3 months	<u>56,568</u>	<u>67,619</u>	<u>189,131</u>	<u>152,609</u>
	<u>1,573,850</u>	<u>2,015,097</u>	<u>3,929,798</u>	<u>2,917,458</u>

The trade payables are non-interest-bearing and generally have payment terms within 60 days.

23. OTHER PAYABLES AND ACCRUALS

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
Other payables	8,925,181	5,148,736	8,186,844	7,337,822
Accruals	39,353,251	50,359,367	58,238,472	71,616,884
Provision for reinstatement costs	<u>3,720,000</u>	<u>3,960,000</u>	<u>4,740,000</u>	<u>4,259,500</u>
	51,998,432	59,468,103	71,165,316	83,214,206
Portion classified as non-current				
- provision for reinstatement costs	(2,810,000)	(2,510,000)	(3,250,000)	(2,059,500)
- other payables and accruals	<u>(3,000,000)</u>	<u>(2,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Current portion	<u>46,188,432</u>	<u>54,958,103</u>	<u>66,915,316</u>	<u>80,154,706</u>

Other payables are non-interest-bearing and have an average payment term of three months.

The provision for reinstatement costs represents management's best estimate of the Group's liabilities of the costs of dismantling and removing the leasehold improvements and restoring the sites on which they are located.

The movements in the provision for reinstatement costs are as follows:

	Year ended 31 March			Six months ended
	2013	2014	2015	30 September
	HK\$	HK\$	HK\$	HK\$
At the beginning of year/period	1,670,000	3,720,000	3,960,000	4,740,000
Additional provision	2,050,000	1,510,000	1,060,000	—
Amounts utilised during the year/period	—	<u>(1,270,000)</u>	<u>(280,000)</u>	<u>(480,500)</u>
At the end of year/period	3,720,000	3,960,000	4,740,000	4,259,500
Portion classified as current liabilities	<u>(910,000)</u>	<u>(1,450,000)</u>	<u>(1,490,000)</u>	<u>(2,200,000)</u>
Non-current portion	<u>2,810,000</u>	<u>2,510,000</u>	<u>3,250,000</u>	<u>2,059,500</u>

24. DEFERRED REVENUE

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
Deferred revenue	<u>359,456,312</u>	<u>396,168,765</u>	<u>347,467,876</u>	<u>331,548,615</u>

The movements in deferred revenue are as follows:

	Year ended 31 March			Six months ended
				30 September
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
At the beginning of year/period	251,545,866	359,456,312	396,168,765	347,467,876
Sales contracts entered into during the year/period	337,868,871	528,404,377	574,557,313	320,887,927
Acquisition of business/subsidiaries (note 29)	1,503,945	937,085	—	—
Revenue recognised upon the provision of services	(185,930,889)	(280,115,085)	(348,505,516)	(196,517,385)
Revenue recognised upon the retail sales of products	(12,134,835)	(26,904,258)	(30,180,860)	(9,322,847)
Refunds	(2,907,311)	(4,624,428)	(4,507,841)	(1,615,198)
Revenue recognised from unutilised prepaid packages	<u>(30,489,335)</u>	<u>(180,985,238)</u>	<u>(240,063,985)</u>	<u>(129,351,758)</u>
At the end of year/period	<u>359,456,312</u>	<u>396,168,765</u>	<u>347,467,876</u>	<u>331,548,615</u>

26. DEFERRED TAX LIABILITIES

	Depreciation allowance in excess of related depreciation			
	Year ended 31 March			Six months ended
	2013	2014	2015	30 September
	HK\$	HK\$	HK\$	HK\$
At 1 April.	858,385	1,150,006	1,299,619	1,951,098
Deferred tax charged/(credited) to profit or loss during the year/period (note 10).	<u>291,621</u>	<u>149,613</u>	<u>651,479</u>	<u>(1,127,062)</u>
Deferred tax liabilities recognised in the consolidated statements of financial position at 31 March/30 September	<u>1,150,006</u>	<u>1,299,619</u>	<u>1,951,098</u>	<u>824,036</u>

The Group has tax losses arising in Hong Kong and the PRC of HK\$43,717,157, HK\$39,426,903, HK\$40,090,745 and HK\$45,552,029 as at 31 March 2013, 2014 and 2015 and 30 September 2015, respectively, subject to agreement by the local tax authorities. The tax losses are available indefinitely for offsetting against future taxable profits of the companies from which the losses arose, except for tax losses arising in the PRC of HK\$3,192,886 as at 30 September 2015, which will be expired within 3-5 years.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

27. SHARE CAPITAL

The Company is a limited liability company incorporated in the Cayman Islands on 7 July 2015 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. There was no authorised and issued capital as at 31 March 2013, 2014 and 2015 since the Company has not yet been incorporated.

On 18 September 2015, additional 99 shares were issued to Mr. Tang Chi Fai. All shares were then transferred to Union Medical Care Holding Limited and were fully paid-up on 18 September 2015. Details of the changes in the Company's equity for the period from 7 July 2015 to 30 September 2015 are set out below:

	Share capital	Contribution reserve	Total
	HK\$	HK\$	HK\$
At 7 July 2015	—	—	—
Issuance of new shares	<u>1</u>	<u>7</u>	<u>8</u>
At 30 September 2015.	<u>1</u>	<u>7</u>	<u>8</u>

The details of issued share capital for the period from 7 July 2015 to 30 September 2015 are set out below:

	<u>Number of shares</u>	<u>Six months ended 30 September 2015</u>
		HK\$
Ordinary shares, issued and fully paid:		
At 7 July 2015	—	—
Issuance of new shares	<u>100</u>	<u>1</u>
At 30 September 2015	<u><u>100</u></u>	<u><u>1</u></u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the company's residual assets.

28. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the Track Record Period are presented in the consolidated statements of changes in equity on page I-5 of this report.

Merger reserve

The merger reserve represents the consolidated share capital of Union (Group) Investment Limited and a subsidiary acquired under common control during the Track Record Period, arising from the Reorganisation as detailed in note 2.2 of Section II completed on 18 September 2015.

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policies set out in note 3.1 of this report.

Contribution reserve

The contribution reserve represents the difference between the share of equity of Union Health Services Holding Limited and the par value of share capital for the issuance of new shares arising from the Reorganisation as detailed in note 2.2 of Section II completed on 18 September 2015.

29. BUSINESS COMBINATIONS

- (a) On 19 April 2012, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which the Group acquired all assets and related business (collectively, the "Acquired Business") held by the vendor. The Acquired Business was held by the vendor in certain beauty service centres to operate the provision of traditional beauty service business. The cash consideration for the acquisition of the Acquired Business was HK\$2,500,000.

The acquisition was made as part of the Company's strategy on business expansion.

The fair values of the identifiable assets and liabilities of the Acquired Business as at the date of acquisition are as follows:

	Section II	Fair value recognised on acquisition
	Notes	HK\$
Property, plant and equipment	13	964,684
Intangible assets	15	403,109
Rental deposits		573,685
Deferred revenue	24	<u>(1,503,945)</u>
Total identifiable net assets at fair value		437,533
Goodwill on acquisition	14	<u>2,062,467</u>
Satisfied by cash		<u><u>2,500,000</u></u>

An analysis of the cash flows in respect of the acquisition of the Acquired Business is as follows:

Net outflow of cash and cash equivalents included in cash flows used in investing activities	<u><u>(2,500,000)</u></u>
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In the opinion of the directors, the goodwill recognised represented the expected synergy from combining the Acquired Business with the operations of the Group.

The fair values and the gross contractual amounts of the rental deposits as at the date of acquisition amounted to HK\$573,685, and none of which rental deposits are expected to be uncollectible.

None of the goodwill recognised is expected to be deductible for income tax purposes.

No material revenue or profit was contributed by the Acquired Business to the Group for the year ended 31 March 2013 or had the acquisition taken place at the beginning of the year.

- (b) On 1 April 2013, the Group entered into a sale and purchase agreement with independent third parties, pursuant to which the Group would acquire a 100% equity interest in Be A Lady (Macau) Limited (“BAL Macau”, subsequently renamed as Blue Ocean (Macau) Limited) from the vendors.

On the same date, the Group entered into another sale and purchase agreement with an independent third party pursuant to which the Group would acquire a 90% equity interest in Be A Lady (Site 1) Medical Limited (“BAL Site 1”, subsequently renamed as All Angles (Site 1) Limited).

BAL Macau and BAL Site 1 are collectively referred to as the “BAL Companies”. The BAL Companies are principally engaged in the provision of medical and traditional beauty service business in Macau. The cash consideration for the acquisition of the BAL Companies was HK\$2,395,690.

The acquisition was made as part of the Group’s strategy on business expansion.

The Group has elected to measure the non-controlling interests in BAL Site 1 at the non-controlling interest’s proportionate share of BAL Site 1’s identifiable net liabilities.

The aggregate fair values of the identifiable assets and liabilities of the BAL Companies as at the date of acquisition on 1 April 2013 are as follows:

	Section II Notes	Total HK\$
Intangible assets	15	767,420
Trade receivables		1,731,315
Prepayments, deposits and other receivables		294,690
Cash and cash equivalents		1,270,754
Other payables and accruals		(1,744,301)
Deferred revenue	24	(937,085)
Current tax payable		<u>(386,370)</u>
Total identifiable net assets at fair value		996,423
Non-controlling interests		20,727
Goodwill on acquisition	14	<u>1,378,540</u>
Satisfied by cash		<u><u>2,395,690</u></u>

An analysis of the cash flows in respect of the acquisition of the BAL Companies is as follows:

Cash consideration	(2,395,690)
Adjusted for deposits paid for acquisition of BAL Companies in the prior year	2,395,690
Cash and cash equivalents acquired	<u>1,270,754</u>
Net inflow of cash and cash equivalents included in cash flows used in investing activities	<u><u>1,270,754</u></u>

In the opinion of the directors, the goodwill recognised represented the expected synergy from combining the BAL Companies with the operations of the Group.

The fair values and the gross contractual amounts of the trade receivables and prepayments, deposits and other receivables as at the date of acquisition amounted to HK\$1,731,315 and HK\$294,690, respectively, and none of the trade receivables and other receivables are expected to be uncollectible.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Since the acquisition, the BAL Companies contributed HK\$24,125,907 to the Group's turnover and HK\$6,305,171 to the consolidated profit for the year ended 31 March 2014.

- (c) On 1 July 2014, the Group entered into a sale and purchase agreement with independent third parties, pursuant to which the Group would acquire a 100% interest in Kevinsdental Services Limited ("Kevin Dental") and Vision Dental Limited ("Vision Dental") from the vendor.

Kevin Dental and Vision Dental are collectively referred to as "the Dental Companies". The Dental Companies are principally engaged in the provision of dental services in Hong Kong. The cash consideration for acquisition of the Dental Companies was HK\$980,000.

The acquisition was made as part of the Group's strategy on business expansion.

The aggregate fair values of the identifiable assets and liabilities of the Dental Companies as at the date of acquisition on 1 July 2014 are as follows:

	Section II Notes	Total HK\$
Property, plant and equipment	13	712,361
Intangible assets	15	143,925
Prepayments, deposits and other receivables		84,746
Trade payables		(149,767)
Other payables and accruals		(206,206)
Total identifiable net assets at fair value		585,059
Goodwill on acquisition	14	394,941
Satisfied by cash		<u>980,000</u>

An analysis of the cash flows in respect of the acquisition of the Dental Companies is as follows:

Net outflow of cash and cash equivalents included in cash flows generated from investing activities	<u>(980,000)</u>
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In the opinion of the directors, the goodwill recognised represented the expected synergy from combining the Dental Companies with the operations of the Group.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Since the acquisition, the Dental Companies contributed HK\$19,361,328 to the Group's turnover and HK\$5,831,614 to the consolidated profit for the year ended 31 March 2015.

Had the combination taken place at the beginning of the year ended 31 March 2015, the revenue of the Group and the profit of the Group for the year would have been HK\$625,900,553 and HK\$174,605,166, respectively.

- (d) On 30 April 2015, the Group entered into a sale and purchase agreement with independent third parties, pursuant to which the Group would acquire a 100% interest in Guangzhou Zhuansheng and its wholly owned subsidiary Guangzhou Aesthetic from the vendor.

Guangzhou Zhuansheng and Guangzhou Aesthetic are collectively referred to as "the PRC Companies". The PRC Companies are principally engaged in the provision of medical services in the PRC. The cash consideration for the acquisition of the PRC Companies was RMB1,050,000 (equivalent to HK\$1,324,770).

The acquisition was made as part of the Group's strategy on business expansion.

The aggregate fair values of the identifiable assets and liabilities of the PRC Companies as at the date of acquisition on 30 April 2015 are as follows:

	Section II Notes	Total HK\$
Property, plant and equipment	13	2,183,245
Intangible assets	15	1,239,956
Prepayments, deposits and other receivables		11,452
Cash and cash equivalents		604,791
Amount due to original shareholder		(4,302,345)
Other payables and accruals		(60,166)
Total identifiable net liabilities		(323,067)
Goodwill on acquisition	14	1,647,837
Satisfied by cash		<u>1,324,770</u>

An analysis of the cash flows in respect of the acquisition of the PRC Companies is as follows:

Cash consideration	(1,324,770)
Cash and cash equivalents acquired	<u>604,791</u>
Net outflow of cash and cash equivalents included in cash flows used in investing activities	<u>(719,979)</u>

In the opinion of the directors, the goodwill recognised represented the expected synergy from combining the PRC Companies with the operations of the Group.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Since the acquisition, the PRC Companies contributed HK\$1,865,898 to the Group's turnover and loss of HK\$1,178,590 to the consolidated profit for the six months ended 30 September 2015.

Had the combination taken place at the beginning of the six months ended 30 September 2015, the revenue of the Group and the profit of the Group for the period would have been HK\$335,868,324 and HK\$71,811,517, respectively.

30. DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2014, the Group disposed of certain subsidiaries which were inactive. Assets and liabilities of the subsidiaries disposed of are as follows:

	<u>2014</u>
	HK\$
Net liabilities disposed of:	
Rental deposits	906,841
Prepayments, deposits and other receivables	19,986
Cash and cash equivalents	13,951
Other payables and accruals	<u>(1,241,008)</u>
	(300,230)
Gain on disposal of subsidiaries	<u>307,081</u>
Consideration received	<u>6,851</u>

31. NON-CASH TRANSACTIONS

- (a) During the year ended 31 March 2013, the Controlling Shareholder of the Company agreed to assume the amounts due from related parties to the Group aggregating HK\$136,626,470, which included amounts arising from related party transactions and payments on behalf of the related parties. The amounts were settled through the current accounts maintained between the Group and the Controlling Shareholder.
- (b) During the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2014 and 2015, the Group entered into rental agreements in respect of certain of its beauty service centres under operating leases. Pursuant to the terms and conditions of the rental agreements, the Group is required to restore the beauty service centres to the conditions as stipulated in the rental agreements. Accordingly, the Group has accrued and capitalised the estimated restoration cost of HK\$2,050,000, HK\$1,510,000, HK\$1,060,000, HK\$220,000 (unaudited) and HK\$Nil respectively, when such obligations arose.
- (c) During the year ended 31 March 2015 and six months ended 30 September 2015, the Company and UGIL (prior to the reorganisation completed on 18 September 2015) declared interim dividend aggregating HK\$154,903,200 and HK\$64,441,636, respectively. The amounts were settled through the current accounts maintained between the Group and the Controlling Shareholder.

32. CONTINGENT LIABILITIES

At the end of each of the reporting periods, contingent liabilities not provided for in the Financial Information were as follows:

	<u>As at 31 March</u>			<u>As at 30 September</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2015</u>
	HK\$	HK\$	HK\$	HK\$
Bank guarantees given to credit card institutions	<u>4,500,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

As at 31 March 2013, 2014 and 2015 and 30 September 2015, the maximum liability of the Group under the bank guarantees given to credit card institutions were HK\$4,500,000, HK\$2,000,000, HK\$2,000,000 and HK\$2,000,000, respectively.

33. COMMITMENTS

(a) Operating lease arrangements

The Group leases certain of its beauty service centres, office premises and warehouses under operating lease arrangements. Leases for these properties are negotiated for terms ranging from 3 months to 6 years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
Within one year	27,268,163	47,215,997	49,868,368	41,357,134
In the second to fifth years, inclusive.	23,645,681	39,918,426	46,361,042	35,997,875
Beyond five years	—	2,071,237	—	—
	<u>50,913,844</u>	<u>89,205,660</u>	<u>96,229,410</u>	<u>77,355,009</u>

(b) Capital commitments

The Group had the following capital commitments:

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	HK\$	HK\$	HK\$	HK\$
Contracted, but not provided for	<u>658,000</u>	<u>—</u>	<u>435,194</u>	<u>—</u>

The capital commitment as at 31 March 2013 and 2015 represents the commitment for the purchase of property, plant and equipment.

34. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in the Financial Information, the Group had the following material transactions with related parties during the year ended 31 March 2013, 2014 and 2015, and six months ended 30 September 2014 and 2015, respectively:

	Notes	Year ended 31 March			Six months ended 30 September	
		2013	2014	2015	2014	2015
		HK\$	HK\$	HK\$	HK\$	HK\$
Companies beneficially owned by the Controlling Shareholder						
Sales of skincare and beauty products	(i)	56,931	64,301	14,735	—	146,569
Purchase of skincare and beauty products and medical consumables . . .	(i)	1,242,508	856,093	443,622	171,292	—
Commission income	(ii)	1,832,146	409,748	377,694	188,847	—
Commission expense	(ii)	48,916	561,114	601,184	324,961	61,597
Interest income	(iii)	158,275	323,506	419,852	209,926	—
Management fee income . . .	(iv)	120,000	120,000	120,000	70,000	—
Registered practitioner expenses	(v)	2,572,760	3,113,336	1,802,910	957,846	220,134
Rental expenses	(vi)	—	84,000	144,000	72,000	72,000
Companies beneficially owned by the spouse of the Controlling Shareholder						
Sales of skincare and beauty products	(i)	57,016	77,845	1,403,998	269,199	484,542
Purchase of skincare and beauty products and medical consumables . . .	(i)	4,434,191	6,938,620	8,262,879	2,982,804	6,172,369
Purchase of property, plant and equipment	(vii)	260,000	1,424,530	3,063,309	219,349	712,600
Rental expenses	(vi)	36,000	288,000	288,000	144,000	144,000
Insurance brokerage service fee	(viii)	—	—	532,378	—	108,480
Equipment maintenance service fee	(ix)	—	96,000	641,398	408,890	431,259
Travelling expenses	(x)	—	—	—	—	154,232
Companies beneficially owned by a family member of the Controlling Shareholder						
Sales of skincare and beauty products	(i)	<u>81,570</u>	<u>982,111</u>	<u>1,500</u>	<u>—</u>	<u>—</u>

Notes:

- (i) Sales and purchases were made with the related parties according to the mutually agreed pricing.
(ii) The commission income and commission expense were charged from/to related parties according to mutually agreed terms.
(iii) Interest income was determined based on the interest charged on the bank loans entered into by the Group on behalf of the related parties.
(iv) Management fee income was received from the related parties according to mutually agreed terms.
(v) The registered practitioner expenses were reimbursed to the related parties on an actual cost basis.
(vi) The rental expenses were charged from the related parties on an actual cost basis.

- (vii) Items of property, plant and equipment were purchased from a related party according to mutually agreed terms.
 (viii) Insurance brokerage service fee was charged from the related party according to mutually agreed terms.
 (ix) Equipment maintenance service fee was charged from the related party according to mutually agreed terms.
 (x) Travelling expenses were charged from the related party according to mutually agreed terms.

(b) Particulars of the balances with related parties are as follows:

Year ended 31 March 2013

	1 April 2012	Maximum amount outstanding during the year	31 March 2013
	HK\$	HK\$	HK\$
Due from related parties			
BAL Medical Surgery Centre Limited ¹	500	500	—
Business Plus International Limited ³	496,412	496,412	—
Centre (HK) Limited ⁵	43,788,209	43,788,209	—
Ever Shine Consultants Limited ⁴	596,418	596,418	—
Good Union Corporation Limited ³	775,918	775,918	—
Great Century Trading Limited ³	296,420	296,420	—
Healthy Champion Limited ²	3,850	3,850	—
Healthy International Enterprise Limited ²	1,379,267	1,379,267	—
Healthy Concept (HK) Limited ¹	1,094,866	1,094,866	—
Legend Profit International Capital Limited ¹	13,654,442	13,654,442	—
Master Talent Limited ⁶	15,500	15,500	—
Mega Power Consultants Limited ⁷	116,656	116,656	—
Property Star Limited ¹	10,151,955	10,151,955	—
Redhill Shine Limited ⁴	5,350	5,350	—
Smart Storage Limited ⁶	34,500	34,500	—
Southern Consultants Limited ⁷	12,380	12,380	—
Tang's International Holdings Limited ¹	5,850	5,850	—
UMB Investments Limited ¹	5,850	5,850	—
Mr. Tang Chi Sang ⁸	43,000	43,000	—
Mr. Pang Sai Yau ⁹	968,463	1,383,650	1,383,650
	<u>73,445,806</u>	<u>73,860,993</u>	<u>1,383,650</u>

Year ended 31 March 2014

	1 April 2013	Maximum amount outstanding during the year	31 March 2014
	HK\$	HK\$	HK\$
Due from a related party			
Mr. Pang Sai Yau	<u>1,383,650</u>	<u>1,383,650</u>	<u>—</u>

-
- ¹ wholly-owned by Mr. Tang Chi Fai, Controlling Shareholder of the Company
 - ² 50%-owned or 75%-owned by Mr. Tang Chi Fai
 - ³ 50%-owned by the spouse of Mr. Tang Chi Fai
 - ⁴ 99%-owned or wholly-owned by the spouse of Mr. Tang Chi Fai
 - ⁵ co-owned by Mr. Tang Chi Fai and his spouse
 - ⁶ 50%-owned by Mr. Tang Chi Fai and his spouse, in total
 - ⁷ wholly-owned by key management personnel of the Company
 - ⁸ a close family member of Mr. Tang Chi Fai
 - ⁹ a director of certain subsidiaries of the Company

Amounts due from related parties as at 31 March 2013 were interest-free, had no fixed terms of repayment and were secured by a personal guarantee given by the Controlling Shareholder pursuant to a deed of guarantee and indemnity.

- (c) In addition to the transactions detailed in note 34(a) above, the Group also has the following related party transactions:
- (i) a beauty service centre held by a related party, which is wholly-owned by the Controlling Shareholder, was occupied by the Group at no consideration during the year ended 31 March 2013.
 - (ii) one of the subsidiaries with net assets of HK\$6,442 at the date of disposal was disposed of to the Controlling Shareholder during the year ended 31 March 2014 at a consideration of HK\$1.
 - (iii) certain properties situated in Hong Kong held by related parties, which were wholly-owned or partially-owned by the Controlling Shareholder, which had an estimated fair value of approximately HK\$35,861,000 and HK\$37,708,000 as 31 March 2013 and 2014, respectively, were pledged to the bank for the banking facilities granted to the Group for the years ended 31 March 2013 and 2014. The banking facilities were cancelled during the year ended 31 March 2015.
- (d) Compensation of key management personnel of the Group:

All members of key management personnel are directors of the Company, and their compensation is disclosed in note 8.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amount of each of the categories of financial instruments as at the end of each of the reporting periods is as follows:

As at 31 March 2013

Financial assets

	Financial assets at fair value through profit or loss			Total
	Designated as such upon initial recognition	Held for trading	Loans and receivables	
	HK\$	HK\$	HK\$	
Trade receivables	—	—	32,514,921	32,514,921
Financial assets included in prepayments, deposits and other receivables	—	—	26,033,657	26,033,657
Financial assets at fair value through profit or loss	18,748,500	14,628,910	—	33,377,410
Amount due from the Controlling Shareholder	—	—	137,318,290	137,318,290
Amount due from a related party	—	—	1,383,650	1,383,650
Pledged time deposits	—	—	8,540,329	8,540,329
Cash and cash equivalents	—	—	52,605,992	52,605,992
	<u>18,748,500</u>	<u>14,628,910</u>	<u>258,396,839</u>	<u>291,774,249</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	HK\$	HK\$	HK\$
	Trade payables	—	1,573,850
Financial liabilities included in other payables and accruals.	—	34,294,614	34,294,614
Financial liabilities at fair value through profit or loss	199,349	—	199,349
Interest-bearing bank borrowings	—	15,714,976	15,714,976
	<u>199,349</u>	<u>51,583,440</u>	<u>51,782,789</u>

As at 31 March 2014

Financial assets

	Financial assets at fair value through profit or loss			Total
	Designated as such upon initial recognition	Held for trading	Loans and receivables	
	HK\$	HK\$	HK\$	
Trade receivables	—	—	21,371,440	21,371,440
Financial assets included in prepayments, deposits and other receivables	—	—	34,168,696	34,168,696
Financial assets at fair value through profit or loss	19,337,819	37,481,515	—	56,819,334
Amount due from the Controlling Shareholder	—	—	219,672,204	219,672,204
Pledged time deposits	—	—	12,113,028	12,113,028
Cash and cash equivalents	—	—	74,822,200	74,822,200
	<u>19,337,819</u>	<u>37,481,515</u>	<u>362,147,568</u>	<u>418,966,902</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	HK\$	HK\$	HK\$
	Trade payables	—	2,015,097
Financial liabilities included in other payables and accruals.	—	31,978,541	31,978,541
Financial liabilities at fair value through profit or loss	157,758	—	157,758
Interest-bearing bank borrowings	—	24,640,301	24,640,301
	<u>157,758</u>	<u>58,633,939</u>	<u>58,791,697</u>

As at 31 March 2015

Financial assets

	Financial assets at fair value through profit or loss - held for trading	Loans and receivables	Total
	HK\$	HK\$	HK\$
Trade receivables	—	22,123,781	22,123,781
Financial assets included in prepayments, deposits and other receivables	—	33,058,221	33,058,221
Financial assets at fair value through profit or loss	27,263,284	—	27,263,284
Amount due from the Controlling Shareholder	—	160,990,296	160,990,296
Pledged time deposits	—	2,000,000	2,000,000
Cash and cash equivalents	—	129,884,745	129,884,745
	<u>27,263,284</u>	<u>348,057,043</u>	<u>375,320,327</u>

Financial liabilities

	Financial liabilities at amortised cost	Total
	HK\$	HK\$
Trade payables	3,929,798	3,929,798
Financial liabilities included in other payables and accruals	42,895,754	42,895,754
	<u>46,825,552</u>	<u>46,825,552</u>

As at 30 September 2015

Financial assets

	Loans and receivables	Total
	HK\$	HK\$
Trade receivables	26,778,536	26,778,536
Financial assets included in prepayments, deposits and other receivables . .	31,206,092	31,206,092
Pledged time deposits	2,000,244	2,000,244
Cash and cash equivalents	323,724,341	323,724,341
	<u>383,709,213</u>	<u>383,709,213</u>

Financial liabilities

	Financial liabilities at amortised cost	Total
	HK\$	HK\$
Trade payables	2,917,458	2,917,458
Financial liabilities included in other payables and accruals.	55,314,448	55,314,448
	<u>58,231,906</u>	<u>58,231,906</u>

36. FAIR VALUE AND FAIR VALUE HIERARCHY**Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	HK\$	HK\$	HK\$	
<i>As at 31 March 2013</i>				
Financial assets at fair value through profit or loss - held-for-trading	6,718,534	7,910,376	—	14,628,910
Financial assets at fair value through profit or loss - designated as such upon initial recognition	<u>—</u>	<u>18,748,500</u>	<u>—</u>	<u>18,748,500</u>
<i>As at 31 March 2014</i>				
Financial assets at fair value through profit or loss - held-for-trading	10,134,529	27,346,986	—	37,481,515
Financial assets at fair value through profit or loss - designated as such upon initial recognition	<u>—</u>	<u>19,337,819</u>	<u>—</u>	<u>19,337,819</u>
<i>As at 31 March 2015</i>				
Financial assets at fair value through profit or loss - held-for-trading	<u>27,263,284</u>	<u>—</u>	<u>—</u>	<u>27,263,284</u>

Liabilities measured at fair value:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	HK\$	HK\$	HK\$	
<i>As at 31 March 2013</i>				
Financial liabilities at fair value through profit or loss - held-for-trading	—	199,349	—	199,349
<i>As at 31 March 2014</i>				
Financial liabilities at fair value through profit or loss - held-for-trading	—	157,758	—	157,758

During the Track Record Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The fair values of the listed equity and debt investments are based on quoted market prices.

Valuation techniques and inputs used in Level 2 fair value measurements

The unlisted investment funds and the currency-linked note are not quoted in an active market and may be subject to restrictions on redemptions. The management considers the valuation techniques and inputs used in valuing these investment funds and the currency-linked note as part of its due diligence prior to investing to ensure they are reasonable and appropriate and therefore the net assets value of these funds or this note may be used as an input into measuring their fair value.

The Group enters into derivative financial instruments with a financial institution. Derivative financial instruments, which are forward currency contracts, are measured using valuation techniques similar to forward pricing, using present value calculations. The model incorporates various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

As at 31 March 2013 and 2014, the marked to market value of the derivative assets/liabilities position is net of a credit valuation adjustment attributable to derivative counterparty default risk.

(b) Financial assets and liabilities not measured at fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at the end of each of the reporting periods.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and equity and debt price and investment fund risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Credit risk

The Group was involved in the provision of medical, quasi-medical and traditional beauty services and the sale of skincare and beauty products and receivable balances are mainly from financial institutions in respect of credit card receivables. Receivable balances are monitored on an ongoing basis by senior management and the Group's exposure to bad debts is not significant. In addition, the Group's bank balances are deposited with creditworthy banks with no recent history of default.

The credit risk of the Group's other financial assets arises from the default of the counterparties, with a maximum exposure equal to the carrying amounts of these financial assets.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 17 to the Financial Information.

Liquidity risk

The Group monitors and maintains a sufficient level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. Management reviews and monitors its working capital requirements regularly.

The maturity profile of the Group's financial liabilities as at 31 March 2013, 2014 and 2015 and 30 September 2015, based on the contractual undiscounted amounts, are as follows:

As at 31 March 2013*Financial liabilities*

	Within 3 months or on demand or no fixed terms of repayment
	HK\$
Trade payables	1,573,850
Financial liabilities included in other payables and accruals.	34,294,614
Interest-bearing bank borrowings.	18,009,075
Financial liabilities at fair value through profit or loss	199,349*
Bank guarantees given to credit card institutions	4,500,000
	<u>58,576,888</u>

* The amount represents the contractual amount to be exchanged in derivative financial instruments for which gross cash flows are exchanged.

As at 31 March 2014

Financial liabilities

	Within 3 months or on demand or no fixed terms of repayment
	HK\$
Trade payables	2,015,097
Financial liabilities included in other payables and accruals	31,978,541
Interest-bearing bank borrowings	27,112,655
Financial liabilities at fair value through profit or loss	157,758*
Bank guarantees given to credit card institutions	2,000,000
	<u>63,264,051</u>

* The amount represents the contractual amount to be exchanged in derivative financial instruments for which gross cash flows are exchanged.

As at 31 March 2015

Financial liabilities

	Within 3 months or on demand or no fixed terms of repayment
	HK\$
Trade payables	3,929,798
Financial liabilities included in other payables and accruals	42,895,754
Bank guarantees given to credit card institutions	2,000,000
	<u>48,825,552</u>

As at 30 September 2015

Financial liabilities

	Within 3 months or on demand or no fixed terms of repayment
	HK\$
Trade payables	2,917,458
Financial liabilities included in other payables and accruals	55,314,448
Bank guarantees given to credit card institutions	2,000,000
	<u>60,231,906</u>

Equity and debt price and investment fund risk

Equity and debt price risk is the risk that the fair values of equity and debt securities decrease as a result of changes in the levels of equity indices and the value of underlying individual securities. The Group is exposed to equity and debt price risk arising from individual equity and debt investments classified as trading investments (note 19) at the end of each of the reporting periods. The Group's listed investments are listed on The Stock Exchange of Hong Kong Limited. The listed equity and debt investments are valued at quoted market prices at the end of each of the reporting periods.

Investment fund risk is the risk that the fair value or future cash flows of investment funds will fluctuate due to changes in the prices of underlying securities. The maximum risk resulting from investment funds equals their fair value.

The following table demonstrates the sensitivity to every 8% change in the fair values of the listed equity and debt investments and unlisted fund investments to which the Group has significant exposure at the end of each of the reporting periods, with all other variables held constant and before any impact on tax. There is no impact on the Group's equity except on the retained profits/(accumulated losses).

	Carrying amount of investments	Change in profit/(loss) before tax
	HK\$	HK\$
As at 31 March 2013		
Equity investments listed in:		
Hong Kong - held-for-trading	6,718,534	537,483
Unlisted fund investments and currency-linked note at fair value	26,362,376	2,108,990
As at 31 March 2014		
Debt and equity investments listed in:		
Hong Kong - held-for-trading	10,134,529	810,762
Unlisted fund investments and currency-linked note at fair value	46,582,535	3,726,603
As at 31 March 2015		
Debt investments listed in:		
Hong Kong - held-for-trading	27,263,284	2,181,063

Capital management

The Group's main objectives with respect to capital management include maintaining a solid and stable financing structure to support its ongoing business growth so that it can continue to maximise shareholders' return, and providing an adequate return to the shareholders by pricing products and services commensurate with the level of risk.

The Group regularly reviews and manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes for managing capital during the Track Record Period.

38. SUBSEQUENT EVENTS

On 19 February 2016, the Company underwent a share sub-division whereby each of the issued or unissued ordinary shares of par value of HK\$0.01 each was sub-divided into 1,000 Shares of par value of HK\$0.00001 each (the "Subdivision"). Upon completion of the Subdivision, the authorised share capital was HK\$380,000, divided into 38,000,000,000 shares of par value of HK\$0.00001 each, and 100,000 shares were issued and allotted. On the same date, a total of 1,099,900,000 Shares were further allotted and issued, at par.

On 26 February 2016, the Company repurchased 365,000,000 shares at par. After the repurchase of shares, the Company's issued shares consisted of 735,000,000 shares of par value of HK\$0.00001 each.

On 26 February 2016, the Company declared interim dividend of HK\$60,000,000.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 30 September 2015.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

The information set forth in this appendix does not form part of the Accountants' Report from KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the Global Offering on the net tangible assets of our Group attributable to owners of the Company as at 30 September 2015 as if the Global Offering had taken place on that date. The unaudited pro forma statement of adjusted net tangible assets of our Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of our net tangible assets attributable to owners of the Company had the Global Offering been completed as at 30 September 2015 or at any future date. The unaudited pro forma statement of net tangible assets attributable to owners of the Company is based on the consolidated net tangible assets attributable to owners of the Company derived from the audited financial information of our Group as at 30 September 2015 as set out in the Accountants' Report in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountants' Report.

	Consolidated net tangible assets attributable to owners of the Company as at 30 September 2015	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share
	HK\$ (Note 1)	HK\$ (Note 2)	HK\$	HK\$ (Notes 3 and 4)
Based on an Offer Price of HK\$2.88 per share	18,042,584	651,998,310	670,040,894	0.68
Based on an Offer Price of HK\$3.88 per share	<u>18,042,584</u>	<u>895,586,445</u>	<u>913,629,029</u>	<u>0.93</u>

Notes:

1. The consolidated net tangible assets attributable to the owners of the Company as at 30 September 2015 is arrived at after deducting goodwill and intangible assets of HK\$3,421,318 and HK\$1,287,125, respectively, from the audited equity attributable to the owners of the Company of HK\$22,751,027 as at 30 September 2015, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Global Offering are based on the estimated offer prices of HK\$2.88 per Share (being the minimum Offer Price) or HK\$3.88 per Share (being the Maximum Offer Price), after deduction of the estimated underwriting fees and other listing expenses (excluding listing expenses of approximately HK\$23.4 million that we incurred during the track record period), and 245,000,000 Shares expected to be issued under the Global Offering, assuming the Over-allotment Option is not exercised and excluding any Shares which may be issued upon the exercise of share options granted under the Share Option Scheme.
3. The unaudited pro forma adjusted net tangible assets attributable to owners of the Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 980,000,000 Shares are in issue, assuming that the subdivision of Shares had been completed as of 30 September 2015 and the Over-allotment Option is not exercised, and excluding any Shares which may be issued upon the exercise of share options granted under the Share Option Scheme.
4. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2015, including the interim dividend of HK\$60,000,000 declared on 26 February 2016.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose of incorporation in this prospectus.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

1 March 2016

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****To the Directors of Union Medical Healthcare Limited**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Union Medical Healthcare Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 September 2015 and related notes as set out in part A of Appendix II to the prospectus dated 1 March 2016 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of shares of the Company (the "Global Offering") on the Group's financial position as at 30 September 2015 as if the Global Offering had taken place at 30 September 2015. As part of this process, information about the Group's financial position as at 30 September 2015 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on 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 (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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 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 (“HKSAE”) 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the 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 pro forma financial information.

The purpose of Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 30 September 2015 would have been as presented.

A reasonable assurance engagement to report on whether the 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 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 pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

KPMG

Certified Public Accountants

Hong Kong

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

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 7 July 2015 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (referred to in this Appendix as the “Companies Law”). The Memorandum of Association (the “Memorandum”) and the Articles of Association (the “Articles”) comprise its constitution.

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 February 2016 to take effect on the Listing Date. The following is a summary of certain provisions of the Articles:

(a) **Directors**

(i) *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 with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are 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 from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) 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 shall be 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 shall be 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.

(ii) *Power to dispose of the assets of the Company or any subsidiary*

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.

(iii) *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.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) *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, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other 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. Subject as otherwise provided by the Articles, 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.

Subject to the Companies Law and the Articles, 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 shall 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 (as defined in the Articles) is materially interested, but this prohibition shall 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.

(vi) ***Remuneration***

The ordinary remuneration of the Directors shall from time to time 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 shall also be 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.

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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 (whether by way of salary, commission, participation in profits or otherwise) 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 (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) 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.

(vii) ***Retirement, appointment 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. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time 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. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

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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 the members may by ordinary resolution appoint another in his place at the meeting at which such Director is removed. 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:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if 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 from time to time 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 shall, 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.

(viii) ***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 (present and future) 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.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) ***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.

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(x) ***Register of Directors and Officers***

The Companies Law and the Articles provide that 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.

(b) **Alterations to constitutional documents**

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.

(c) **Alteration of capital**

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively 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, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) **Variation of rights of existing shares or classes of shares**

Subject to the Companies Law, 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.

The 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.

(e) Special resolution-majority required

Pursuant to the Articles, 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 (see paragraph 2(i) below for further details).

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 held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, 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 instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), 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.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (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 any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) 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 shall 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 shall 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 Designated Stock Exchange (as defined in the Articles), 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.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. 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. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY
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(i) Notices of meetings and business to be conducted thereat

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 (including an extraordinary general meeting) must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear Business Days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall 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 the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent (95%) of the total voting rights at the meeting of all the members.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed 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.

(j) 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 Designated Stock Exchange (as defined in the Articles) 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 in any case in which it thinks fit, in its

discretion, to do so and 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 thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to 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.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, 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 a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for 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 any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, 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.

(n) **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 shall be 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 shall be 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.

(o) **Call on shares and forfeiture of shares**

Subject to the Articles and to the terms of allotment, 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 instalments. 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 instalments 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.

(p) **Inspection of register of members**

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 Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) **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.

Save as otherwise provided by the Articles 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.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) **Rights of the 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 law, as summarised in paragraph 3(f) of this Appendix.

(s) **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 shall be 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 shall be 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 shall be 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.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) 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 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) 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 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.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

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

Subject to the provisions of the Companies Law, 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 shall 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 shall not be treated as a member for any purpose and shall 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 shall not be voted, directly or indirectly, at any meeting of the company and shall 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. Further, 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.

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

With the exception of section 34 of the Companies Law, there is 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. In addition, section 34 of 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 (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands 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) Management

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 shall 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.

(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 21 July 2015.

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 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.

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(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 will 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.

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 shall 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.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business 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, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby 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. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and 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. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) **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.

(p) **Compulsory acquisition**

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.

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(q) 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 "Documents Delivered to the Registrar of Companies and available of Inspection—Documents available for inspection" set out in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated on 7 July 2015 in the Cayman Islands as an exempted company with limited liability with the registered company number CT-301792. Accordingly, our Company's corporate structure and Articles are subject to the relevant laws of the Cayman Islands. A summary of our Articles and Memorandum of Association is set out in Appendix III to this prospectus. Our registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

Our Company's headquarters and principal place of business in Hong Kong is at Unit A & B, 6/F, Hop Hing Industrial Building, No.704 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 24 September 2015. Each of Mr. Gabriel Lee and Mr. Leung Shiu Ki Albert has been appointed as the authorised representative of the Company for acceptance of service of process in Hong Kong. The address for service of process is Unit A & B, 6th Floor, Hop Hing Industrial Building, No. 704 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong.

As our Company is incorporated in the Cayman Islands, our operation is subject to the relevant laws and regulations of the Cayman Islands and the Memorandum of Association and the Articles of Association. A summary of the relevant laws and regulations of the Cayman Islands and of our constitution is set out in "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus.

2. Changes in our Share Capital

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 July 2015 and, as part of the Reorganisation, became the holding company of our subsidiaries. At the time of incorporation, the Company had an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the same date, one nil paid share of the Company was transferred from its initial subscriber to Mr. Tang, being all the issued ordinary share of our Company.

On 18 September 2015, Mr. Tang transferred one share (100%) of Union Health Services to the Company, and in return, the Company credited the initial nil paid share held by Mr. Tang as fully paid and issued 99 new shares to Mr. Tang, credited as fully paid. Immediately after such transfer, our Company held all the issued ordinary shares of Union Investment through Union Health Services. As a result, Union Investment became our indirect wholly owned subsidiary.

On 18 September 2015, Mr. Tang transferred 100 shares (100%) of the Company to Union Medical Care. In return, Union Medical Care issued one new share (credited as a fully paid share) to Mr. Tang. Immediately after such transfer, Mr. Tang indirectly held all the issued ordinary shares of the Company through Union Medical Care.

On 19 February 2016, our Company underwent a share sub-division whereby each of the issued and unissued ordinary shares of par value of HK\$0.01 each was sub-divided into 1,000 Shares of par value of HK\$0.00001 each (the "**Subdivision**"). Upon completion of the Subdivision, our authorised share capital was HK\$380,000 divided into 38,000,000,000 Shares of par value of HK\$0.00001 each and Union Medical Care held 100,000 Shares, being all the issued ordinary shares of our Company. On the same date, a total of 1,099,900,000 Shares were allotted and issued, at par, to Union Medical Care (the "**Allotment**").

On 26 February 2016, our Company bought back 365,000,000 Shares from Union Medical Care. Upon the repurchase of Shares, Unions Medical Care held 735,000,000 Shares, being all the issued ordinary shares of the Company.

Save as aforesaid and as disclosed in “Resolutions in writing of the Sole Shareholder of the Company passed on 19 February 2016” set out below in this appendix, there has been no alteration in the share capital of our Company since the date of its incorporation.

3. Our Corporate Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. Please see “Our History, Reorganisation and Corporate Structure” in this prospectus for further details.

4. Changes in the Share Capital of our Subsidiaries

The following changes in the share capital of our subsidiaries have taken place within the two years immediately preceding the issue of this prospectus:

Union Health Services

Union Health Services was incorporated in the BVI with limited liability on 6 July 2015 with the authority to issue up to a maximum of 50,000 shares with no par value. Upon incorporation, Union Health Services issued one fully paid share at US\$1.00, to Mr. Tang, representing 100% of the equity interest in Union Health Services.

On 18 September 2015, Mr. Tang transferred one share (100%) in Union Health Services to the Company, and in return, the Company accredited the initial nil paid share of the Company held by Mr. Tang as a fully paid share and issued 99 new shares of the Company to Mr. Tang.

Union Dental

Union Dental was incorporated in the BVI with limited liability on 6 July 2015 with the authority to issue up to a maximum of 50,000 shares with no par value. Upon incorporation, Union Dental issued one fully paid share at US\$1.00 to Union Investment, representing 100% of the equity interest in Union Dental.

Union Dermatology

Union Dermatology was incorporated in the BVI with limited liability on 6 July 2015 with the authority to issue up to a maximum of 50,000 shares with no par value. Upon incorporation, Union Dermatology issued one fully paid share at US\$1.00 to Union Investment, representing 100% of the equity interest in Union Dermatology. Such shares were credited as a fully paid share.

Grand Best Union

Grand Best Union was incorporated in Hong Kong as a limited company on 4 December 2014 with one share allotted and issued at an issue price of HK\$1.00 to the Mr. Tang. On 4 March 2015, Mr. Tang transferred his one fully paid share in Grand Best Union to Union Enchanting.

Guangzhou Aesthetic

Guangzhou Aesthetic was established on 1 September 2014 with an initial registered share capital of RMB10,000,000. Guangzhou Zhuansheng held 100% equity interests in Guangzhou Aesthetic.

Save as disclosed in this prospectus, there has been no other alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

5. Resolutions in Writing of the Sole Shareholder of the Company passed on 19 February 2016

Resolutions in writing of the sole shareholder of the Company were passed on 19 February 2016 approving, among others, the following:

- (a) Each of the Subdivision and the Allotment was approved and our Directors were authorised to allot and issue Shares pursuant to the Allotment.
- (b) Conditional upon all the conditions set out in “Structure of the Global Offering—Conditions of the Global Offering” in this prospectus being fulfilled:
 - (i) The Global Offering and the Over-allotment Option;
 - (ii) A general mandate given to the Directors during the relevant period to exercise all the powers of the Company to allot, issue and deal with any Shares or securities convertible into Shares and to make an offer or agreement or grant an option (including but not limited to warrants, options, bonds, notes, securities and debentures conferring any rights to subscribe for or otherwise receive Shares) not exceeding 20% of the total number of Shares in issue immediately following the completion of the Global Offering;
 - (iii) A general mandate given to the Directors during the relevant period to exercise its power to repurchase its own securities not exceeding 10% of the total number of Shares in issue immediately following the completion of the Global Offering; and
 - (iv) A general mandate granted to the Directors extended by the addition to the aggregate nominal amount of Shares which may be allotted and issued or agreed to be allotted and issued by the Directors of the aggregate nominal amount of Shares which may be repurchased upon exercise of the general mandate mentioned in sub-paragraph (iii) above, not exceeding 10% of the aggregate nominal value of the shares in issue immediately following completion of the Global Offering.
- (c) Conditional on (i) the Listing Committee granting (or agreeing to grant) approval (subject to such conditions as the Stock Exchange may impose) for the listing of, and permission to deal in, the Shares which may be issued upon the exercise of share options which may be granted under the Share Option Scheme, and (ii) the commencement of the dealings in the Shares on the Stock Exchange, the adoption of rules of the Share Option Scheme and authorisation of the Board and/or delegation and authorisation by the Board (where applicable) to the Remuneration Committee of the Company to administer the Share Option Scheme.
- (d) The Memorandum and, conditional upon the Listing, the Articles were adopted as our memorandum of association and articles of association respectively.

6. Repurchase of our Shares by our Company

This section includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of the Shares.

Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(a) Shareholders' approval

The Listing Rules provide that all share repurchases by a company with its primary listing on must be approved in advance by an ordinary resolution, which may be by way of general mandate, or by special resolution in relation to specific transactions. As mentioned in “—A. Further information about our Company—5. Resolutions in writing of the Sole Shareholder of the Company passed on 19 February 2016” in this prospectus, the Directors were granted the repurchase mandate on 19 February 2016.

(b) Sources of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the applicable laws, rules and regulations in the Cayman Islands, the Memorandum and the Articles. A listed company is prohibited from repurchasing 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.

Any repurchases by our Company may be made out of profits, share premium, or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time our Shares are repurchased or, subject to the Cayman Companies Law, out of capital.

(c) Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to exercise of warrants, share options or similar instruments requiring the issuer to issue securities, which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if that repurchase would result in the number of securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(d) Status of repurchased shares

A listed company may not make any repurchase of securities at any time after inside information has come to its knowledge, or development which may constitute inside information has occurred or has been the subject of a decision until such time as the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (ii) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period

(whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(e) *Reporting requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(f) *Connected parties*

The Listing Rules prohibit our Company from knowingly repurchasing our Shares on the Stock Exchange from a core connected person, which includes a Director, chief executive or substantial Shareholder or any of our subsidiaries or an associate of any of them and a core connected person shall not knowingly sell Shares to our Company.

Reasons for repurchase

The Directors believe that it is in the best interests of our Company and the Shareholders to have general authority from the Shareholders to enable the Directors to repurchase the Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our Company and the assets and/or the earnings per Share and will only be made when the Directors believe that such repurchases will benefit our Company and the Shareholders.

Funding of repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of Hong Kong. On the basis of our current financial condition as disclosed in this prospectus and taking into account our current working capital position, the Directors consider that, if the repurchase mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or our gearing position as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of the Directors are from time to time appropriate for us.

General

Exercise in full of the repurchase mandate, on the basis of 980,000,000 Shares in issue after completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares to be issued upon the exercise of share options which may be granted under the Share Option Scheme), could accordingly result in up to 98,000,000 Shares being repurchased by us during the period prior to:

- (a) The conclusion of our next annual general meeting;
- (b) The expiration of the period within which our next annual general meeting is required by the Articles of Association, the Cayman Companies Law or any other applicable laws of Cayman Islands to be held; or

- (c) The revocation or variation of the repurchase mandate by an ordinary resolution of the Shareholders in a general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge and 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. The 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 Listing Rules, the Memorandum and the Articles, the applicable laws, rules and regulations in the Cayman Islands.

If, as a result of a repurchase of securities, a Shareholder's proportionate interest in the voting rights of our Company increases, 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 (within the meaning of the Takeovers Code), could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequence which would arise under the Takeovers Code as a consequence of any repurchase made pursuant to the repurchase mandate immediately after the Listing.

No core connected person of our Company has notified our Company that he/she has a present intention to sell the Shares to our Company, or has undertaken not to do so, in the event the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were 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 31 March 2014 entered into between Best Union (China) Limited and Sin Chun Kit, pursuant to which Best Union (China) Limited agreed to sell 100% of the issued shares of B.A.L. Clinic Limited to Sin Chun Kit at a consideration of HK\$3,850;
- (b) the sale and purchase agreement dated 31 July 2014 entered into among Star Hermitage Medical Group Limited (星翰醫療機構有限公司), Rise Enterprise Limited (企陞有限公司) (now known as The One Dental Plus Limited), and Kevinsdental Service Limited (嘉勳牙科服務有限公司), pursuant to which Star Hermitage Medical Group Limited agreed to sell, and Rise Enterprise Limited agreed to purchase, 100 issued shares of Kevinsdental Service Limited at a consideration of HK\$380,000;
- (c) the sale and purchase agreement dated 31 July 2014 entered into among Chan Ting Hon Kevin (陳亭翰), Rise Enterprise Limited (企陞有限公司) (now known as The One Dental Plus Limited), and Vision Dental Limited, pursuant to which Chan Ting Hon Kevin agreed to sell, and Rise Enterprise Limited agreed to purchase, 10,000 issued shares of Vision Dental Limited at a consideration of HK\$600,000;
- (d) the equity transfer agreement dated 17 March 2015 entered into among Pang Qianwen (龐茜文), Cai Fenglian (蔡鳳蓮) and Grand Best Union Services Limited, pursuant to which Pang Qianwen (龐茜文) agreed to transfer 90% equity interest in Guangzhou Zhuansheng Enterprise Management Company Limited (廣州專生企業管理有限公司) to Grand Best Union Services Limited at a consideration of RMB945,000, and Cai Fenglian (蔡鳳蓮) agreed to transfer 10% equity interest in Guangzhou Zhuansheng Enterprise Management Company Limited (廣州專生企業管理有限公司) to Grand Best Union Services Limited at a consideration of RMB105,000;

- (e) the equity transfer agreement dated 4 November 2015 entered into between Union (Group) Investment Limited (聯合(集團)投資有限公司) and Team Expert Investment Limited, pursuant to which Union (Group) Investment Limited agreed to transfer one issued share of All Angles (Site 1) Limited (多角度(SITE 1)有限公司) with the face value of MOP27,000 to Team Expert Investment Limited at a consideration of MOP27,000;
- (f) the equity transfer agreement dated 4 November 2015 entered into between Union (Group) Investment Limited (聯合(集團)投資有限公司) and Team Expert Investment Limited, pursuant to which Union (Group) Investment Limited agreed to transfer one issued share of Blue Ocean (Macau) Limited (藍海(澳門)一人有限公司) with the face value of MOP60,000 to Team Expert Investment Limited at a consideration of MOP60,000;
- (g) the equity transfer agreement dated 4 November 2015 entered into between Union (Group) Investment Limited (聯合(集團)投資有限公司) and Team Expert Investment Limited, pursuant to which Union (Group) Investment Limited agreed to transfer one issued share of Dr. Pro and Dr. Reborn Medical Aesthetics Centre Limited (專生美醫學美容中心有限公司) with the face value of MOP22,100 to Team Expert Investment Limited at a consideration of MOP22,100;
- (h) the deed of indemnity dated 19 February 2016 entered into among the Controlling Shareholders and the Company (for itself and as trustee for each of the other members of the Group) as further described in “Statutory and General Information—E. Other Information—2. Deed of indemnity” in Appendix IV to this prospectus;
- (i) the deed of non-competition dated 19 February 2016 entered into among the Controlling Shareholders and the Company (for itself and on behalf of its subsidiaries) as further described in “Relationship with Controlling Shareholders — Deed of Non-Competition” in this prospectus;
- (j) the Hong Kong Underwriting Agreement; and
- (k) the cornerstone investment agreement relating to the Company dated 26 February 2016 entered into among the Company, Haohai Healthcare Holdings Co., Limited and the Sole Global Coordinator.

2. Our material Intellectual Property Rights




(a) Trademarks

As of the Latest Practicable Date, our registered trademarks which are material to our business were as follows:

















No.	Trademark	Registered owner	Place of registration	Class	Registration Number	Expiration Date
1		UNION (GROUP) INVESTMENT LIMITED operating under the name of Dr. Pro Doctor Professional Beauty Institute	Hong Kong	3, 44	300743490	18 October 2016









APPENDIX IV

STATUTORY AND GENERAL INFORMATION


No.	Trademark	Registered owner	Place of registration	Class	Registration Number	Expiration Date
2		UNION (GROUP) INVESTMENT LIMITED	Hong Kong	44	300874981	21 May 2017
3		UNION (GROUP) INVESTMENT LIMITED	Hong Kong	3, 44	301820448	25 January 2021
4	A  Union Medical Association www.uma.com.hk	UNION MEDICAL ASSOCIATION LIMITED	Hong Kong	10, 44	302112443	13 December 2021
	B  Union Medical Association www.uma.com.hk					
5	A 	NEW ELITE INC. LIMITED	Hong Kong	10, 44	302112452	13 December 2021
	B 					
6	A 	UNION (GROUP) INVESTMENT LIMITED	Hong Kong	10, 44	302112489	13 December 2021
	B 					
7	A 	UNION (GROUP) INVESTMENT LIMITED	Hong Kong	10, 44	302112498	13 December 2021
	B 					
8	A 	NEW ELITE INC. LIMITED	Hong Kong	10, 44	302112461	13 December 2021
	B 					

No.	Trademark	Registered owner	Place of registration	Class	Registration Number	Expiration Date
9	<p>^A </p> <p>^B </p>	NEW ELITE INC. LIMITED	Hong Kong	10, 44	302112506	13 December 2021
10	<p>^A </p> <p>^B </p>	UNION (GROUP) INVESTMENT LIMITED	Hong Kong	10, 44	302192490	15 March 2022
11	<p>^A </p> <p>^B </p>	UNION (GROUP) INVESTMENT LIMITED	Hong Kong	10, 44	302192517	15 March 2022
12		UNION (GROUP) INVESTMENT LIMITED	Hong Kong	3, 5	302221992	15 April 2022
13		UNION (GROUP) INVESTMENT LIMITED	Hong Kong	44	302294307	24 June 2022
14		UNION (GROUP) INVESTMENT LIMITED	Hong Kong	44	302441835	20 November 2022

No.	Trademark	Registered owner	Place of registration	Class	Registration Number	Expiration Date
15	A  Union Medical Beauty Group 專生美 B  Union Medical Beauty Group 專生美	UNION (GROUP) INVESTMENT LIMITED	Hong Kong	10, 44	302515167	3 February 2023
16	A  PRODERMA LAB 寶特曼娜 B  PRODERMA LAB 寶特曼娜	UNION (GROUP) INVESTMENT LIMITED	Hong Kong	3	302926954	16 March 2024
17	A  PRODERMA LAB 寶特曼娜 B  PRODERMA LAB 寶特曼娜	UNION (GROUP) INVESTMENT LIMITED	Hong Kong	3	302926963	16 March 2024
18	A  POOSCO PROFESSIONAL AESTHETIC SURGERY CENTRE B  POOSCO PROFESSIONAL AESTHETIC SURGERY CENTRE	UNION (GROUP) INVESTMENT LIMITED	Hong Kong	10, 44	302926990	16 March 2024
19	A  DR REBORN B  DR REBORN	UNION (GROUP) INVESTMENT LIMITED	Hong Kong	44	302926972	16 March 2024
20	A  專生美 Dr. Reborn PRO B  專生美 Dr. Reborn PRO	UNION (GROUP) INVESTMENT LIMITED	Hong Kong	10, 44	302926981	16 March 2024
21	A  SUISSEBEAUTÉ Laboratoires 瑞研雅 B  SUISSEBEAUTÉ Laboratoires 瑞研雅	UNION (GROUP) INVESTMENT LIMITED	Hong Kong	3	302601080	7 May 2023
22	A  ONE DENTAL B  ONE DENTAL	UNION (GROUP) INVESTMENT LIMITED	Hong Kong	10, 44	302601099	7 May 2023

No.	Trademark	Registered owner	Place of registration	Class	Registration Number	Expiration Date
23	<p>A  Union Medical Healthcare</p> <p>B  Union Medical Healthcare</p>	UNION (GROUP) INVESTMENT LIMITED	Hong Kong	10, 44	303059037	7 July 2024
24	PRODERMA  LAB	UNION (GROUP) INVESTMENT LIMITED	Macau	3	N/069991	10 October 2020
25	 Union Medical Beauty Group 專生美醫學集團	UNION (GROUP) INVESTMENT LIMITED	Macau	10	N/069992	10 October 2020
26	 Union Medical Beauty Group 專生美醫學集團	UNION (GROUP) INVESTMENT LIMITED	Macau	44	N/069993	10 October 2020
27	 DR REBORN™ www.drreborn.com	UNION (GROUP) INVESTMENT LIMITED	Macau	44	N/069994	10 October 2020
28	 Dr. Reborn PRO 專生美	UNION (GROUP) INVESTMENT LIMITED	Macau	10	N/069995	10 October 2020
29	 Dr. Reborn PRO 專生美	UNION (GROUP) INVESTMENT LIMITED	Macau	44	N/069996	10 October 2020

As at the Latest Practicable Date, we were in the process of applying for the registration of the following trademark which is material to our business, details of which are as follows:

No.	Trademark	Applicant	Place of registration	Class	Application Number	Application Date
1	 DR REBORN	UNION (GROUP) INVESTMENT LIMITED	PRC	44	15645284	4 November 2014

(b) *Domain Names*

As of the Latest Practicable Date, our domain names which are material to our business were as follows:

No.	Domain Name	Registrant	Registration date	Expiration date
1	drprofessional.com	UMH	5 December 2005	5 December 2016
2	drreborn.com	UMH	4 November 2006	4 November 2016
3	drpro.com.hk	UNION (GROUP) INVESTMENT LIMITED	7 July 2007	23 July 2020
4	drreborn.hk	UNION (GROUP) INVESTMENT LIMITED	1 April 2008	15 April 2016
5	drprofessional.hk	UNION (GROUP) INVESTMENT LIMITED	1 April 2008	15 April 2016
6	drrebornpro.com.hk	UNION (GROUP) INVESTMENT LIMITED	26 June 2012	11 July 2017
7	umbgroup.com.hk	UNION (GROUP) INVESTMENT LIMITED	26 June 2012	26 June 2017
8	dr-reborn.com	UMH	27 November 2012	26 November 2017
9	drrebornpro.com	UMH	2 May 2013	1 May 2016
10	drrebornclinic.com	UMH	19 August 2014	19 August 2017
11	drrebornclinic.hk	DOCTOR REBORN COSMETIC SURGERY CENTRE LIMITED	19 August 2014	19 August 2017
12	umh.com.hk	UNION (GROUP) INVESTMENT LIMITED	30 October 2014	30 October 2017
13	umh.hk	UNION (GROUP) INVESTMENT LIMITED	30 October 2014	30 October 2017
14	drreborn.com.hk	UNION (GROUP) INVESTMENT LIMITED	1 August 2018	1 August 2018
15	umhgp.com	UMH	13 March 2015	13 March 2017

Save as aforesaid, as at the Latest Practicable Date, there were no other trademarks, domain names, intellectual or industrial property rights which are material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests of the Directors and chief executives in our share capital and our associated corporations following the Global Offering*

Immediately following completion of the Global Offering (without taking into account Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the share options which may be granted under the Share Option Scheme), the interests of the Directors and chief executive of our Company in the equity or debt securities of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein once the Shares are listed, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”), to be notified to our Company and the Stock Exchange once the Shares are listed will be as follows:

Name of Director/ Chief Executive	Capacity/ Nature of Interest	Relevant company (including associated corporation)	Number of Shares held after the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options granted under the Share Option Scheme)	Approximate percentage of shareholding in the total issued share capital of our Company after the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options granted under the Share Option Scheme)	Approximate percentage of shareholding in the total issued share capital of our Company after the Global Offering (assuming the Over-allotment Option is fully exercised and without taking into account any Shares to be issued upon the exercise of share options granted under the Share Option Scheme)
Mr. Tang ¹	Interest in a controlled corporation	Our Company	735,000,000 ¹	75%	72.29%

Notes:

- (1) Mr. Tang and Union Medical Care are the Controlling Shareholders of the Company. Union Medical Care is entirely owned by Mr. Tang. These Shares are beneficially held by Union Medical Care.

(b) *Interests and/or short positions of the substantial shareholders in the Shares which are disclosable under Divisions 2 and 3 of Part XV of the SFO*

Immediately following completion of the Global Offering (without taking into account Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any Shares which may be allotted and issued upon the exercise of share options which may be granted under the Share Option Scheme, and assuming that the obligations of the Underwriters to subscribe and/or purchase, and procure the subscription and/or purchase of, Shares under the Underwriting Agreements will terminate on the Listing Date and none of the Underwriters is required to subscribe and/or purchase, and/or procure the subscription and/or purchase of Shares thereunder on or prior to the Listing Date), in addition to the interests disclosed under paragraph (a) above, so far as our Directors were aware, as at the Latest Practicable Date, the following persons (other than our Directors or as disclosed in “Substantial Shareholders” in this prospectus) were expected to have interests and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, 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 general meetings of our Company or any other member of our Group:

(1) *Interests and short positions in the shares and underlying shares of our Company*

Name of interested party	Capacity/ Nature of Interest	Number of Shares held after the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options granted under the Share Option Scheme)	Approximate percentage of shareholding in the total issued share capital of our Company after the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options granted under the Share Option Scheme)	Approximate percentage of shareholding in the total issued share capital of our Company after the Global Offering (assuming the Over-allotment Option is fully exercised and without taking into account any Shares to be issued upon the exercise of share options granted under the Share Option Scheme)
YAU Ming Li ⁽¹⁾	Interest of spouse	735,000,000	75%	72.29%
Union Medical Care ⁽²⁾	Beneficial owner	735,000,000	75%	72.29%

Notes:

- Ms. Yau Ming Li is the spouse of Mr. Tang.
- Mr. Tang and Union Medical Care are the Controlling Shareholders of the Company. Union Medical Care is entirely owned by Mr. Tang.

(2) *Interests and short positions in the shares and underlying shares of any other member of our Group*

Name of interested party	Name of members of the Group	Capacity/ Nature of interest	Approximate percentage shareholding
HO King Lun Kevin	DPRMAC	Beneficial owner	15%
WONG Wan.	All Angles (Site 1)	Beneficial owner	10%

(c) *Particulars of Directors' service contracts and letter of appointment*

Each of our Executive Directors has entered into a service contract with our Company for an initial term of three (3) years, commencing from the Listing Date, which shall be renewed as determined by the Board or the Shareholders of the Company. The Executive Directors may from time to time be entitled to share options. The office of an Executive Director is liable to be vacated in certain circumstances pursuant to the Articles. The appointment of each of the Executive Director may be terminated by either party by giving at least three months' written notice to the other.

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for an initial term of three (3) years, commencing from the Listing Date, which shall be renewed as determined by the Board or the Shareholders of the Company. The independent non-executive Directors may from time to time be entitled to share options. The office of an independent non-executive is liable to be vacated in certain circumstances pursuant to the Articles. The appointment of each of the independent non-executive Directors may be terminated by either party by giving at least one month's written notice to the other.

Save as disclosed above, none of our Directors has or is proposed to have a service contract or a letter of appointment with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

(d) *Remuneration of Directors*

The aggregate amount of remuneration (including salaries, discretionary bonuses, other benefits and contributions to pension schemes) which were paid to our Directors for the years ended 31 March 2013, 2014 and 2015, and the six months ended 30 September 2015 were approximately HK\$1,229,000, HK\$1,230,000, HK\$3,833,039 and HK\$2,165,300, respectively.

It is estimated that remuneration equivalent to approximately HK\$4,550,200 in aggregate will be paid and granted to our Directors by us in respect of the year ending 31 March 2016 under arrangements in force at the date of this prospectus.

Our policy concerning the remuneration of the Directors is that the amount of remuneration is determined on the basis of the relevant Director's experience, responsibility, performance and the time devoted to our business.

Save as disclosed in this prospectus, no Directors has been paid in cash or shares or otherwise by any person either to include him to become, or to qualify him as a Director, or otherwise for service rendered by him in connection with the promotion or formation of us.

(e) *Agency fees or commission*

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of us or any of our subsidiaries.

(f) *Related party transactions*

Please see Note 34 of Section II to the Accountant's Report in Appendix I to this prospectus for details of the related party transactions. Our Directors confirm that all related party transactions are conducted on normal commercial terms, and that their terms are fair and reasonable.

2. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors or chief executive of our Company has any interests and short positions in the Shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is 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 into the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code;
- (b) none of the Directors nor experts referred to in “—E. Other information—Qualifications of experts” in this prospectus has any direct or indirect interest in the promotion of us, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of the Directors or experts referred to in “—E. Other information—Qualifications of experts” in this prospectus 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;
- (d) none of the Directors has any existing or proposed services contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) taking no account of any Shares which may be taken up or upon the exercise of the Over-allotment Option and Shares that may be issued upon the exercise share options which may be granted under the Share Option Scheme, none of the Directors knows of any person (not being a Director or chief executive of us) who will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of us which would fall to be disclosed to us under the provisions of Division 2 and 3 of Part XV of the SFO or be 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;

- (f) none of the experts referred to in “—E. Other information—Qualifications of experts” in this prospectus has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (g) so far as is known to the Directors, none of the Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who are interested in more than 5% of our share capital have any interests in the five largest clients or the five largest suppliers of our Group.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted pursuant to the written resolutions of the sole shareholder of the Company and Directors passed on 19 February 2016:

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive or reward for the Grantees (as defined below) for their contribution or potential contribution to our Company and/or any of its subsidiaries.

2. Participants of the Share Option Scheme and the Basis of Determining the Eligibility of the Participants

The Board of our Company may, subject to and in accordance with the provisions of the Share Option Scheme and the Listing Rules, at its discretion grant options to any full-time or part-time employees, consultants or potential employees, consultants, executives or officers (including executive, non-executive and independent non-executive Directors) of our Company or any of its subsidiaries, and any suppliers, clients, consultants, agents and advisers who, in the sole opinion of the Board has contributed or will contribute to our Group (collectively, the “**Eligible Participants**”) and whom the Board may in its absolute discretion select and subject to such conditions as it may think fit.

3. Status of the Share Option Scheme

(a) Conditions of the Share Option Scheme

The Share Option Scheme shall take effect conditional upon and is subject to:

- (i) the passing of the necessary resolutions by the Board and the Shareholders to approve and adopt the rules of the Share Option Scheme;
 - (ii) the Listing Committee granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme;
 - (iii) the obligations of the Underwriters (under the Underwriting Agreements) becoming unconditional (including, if relevant, following the waiver(s) of any conditions by the Sole Sponsor, acting for and on behalf of the Underwriters) and not being terminated in accordance with their terms or otherwise; and
 - (iv) the commencement of dealings in the Shares on the Stock Exchange,
- (the “**Conditions**”).

(b) *Life of the Share Option Scheme*

The Share Option Scheme shall be valid and effective for a period commencing on the date on which the Share Option Scheme was conditionally adopted by an ordinary resolution of the Shareholders of our Company and ending on the tenth anniversary of the Listing Date (both dates inclusive) (the “**Scheme Period**”), after which time no further option will be granted, but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme.

4. Grant of Options

(a) *Making of offer*

An offer shall be made to an Eligible Participant by an offer document in such form as our Board may from time to time determine, requiring the participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme (the “**Offer Document**”).

(b) *Acceptance of offer*

An option shall be deemed to have been granted to (subject to certain restrictions in the Share Option Scheme), and accepted by, the Eligible Participant (the “**Grantee**”) and to have taken effect upon the issue of an option certificate after the duplicate Offer Document constituting acceptance of the option duly signed by the Grantee together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant of the option is received by our Company on or before the last day for acceptance set out in the Offer Document above. The remittance is not in any circumstances refundable and shall be deemed as part payment of the Exercise Price (as defined below). Once accepted, the option is granted as from the date on which it was offered to the Grantee (the “**Offer Date**”).

(c) *Restrictions on time of grant*

- (i) No grant of options shall be made after any inside information has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the Listing Rules. In particular, no option shall be granted during the period of one month immediately preceding the earlier of:

- (1) the date of the Board meeting as shall have been notified to the Stock Exchange for the approval of our Company’s results for any year, half-year or quarterly or any other interim period (whether or not required under the Listing Rules); and
- (2) the deadline for our Company to publish an announcement of its results for any year or half-year period under the Listing Rules or quarterly or any other interim period where our Company has elected to publish them (whether or not required under the Listing Rules),

and ending on the actual date of the results announcement for such year, half year, quarterly or interim period (as the case may be). The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

- (ii) For so long as the shares are listed on the Stock Exchange, no options may be granted to a Director on any day which financial results of our Company are published and:
 - (1) 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
 - (2) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) 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.

(d) ***Grant to connected persons***

Any grant of options to a connected person must be approved by all independent non-executive Directors (excluding any independent non-executive Director who is also a proposed Grantee (as defined below) of the options, the vote of such independent non-executive Director shall not be counted for the purposes of approving the grant).

(e) ***Grant to Substantial Shareholders and independent non-executive Directors***

Without prejudice to sub-paragraph 4(c) above, any grant of options to a Substantial Shareholder or an independent non-executive Director of our Company or any of their respective associates shall be subject to, in addition to the approval of the independent non-executive Directors of our Company in sub-paragraph (d) above, the issue of a circular by our Company to its Shareholders and the approval of the Shareholders of our Company in general meeting if the Shares issued and to be issued upon exercise of all options already granted and proposed to be granted to him (whether exercised, cancelled or outstanding) under the Share Option Scheme or any other scheme in the 12 month period up to and including the Offer Date:

- (i) would represent in aggregate more than 0.1%, or such other percentage as may from time to time be provided under the Listing Rules, of the Shares in issue on the Offer Date; and
- (ii) would have an aggregate value, based on the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the Offer Date, in excess of HK\$5,000,000 (or such other amount as shall be permissible under the Listing Rules from time to time).

(f) ***Proceedings in general meeting to approve the grant of option***

At the general meeting to approve the proposed grant of options under sub-paragraph 4(e) above, all connected persons of our Company must abstain from voting. At such general meeting, the vote to approve the grant of such options must be taken on a poll in accordance with the Articles and the relevant provisions of the Listing Rules.

(g) ***Performance target***

Our Board has the discretion to require a particular Grantee to achieve certain performance targets specified at the time of grant before any option granted under the Share Option Scheme can be exercised. There are no specific performance targets stipulated under the terms of the Share Option Scheme and our Board currently has no intention to set any specific performance targets on the exercise of any options granted or to be granted under the Share Option Scheme.

5. Exercise Price

The price per Share at which a Grantee may subscribe for Shares upon exercise of an option (the “**Exercise Price**”) shall, subject to any adjustment pursuant to paragraph 7 below, be determined by the Board in its sole discretion but in any event shall be at least the highest of:

- (i) the official closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets on the Offer Date;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five Business Days immediately preceding the Offer Date; and
- (iii) the nominal value of a Share;

provided that for the purpose of determining the Exercise Price under sub-paragraph 5(ii) above where the Shares have been listed on the Stock Exchange for less than five Business Days preceding the Offer Date, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each Business Day falling within the period before the listing of the Shares on the Stock Exchange.

6. Maximum Number of Shares available for Subscription

(a) *Scheme Limit*

Subject to sub-paragraphs 6(b) and 6(c) below, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme, and any other share option schemes of our Company shall not in aggregate exceed the number of Shares that shall represent 10% of the total number of Shares in issue immediately upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account Shares that may be allotted and issued upon exercise of options granted under the Share Option Scheme) (the “**Scheme Limit**”) which is expected to be 40,000,000 Shares. For the purpose of calculating the Scheme Limit, options which have lapsed in accordance with the terms of the relevant scheme shall not be counted.

(b) *Renewal of Scheme Limit*

Our Company may seek approval by our Shareholders in general meeting for increasing the Scheme Limit provided that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes of our Company under the Scheme Limit as increased from time to time must not exceed 10% of the total number of Shares in issue as at the date of the shareholders’ approval. Options previously granted under the Share Option Scheme, whether outstanding, cancelled, lapsed in accordance with its applicable rules or already exercised, will not be counted for the purpose of calculating the limit as renewed.

For the purpose of seeking the approval of our Shareholders under this sub-paragraph 6(b), a circular containing the information required under Rule 17.02(2) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules must be sent to our Shareholders.

(c) *Grant of options beyond Scheme Limit*

Our Company may seek separate approval by our Shareholders in general meeting for granting options beyond the Scheme Limit provided that the options in excess of the Scheme Limit are granted only to Eligible Participants who are specifically identified by the Board before such approval is sought.

For the purpose of seeking the approval of our Shareholders under this sub-paragraph (6)(c), our Company must send a circular to our Shareholders containing a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting such options to the Grantees with an explanation as to how the terms of options serve such purpose and the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer as required under Rule 17.02(4) of the Listing Rules.

(d) *Maximum number of Shares issued pursuant to the Share Option Scheme*

Notwithstanding anything to the contrary in the Share Option Scheme, the maximum limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of our Company must not in aggregate exceed such number of Shares as shall represent 30% of the Shares in issue from time to time. No options may be granted under any schemes of our Company or subsidiaries if such grant will result in this 30% limit being exceeded.

(e) *Grantee's maximum holding*

Unless approved by our Shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any Grantee if the acceptance of those options would result in the total number of Shares issued and to be issued to that Grantee on exercise of his options during any 12 month period up to the Offer Date exceed 1% of the total Shares then in issue.

Where any further grant of options to a Grantee, if exercised in full, would result in the total number of Shares already issued or to be issued upon exercise of all options granted and to be granted to such Grantee (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant exceed 1% of the total number of Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such Grantee and his close associates abstaining from voting. Our Company must send a circular to our Shareholders and the circular must disclose the identity of the Grantee, the number and terms of the options to be granted and options previously granted to such Grantee and the information required under Rule 17.02(2) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules. The number and terms (including the Exercise Price) of the options to be granted to such Grantee must be fixed before the Shareholders' approval. The date of the meeting of the Board for proposing such further grant of option should be taken as the date of grant for the purpose of calculating the Exercise Price.

(f) *Adjustment*

The number of Shares subject to the Share Option Scheme shall be adjusted in such manner as our Company's independent financial advisor shall certify to the Board to be appropriate, fair and reasonable in accordance with paragraph 7 below but in any event shall not result in the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and the other schemes exceed the limit set out in sub-paragraph 6(d).

7. Capital Restructuring

(a) *Adjustment of options*

In the event of any capitalisation issue, rights issue, open offer (if there is a price dilutive element), sub-division or consolidation of Shares, or reduction of capital of our Company in accordance with applicable laws and regulatory requirements, such corresponding alterations (if any) shall be made (except on an issue of securities of our Company as consideration in a transaction which shall not be regarded as a circumstance requiring alteration or adjustment) in:

- (i) the number of Shares subject to any outstanding option;
- (ii) the Exercise Price; and/or
- (iii) the number of Shares subject to the Share Option Scheme,

as the approved independent financial adviser shall at the request of our Company or any Grantee, certify in writing either generally or as regards any particular Grantee, to be in their opinion fair and reasonable provided that any such alterations shall be made on the basis that a Grantee shall have as near as possible the same proportion of the equity capital of our Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all the issuers relating to share option scheme) as that to which the Grantee was previously entitled to subscribe had he exercised all the options held by him immediately before such adjustments and the aggregate Exercise Price payable by a Grantee on the full exercise of any option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event, but not so that the effect would be to enable any Share to be issued to a Grantee at less than its nominal value, provided that no adjustment to the Exercise Price and number of Shares should be made to the advantage of the Eligible Participants without specific prior approval of our Shareholders.

(b) *Independent financial advisor confirmation*

In respect of any adjustments required by the above sub-paragraph 7(a), other than any made on a capitalisation issue, the approved independent financial advisor shall certify in writing to the Board that the adjustments satisfy the requirements set out in Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option scheme and/or such other requirement prescribed under the Listing Rules from time to time.

8. Cancellation of Options

Any cancellation of options granted but not exercised must be approved in writing by the Grantees of the relevant options. For the avoidance of doubt, such approval is not required in the event any option is cancelled pursuant to paragraph 9. Where our Company cancels options, the grant of new options to the same Grantee may only be made under the Share Option Scheme within the limits set out in sub-paragraphs 6(a), 6(b), and 6(e).

9. Assignment of Options

An option is personal to the Grantee and shall not be transferable or assignable. No Grantee shall sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option held by him or attempt to do so (except that the Grantee may nominate a nominee, in whose name the Shares issued pursuant to the Share Option Scheme may be registered).

10. Rights attached to the Shares

The Shares to be allotted upon exercise of an option will be subject to all the provisions of the Articles and will rank *pari passu* with the fully paid Shares in issue on the date of issue. Accordingly, the Shares will entitle the holders to have the same voting, dividend, transfer and other rights, and to participate in all dividends or other distributions paid or made on or after the date on which the allottee is registered as a member (the “**Registration Date**”) other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which is before the Registration Date.

A Share issued upon the exercise of an option shall not carry any voting rights until completion of registration of the Grantee or his nominee as the holder of the Share on the register of members of our Company.

Shares issued on the exercise of an option shall not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

11. Exercise of Options

Unless otherwise provided in the respective Grantee’s Offer Document, an option may be exercised by a Grantee at any time or times during the period notified by the Board during which the Grantee may exercise his option(s) (the “**Option Period**”) provided that:

- (a) in the event of the Grantee ceasing to be an Eligible Participant for any reason other than his death, ill-health, injury, disability or the termination of his relationship with the Company and/or any of its subsidiaries on one or more of the grounds specified in sub-paragraph 12(v) below, the Grantee may exercise the option up to his entitlement at the date of cessation of being an Eligible Participant (to the extent not already exercised) within the period of one month (or such longer period as the Board may determine) following the date of such cessation (which date shall be, in relation to a Grantee who is an Eligible Participant by reason of his employment with the Company or any of its subsidiaries, the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not);
- (b) in the case of a Grantee ceasing to be an Eligible Participant by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with the Company and/or any of its subsidiaries under sub-paragraph 12(e) has occurred, the Grantee or the personal representative(s) of the Grantee shall be entitled within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise his option in full (to the extent not already exercised);
- (c) if a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), the Company shall use its best endeavours to procure that such offer is extended to all the Grantees (on the same terms *mutatis mutandis*, and assuming that they shall become, by the exercise in full of the options granted to them as shareholders of the Company). If such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes, or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise his option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional;

- (d) if a compromise or arrangement between the Company and its Shareholders and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies pursuant to the Cayman Companies Law, the Company shall give notice thereof to all the Grantees (together with a notice of the existence of the provisions of this paragraph) on the same day as it despatches to Shareholders and/or creditors of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee shall be entitled to exercise all or any of his options in whole or in part at any time prior to noon (Hong Kong time) on the Business Day immediately preceding the date of the general meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there is more than one meeting for such purpose, the date of the first meeting. With effect from the date of such meeting, 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 in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court), the rights of the Grantees to exercise their respective options shall with effect from the date of the making of the order by the relevant court be restored in full as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension; and
- (e) in the event a notice is given by the Company to its shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee (or in the case of the death of the Grantee, his personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already lapsed or exercised) at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given whereupon the 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 and issue the relevant Shares to the Grantee credited as fully paid.

12. Lapse of Options

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of the periods referred to in sub-paragraphs 11(b) to (e) above;
- (iii) the date on which the scheme of arrangement of our Company referred to in sub-paragraph 11(d) above becomes effective;
- (iv) the date of the commencement of the winding-up of our Company in respect of the situation contemplated in sub-paragraph 11(e);

- (v) the date on which the Grantee ceases to be an Eligible Participant by reason of his resignation or dismissal, or by reason of the termination of his relationship with the Company and/or any of its subsidiaries on any one or more of the grounds that he has been guilty of serious misconduct or has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee or consultant of the Company and/or any of its subsidiaries (if so determined by the Board) on any other ground on which an employer would be entitled to unilaterally terminate his employment or service at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant subsidiary. A resolution of the Board or the board of directors of the relevant subsidiary to the effect that the relationship of the Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive;
- (vi) the date that is thirty (30) days after the date on which a Grantee is terminated by our Company and/or any of its subsidiaries by reasons other than termination of employment on grounds under sub-paragraph 12(v);
- (vii) the date on which a Grantee commits a breach of paragraph 9 above or the options are cancelled in accordance with paragraph 8 above; or
- (viii) the occurrence of such event or expiry of such period as may have been specifically provided for in the Offer Document, if any.

13. Alteration of the Share Option Scheme

The terms and conditions of the Share Option Scheme and the regulations for the administration and operation of the Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (a) any alteration to the advantage of the Grantees or the Eligible Participants (as the case may be), in respect of matters contained in Listing Rule 17.03, including without limitation, the definitions of "**Eligible Participant**," "**Expiry Date**," "**Grantee**" and "**Option Period**" contained in the Share Option Scheme; or
- (b) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted (except any alterations which take effect automatically under the terms of the Share Option Scheme), or any change to the authority of the Board in respect of alteration of the Share Option Scheme,

must be made with the prior approval of the Shareholders in general meeting at which any persons to whom or for whose benefit the Shares may be issued under the Share Option Scheme and their respective associates shall abstain from voting provided that the amended terms of the Share Option Scheme or the options shall remain in compliance with Chapter 17 of the Listing Rules and no alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration or to reduce the proportion of the equity capital to which any person was entitled pursuant to such option prior to such alteration except with:

- (i) the consent in writing of the Grantees holding in aggregate options which if exercised in full on the date immediately preceding that on which such consent is obtained would entitle them to the issue of three-fourths in nominal value of all Shares which would fall to be issued upon the exercise of all options outstanding on that date; or
- (ii) the sanction of a special resolution.

Written notice of any alterations made in accordance with this paragraph shall be given to all Grantees.

14. Termination

We may by ordinary resolution in general meeting or the Board may at any time resolve to terminate the operation of the Share Option Scheme and in such event no further option shall be offered or granted but the provisions of the Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any option granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

As of the Latest Practicable Date, no option had been granted by our Company under the Share Option Scheme.

E. OTHER INFORMATION**1. Litigation**

Save as disclosed in “Business—Legal Proceedings, Claims, and Compliance” in this prospectus, as of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our Company’s results of operations or financial condition.

2. Deed of Indemnity

Each of our Controlling Shareholders entered into a deed of indemnity in favour of our Group on 19 February 2016 to provide the following indemnities.

Tax indemnities

Under the deed of indemnity, amongst others, our Controlling Shareholders jointly and severally undertake to fully indemnify the Company and each of the other members of our Group against, among others:

- (a) any taxation falling on our Group relating to any estate duty in any part of the world on or before the Listing Date;
- (b) any taxation falling on our Group resulting from or by reference to, inter alia, any income received on or before the Listing Date;
- (c) all reasonable costs which our Group may properly incur in connection with any taxation claim against our Group;
- (d) any taxation falling on our Group arising out of the tax audit conducted by the IRD pursuant to a letter issued by the IRD to Union Investment dated 11 December 2014, to the extent such taxation liabilities exceed the relevant settlement amount of approximately HK\$12 million;
- (e) any taxation arising out of any discrepancies between the salaries reported in the financial statements and the employer’s returns of Union Honor in relation to the tax years beginning 1 January 2012 and ending on the date when the conditions as set out in the deed of indemnity are fulfilled or waived in accordance with the terms of the deed of indemnity; and
- (f) any taxation arising out of any additional assessments by any fiscal authorities in relation to the tax years beginning 1 January 2012 and ending on the Listing Date;

The indemnity (except in relation to paragraphs (d), (e) and (f) above) will not cover any taxation claim, to the extent that, among others:

- (a) full provision or allowance has been made for such taxation as at 30 September 2015;
- (b) subject to (a) above, such taxation arises or is incurred as a result of any retrospective change in law or retrospective increase in tax rates coming into force after the Listing Date; and
- (c) the liability for such taxation that is caused by the act or omission of, or transaction voluntarily effected by our Group which is/are carried out or effected in the ordinary course of business.

Non-compliance with and/or breach of laws, rules and regulations

Our Controlling Shareholders will jointly and severally indemnify the Company and each of the members of our Group, *inter alia*, against any claims, actions, losses, liabilities, costs incurred by our Group as a result of any non-compliance with the applicable laws, rules and regulations by our Group on or before the Listing Date.

The above indemnity does not apply to any liabilities arising out of any retrospective change in the law coming into force after the Listing Date, and any liabilities which are already covered under paragraph (d) in “— E. Other Information — 2. Deed of Indemnity — Tax indemnities” in Appendix IV to this prospectus.

3. Preliminary Expenses

The preliminary expenses relating to the incorporation of our Company are approximately US\$5,460 and are payable by our Company.

4. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

5. The Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the Over-allotment Option on the Stock Exchange, the Shares to be issued upon the exercise of any share options which may be granted under the Share Option Scheme. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

6. No Material Adverse Change

The Directors confirm that there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group since 30 September 2015, the date of the latest audited consolidated financial statements of our Group.

7. Agency Fees and Commissions Received

The Underwriters will receive an underwriting commission as referred to in “Underwriting—Underwriting Arrangements and Expenses—Commissions and Expenses” in this prospectus.

8. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this prospectus are as follows:

Name	Qualifications
Credit Suisse (Hong Kong) Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified public accountants
Frost & Sullivan Limited	Research and analysis services provider
Commerce & Finance Law Offices	PRC legal advisers
Tang Weng Hang and Duarte Santos	Macau legal advisers
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Guan-Hock CHUA, S.C. and Eva LEUNG	Barristers in Hong Kong
Jeevan HINGORANI	Barrister in Hong Kong
Lincoln CHEUNG	Barrister in Hong Kong
Protiviti Hong Kong Co. Limited	Certified Internal Auditors, Certified Public Accountants and Chartered Financial Analyst

9. Consents

Each of the experts as referred to in “—E. Qualifications of experts” above in this prospectus has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or the references to their names included herein in the form and context in which they are respectively included.

As at the Latest Practicable Date and save as disclosed in this prospectus, none of the experts named above had any shareholding interests in the Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe in the Company or any of its subsidiaries.

10. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Independence of Sole Sponsor; Sole Sponsors' Fees

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will be paid by the Company a total fee of approximately US\$0.5 million to act as sponsor to the Company in connection with the Global Offering.

12. Taxation and Holders of Shares

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, which is currently charged at the ad valorem rate of 0.1% on each of the seller and the purchaser of the consideration or, if higher, the value of the Shares being sold or transferred. Dividends paid on Shares will not be subject to tax in Hong Kong and no tax is imposed in Hong Kong in respect of capital gains. However, profits from dealing in the Shares derived by persons carrying on a business of trading or dealings in securities in Hong Kong arising in or derived from Hong Kong may be subject to Hong Kong profit tax.

Potential investors in the Global Offering are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attached to them). None of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to, our Shares.

13. Miscellaneous

Save as otherwise disclosed in this prospectus:

- (i) Within the two years preceding the date of this prospectus, no share or loan capital or debentures of our Company or of any of our principal operating subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly either for cash or for a consideration other than cash;
- (ii) Within the two years preceding the date of this prospectus, no commissions, discounts, brokerages 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 principal subsidiaries;
- (iii) Within the two years preceding the date of this prospectus, no commission has been paid or is payable (except commissions to underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Shares in our Company;
- (iv) Neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
- (v) No share or loan capital of our Company or any of our consolidated subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (vi) None of the parties (save in connection with the Underwriting Agreements) listed in “—E. Other Information—9. Consents” in this prospectus
 - (a) is interested legally or beneficially in any securities of any member of our Group; or
 - (b) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

14. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

15. 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).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the Application Forms, (ii) the written consents referred to in “Statutory and General Information—E. Other Information—9. Consents” in Appendix IV to this prospectus, and (iii) copies of each of the material contracts referred to in “Statutory and General Information—B. Further information about the business of our Group—1. 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 offices of Dentons Hong Kong at Suite 3201, Jardine House, 1 Connaught Place, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) our Memorandum of Association and our Articles of Association;
- (b) the accountants’ report from KPMG, the text of which is set out in Appendix I to this prospectus;
- (c) the consolidated financial statements of our Company for the three years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015;
- (d) the report from KPMG relating to the unaudited pro forma financial information of our Company, the text of which is set out in Appendix II to this prospectus;
- (e) the letter of advice prepared by Conyers Dill & Pearman, our legal adviser on Cayman Islands laws, summarising certain aspects of Cayman Islands company law, referred to in Appendix III to this prospectus;
- (f) the PRC legal opinion issued by Commerce & Finance Law Offices, our legal adviser on the PRC laws in respect of our general matters and property interest of our Group in the PRC;
- (g) the Macau legal opinion issued by Tang Weng Hang and Duarte Santos, our legal advisers on Macau laws in respect of, among other things, our general matters and property interests of our Group in Macau;
- (h) the legal opinion issued by Mr. Jeevan Hingorani, Barrister in Hong Kong, in respect of his views on certain issues relating to the Group as set out in “Regulatory Overview” in this prospectus;
- (i) the joint legal opinion issued by Mr. Guan-Hock Chua, S.C. and Ms. Eva Leung, Barristers in Hong Kong, in respect of their views on certain issues related to the Group as set out in “Business—Legal Proceedings, Claims and Compliance—Non-compliance Incidents—Inland Revenue Ordinance” in this prospectus;
- (j) the legal opinion issued by Mr. Lincoln Cheung, Barrister in Hong Kong, in respect of his views on certain issues relating to the Group as set out in “Business—Legal Proceedings, Claims and Compliance—Non-compliance Incidents—Companies Ordinance (or the Predecessor Companies Ordinance)” in this prospectus;
- (k) the Frost & Sullivan Report;

- (l) the reports issued by the Internal Control Consultant;
- (m) copies of material contracts referred to in “Statutory and General Information—B. Further information about the business of our Group—1. Summary of our material contracts” in Appendix IV to this prospectus;
- (n) the written consents referred to in “Statutory and General Information—E. Other Information—9. Consents” in Appendix IV to this prospectus; and
- (o) the Cayman Companies Law.



Union Medical Healthcare Limited
香港醫思醫療集團有限公司*

(Incorporated in the Cayman Islands with limited liability) Stock Code: 2138

* For identification purpose only