



NIKS PROFESSIONAL LTD.

(Company Registration Number: 199804609D)
(Incorporated in the Republic of Singapore on 22 September 1998)

Invitation in respect of
21,800,000 Invitation Shares comprising:
1,000,000 Public Offer Shares; and
20,800,000 Placement Shares
(Including 3,669,000 Reserved Shares)

Invitation price: S\$0.23 per Invitation Share

OFFER DOCUMENT DATED 18 OCTOBER 2023

(Registered by the Singapore Exchange Securities Trading Limited (the "SGX-ST"), acting as agent on behalf of the Monetary Authority of Singapore (the "Authority"), on 18 October 2023)

This Invitation (as defined herein) is made in or accompanied by this offer document ("Offer Document") that has been registered by the SGX-ST, acting as agent on behalf of the Authority on 18 October 2023. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, does not imply that the Securities and Futures Act 2001 of Singapore, or any other legal or regulatory requirements, or requirements under the SGX-ST's listing rules, have been complied with.

This document is important. Before making any investment in the securities being offered, you should consider the information provided in this document carefully, and consider whether you understand what is described in this document. You should also consider whether an investment in the securities being offered is suitable for you, taking into account your investment objectives and risk appetite. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s). You are responsible for your own investment choices.

SAC Capital Private Limited ("**Sponsor**" and "**Issue Manager**") has on behalf of Niks Professional Ltd. ("**Company**") made an application to the SGX-ST for permission to deal in, and for the listing and quotation of, all the ordinary shares ("**Shares**") in the capital of our Company that are already issued, the new Shares which are the subject of this Invitation ("**Invitation Shares**"), the new Shares ("**Option Shares**") which may be issued upon the exercise of the options to be granted under the NIKS Employee Share Option Scheme (as defined herein), and the new Shares ("**Award Shares**") which may be issued upon the vesting of share awards to be granted under the NIKS Performance Share Plan (as defined herein) on the Catalyst Board of the SGX-ST ("**Catalist**"). The dealing in and quotation of our Shares will be in Singapore dollars.

Acceptance of applications for the Invitation Shares will be conditional upon, among others, the issue of the Invitation Shares and permission being granted by the SGX-ST for the listing and quotation of all our existing issued Shares, the Invitation Shares, the Option Shares, and the Award Shares, on the Catalyst.

Monies paid in respect of any application accepted will be returned (without interest or any share of revenue or other benefit arising therefrom) at the applicant's own risk and the applicant shall not have any claims against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent (as defined herein) if the admission and listing does not proceed for any reason.

Companies listed on Catalyst may carry higher investment risk when compared with larger or more established companies listed on the Mainboard of the SGX-ST. In particular, companies may list on Catalyst without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalyst. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).



Family Practice Dermatology and Aesthetic Medical Services Provider

Clinics • Shops • Salons
Medical Skincare
Products



Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor and Issue Manager confirming that our Company is suitable to be listed and complies with the Catalyst Rules (as defined herein). Neither the Authority nor the SGX-ST has in any way considered the merits of the Invitation Shares being offered for investment.

We have not lodged or registered this Offer Document in any other jurisdiction.

Investing in our Shares involves risks which are described in the section titled "Risk Factors" of this Offer Document.

After the expiration of six (6) months from the date of registration of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority, no person shall make an offer of securities, or allot, issue or sell any securities, on the basis of this Offer Document, and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any securities or the allotment, issue or sale of any securities, on the basis of this Offer Document.

**SPONSOR, ISSUE MANAGER, UNDERWRITER
AND PLACEMENT AGENT**



SAC CAPITAL PRIVATE LIMITED
(Company Registration Number: 200401542N)
(Incorporated in the Republic of Singapore)

CORPORATE PROFILE

Family Practice Dermatology and Aesthetic Medical Services Provider

Niks Professional Ltd. (the “Company” and together with its subsidiaries, collectively, the “Group”) is a trusted and established provider of family practice dermatology and aesthetic medical services with an operating history of more than 25 years. The Group also offers a comprehensive range of medical skincare products and salon services to complement medical solutions. It has operations in Singapore and the People’s Republic of China (the “PRC”).

BUSINESS SEGMENTS

CLINICS



Provision of family practice dermatology services. Skin conditions commonly treated with a combination of medicines, Niks skincare products and medical procedures, include:

- Acne and acne scar treatment
- Eczema
- Pigmentation

Provision of non-invasive and minimally invasive aesthetic medical services, including:

- Intense pulsed light treatment
- Lasers for various treatments
- Injectables

RETAIL



Sale of Niks skincare products and provision of services, including:

- Therapeutic facial
- Eye treatment
- Acne and comedone treatment
- Microdermabrasion

Provision of paramedical camouflage products and services to cover difficult-to-conceal skin conditions and minimise the attention drawn to the imperfections

HEADQUARTERS



Online sale and distribution of Niks skincare products to medical clinics and beauty salons in Singapore and the PRC

Our top 3 products based on sales value in FY2022 are:

- Intensive Barrier Repair Cream
- Golden Lipid Complex
- Moisturizing and Repair Cream

All Niks skincare products are manufactured in GMP-compliant factories

OUR PRESENCE

Our clinics and outlets are located strategically across Singapore as follow:

CLINICS

Niks Maple Clinic

825 Tampines Street 81
#01-64 Singapore 520825

Niks Maple West Clinic

2 Venture Drive #01-27
Vision Exchange
Singapore 608526

Niks Maple Central Clinic

176 Orchard Road #04-18
The Centrepoint
Singapore 238843

RETAIL

Niks Shop Salon

728 Ang Mo Kio Avenue 6
#01-4224 Singapore 560728

Niks Shop Salon

214 Bedok North Street 1
#01-169 Singapore 460214

Niks Shop Salon

176 Orchard Road #04-17
The Centrepoint
Singapore 238843

In the PRC, skincare products are sold to hospitals, clinics, pharmacies, retail shops, doctors and consumers mainly through 11 regional agents covering 13 provinces and 1 city as at the Latest Practicable Date, as well as the Company’s own channels. The Company’s wholly owned subsidiary, Niks Professional (Shanghai) Company Limited, is located in Shanghai.



The Group has more than 100 unique proprietary medical skincare products under 5 broad categories:

- (1) body care, sun care and camouflage;
- (2) dry and sensitive skin;
- (3) general skincare;
- (4) oily, combination and acne-prone skin; and
- (5) pigmentation, photo-damage and anti-aging.

COMPETITIVE STRENGTHS

- Trusted and established family practice dermatology and aesthetic medical service provider**
 - Strong operational know-how with more than 25 years of operating history
 - Affordable alternative to skin specialists
 - Long-standing relationships with suppliers of medical equipment and skincare products
 - Clinics and outlets in Singapore are strategically located in highly accessible locations to capture a wider reach of customer base
- Extensive range of medical skincare products under the 'Niks' brand and utilisation of up-to-date equipment**
 - Offers more than 100 unique proprietary products for a more targeted approach to improving skin conditions
 - Conceptualised by our doctors and jointly developed with third-party contract manufacturers overseas
 - Consistently launch new products to reflect the latest technological advancements and quality ingredients to cater for a wider range of skincare issues
 - Update the range of equipment regularly to improve treatment efficacy
- Integrated business segments which are favoured by long term industry trends**
 - One-stop solutions provider for dermatological issues, catering to a wide variety of skincare issues to capture a wider range of customers
 - Integrated business segments (in particular the retail and distribution of our proprietary skincare products in Singapore and the PRC) facilitate the scalability of the Group's business
- Highly experienced management team and doctors**
 - Management team comprises committed and dedicated individuals with extensive experience in the family practice dermatology and aesthetic medical industry
 - Currently employs 5 doctors who, on average, have over 20 years of experience in the industry and have been with our Group for more than 10 years
- Track record of profitability with recurring cash flows from operating activities**
 - Track record of profitability in the Relevant Period
 - Group's business model allows it to generate recurring cash flows from operating activities
 - No borrowings or loans saved for lease liabilities, providing the Group capacity to fund its future expansion plans

OUR DOCTORS

Our Group's market presence and reputation are built upon the experience and reputation of our doctors. All of them are general practitioners with post-graduate qualifications in dermatology or who have cumulative experience in treating skin issues.



Dr Ong Fung Chin
President and CMO
MBBS (NUS, Singapore)
DIP Derm (University of London, UK),
GDMH (NUS, Singapore)



Dr Ang Hwa Cheng Serene
MBBS (NUS, Singapore),
M Med (Family Med)
(NUS, Singapore)



Dr Handry Gumanti
MB ChB (University of
Dundee, UK)
Dip Prac Derm (Cardiff)



Dr Lau Chin Hoh
MBBS (NUS, Singapore),
M Med (Family Med)
(NUS, Singapore), MCFP(S),
FRACGP (RACGP, Australia),
GDFPDerm (NUS, Singapore)



Dr Yap Chien Yu Lynette
MBBS (St. George's University
of London, UK)
Dip Clinical Derm (Queen Mary
University of London)

S\$ million (Financial year end: 31 December)	Audited			Unaudited			
	FY2020	FY2021	FY2022	1Q 2022	1Q 2023	FY2022 (pro forma)	1Q 2023 (pro forma)
Revenue	11.2	11.7	11.1	2.8	2.6	11.1	2.6
Profit attributable to owners of the Company ("NPAT")	3.0	3.3	2.8	0.8	0.5	2.7	0.4
Add back: Adjustments ⁽¹⁾	-	-	0.4	-	0.2	0.5	0.3
Adjusted NPAT⁽²⁾	3.0	3.3	3.2	0.8	0.7	3.3	0.7
Adjusted NPAT margin	27%	29%	28%	29%	27%	29%	27%

(1) The adjustments refer to the non-recurring listing expenses incurred in connection with the Group's Listing exercise and the conversion of the convertible loans into Shares pursuant to the Convertible Loan Agreement and recognition of listing-related share-based payment in profit or loss. Please refer to section titled "Group Structure – Internal Restructuring" of this Offer Document and "Independent Auditor's Assurance Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 31 December 2022 and Three-Month Period Ended 31 March 2023" as set out in Appendix C to this Offer Document for further details on the convertible loans.

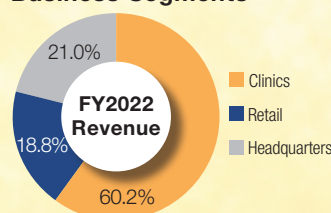
(2) For illustrative purposes only, the Adjusted NPAT is computed to show what the profit attributable to owners of the Company would have been in the absence of (a) the non-recurring listing expenses, and (b) the non-recurring and non-cash share-based payment expenses arising from the conversion of the convertible loans into Shares at a discounted value of the Invitation Price pursuant to the Convertible Loan Agreement (the "Adjusted NPAT"). Please refer to the section titled "Offer Document Summary – Adjusted NPAT" of this Offer Document for more information.

Intended Dividend Recommendation

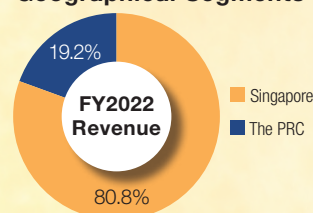


of net profit attributable to owners of the Company*

Business Segments



Geographical Segments



* Investors should note that the foregoing statement on the Proposed Dividends is merely a statement of our present intention and may be subject to modification (including reduction or non-declaration thereof) in our Directors' sole and absolute discretion. Please refer to the "Dividend Policy" section of this Offer Document for further details.

TRENDS AND PROSPECTS

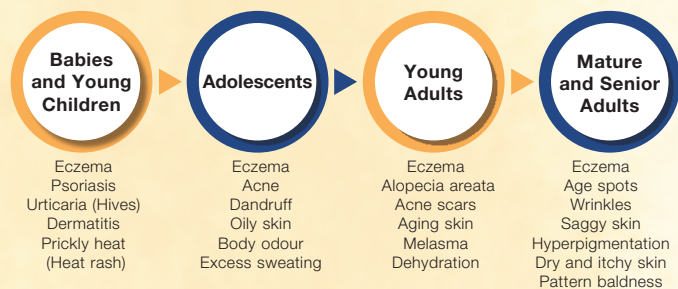
(Information extracted from Appendix H of this Offer Document: Dermatology and Aesthetic Medicine in Singapore, and Skincare Products Industry in the PRC. Please refer to Appendix H of this Offer Document for further details.)

1) Importance of dermatology in global health

- Skin diseases have been reported to be the 4th most common cause of all human diseases, affecting almost 1/3 of the global population.

2) Dermatological issues occur across the lifetime

- Most people will experience at least 1 dermatological disorder in their lifetime and may be subjected to different skin conditions at different stages of life.
- Some skin ailments may require a lifetime of management.



3) Aging population

- Higher prevalence of systemic diseases (diseases that could affect the whole body) could result in deteriorating skin conditions among the elderly.

- Correspondingly, demand for dermatology services and medically graded skincare products are expected to rise as the global population age.

4) Market size and growth rate - Singapore

- The Singapore private dermatology and aesthetic medicine industry is forecasted to grow at a CAGR of 9.0% from 2019 to 2025, reaching S\$756 million in 2025.
- Singapore has one of the world's highest incidences of skin conditions such as dermatitis, acne and viral skin disease.

5) Market size and growth rate - PRC

- PRC is the top 3 largest market for skincare products and is estimated to be worth US\$40 billion in 2022 and forecasted to grow at a CAGR of 7.5% from 2023 to 2027.
- PRC is a vast country of varying climates and seasons and present opportunities for skincare products to be purposefully developed to cater to a wide variety of skin types.

6) Market size and growth rate - Global

- Globally, the skincare products market was estimated to be worth over US\$100 billion in 2022 and is expected to grow at a CAGR of nearly 6.0% from 2022 to 2027.

7) Skincare over makeup

- Skincare has taken over cosmetics as the top priority in beauty.

8) Greater awareness of dermatological issues

- This has led to more people consulting medical practitioners.

BUSINESS STRATEGIES AND FUTURE PLANS

1) Organic expansion of our business

(i) Singapore business

Opening of new clinics and outlets, including a new clinic in the North and an outlet in the West

Recruit and retain highly qualified and talented healthcare and management professionals

Purchase additional equipment to enhance our services, extend the range of treatments available and keep abreast of the latest treatment technologies and trends

(ii) Medical skincare products distribution business in the PRC

Engage more regional agents and expand geographical coverage

Increase efforts in engaging direct sales to doctors and end customers

Expand the range of skincare products currently offered to cater to a greater variety of skin issues

2) Expansion of our business through acquisitions, joint ventures and/or strategic alliances

Strengthen market position through suitable acquisitions, joint ventures and/ or strategic alliances with parties whose businesses are synergistic or complementary to our business

Access to new brands, products, markets, customers and complementary businesses and bring about greater economies of scale



Net proceeds from IPO
S\$3.3 million

24% to fund organic growth

66% to fund expansion of business through acquisitions, joint ventures and/or strategic alliances

10% for general working capital purposes

HOW TO APPLY

Application for the Public Offer Shares may be made through:

- ATMs and internet banking websites of United Overseas Bank Limited, DBS Bank Ltd. (including POSB Bank) and Oversea-Chinese Banking Corporation Limited
- Online portals of iFast Financial Pte Ltd
- Mobile banking interfaces of United Overseas Bank Limited and DBS Bank Ltd.
- Printed WHITE Public Offer Share Application Form which forms part of this Offer Document

IMPORTANT DATES

Opening date of the Public Offer	18 October 2023
Closing date and time of the Application List	25 October 2023, 12.00 p.m.
Commence trading on a "ready" basis	27 October 2023, 9.00 a.m.

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Cheng Shoong Tat <i>(Chairman and Chief Executive Officer)</i>
		Mark Andrew Yeo Kah Chong <i>(Deputy Chairman and Lead Independent Director)</i>
		Ong Fung Chin <i>(President and Chief Medical Officer)</i>
		Manu Bhaskaran <i>(Independent Director)</i>
		Tan Teck Huat <i>(Independent Director)</i>
COMPANY SECRETARY	:	Cho Form Po (ACIS)
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	:	REGISTERED OFFICE 825 Tampines Street 81 #01-64, Tampines Grove Singapore 520825
		PRINCIPAL PLACE OF BUSINESS 16 Kallang Place #03-27 Singapore 339156
SHARE REGISTRAR AND SHARE TRANSFER AGENT	:	Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue #14-07, Keppel Bay Tower Singapore 098632
SPONSOR, ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT	:	SAC Capital Private Limited 1 Robinson Road #21-00, AIA Tower Singapore 048542
SOLICITORS TO THE INVITATION AND LEGAL ADVISERS TO OUR COMPANY ON SINGAPORE LAW	:	Drew & Napier LLC 10 Collyer Quay #10-01, Ocean Financial Centre Singapore 049315
LEGAL ADVISERS TO OUR COMPANY ON PRC LAW	:	JunHe LLP 26/F HKRI Centre One, HKRI Taikoo Hui 288 Shimen Road (No. 1), Shanghai 200041, PRC

CORPORATE INFORMATION

LEGAL ADVISERS TO THE SPONSOR, ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT ON SINGAPORE LAW	: Morgan Lewis Stamford LLC 10 Collyer Quay #27-00, Ocean Financial Centre Singapore 049315
INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT	: Grant Thornton Audit LLP 8 Marina View #40-04/05, Asia Square Tower 1 Singapore 018960 Partner-in-charge: G Arull (Fellow Chartered Accountant of Singapore and a member of the Institute of Singapore Chartered Accountants)
INDUSTRY CONSULTANT	: Converging Knowledge Pte. Ltd. 19 Keppel Road #09-04, Jit Poh Building Singapore 089058
RECEIVING BANK	: The Bank of East Asia, Limited, Singapore Branch 60 Robinson Road BEA Building Singapore 068892

DEFINITIONS

In this Offer Document and the accompanying Application Forms (as defined herein), unless the context otherwise requires, the following definitions apply throughout where the context so admits:

Companies within our Group

“Company”	:	Niks Professional Ltd.
“Group”	:	Our Company and our subsidiaries as at the date of this Offer Document, unless otherwise stated
“Group Company”	:	Any company within our Group
“NMWPL”	:	Niks Maple West Pte. Ltd.
“NPLLC”	:	Niks Professional LLC
“NPSB”	:	Niks Professional Sdn. Bhd.
“NPSCS”	:	Niks Professional (Shanghai) Company Limited (阅肤贸易(上海)有限公司)

Other Corporations, Organisations and Agencies

“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“Authority”	:	Monetary Authority of Singapore
“CDP”	:	Central Depository (Pte) Limited
“Converging Knowledge”	:	Converging Knowledge Pte. Ltd.
“CPF”	:	Central Provident Fund in Singapore
“Fujian Meiruhua”	:	Fujian Meiruhua Medical Aesthetic Health Industry Co., Ltd. (福建美如画医美健康产业有限公司)
“HSA”	:	Health Sciences Authority of Singapore
“Independent Auditor and Reporting Accountant”	:	Grant Thornton Audit LLP
“MOH”	:	Ministry of Health of Singapore
“MOM”	:	Ministry of Manpower of Singapore
“NMPA”	:	National Medical Products Administration of the PRC
“PRC”	:	The People’s Republic of China. For the purpose of this Offer Document and for geographical reference only, except where the context requires, references in this Offer Document to “PRC” do not apply to Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan Region

DEFINITIONS

<i>“Receiving Bank”</i>	:	The Bank of East Asia, Limited, Singapore Branch
<i>“SAC Capital”, “Sponsor”, “Issue Manager”, “Underwriter” or “Placement Agent”</i>	:	SAC Capital Private Limited
<i>“SAFE”</i>	:	State Administration of Foreign Exchange of the PRC
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Registrar” and “Share Transfer Agent”</i>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<i>“SIC”</i>	:	Securities Industry Council of Singapore
<i>“SMC”</i>	:	Singapore Medical Council
<i>“UK”</i>	:	United Kingdom
<i>“U.S.”</i>	:	The United States of America
Legislation and Regulations		
<i>“Catalist Rules”</i>	:	The SGX-ST Listing Manual Section B: Rules of Catalist
<i>“Code of Corporate Governance”</i>	:	The Code of Corporate Governance issued by the Authority
<i>“Companies Act”</i>	:	Companies Act 1967 of Singapore
<i>“ECEG 2016”</i>	:	SMC Ethical Code and Ethical Guidelines 2016
<i>“GMP”</i>	:	ISO 22716 (Cosmetic GMP) promulgated by the International Organisation for Standardisation or the Korea Cosmetic Good Manufacturing Practice promulgated by the Ministry of Food & Drug Safety of the Republic of Korea or the Draft Guideline for Industry: Cosmetic Good Manufacturing Practices issued by the U.S. Food and Drug Administration
<i>“HCSA”</i>	:	Healthcare Services Act 2020 of Singapore
<i>“HCSA (Advertisement) Regulations”</i>	:	Healthcare Services (Advertisement) Regulations 2021
<i>“HPA”</i>	:	Health Products Act 2007 of Singapore
<i>“HPR”</i>	:	Health Products (Cosmetic Products – ASEAN Cosmetic Directive) Regulation 2007
<i>“Listing Manual”</i>	:	The provisions of Sections A and B of the listing manual of the SGX-ST (including the Catalist Rules)

DEFINITIONS

“MRA”	:	Medical Registration Act 1997 of Singapore
“OSA”	:	Official Secrets Act 1935 of Singapore
“PDPA”	:	Personal Data Protection Act 2012 of Singapore
“RPA”	:	Radiation Protection Act 2007 of Singapore
“SFA”	:	Securities and Futures Act 2001 of Singapore
“SFR”	:	Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers
“WSHA”	:	Workplace Safety and Health Act 2006 of Singapore
General		
“1Q”	:	The three-month financial period ended or ending 31 March, as the case may be
“Adjustments”	:	Has the meaning given to it in the section titled “Share Capital” of this Offer Document
“AMK Shophouse”	:	Our Company’s leasehold property situated at 728 Ang Mo Kio Avenue 6, #01-4224, Singapore 560728
“Application Forms”	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Offer Document
“Application List”	:	The list of applications for the subscription of the Invitation Shares
“associate”	:	As defined in the Catalist Rules: <ul style="list-style-type: none">(a) in relation to any individual, including a director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:<ul style="list-style-type: none">(i) his immediate family;(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; or

DEFINITIONS

	(b)	in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more,
		or may, where the context so requires, have the meaning ascribed to it in the Fourth Schedule of the SFR
<i>“Audit and Risk Committee”</i>	:	The audit and risk committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Awards”</i>	:	A contingent award of Shares granted under the NIKS Performance Share Plan
<i>“Award Shares”</i>	:	The Shares which may be issued and/or transferred upon the vesting of share awards granted under the NIKS Performance Share Plan
<i>“Bedok Shophouse”</i>	:	Our Company’s leasehold property situated at 214 Bedok North Street 1, #01-169, Singapore 460214
<i>“Board”</i>	:	The Board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Catalist”</i>	:	The Catalist of the SGX-ST, the sponsor-supervised listing platform of the SGX-ST
<i>“CEO”</i>	:	The Chief Executive Officer of our Company as at the date of this Offer Document, unless otherwise stated
<i>“CFO”</i>	:	The Chief Financial Officer of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Chairman”</i>	:	The Chairman of the Board as at the date of this Offer Document, unless otherwise stated
<i>“CMO”</i>	:	The Chief Medical Officer of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Constitution”</i>	:	The constitution of our Company, as amended or modified from time to time
<i>“Continuing Sponsorship Agreement”</i>	:	The continuing sponsorship agreement dated 18 October 2023 entered into between, among others, our Company and SAC Capital, pursuant to which our Company appointed SAC Capital and SAC Capital has agreed to act as continuing sponsor

DEFINITIONS

<i>“Controlling Shareholder”</i>	:	As defined in the Catalist Rules, a person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over our Company, or shall have the meaning given to it in the SFR if the context so requires
<i>“Convertible Loan Agreement”</i>	:	Has the meaning given to it in the section titled “Group Structure – Internal Restructuring” of this Offer Document
<i>“COVID-19”</i>	:	Coronavirus disease 2019
<i>“Deputy Chairman”</i>	:	The Deputy Chairman of the Board as at the date of this Offer Document, unless otherwise stated
<i>“Directors”</i>	:	The directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Doctor Lock-up Shares”</i>	:	Has the meaning given to it in the section titled “Shareholders – Moratorium – Other Moratorium” of this Offer Document
<i>“Doctor Restricted Transactions”</i>	:	Has the meaning given to it in the section titled “Shareholders – Moratorium – Other Moratorium” of this Offer Document
<i>“Electronic Applications”</i>	:	Applications for the Public Offer Shares made through an ATM, the internet banking websites or mobile banking interfaces of the relevant Participating Banks, or through the online portals of the Participating Agent, upon and subject to the terms and conditions of this Offer Document
<i>“EPS”</i>	:	Earnings per Share
<i>“Executive Directors”</i>	:	The executive directors of our Company as at the date of this Offer Document, being Mr Cheng Shoong Tat and Dr Ong Fung Chin, unless otherwise stated
<i>“Executive Officers”</i>	:	The executive officers of our Group as at the date of this Offer Document, unless otherwise stated
<i>“First Lock-up Period”</i>	:	Has the meaning given to it in the section titled “Shareholders – Moratorium – Other Moratorium” of this Offer Document
<i>“FY”</i>	:	The financial year ended or ending 31 December (as the case may be)
<i>“GDP”</i>	:	Gross domestic product

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<i>“GST”</i>	:	Goods and services tax
<i>“immediate family”</i>	:	As defined in the Catalist Rules, in relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
<i>“Independent Directors”</i>	:	The non-executive independent directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Industry Report”</i>	:	Has the meaning given to it in the section titled “Industry and Market Data” of this Offer Document
<i>“Instruments”</i>	:	Has the meaning given to it in the section titled “Share Capital” of this Offer Document
<i>“Interested Person”</i>	:	Has the meaning given to it in the section titled “Interested Person Transactions – Overview” of this Offer Document
<i>“Internal Restructuring”</i>	:	Has the meaning given to it in the section titled “Group Structure – Internal Restructuring” of this Offer Document
<i>“Invitation”</i>	:	The Placement and the Public Offer
<i>“Invitation Price”</i>	:	S\$0.23 for each Invitation Share
<i>“Invitation Shares”</i>	:	The 21,800,000 new Shares, for which our Company invites applications to subscribe pursuant to the Invitation, subject to and on the terms and conditions set out in this Offer Document, comprising 1,000,000 Public Offer Shares and 20,800,000 Placement Shares (including 3,669,000 Reserved Shares)
<i>“Latest Practicable Date”</i>	:	15 September 2023, being the latest practicable date prior to the lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority
<i>“Listing”</i>	:	The listing of our Company and the quotation of our Shares on Catalist
<i>“Listing Date”</i>	:	The date of commencement of dealing in our Shares on Catalist
<i>“Lock-up Shares”</i>	:	Has the meaning given to it in the section titled “Shareholders – Moratorium – Promoters” of this Offer Document
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Market Price”</i>	:	Has the meaning given to it in the section titled “NIKS Employee Share Option Scheme – Summary of the NIKS Employee Share Option Scheme”

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<i>“Market Price Option”</i>	:	Has the meaning given to it in the section titled “NIKS Employee Share Option Scheme – Summary of the NIKS Employee Share Option Scheme”
<i>“NAV”</i>	:	Net asset value
<i>“NEHR”</i>	:	National Electronic Health Record in Singapore
<i>“NIKS Employee Share Option Scheme”</i>	:	The share option scheme of our Company known as the “NIKS Employee Share Option Scheme”
<i>“NIKS Performance Share Plan”</i>	:	The performance share plan of our Company known as the “NIKS Performance Share Plan”
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“NTA”</i>	:	Net tangible assets (excluding non-controlling interest)
<i>“Offer Document”</i>	:	This offer document dated 18 October 2023 issued by our Company in respect of the Invitation
<i>“Official List of Catalist”</i>	:	The list of issuers maintained by the SGX-ST in relation to Catalist
<i>“Option”</i>	:	The right to subscribe for Shares which may be granted pursuant to the NIKS Employee Share Option Scheme
<i>“Option Shares”</i>	:	The Shares which may be issued and/or transferred upon the exercise of the Options granted under the NIKS Employee Share Option Scheme
<i>“Participating Agent”</i>	:	iFAST Financial Pte Ltd (“iFAST”)
<i>“Participating Banks”</i>	:	United Overseas Bank Limited (“UOB”), DBS Bank Ltd. (including POSB Bank) (“DBS Bank”) and Oversea-Chinese Banking Corporation Limited (“OCBC”), and each a <i>“Participating Bank”</i>
<i>“PBT”</i>	:	Has the meaning given to it in the section titled “Directors and Management – Service Agreements” of this Offer Document
<i>“PER”</i>	:	Price earnings ratio
<i>“Performance Bonus”</i>	:	Has the meaning given to it in the section titled “Directors and Management – Service Agreements” of this Offer Document
<i>“Period Under Review”</i>	:	The period which comprises FY2020, FY2021, FY2022 and 1Q2023

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<i>“Placement”</i>	:	The placement of 20,800,000 Placement Shares (including 3,669,000 Reserved Shares) by the Underwriter and the Placement Agent to investors on behalf of our Company for subscription at the Invitation Price, subject to and on the terms and conditions set out in this Offer Document
<i>“Placement Shares”</i>	:	The 20,800,000 Invitation Shares which are the subject of the Placement (including 3,669,000 Reserved Shares)
<i>“Pro Forma NAV per Share”</i>	:	Has the meaning given to it in the section titled “Invitation Statistics – NAV” of this Offer Document
<i>“Proposed Dividends”</i>	:	Has the meaning given to it in the section titled “Dividend Policy – Dividend Policy” of this Offer Document
<i>“Public Offer”</i>	:	The offer of the Public Offer Shares by our Company to the public in Singapore for subscription at the Invitation Price, subject to and on the terms and conditions set out in this Offer Document
<i>“Public Offer Shares”</i>	:	The 1,000,000 Invitation Shares which are the subject of the Public Offer
<i>“relevant intermediary” or “relevant intermediaries”</i>	:	Has the meaning given to it in the section titled “Description of Our Shares – Voting Rights” of this Offer Document
<i>“Relevant Period”</i>	:	The Period Under Review and the period from 1 April 2023 to the Latest Practicable Date
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Rental Agreement”</i>	:	Has the meaning given to it in the section titled “Interested Person Transactions – Present and On-going Interested Person Transactions” of this Offer Document
<i>“Reserved Shares”</i>	:	The 3,669,000 Invitation Shares under the Placement which are reserved for the management, Directors and employees of our Group as well as business associates and others who have contributed to the success of our Group (to be determined by us at our sole discretion)
<i>“Restricted Transactions”</i>	:	Has the meaning given to it in the section titled “Shareholders – Moratorium – Promoters” of this Offer Document
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account

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<i>“Service Agreements”</i>	:	The service agreements entered into between our Company and each of Mr Cheng Shoong Tat and Dr Ong Fung Chin, as described in the section titled “Directors and Management – Service Agreements” of this Offer Document
<i>“SFRS(I)s”</i>	:	Singapore Financial Reporting Standards (International)
<i>“SGXNET”</i>	:	Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of information and announcements by listed companies
<i>“Shareholders”</i>	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<i>“Shares”</i>	:	Ordinary shares in the capital of our Company
<i>“Share Split”</i>	:	The subdivision of 1,220,002 Shares into 104,360,870 Shares, which was effected on 13 October 2023
<i>“Share Swap Agreements”</i>	:	Has the meaning given to it in the section titled “Group Structure – Internal Restructuring” of this Offer Document
<i>“Sponsorship and Management Agreement”</i>	:	The full sponsorship and management agreement dated 18 October 2023 entered into between our Company and SAC Capital pursuant to which SAC Capital agreed to manage and sponsor the Invitation, as described in the section titled “Plan of Distribution – Sponsorship, Management, Underwriting and Placement Arrangements” of this Offer Document
<i>“Stop Order”</i>	:	Has the meaning given to it in the section titled “Details of the Invitation – Listing on Catalist” of this Offer Document
<i>“Substantial Shareholder”</i>	:	A person who has an interest in not less than 5.0% of the total votes attached to all voting shares (excluding treasury shares) in our Company
<i>“Tenancy Agreement”</i>	:	Has the meaning given to it in the section titled “Interested Person Transactions – Present and On-going Interested Person Transactions” of this Offer Document
<i>“Third Party Data”</i>	:	Has the meaning given to it in the section titled “Cautionary Note Regarding Forward-Looking Statements” of this Offer Document
<i>“Title Documents”</i>	:	Has the meaning given to it in the section titled “Details of the Invitation” of this Offer Document

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“Underwriting and Placement Agreement” : The underwriting and placement agreement dated 18 October 2023 entered into between our Company and SAC Capital in connection with the Invitation and the Listing, as described in the section titled “Plan of Distribution – Sponsorship, Management, Underwriting and Placement Arrangements” of this Offer Document

“Vision Exchange Property” : Our Company’s leasehold property situated at 2 Venture Drive, #01-27, Vision Exchange, Singapore 608526

Currencies, Units and Others

“CNY” : Renminbi, the official currency of the People’s Republic of China

“MYR” : Malaysian Ringgit, the official currency of Malaysia

“N.M.” : Not meaningful

“N.E.C.” : Not elsewhere classified

“sq ft” : Square foot

“sq m” : Square metre

“SGD”, “S\$”, “\$”, “dollar” and “cent” : Singapore Dollars and cents, respectively, being the lawful currency of Singapore

“USD” : United States Dollars, being the lawful currency of the United States of America

“%” or “percent” : Per centum or percentage

Any reference to “our”, “ourselves”, “us”, “we” or other grammatical variations thereof in this Offer Document is a reference to our Company, our Group or any member of our Group as the context requires.

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in section 81SF of the SFA.

The term “entity” shall have the same meaning ascribed to it in Section 2 of the SFA, while the terms “associated company”, “associated entity”, “controlling interest-holder”, “related corporation”, “related entity”, “subsidiary”, “subsidiary entity” and “substantial interest-holder” shall have the same meanings ascribed to them respectively in paragraph 1 of the Fourth Schedule of the SFR.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document, the Application Forms and/or the Electronic Applications to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the SFR, the Catalyst Rules

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or any statutory modification thereof and used in this Offer Document, the Application Forms and/or the Electronic Applications shall, where applicable, have the meaning ascribed to it in the Companies Act, the SFA, the SFR, the Catalist Rules or any statutory modification thereof, as the case may be.

Any reference in this Offer Document, the Application Forms and/or the Electronic Applications to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time or date in this Offer Document, the Application Forms and/or the Electronic Applications shall be a reference to Singapore time or date, unless otherwise stated.

Any discrepancies in the tables included herein between the listed amounts and the total thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Any information on our website or any website directly or indirectly linked to such website does not form part of this Offer Document and should not be relied upon by any applicant for the Invitation Shares.

Unless we indicate otherwise, all information in this Offer Document is presented on the basis of our Group.

Our customers, suppliers, partners and competitors named in this Offer Document may be referred to in this Offer Document by their trade names. Each of our contracts with our customers and/or suppliers may be with an entity or entities in that customer's or supplier's group of companies.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of our business, the following glossary contains an explanation of certain terms and abbreviations used in this Offer Document in connection with our Group and our business. The terms, abbreviations and their assigned meanings should not be treated as definitive, and may not correspond to standard industry meanings or common meanings or usage of these terms.

<i>“aesthetic medical services”</i>	:	Services performed by doctors designed primarily to improve the physical appearances and satisfaction of patients, using non-invasive and minimally invasive procedures and products
<i>“dermatology”</i>	:	The branch of medicine concerned with the diagnosis and treatment of skin disorders
<i>“family practice dermatology”</i>	:	Dermatological services offered in a family practice setting by general practitioners with recognised post-basic qualifications in dermatology or cumulative experience in treating patients with skin issues

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us, or our Directors, Executive Officers or employees acting on our or their behalf that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “predicts”, “estimates”, “anticipates”, “may”, “will”, “would” and “could” or similar expressions. However, you should note that these words or phrases are not the exclusive means of identifying forward-looking statements. Forward-looking statements include, without limitation, statements as to our expected financial condition, our expected revenue and profitability, cost measures, business strategies, plans and prospects, expected growth in demand, expected industry trends and developments, anticipated expansion plans and completion and start-up dates for projects, and other matters discussed in this Offer Document regarding matters that are not historical fact.

Forward-looking statements are only predictions which reflect our current views with respect to future events. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe that the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions would be incorrect.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others, the following:

- (a) fluctuations in the prices of our supplies, including factors influencing the prices of such supplies, such as regional and global supply and demand;
- (b) increase in operating costs;
- (c) our continued success and growth depend substantially on the continuing service and contribution of our key management personnel and doctors;
- (d) changes in the regulatory environment, as well as government laws, regulations, licensing requirements and policies, in the countries in which we operate or intend to operate;
- (e) our ability to execute our business strategies and plans and to achieve our anticipated growth;
- (f) inability to stay informed of skincare trends, the beauty and skincare products market trends and the latest technological advancements and marketing trends in the aesthetic medical service industry;
- (g) changes in political, economic, social and competitive conditions in the countries in which we operate or intend to operate;
- (h) risks of disputes in relation to our business;
- (i) changes in the markets and the conditions in which we operate or intend to operate;
- (j) changes in currency exchange or interest rates;

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

- (k) changes in our future capital needs and the availability of financing and capital to fund these needs;
- (l) other matters not yet known to us; and
- (m) other factors beyond our control.

A number of these factors are discussed in greater detail in this Offer Document, including, but not limited to, the discussions under the sections titled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position” and “Prospects, Business Strategies and Future Plans” of this Offer Document. These forward-looking statements are applicable only as at the Latest Practicable Date.

The section titled “Prospects, Business Strategies and Future Plans” of this Offer Document, as well as other parts of this Offer Document (to the extent applicable or relevant), contain data, information, financial analysis, forecast, figures and statements (including market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications) which are forward-looking and based on certain assumptions and projections. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but we are unable to assure you that such information is accurate or complete.

Neither we, the Sponsor, Issue Manager, Underwriter and Placement Agent, nor any person(s) acting on our or their behalf have conducted an independent review or verified the accuracy or veracity of such data, information, financial analysis, forecast, figures and statements, assumptions and projections (“**Third Party Data**”). No representation is made by us, the Sponsor, Issue Manager, Underwriter and Placement Agent or any person(s) acting on our or their behalf in respect of any of such Third Party Data or information and neither we, the Sponsor, Issue Manager, Underwriter and Placement Agent nor any person(s) acting on our or their behalf take any responsibility for any of such Third Party Data or information.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements. None of our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent, or any person(s) acting on our or their behalf represents or warrants that our Group’s actual future results, performance or achievements will be as discussed in those statements.

All forward-looking statements by or attributable to us or person(s) acting on our behalf that are contained in this Offer Document are expressly qualified in their entirety by such factors. Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. Our Company, and the Sponsor, Issue Manager, Underwriter and Placement Agent disclaim any responsibility to update any of these forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the SFA, the SFR and the Catalist Rules regarding corporate disclosure. Please refer to the section titled “Details of the Invitation” of this Offer Document for further details.

INDUSTRY AND MARKET DATA

This Offer Document includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information.

We have commissioned Converging Knowledge to prepare a report (“**Industry Report**”) on the dermatology and aesthetic medical industry in Singapore, and the skincare products industry in the PRC for the purpose of inclusion in this Offer Document, including data (actual, estimated and forecasted) relating to, among other things, demand and market share information. Please refer to “Appendix H – Dermatology and Aesthetic Medicine in Singapore, and Skincare Products Industry in the PRC” to this Offer Document for further details.

While we believe that the third party information and data contained in this Offer Document are reliable, and our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent have taken reasonable care to ensure that the information is extracted accurately and in its proper context, we cannot ensure the accuracy of the information or data, and our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent and any of our or their affiliates and advisers have not independently verified this information or data or ascertained the underlying assumptions relied upon therein. Consequently, none of our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or our or their respective officers, agents, employees and advisers makes any representation as to the accuracy or completeness of such information and are not obliged to provide any updates on the same.

SELLING RESTRICTIONS

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is unauthorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.

No action has been or will be taken under the requirements of the legal or regulatory requirements, of any jurisdiction except for the lodgement and registration of this Offer Document in Singapore in order to permit a public offering of the Invitation Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Invitation Shares in certain jurisdictions may be restricted by the relevant laws or regulations in such jurisdictions. Persons who may come into possession of this Offer Document are required by our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to our Company, or the Sponsor, Issue Manager, Underwriter and Placement Agent.

Persons to whom a copy of this Offer Document have been issued shall not circulate to any other persons, reproduce or otherwise distribute this Offer Document or any information contained herein for any purpose whatsoever nor permit or cause the same to occur.

By accepting this Offer Document, you agree to be bound by the foregoing limitations. No part of this Offer Document may be: (a) copied, photocopied or duplicated in any form by any means; or (b) distributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose.

DETAILS OF THE INVITATION

LISTING ON CATALIST

An application has been made by the Sponsor and Issue Manager to the SGX-ST for permission to deal in, and for the listing and quotation of, all of our Shares that are already issued, the Invitation Shares, the Option Shares and the Award Shares, on Catalist. The dealing in, and quotation of, our existing issued Shares, the Invitation Shares, the Option Shares and the Award Shares will be in Singapore dollars.

Such permission will be granted when our Company has been admitted to Catalist.

Our acceptance of applications for the Invitation Shares will be conditional upon, among others, permission being granted by the SGX-ST to deal in, and for the listing and quotation of, all of our Shares that are already issued, the Invitation Shares, the Option Shares and the Award Shares, on Catalist. Monies paid in respect of any application accepted will be returned (without interest or any share of revenue or other benefit arising therefrom) at the applicant's own risk and the applicant shall not have any right or claim against us and the Sponsor, Issue Manager, Underwriter and Placement Agent if the completion of the Invitation does not occur because the said permission is not granted for any reason, or if the admission, listing and trading of all our Shares that are already issued, the Invitation Shares, the Option Shares and the Award Shares do not proceed for any reason. No Shares will be allotted and issued on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Mainboard of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and we are unable to assure you that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

A copy of this Offer Document has been lodged with and registered by the SGX-ST, acting as agent on behalf of the Authority. We have not lodged or registered this Offer Document in any other jurisdiction. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, does not imply that the SFA, the SFR, the Catalist Rules or any other legal or regulatory requirements have been complied with.

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalist but relies on the Sponsor and Issue Manager confirming that our Company is suitable to be listed on Catalist and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has, in any way, considered the merits of our Shares being offered for investment, and admission to Catalist is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares that are already issued, the Invitation Shares, the Option Shares and the Award Shares.

The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, does not imply that the SFA, the SFR, the Catalist Rules or any other legal or regulatory requirements have been complied with.

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After the expiration of six (6) months from the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, no person shall make an offer of our Shares, or allot, issue or sell any of our Shares, on the basis of this Offer Document, and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares, or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

Notification under Section 309B of the SFA: Our Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products), pursuant to paragraph 1(a) of the schedule to the Securities and Futures (Capital Markets Products) Regulations 2018.

We are subject to the provisions of the SFA, the SFR and the Catalist Rules regarding the contents of this Offer Document. In particular, pursuant to section 241 of the SFA, if after the registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, but before the close of the Invitation, we become aware of:

- (a) a false or misleading statement in this Offer Document;
- (b) an omission from this Offer Document of any information that should have been included in it under the requirements of section 243 of the SFA, the SFR or the Catalist Rules; or
- (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority, and which would have been required by section 243 of the SFA, the SFR or the Catalist Rules to be included in this Offer Document, if it had arisen before this Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority, pursuant to section 241 of the SFA.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Invitation shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Invitation Shares and:

- (a) where the Invitation Shares have not been issued to the applicants, we shall either:
 - (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;

DETAILS OF THE INVITATION

- (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, provide the applicants with a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (iii) (A) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled; and (B) within seven (7) days from the date of the lodgement of the supplementary or replacement offer document, return all monies, paid in respect of any application (without interest or any share of revenue or other benefit arising therefrom, at the applicants' own risk and the applicants shall not have any right or claim against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent); or
- (b) where the Invitation Shares have been issued to the applicants, we shall:
- (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Invitation Shares which they do not wish to retain title in; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Invitation Shares which they do not wish to retain title in; or
 - (iii) treat the issue of the Invitation Shares as void, in which case the issue of the Invitation Shares shall be deemed to be void, and our Company shall:
 - (A) if documents purporting to evidence title to the Invitation Shares ("**title documents**") have been issued to the applicants, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, inform the applicants to return the title documents to our Company within 14 days from the date of lodgement of the supplementary or replacement offer document, and within seven (7) days from the date of receipt of the title documents or the date of lodgement of the supplementary or replacement offer document, whichever is the later, pay to the applicants all monies paid by them for the Invitation Shares, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk; or
 - (B) if no title documents have been issued to the applicants, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, pay to the applicants all monies paid by them for the Invitation Shares, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk,

DETAILS OF THE INVITATION

and the applicants shall not have any right or claim against our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

An applicant who wishes to exercise his option under paragraph (a)(i) or (a)(ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven (7) days from the receipt of such notification, return to the applicant all monies paid in respect of the application for those Invitation Shares (without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk). The applicants shall not have any right or claim against our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent, or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

An applicant who wishes to exercise his option under paragraph (b)(i) or (b)(ii) to return the Invitation Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Invitation Shares to our Company, whereupon we shall, within seven (7) days from the receipt of such notification and documents, if any, return to the applicant all monies paid by him for those Invitation Shares (without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk), and the issue of those Invitation Shares shall be deemed to be void, and the applicants shall not have any right or claim against our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent, or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Pursuant to section 242 of the SFA, the Authority may, in certain circumstances issue a stop order ("**Stop Order**") to our Company, directing that no Shares or no further Shares to which this Offer Document relates, be allotted, issued or sold. Such circumstances will include a situation where: (a) this Offer Document contains any statement which, in the Authority's opinion, is false or misleading; (b) this Offer Document omits any information that is required to be included in it under section 243 of the SFA; (c) this Offer Document does not, in the Authority's opinion, comply with the requirements of the SFA; or (d) the Authority is of the opinion that it is in the public's interest to issue a Stop Order.

In the event that the Authority issues a Stop Order and applications to subscribe for the Invitation Shares have been made prior to the Stop Order, then:

- (a) where the Invitation Shares have not been issued to the applicants, the applications for the Invitation Shares shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, return to the applicants all monies they have paid on account of their applications for the Invitation Shares; or
- (b) where the Invitation Shares have been issued to the applicants, but trading has not commenced, the issue of the Invitation Shares shall be deemed to be void and our Company shall:
 - (i) if documents purporting to evidence title to the Invitation Shares have been issued to the applicants, within seven (7) days from the date of the Stop Order, inform the applicants to return such documents to us within 14 days from that date, and within seven (7) days from the date of receipt of those documents or the date of the Stop Order, whichever is the later, pay to the applicants all monies paid by them for the Invitation Shares; or

DETAILS OF THE INVITATION

- (ii) if no such documents have been issued to the applicants, within seven (7) days from the date of the Stop Order, pay to the applicants all monies paid by them for the Invitation Shares.

Where monies are to be returned to applicants in respect of any application, it will be returned to the applicant without any interest or share of revenue or other benefit arising therefrom, at the applicant's own risk, and the applicant shall not have any right or claim against us, the Sponsor, Issue Manager, Underwriter and Placement Agent, or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

None of our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations or as to the accuracy or completeness of the information contained herein, and nothing contained in this Offer Document is, or shall, to the extent permitted by law, be relied upon as a promise, representation or covenant by us, the Sponsor, Issue Manager, Underwriter and Placement Agent or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers. No information in this Offer Document should be considered as being business, financial, legal or tax advice regarding an investment in our Shares. You should consult your own business, financial, legal, tax or other professional adviser(s) for business, financial, legal or tax advice before deciding to invest in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, our Directors, and/or the Sponsor, Issue Manager, Underwriter and Placement Agent. Neither the delivery of this Offer Document, the Application Forms nor any document relating to the Invitation, nor the Invitation, shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or development reasonably likely to create any change in our affairs, conditions or prospects of our Company or our subsidiaries or the Invitation Shares or in any statement of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we will make an announcement of the same to the SGX-ST and the public, and if required under the SFA, we may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority, and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST. All applicants should take note of any such announcement and/or supplementary or replacement offer document and, upon the release of such an announcement and/or supplementary or replacement offer document, shall be deemed to have notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. The Invitation Shares are offered for subscription solely on the basis of the information contained and the representations made in this Offer Document.

This Offer Document has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants in connection with their application for the Invitation Shares or for any other purpose.

DETAILS OF THE INVITATION

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful or unauthorised to make such offer, solicitation or invitation.

Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability, during office hours from:

SAC Capital Private Limited

1 Robinson Road
#21-00 AIA Tower
Singapore 048542

A copy of this Offer Document is also available on the SGX-ST website at <http://www.sgx.com>.

The Invitation will open immediately upon the registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority and will remain open until 12.00 noon on 25 October 2023 or for such other period or periods as our Directors may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary offer document or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Invitation will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures for application for the Invitation Shares are set out in Appendix G titled “Appendix G – Terms, Conditions and Procedures for Applications and Acceptances” to this Offer Document.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable for the Invitation and trading in our Shares is set out below for your reference:

Indicative Date and Time	Event
18 October 2023 (immediately upon the registration of this Offer Document)	Opening of the Public Offer
25 October 2023, at 12.00 noon	Close of Application List
26 October 2023	Balloting of applications, if necessary (in the event of over-subscription for the Public Offer Shares) Commence returning or refunding of application monies to unsuccessful or partially successful applicants, if necessary
27 October 2023, at 9.00 a.m.	Commence trading on a “ready” basis
31 October 2023	Settlement date for all trades done on a “ready” basis

The above timetable is indicative only and is subject to change at our discretion, with the agreement of the Sponsor, Issue Manager, Underwriter and Placement Agent. We may, at our discretion in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent and subject to all laws and regulations and the Catalist Rules, agree to extend or shorten the period during which the Invitation is open, provided that such period may not be less than two (2) Market Days. The above timetable assumes that (a) the date of closing of the Application List will be 25 October 2023; (b) the date of admission of our Company to the Official List of Catalist will be on 27 October 2023; (c) the shareholding spread requirement of the Catalist Rules will be complied with; and (d) the Invitation Shares will be issued and fully paid up prior to 9.00 a.m. on 27 October 2023. **The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST.**

The above timetable and procedure may be subject to such modifications as the SGX-ST may, in its discretion, decide, including the decision to permit trading on a “ready” basis and the commencement date of such trading. **All persons trading in our Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted or are otherwise beneficially entitled to.**

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

- (a) through an SGXNET announcement to be posted on the SGX-ST’s website at <http://www.sgx.com>; and/or
- (b) in a major English newspaper in Singapore.

INDICATIVE TIMETABLE FOR LISTING

We will publicly announce the results of the Invitation (including the level of subscription for the Invitation Shares and the basis of allocation and allotment of the Invitation Shares pursuant to the Invitation) as soon as it is practicable after the close of the Application List through the channels in (a) and (b) above.

Investors should consult the SGXNET announcement on the “ready” listing date on the internet (at the SGX-ST website at <http://www.sgx.com>) or the newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

We reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Invitation Shares, without assigning any reason therefor, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allotment and/or allocation, due consideration will be given to the desirability of allotting the Invitation Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

In respect of an application for Public Offer Shares, where any such application is unsuccessful, the full amount of the application monies will be refunded (at the applicant’s own risk and without interest or any share of revenue or other benefit arising therefrom, and the applicant shall not have any right or claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent) to the applicant within 24 hours of the balloting of applications (or such shorter period as the SGX-ST may require), provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

In respect of an application for Public Offer Shares, where any such application is rejected or accepted in part only, any balance of the application monies will be refunded to the applicant (without interest or any share of revenue or other benefit arising therefrom, at the applicant’s own risk and the applicant shall not have any right or claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent) within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

In the event that the Invitation does not proceed for any reason, the full amount of application monies received under the Public Offer will be returned to the applicant (without interest or any share of revenue or other benefit arising therefrom, at the applicant’s own risk and the applicant shall not have any right or claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent) within five (5) Market Days after the Invitation is discontinued, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

The manner and method of applications and acceptances under the Placement will be determined by our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent.

PLAN OF DISTRIBUTION

THE INVITATION

The Invitation is for 21,800,000 Invitation Shares offered in Singapore comprising 1,000,000 Public Offer Shares and 20,800,000 Placement Shares for subscription under the Public Offer and the Placement respectively at the Invitation Price. The Invitation is sponsored, managed and underwritten by SAC Capital.

Prior to the Invitation, there has been no public market for our Shares. The Invitation Price was determined after a book-building process and agreed by us following consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent. Among the factors considered in determining the Invitation Price were the prevailing market conditions, current market valuations of publicly traded companies that our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent believe to provide a reasonable basis of comparison with our Group, and assessment of our Group's recent historical performance, the current state of our Group's development and the current state of the industry in which our Group operates as well as the economy as a whole. The Invitation Price is the same for all Invitation Shares and is payable in full on application.

Investors may apply to subscribe for any number of Invitation Shares in multiples of 1,000 Shares. In order to ensure a reasonable spread of Shareholders, we have the absolute discretion to prescribe a limit to the number of Invitation Shares to be allotted to any single applicant and/or allot the Invitation Shares above or under such prescribed limit as we shall deem fit.

Pursuant to the Sponsorship and Management Agreement and the Underwriting and Placement Agreement entered into between us and SAC Capital as described in the section titled "Plan of Distribution – Sponsorship, Management, Underwriting and Placement Arrangements" of this Offer Document, we have appointed SAC Capital to manage and act as full sponsor of the Invitation, to underwrite the Public Offer and to undertake the Placement on our behalf. SAC Capital will receive a management fee for its services rendered in connection with the Listing.

PUBLIC OFFER SHARES

The Public Offer Shares are made available to members of the public in Singapore. Applications for the Public Offer Shares may be made by way of printed Public Offer Shares Application Forms, by way of Electronic Applications or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent deems appropriate. The terms, conditions and procedures for applications and acceptances are described in Appendix G titled "Appendix G – Terms, Conditions and Procedures for Applications and Acceptances" to this Offer Document.

An applicant who has made an application for Public Offer Shares by way of the Public Offer Shares Application Form may not make another separate application for Public Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent.

In the event of an under-subscription for the Public Offer Shares as at the close of the Application List, the number of Public Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent that there is an over-subscription for the Placement Shares as at the close of the Application List.

PLAN OF DISTRIBUTION

In the event of an over-subscription for the Public Offer Shares as at the close of the Application List and/or the Placement Shares are fully subscribed or over-subscribed for as at the close of the Application List, the successful applications for the Public Offer Shares will be determined by ballot or otherwise as determined by our Directors, after consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, and approval of the SGX-ST (if applicable), subject to the compliance with the requirements of the Sponsor, Issue Manager, Underwriter and Placement Agent.

No fee is payable by applicants for the Public Offer Shares, save for an administration fee of S\$2.00 for each application made through an ATM, the internet banking websites or the mobile banking interface of the Participating Banks. There is no administrative fee for an application that is made through the online portals of the Participating Agent.

PLACEMENT SHARES (EXCLUDING RESERVED SHARES)

The Placement Shares (excluding Reserved Shares) are made available to retail and institutional investors in Singapore who may apply through their brokers or financial institutions. Applications for the Placement Shares may be made by way of printed Placement Shares Application Forms by way of Electronic Applications or such other forms of application as the Placement Agent deems appropriate. The terms and conditions and procedures for application and acceptance are set out in Appendix G titled “Appendix G – Terms, Conditions and Procedures for Applications and Acceptances” to this Offer Document.

In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for the Public Offer Shares to the extent that there is an over-subscription for the Public Offer Shares as at the close of the Application List.

Subscribers of the Placement Shares (excluding Reserved Shares) may be required to pay brokerage of up to 1.0% of the Invitation Price (plus GST thereon, if applicable) to the Placement Agent or any sub-placement agent(s) as may be appointed by the Placement Agent.

RESERVED SHARES

To recognise their contributions to our Group, we have reserved 3,669,000 Placement Shares for subscription at the Invitation Price by the management, Directors and employees of our Group as well as business associates and others who have contributed to the success of our Group (to be determined by us at our sole discretion). The Reserved Shares will be offered on the same terms as the other Placement Shares in the Placement. These Reserved Shares are not subject to any moratorium and may be disposed of after the Listing. Applications for the Reserved Shares must be made by way of printed Application Forms for the Reserved Shares or such other form of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may in its absolute discretion deem appropriate.

In the event that any of the Reserved Shares are not subscribed for, they will be made available to satisfy excess applications for the Placement Shares (excluding the Reserved Shares) to the extent that there is an over-subscription for the Placement Shares (excluding Reserved Shares) as at the close of the Application List, or, in the event of an under-subscription for the Placement Shares (excluding Reserved Shares) as at the close of the Application List, to satisfy excess applications made by members of the public for the Public Offer Shares to the extent that there is an over-subscription for the Public Offer Shares as at the close of the Application List.

PLAN OF DISTRIBUTION

SUBSCRIPTION FOR THE INVITATION SHARES

Save for the Reserved Shares, none of our Directors or Substantial Shareholders intends to subscribe for any of the Invitation Shares in the Invitation. In the event that any Invitation Shares are subscribed for by our Directors, Substantial Shareholders and/or their respective associates, such subscriptions will be disclosed in an announcement in accordance with Rule 428 of the Catalist Rules.

To the best of our knowledge, none of the members of our Company's management or employees intends to subscribe for 5.0% or more of the Invitation Shares in the Invitation.

To the best of our knowledge, as at the Latest Practicable Date, we are not aware of any person who intends to subscribe for more than 5.0% of the Invitation Shares in the Invitation. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to subscribe for 5.0% or more of the Invitation Shares. If such person(s) were to make an application for 5.0% or more of the Invitation Shares and are subsequently allotted such number of Invitation Shares, we will make the necessary announcements at an appropriate time. The final allotment of the Invitation Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406(1) of the Catalist Rules.

No Shares shall be allotted and issued on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

SPONSORSHIP, MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

Pursuant to the Sponsorship and Management Agreement entered into between our Company and SAC Capital as the Sponsor and Issue Manager, our Company appointed SAC Capital to sponsor and manage the Listing. SAC Capital will receive a sponsorship and management fee from our Company for its services rendered in connection with the Invitation and an annual sponsorship fee for at least three (3) years from the date of the Listing.

Pursuant to the Underwriting and Placement Agreement, SAC Capital agreed: (a) to subscribe and/or procure subscriptions for the Public Offer Shares not subscribed for by members of the public and not allocated to satisfy excess applications for Placement Shares; and (b) to procure subscriptions for the Placement Shares, upon and subject to the terms and conditions of the Underwriting and Placement Agreement.

SAC Capital will receive an underwriting commission of 4.5% of the aggregate Invitation Price for the total number of Public Offer Shares underwritten by the Underwriter but excluding the portion of the Public Offer Shares which have been applied to satisfy excess applications for Placement Shares. SAC Capital may, at its absolute discretion, appoint one or more sub-underwriters for the Public Offer Shares. Payment of the underwriting commission shall be made whether or not any allotment or issue of the Public Offer Shares is made to SAC Capital and/or its nominees.

SAC Capital will receive a placement commission of 4.5% of the aggregate Invitation Price for the total number of Placement Shares (including the Reserved Shares) successfully procured for subscription by SAC Capital but excluding the portion of the Placement Shares which have been applied to satisfy excess applications for the Public Offer Shares. SAC Capital shall be at liberty to sub-place its placement obligations under the Underwriting and Placement Agreement upon such terms and conditions as SAC Capital may deem fit. Payment of the placement commission

PLAN OF DISTRIBUTION

shall be made whether or not any allotment or issue of the Placement Shares is made to SAC Capital and/or its nominees. Subscribers of the Placement Shares may be required to pay to SAC Capital an end placees' commission of up to 1.0% of the Invitation Price (including GST, if applicable) for each Placement Share.

Brokerage will be paid by our Company to Participating Banks and the Participating Agent in respect of successful applications made through Electronic Applications for each Public Offer Share or Placement Share applied to satisfy excess applications for the Public Offer Shares, as the case may be.

The Sponsorship and Management Agreement may be terminated by SAC Capital at any time prior to the time and date of the commencement of trading of our Shares on Catalist, on the occurrence of certain events including:

- (a) any breach of the representations, warranties or undertakings in the Sponsorship and Management Agreement;
- (b) any occurrence of a specified event (as described in the Sponsorship and Management Agreement) which comes to the knowledge of SAC Capital;
- (c) any material adverse change, or any development involving a prospective material adverse change, in the condition (business, trading, operational, financial or otherwise), performance or general affairs of our Company or of our Group as a whole;
- (d) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, notice, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive, notice or request issued by ACRA, the Authority, the SIC, the SGX-ST or relevant authorities in Singapore or elsewhere) or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere including but not limited to foreign exchange controls in Singapore or overseas;
- (e) any change, or any development involving a prospective change, or any crisis, in local, national, regional or international political, industrial, legal, financial, monetary or economic conditions, taxation or exchange controls (including but not limited to the conditions in the stock market, foreign exchange market, inter-bank market or interest rates or money market, in Singapore or any other jurisdiction), or any combination of any such changes or developments or crises, or deterioration of any such conditions;
- (f) any imminent threat or occurrence of any local, national or international outbreak or escalation of hostilities whether war has been declared or not, terrorist attacks, or insurrection or armed conflict (whether or not involving financial markets);
- (g) any regional or local outbreak of disease that may have an adverse effect on the financial markets;
- (h) foreign exchange controls in Singapore and overseas or any occurrence of a combination of any such changes or developments or crises, or any deterioration of any such conditions;
- (i) the issue by the SGX-ST of a notice of refusal to admit our Company to Catalist; or
- (j) any other occurrence of any nature whatsoever,

PLAN OF DISTRIBUTION

which event or events shall in the opinion of SAC Capital (i) result or be likely to result in a material adverse fluctuation or adverse conditions in the stock market of Singapore or elsewhere; (ii) be likely to prejudice the success of the offer, subscription or sale of the Invitation Shares (whether in the primary market or in respect of dealings in the secondary market); (iii) make it impossible, impracticable or non-commercial to proceed with any of the transactions contemplated in the Sponsorship and Management Agreement; (iv) be likely to have a Material Adverse Effect (as described in the Sponsorship and Management Agreement); (v) be such that no reasonable sponsor or issue manager would have entered into the Sponsorship and Management Agreement; (vi) result or be likely to result in the issue by the SGX-ST of a notice of refusal to admit our Company to Catalist at any point prior to the listing of all the issued Shares, and the Invitation Shares; (vii) make it non-commercial or otherwise contrary to or outside the usual commercial practices in Singapore for SAC Capital to observe or perform or be obliged to observe or perform the terms of the Sponsorship and Management Agreement; or (viii) would materially change the scope of work, responsibility or liability required of SAC Capital, SAC Capital may at any time prior to the commencement of trading of our Shares on Catalist by notice in writing to our Company rescind or terminate the Sponsorship and Management Agreement.

Notwithstanding the aforesaid, SAC Capital may terminate the Sponsorship and Management Agreement if:

- (a) at any time up to the commencement of trading of our Shares on Catalist, a notice of refusal to admit our Company to Catalist shall have been issued by the SGX-ST;
- (b) at any time after the registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority but before the close of the Application List, our Company fails and/or neglects to lodge a supplementary or replacement offer document (as the case may be) if we become aware of:
 - (i) a false or misleading statement or matter in this Offer Document;
 - (ii) an omission from this Offer Document of any information that should have been included in it under the SFA, the SFR or the Catalist Rules; or
 - (iii) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority and would have been required by the SFA, the SFR or the Catalist Rules to be included in this Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor;

- (c) our existing issued Shares, the Invitation Shares, the Option Shares and the Award Shares have not been admitted to Catalist on or before 27 October 2023 (or such other date as our Company and SAC Capital may agree); or
- (d) there is a conflict of interest for SAC Capital which cannot be reasonably resolved, or any dispute, conflict or disagreement with our Company or our Company wilfully fails to comply with any advice from or recommendation of SAC Capital.

The Underwriting and Placement Agreement is conditional upon the Sponsorship and Management Agreement not being terminated or rescinded pursuant to the provisions of the Sponsorship and Management Agreement.

PLAN OF DISTRIBUTION

Save as aforesaid, no commission, discount or brokerage has been paid or other special terms granted within the two (2) years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures in our Company or our subsidiaries.

The Sponsorship and Management Agreement and the Underwriting and Placement Agreement are each conditional upon the other not being terminated or rescinded pursuant to the provisions of the respective agreements and may be terminated on the occurrence of certain events, including those specified above. In the event that the Sponsorship and Management Agreement or the Underwriting and Placement Agreement is terminated, our Company reserves the right, at the absolute discretion of our Directors, to cancel the Invitation.

INTERESTS OF THE SPONSOR, ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT

In the reasonable opinion of our Directors, SAC Capital does not have a material relationship with our Company except as disclosed below:

- (a) SAC Capital is the Sponsor, Issue Manager, Underwriter and Placement Agent in relation to the Invitation; and
- (b) SAC Capital will be the continuing sponsor of our Company for a period of at least three (3) years from the date of our Listing pursuant to the Continuing Sponsorship Agreement.

OFFER DOCUMENT SUMMARY

The following summary is derived from and should be read in conjunction with the full text of this Offer Document. It is qualified in its entirety by, and is subject to, the more detailed information appearing elsewhere in this Offer Document. In addition to this summary, you should carefully consider all the information presented in this Offer Document, particularly the matters set out in the section titled “Risk Factors” of this Offer Document, before deciding to invest in our Shares.

OVERVIEW OF OUR GROUP

Our Company was incorporated in Singapore on 22 September 1998 under the Companies Act as a private company limited by shares under the name of “Niks Professional Pte Ltd”.

Our Company was converted into a public company limited by shares, and our name was changed to “Niks Professional Ltd.” in connection therewith, on 13 October 2023.

Our company registration number is 199804609D.

Our Company is the holding company of our subsidiaries, being Niks Maple West Pte. Ltd., Niks Professional (Shanghai) Company Limited (阅肤贸易(上海)有限公司), Niks Professional Sdn. Bhd. and Niks Professional LLC.

OUR BUSINESS

We are a trusted and established family practice dermatology and aesthetic medical services provider with an operating history of over 25 years that also offers a comprehensive range of medical skincare products and salon services to complement medical solutions.

Our Doctors

As at the Latest Practicable Date, we have five (5) doctors who participate in the provision of family practice dermatology and aesthetic medical services to our patients in our three (3) clinics in Singapore. All of them are registered as general practitioners with MOH, and have, on average, over 20 years of experience in the industry. A majority possess postgraduate diplomas in dermatology. They offer medical consultation, prescribe medicines and complementary skincare products and undertake procedures including but not limited to light and laser procedures, injectables, subcision, and mole removal.

Our Group’s market presence and reputation are built upon the experience and reputation of the doctors whose medical experiences and achievements are set out in the section titled “General Information on Our Group – Business Overview” of this Offer Document.

Our Facilities

As at the Latest Practicable Date, our Group has three (3) clinics and three (3) outlets retailing Niks skincare products and offering facial services in Singapore.

Our Tampines clinic is located in the Tampines Housing & Development Board heartland and sees patients with skin issues, performs procedures like chemical peel, subcision and mole removal and offers aesthetic injections. Our Jurong East clinic is located in Vision Exchange, a dedicated medical and office building. In addition to seeing patients and performing procedures like those in the Tampines clinic, it also offers dermatological laser treatments with Fotona 4D and Clear & Brilliant laser machines. Our flagship Orchard clinic, located in The Centrepoint, houses more than 10 laser and light machines and offers a comprehensive suite of family practice dermatology and aesthetic medical services. All our doctors practise in our Orchard clinic as well as one or both of our Tampines and Jurong East clinics.

OFFER DOCUMENT SUMMARY

Our outlets operate during retail hours in Ang Mo Kio Central, Bedok Central and The Centrepoint. They provide our patients and customers with convenient access to non-prescriptive Niks skincare products as well as facial services using Niks products. We also offer paramedical camouflage products and services, which employ specially formulated Niks Cover Creams (19 shades) to cover difficult-to-conceal skin conditions like vitiligo, birthmarks, varicose veins, psoriasis and hemangioma. Our outlets are located strategically across Singapore, as illustrated in the map set out in the section titled “General Information on Our Group – Our Facilities” of this Offer Document.

We operate an online store on our website, which allows our customers to purchase Niks skincare products at any time and anywhere at their convenience. We also supply Niks skincare products to some third-party medical clinics and beauty salons.

Through NPSCL, as at the Latest Practicable Date, our Group distributes Niks skincare products to 11 regional agents in the PRC covering 13 provinces and one (1) city, which in turn supply the products to hospitals, clinics, pharmacies, retail shops, doctors and consumers in their provinces and municipalities. NPSCL also sells directly to some doctors and doctor groups, as well as to consumers via e-commerce through a WeChat mini-program and via www.haodf.com, a telemedicine platform in the PRC.

OUR COMPETITIVE STRENGTHS

We believe that our competitive strengths are as follows:

- We are a trusted and established family practice dermatology and aesthetic medical services provider.
- We offer an extensive range of medical skincare products under the “Niks” brand and utilise up-to-date equipment.
- We offer a comprehensive range of solutions and have an integrated business segments which are favoured by long-term industry trends.
- Our management team and doctors are highly experienced.
- We have a track record of profitability with recurring cash flows from operating activities.

Please refer to the section titled “General Information on Our Group – Competitive Strengths” of this Offer Document for further details.

OUR BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:

- Organic expansion of our business, through (a) the opening of new clinics and outlets, recruitment of healthcare and management professionals, and purchase of new equipment; and (b) the expansion of our medical skincare products distribution business in the PRC.
- Expansion of our business through acquisitions, joint ventures and/or strategic alliances.

Please refer to the section titled “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” of this Offer Document for further details.

OFFER DOCUMENT SUMMARY

PROSPECTS AND TRENDS

Please refer to the section titled “Prospects, Business Strategies and Future Plans – Trend Information” of this Offer Document for further details.

OUR CONTACT DETAILS

Our principal place of business is 16 Kallang Place, #03-27, Singapore 339156. The telephone numbers are (65) 6294 1802 and (65) 6294 2136. Our registered office is at 825 Tampines Street 81, #01-64, Tampines Grove, Singapore 520825. Our email address is ir@nikspro.com.

Our website address is www.nikspro.com. **Information on our website does not constitute a part of this Offer Document.**

SUMMARY OF OUR FINANCIAL INFORMATION

The following tables present a summary of the consolidated financial statements of our Group and should be read in conjunction with the full text of this Offer Document, including the “Independent Auditor’s Report on the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022”, the “Independent Auditor’s Review Report on the Unaudited Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023” and the “Independent Auditor’s Assurance Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 31 December 2022 and Three-Month Period Ended 31 March 2023” as set out in Appendices A, B and C to this Offer Document respectively, as well as the section titled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document.

Selected items from the Consolidated Statements of Comprehensive Income

(S\$’000)	← Audited →			← Unaudited →			
	FY2020	FY2021	FY2022	1Q2022	1Q2023	FY2022 (pro forma)	1Q2023 (pro forma)
Revenue	11,192	11,699	11,095	2,806	2,582	11,095	2,582
Profit before tax	3,835	4,181	3,282	1,049	637	3,125	480
Profit for the year/period	3,110	3,484	2,876	828	531	2,719	374
Profit attributable to owners of the Company	2,999	3,339	2,763	800	518	2,719	374
Pre-Invitation EPS (cents) ⁽¹⁾	2.77	3.09	2.55	0.74	0.48	2.51	0.35
Post-Invitation EPS (cents) ⁽²⁾	2.31	2.57	2.13	0.62	0.40	2.09	0.29

Notes:

- (1) For comparative purposes, the pre-Invitation EPS for the Period Under Review has been computed based on the profit attributable to owners of the Company for the year/period and our pre-Invitation share capital of 108,200,000 Shares.
- (2) For comparative purposes, the post-Invitation EPS for the Period Under Review has been computed based on the profit attributable to owners of the Company for the year/period and our post-Invitation share capital of 130,000,000 Shares.

OFFER DOCUMENT SUMMARY

Adjusted NPAT

For illustrative purposes only, these adjustments shows what the profit attributable to owners of the Company would have been in the absence of (a) the non-recurring listing expenses, and (b) the non-recurring and non-cash share-based payment expenses arising from the conversion of the convertible loans into Shares at a discounted value of the Invitation Price pursuant to the Convertible Loan Agreement (the “Adjusted NPAT”). The retrospective effect of the following items for each of the financial years/periods would have been as follows:

(S\$'000)	← Audited →			← Unaudited →			
	FY2020	FY2021	FY2022	1Q2022	1Q2023	FY2022 (pro forma)	1Q2023 (pro forma)
Profit attributable to owners of the Company	2,999	3,339	2,763	800	518	2,719	374
Adjustments							
Listing expenses ⁽¹⁾	–	–	386	–	176	386	176
Share-based payment expenses ⁽²⁾	–	–	–	–	–	157	157
Adjusted NPAT⁽³⁾	2,999	3,339	3,149	800	694	3,262	707
Post-Invitation Adjusted EPS (cents) ⁽⁴⁾	2.31	2.57	2.42	0.62	0.53	2.51	0.54

Notes:

- (1) Refers to the non-recurring listing expenses incurred in connection with the Group’s Listing exercise.
- (2) Refers to the conversion of the convertible loans into Shares pursuant to the Convertible Loan Agreement and recognition of listing-related share-based payment in profit or loss. Please refer to section titled “Group Structure – Internal Restructuring” of this Offer Document and “Independent Auditor’s Assurance Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 31 December 2022 and Three-Month Period Ended 31 March 2023” as set out in Appendix C to this Offer Document for further details on the convertible loans.
- (3) As the listing expenses and share-based payment expenses are not tax deductible, no adjustment was made to income tax expenses.
- (4) For comparative purposes, the post-Invitation Adjusted EPS for the Period Under Review has been computed based on the Adjusted NPAT of the Company for the year/period and our post-Invitation share capital of 130,000,000 Shares.

Selected items from the Consolidated Statements of Financial Position

(S\$'000)	← Audited →			← Unaudited →		
	FY2020	FY2021	FY2022	1Q2023	FY2022 (pro forma)	1Q2023 (pro forma)
Current assets	19,275	15,388	14,733	14,880	5,353	5,500
Non-current assets	10,432	11,461	11,048	10,969	11,048	10,969
Current liabilities	2,286	2,214	2,436	1,989	2,436	1,989
Non-current liabilities	89	1,212	1,019	978	1,019	978
Equity attributable to owners of the Company	27,120	23,188	22,121	22,664	12,946	13,502
NAV per Share (cents) ⁽¹⁾	25.06	21.43	20.44	20.95	11.96	12.48

Note:

- (1) The NAV per Share has been computed based on the equity attributable to owners of our Company and our pre-Invitation share capital of 108,200,000 Shares.

THE INVITATION

- The Invitation** : 21,800,000 Invitation Shares, comprising 1,000,000 Public Offer Shares offered by way of the Public Offer and 20,800,000 Placement Shares offered by way of the Placement. The completion of each of the Public Offer and the Placement is conditional upon the completion of the other.
- The Invitation Shares will, upon allotment and issue, be free from all pre-emption rights, charges, liens and other encumbrances, and rank *pari passu* in all respects with our existing issued Shares.
- Invitation Price** : S\$0.23 for each Invitation Share, payable in full upon application.
- The Public Offer** : The Public Offer comprises an offer of 1,000,000 Public Offer Shares by our Company at the Invitation Price by way of a public offer in Singapore, upon and subject to the terms and conditions of this Offer Document.
- The Placement** : The Placement comprises a placement of 20,800,000 Placement Shares (including 3,669,000 Reserved Shares) by the Placement Agent on behalf of our Company at the Invitation Price, upon and subject to the terms and conditions of this Offer Document.
- Reserved Shares** : Out of the 20,800,000 Placement Shares, 3,669,000 Reserved Shares will be reserved for subscription at the Invitation Price by the management, Directors and employees of our Group as well as business associates and others who have contributed to the success of our Group (to be determined by us at our sole discretion). In the event that any of the Reserved Shares are not validly applied for, they will be made available to satisfy excess applications for the Placement Shares (excluding the Reserved Shares) or, in the event there are no excess applications for the Placement Shares (excluding the Reserved Shares), to satisfy excess applications for the Public Offer Shares, if applicable.
- Re-allocation** : The Invitation Shares may be re-allocated between the Public Offer and the Placement at the discretion of the Sponsor, Issue Manager, Underwriter and Placement Agent (in consultation with our Company), in the event of excess applications in one and a deficit of applications in the other, subject to any applicable laws, regulations and rules, including the minimum distribution and shareholding spread requirements of the Catalist Rules.

THE INVITATION

- Purpose of the Invitation** : The purpose of the Invitation is to secure admission of our Company to Catalist. Our Directors believe that the listing of our Company and the quotation of our Shares on Catalist will enhance the corporate profile of our Group locally and overseas and enable us to tap into the capital markets to fund the expansion of our operations.
- The Invitation will also provide members of the public, the management and employees of our Group as well as business associates, and others who have contributed to the success of our Group (to be determined by us at our sole discretion), with an opportunity to participate in the equity of our Company.
- In addition, the net proceeds from the issue of the Invitation Shares will provide us with additional capital to fund our business and future plans. Please refer to the section titled “Use of Proceeds and Listing Expenses” of this Offer Document for further details.
- Listing Status** : Prior to the Listing, there was no public market for our Shares. Our Shares will be quoted on Catalist in Singapore dollars, subject to admission of our Company to Catalist and permission to deal in, and for the quotation of, our Shares that are already issued, the Invitation Shares, the Option Shares and the Award Shares, being granted by the SGX-ST and a Stop Order not being issued.
- Risk Factors** : Investing in our Shares involves risks which are described in the section titled “Risk Factors” of this Offer Document.
- Use of Proceeds** : Please refer to the section titled “Use of Proceeds and Listing Expenses” of this Offer Document for details.

INVITATION STATISTICS

Invitation Price	S\$0.23
NAV	
NAV per Share based on the unaudited pro forma consolidated statement of financial position of our Group as at 31 March 2023 (“ Pro Forma NAV per Share ”):	
(a) before adjusting for the estimated net proceeds from the issue of the Invitation Shares and based on the pre-Invitation share capital of 108,200,000 Shares	12.48 cents
(b) after adjusting for the estimated net proceeds from the issue of the Invitation Shares and based on the post-Invitation share capital of 130,000,000 Shares	12.95 cents
Invitation Price to the Pro Forma NAV per Share:	
(a) before adjusting for the estimated net proceeds from the issue of the Invitation Shares and based on the pre-Invitation share capital of 108,200,000 Shares	1.84 times
(b) after adjusting for the estimated net proceeds from the issue of the Invitation Shares and based on the post-Invitation share capital of 130,000,000 Shares	1.78 times
EPS⁽¹⁾	
Historical EPS of our Group for FY2022 based on the post-Invitation share capital of 130,000,000 Shares	2.13 cents
Historical EPS of our Group for FY2022 based on the post-Invitation share capital of 130,000,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2022	2.15 cents
Historical Adjusted EPS based on the unaudited pro forma consolidated statement of comprehensive income of our Group for FY2022 and the post-Invitation share capital of 130,000,000 Shares (“ Pro Forma Adjusted EPS ”)	2.51 cents
PER	
Historical PER based on the Invitation Price and the historical EPS for FY2022 based on the post-Invitation share capital of 130,000,000 Shares	10.80 times
Historical PER based on the Invitation Price and the historical EPS for FY2022 based on the post-Invitation share capital of 130,000,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2022	10.70 times
Historical PER based on the Invitation Price and the historical Pro Forma Adjusted EPS for FY2022 based on the post-Invitation share capital of 130,000,000 Shares	9.16 times

INVITATION STATISTICS

Net Operating Cash Flow⁽²⁾

Historical net cash from operating activities per Share of our Group for FY2022 based on the pre-Invitation share capital of 108,200,000 Shares 3.10 cents

Historical net cash from operating activities per Share of our Group for FY2022 based on the pre-Invitation share capital of 108,200,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2022 3.13 cents

Price to Net Operating Cash Flow Ratio

Invitation Price to historical net cash from operating activities per Share for FY2022 based on the pre-Invitation share capital of 108,200,000 Shares 7.42 times

Invitation Price to historical net cash from operating activities per Share for FY2022 based on the pre-Invitation share capital of 108,200,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2022 7.35 times

Market Capitalisation

Market capitalisation based on the Invitation Price and the post-Invitation share capital of 130,000,000 Shares S\$29.90 million

Notes:

- (1) EPS is computed based on the profit attributable to owners of the Company for the year.
- (2) Net operating cash flow refers to net cash flows from operating activities as set out in our audited consolidated statement of cash flows for FY2022.

RISK FACTORS

Prospective investors should consider carefully, together with all other information contained in this Offer Document, the risks described below before deciding whether to invest in our Shares. The following describes some of the significant risks known to us now that could directly and/or indirectly affect our Group and the value or market price of our Shares and which in our view could be material to prospective investors in making an informed judgement of our Group. New risk factors may emerge from time to time and it is not possible for our Board to predict all risk factors, nor can our Company assess the impact of all factors or the extent to which any factor or combination of factors may affect us and the Listing.

Some of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general economic and political conditions. The risk factors stated below are not intended to be exhaustive and do not state risks unknown to us now but which could occur in future, and risks which we currently believe to be immaterial, which could turn out to be material. Should these risks occur or turn out to be material, or if any of the following considerations, uncertainties or material risks develop into actual events, our business, operations, financial performance, financial condition, results of operations, cash flows and/or prospects could be materially and adversely affected. In such cases, the market price of our Shares could decline due to any of these risks and you may lose a part or all of your investment in our Shares.

This Offer Document also contains forward-looking statements that involve risks and uncertainties. The actual results of our operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below and elsewhere in this Offer Document. Please refer to the section titled “Cautionary Note Regarding Forward-Looking Statements” of this Offer Document for details.

Before deciding to invest in our Shares, prospective investors should seek professional advice from their advisers about their particular circumstances.

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

Our business operations are subject to extensive and evolving government laws, regulations, and licensing requirements, and we could suffer penalties, additional costs and restrictions to our operations if we fail to comply

Some of our business operations are highly regulated and subject to extensive laws, regulations, and licensing requirements in Singapore and the PRC. Please refer to “Appendix E – Summary of Applicable Singapore Laws” and “Appendix F – Summary of Applicable PRC Laws” to this Offer Document for further details.

Such laws, regulations and licensing requirements cover many aspects of our business, including but not limited to:

- (a) the conduct of our business operations, including the operation of our clinics;
- (b) the provision of services;
- (c) the quality of clinic facilities, equipment and services;
- (d) the registration and regulation of doctors;
- (e) the confidentiality and maintenance of, and security issues associated with, personal data, health-related information and medical records of our customers; and
- (f) promotion and advertising in the healthcare industry.

RISK FACTORS

Any non-compliance may result in fines or penalties being imposed or other enforcement action being taken against us, our doctors and/or Executive Directors, which may adversely affect our business, financial condition, results of operations and/or prospects.

The qualifications and practising activities of our doctors in Singapore are highly regulated under the country's laws and regulations and they are also required to abide by codes of professional conduct. If they fail to comply with professional licensing requirements, our doctors may be subject to penalties including fines, loss of licences or restrictions on our clinics, which could materially and adversely affect our business and reputation.

As at the Latest Practicable Date, while there has not been any occurrence of the foregoing which had a material adverse impact on our Group's business, financial condition, results of operations and/or prospects, there is no assurance that there will not be any such occurrence in the future.

In addition, our business operations may be affected by policy changes and new and/or more stringent government regulations or policies which may be introduced from time to time may affect our operations and/or may result in increased cost of compliance. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies, could require substantial expenditure by us and may have a material adverse effect on our business, financial condition, results of operations and/or prospects, particularly if such regulations are implemented swiftly and without warning and if we are unable to pass on such cost to our customers. One example of such potential government regulation or policy relates to the use of plastic packaging for our skincare products. If there are more stringent regulations on the use of plastic bottles and jars, we may be adversely affected. As at the Latest Practicable Date, while we are not aware of any impending implementation of such regulations that may affect our business operations in the countries that we operate in, there is no assurance that there will not be more stringent regulations in the future which may affect our current and future business operations in these countries.

Additionally, the HSA and similar governmental authorities in other countries have the authority to order a mandatory recall of our products or order their removal from the market if there are material deficiencies or defects in the design, manufacture, installation, servicing or labelling of the product, or if the authority takes the view that our products would cause serious adverse health consequences. As at the Latest Practicable Date, although there has not been any product recall and/or removal ordered by governmental authorities, a government-mandated or voluntary recall or field action by us could occur as a result of component failures, manufacturing errors or design defects, including labelling defects. Any recall of our products may harm our reputation with customers and divert managerial and financial resources.

We rely on the performance of our doctors and staff. If they become subject to complaints, investigations, claims or legal proceedings relating to the provision of services (including alleged malpractice), our reputation, brand image and results of operations may be harmed

Our doctors' treatment performance, communication and relationship with their patients are vital to our business. Our services to patients are based on our doctors' judgments, skills and decisions after examining the patients. Miscommunications between our doctors and their patients, and/or incorrect decisions on the part of our doctors may result in undesirable or unexpected outcomes, including complications, unexpected side effects or injuries. Moreover, due to the nature of dermatological and aesthetic medical treatments, patients' levels of satisfaction of clinical and aesthetic medical services can be subjective, and we may be open to complaints, investigations, claims or legal proceedings relating to the provision of services (including alleged malpractice).

RISK FACTORS

Patients dissatisfied with our services may publicise their complaints online, lodge complaints with the relevant authorities or commence legal actions against our doctors. As our doctors represent our image and reputation, such claims, even if untrue or baseless, may negatively affect our reputation and brand image and may result in additional costs, legal or otherwise. We may also lose existing patients and/or be unable to attract new ones. As the services are provided in our clinics, our Group is likely to be named as one of the defendants and may be subject to claims for professional misconduct or negligence arising from the acts, conducts or omissions of our doctors. Our business operations may be materially and adversely affected as substantial time and resources may be required to deal with and defend such claims or proceedings.

Additionally, given that the safety and quality of our services are dependent on the performance of our doctors and staff, there is no assurance that in the provision of services, our doctors or staff would not be involved in any medical incidents, accidents, negligence or other malpractices. The occurrence of any of the foregoing would have a material adverse effect on our business, financial condition, results of operations and/or prospects.

We are susceptible to negative publicity or media reports relating to our products, services, doctors or the general skincare industry

Negative publicity or media reports relating to our products, services, doctors or the general skincare industry may adversely affect our reputation and our customers' perceptions of our products and services and result in decreased demand for our products and services. For example, negative media coverage regarding the safety or quality of our products or services and the resulting negative publicity could materially and adversely affect customers' trust in our services and products. Adverse publicity concerning any perceived or actual health risks associated with our products and services may also cause customers to lose confidence in the safety and quality of our products and services, which would have a material adverse effect on our business, financial condition, results of operations and/or prospects.

The mere publication of information asserting that our products contain or have contained any contaminants or that our products and/or services have caused personal injuries or illnesses could damage our reputation, which could have a material adverse effect on us, regardless of whether the reports have any factual basis. In addition, adverse publicity about any regulatory or legal action against us could damage our reputation, undermine our customers' confidence in us and reduce long-term demand for our products and services, even if the regulatory or legal action is unfounded or immaterial to our operations.

Our continued success and growth depend substantially on the continuing service and contribution of our key management personnel and doctors as well as our ability to attract and retain new key personnel and doctors

Our success to date can be largely attributable to the contributions and expertise of our Executive Directors and doctors, each of whom has invaluable experience and knowledge relevant to our industry. In particular, each of our Executive Directors, Dr Ong Fung Chin and Mr Cheng Shoong Tat, has served our Group for more than 20 years and has intimate understanding of the demands, technicalities and intricacies of our business and customers' needs. The loss of any of them may adversely affect the execution of our business strategies.

We do not maintain key man life insurance for any of the senior management of our management team or other key personnel. If we are not successful in retaining the services of our management or other key personnel, or hire suitably qualified personnel to replace them, our business, results of operation, financial conditions and/or prospects may be materially and adversely affected.

RISK FACTORS

We also rely upon experienced and skilled doctors to provide clinical and aesthetic medical services to our patients. If we were to lose a substantial number of these doctors for whatever reason, we might not be able to replace them easily within a short period of time. This may disrupt the operation of our business, which could have at least a short-term material adverse effect on our business, financial condition, results of operation and/or prospects.

As our Group continues to grow, we will need additional qualified management personnel and doctors to run our expanded business. Competition for management personnel and doctors may be keen and there is no assurance that we will be able to hire and retain adequate number of management personnel and doctors in the future. Any shortfall in qualified management personnel and/or doctors may hinder our growth plan. Compensation levels may need to be increased substantially to attract and/or retain our key management personnel and doctors.

Competitive and growing market offers wide variety of competing and substitute products and services

Our line of skincare products under our “Niks” brand are conceptualised by our doctors. More aesthetics doctors and/or groups may expand their skincare product range or start to introduce their own line of products. New competing and/or substitute products having greater efficacy than our line of skincare products may be successfully developed and marketed. There is also a risk that our products may be reverse engineered, mass produced and sold under a different name and/or brand. Further, new brands and/or products may be introduced into the market from time to time, resulting in increased competition. There is no assurance that we will be able to compete successfully in the future against existing or new competing brands and/or products or that our business, financial condition, results of operations and/or prospects will not be materially and adversely affected by increased competition in our lines of business.

There is no assurance that our future plans will be successful

As part of our future plans, we intend to expand our business operations. Please refer to the section titled “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” of this Offer Document for further details on our future plans.

Expansion, particularly in foreign jurisdictions, involves numerous risks, including but not limited to, the legal and regulatory risks, and financial costs. There is no assurance that our operations overseas, if any, will be profitable. Furthermore, these endeavours require substantial management’s bandwidth and efforts, and may require significant additional financial resources. The successful implementation of our growth strategies depends on a variety of factors including our ability to hire and retain medical practitioners and key management personnel, identify suitable locations for new clinics and/or outlets, negotiate attractive terms for such acquisitions or expansions that may command high valuations, and obtain sufficient financing for our capital expenditure. While we may rely on internal resources to finance the required capital outlay, we may need to take up facilities from banks and other financial institutions, the terms of which may not be favourable to us. There is no assurance that we will be able to obtain the required financing or that we will continue to have sufficient cash flow to fund our Group’s expansion.

Furthermore, we may be subject to risks relating to the expansion of our Group such as, among others:

- (a) difficulties arising from operating a significantly larger and more complex organisation;
- (b) difficulties in integrating our new assets and newly acquired businesses with our existing facilities and clinics;

RISK FACTORS

- (c) failure to realise expected profitability or growth;
- (d) failure to realise expected synergies and cost savings; and
- (e) unforeseen legal, regulatory, contractual, labour or other issues whether in Singapore or overseas.

The above challenges associated with our growth plans may place increased demands on our management, operational systems and other resources, as well as increase our exposure to unanticipated risks and liabilities.

Accordingly, there is no assurance that our Group will be successful in implementing our future growth plans or that we will be able to realise the expected profits, growth, or synergies from our Group's expansion. In the event that we are unable to effectively or successfully execute our expansion strategies, our business, financial condition, results of operations and/or prospects may be materially and adversely affected.

We face inventory management risks

Our ability to meet our customers' demand for our products adequately and without overstocking is dependent on, among others, our ability to forecast our inventory needs accurately and manage our inventories efficiently. We maintain inventory levels of our products primarily according to our forecasted inventory needs, which are in turn estimated based on market conditions and our management's understanding of our customers' purchasing needs. However, our ability to forecast our inventory needs accurately could be affected by, among others, factors that are beyond our control.

If we fail to manage our inventories efficiently and effectively (including ensuring that any specific storage conditions are arranged in a timely manner), we may be affected by stock outs, inventory obsolescence, products deterioration, decline in realisable values of our products and/or significant inventory write-offs. We may suffer losses in the event of an occurrence of the foregoing. To the extent that we suffer such losses, our financial position and performance could be materially and adversely affected. High inventory levels may also require us to commit substantial capital resources to secure storage or warehousing space, preventing us from using that capital for other purposes. The occurrence of any of the foregoing could materially and adversely affect, directly or indirectly, our financial position, results of operations and business operations.

We cannot ensure that our contract manufacturers and suppliers will always comply strictly with the relevant manufacturing protocols and if our Niks skincare products are not manufactured in accordance with the applicable quality standards, our business and reputation could be materially and adversely affected. Any quality issues related to our products could result in a loss of customers and sales and may subject us to product liability claims

The manufacturing processes for skincare products are required to meet GMP and/or other applicable quality standards. All of our products are manufactured by third-party contract manufacturers. While we provide our contract manufacturers with our product specifications, we do not have complete control over the manufacturing processes and the quality of the products which they manufacture for or supply to us. There is also no assurance that these products will be free of defects and meet the applicable quality standards. As at the Latest Practicable Date, although we have not encountered any incidents of this nature which have had a material adverse impact on our financial condition or operations in the past, there is no assurance that major product defects will not occur in the future.

RISK FACTORS

We believe that the quality of our products is critical to our success. The manufacturing processes of our suppliers are required to meet high quality standards. We have established a quality control and assurance system and adopted standardised operating procedures in order to prevent product quality issues. For further details on our quality control and assurance system, please refer to the section titled “General Information on our Group – Quality Assurance and Safety” of this Offer Document. However, there is no assurance that the design of our quality control systems will be effective at all times and we cannot eliminate the risk of product defects or failure. Defects may fail to be detected or remediated as a result of a number of factors, many of which are beyond our control, including, among others, manufacturing errors, technical or mechanical malfunctions during manufacture, human error or malfeasance by quality control personnel, or quality issues with the raw materials used. As at the Latest Practicable Date, we have not encountered any material quality issues relating to our products.

Failure to detect, prevent or control defects in our products or to prevent such defective products from being delivered to our customers could result in undesired adverse reactions, injuries, product recalls or withdrawals, licence revocations, regulatory fines, product liability claims or other problems that could seriously harm our reputation and business. Furthermore, we may be subject to product liability claims if our products have safety hazards due to quality issues. Such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the bioactive ingredients, negligence by medical practitioners, or strict liability.

In addition, any serious failures or defects could cause us to withdraw or recall products, which could result in significant costs. As at the Latest Practicable Date, although we have not experienced any product recalls historically, there is no assurance that there will not be any future market withdrawals or product recalls of our products.

We are subject to foreign exchange translation risks and fluctuations, and changes in foreign exchange control regulations

The presentation currency of our consolidated financial statements is SGD, while that of our PRC subsidiary, NPSCL, is CNY. NPSCL’s financial statements must be translated into SGD for consolidation into our Group’s financial statements.

NPSCL is subject to rules and regulations imposed by SAFE. If, as a result of changes in exchange control regulations, the ability of NPSCL to pay dividends to our Group is restricted, it could materially and adversely limit our ability to grow, or make investments or acquisitions that could be beneficial to our businesses. Distributions by NPSCL to our Group in forms other than dividends may be subject to government approval and taxes. Any transfer of funds from our Group to NPSCL, either as a shareholder loan or as an increase in registered capital, is subject to registration with, or approval of, the relevant PRC governmental authorities. These limitations on the flow of funds within our Group could restrict our ability to respond to changing market conditions or appropriately allocate funds to our PRC subsidiary in a timely manner.

Our Group is also exposed to foreign exchange risk on sales, purchases, cash and cash equivalents, receivables and payables that are denominated in currencies other than the respective functional currencies of our Group Companies. Fluctuations in the values of SGD, USD and CNY may lead to a decrease in our net income and net cash flow.

Foreign exchange fluctuations may also increase costs of imported skincare products priced in currencies other than the functional currencies of our key subsidiaries, which can materially and adversely impact our results of operations.

RISK FACTORS

Our insurance coverage may not indemnify us against all losses and liabilities

Our clinics, medical equipment and warehouse face the risk of suffering physical damage caused by fire, natural disasters, or other causes, as well as potential public liability claims, which could disrupt our business operations. While we believe that our insurance coverage is sufficient in accordance with industry standards and business practices, certain risks may not be covered by our insurance policies because they are either uninsurable or not economically insurable and there is also no assurance that there will not be any such damage or that liability claims will not be in excess of the amount covered by our insurance policies or that such insurance policies are comprehensive and cover all types of damage suffered or public liability claims. Accordingly, should there be adverse developments including terrorist attacks and other natural or man-made disasters such as earthquakes, floods, fire hazards and other events beyond our control, we may not have any or adequate insurance coverage to cover these liabilities and risks and our business, financial condition, results of operations, and prospects may be materially and adversely affected. Further, we do not maintain product liability insurance on our skincare products on the basis that our skincare products are used topically, are not ingested and do not contain any pharmaceutical or medical ingredients or any other risky ingredients. These products are also labelled with clear use instructions and, where necessary, cautions to be noted by consumers. Therefore, we believe that the risk of attracting any material product liability is remote and that this approach is in line with market practice in Singapore. Please refer to the section titled “General Information on our Group – Insurance” of this Offer Document for further details on the insurance policies of our Group.

We expect to renew our insurance policies on an annual basis but there is no assurance that we will be able to renew all of our policies or obtain new policies on similar terms.

Any material changes to the terms of the insurance policies may result in claims for which we may not be compensated for by insurance proceeds (if any) and/or contractual indemnities (if any). In the event that there are any such material changes, we may have to make provisions in our accounts and this may have a material adverse effect on our business, financial condition, results of operations and/or prospects.

Intellectual property infringement by third parties may negatively impact us

There is no assurance that our Group’s skincare products may not be counterfeited. For example, our Group was informed that an underground factory in Guangdong, PRC was manufacturing counterfeit products using packaging, brand and logo identical to one of our Group’s products. Our Group did not take any separate action against such underground factory as our Group had understood that the matter, having been initiated by a third party whose products were also counterfeited by the underground factory, had become a criminal case pursued by the relevant PRC authorities. The availability of such counterfeit and imitation products may adversely affect our reputation, brand image and our financial performance. Counterfeit and imitation products could result in a reduction of our market share, causing a long-term or even permanent decline in our sales and profitability as well as increasing our administrative costs in respect of detection and prosecution. Should such counterfeit products be of inferior quality and cause harm to consumers, the goodwill generated by our brand may be eroded and our business may be materially and adversely affected. As at the Latest Practicable Date, save as disclosed above, we are not aware of any material violations or infringements of our Group’s intellectual property rights by third parties.

RISK FACTORS

Outbreaks of infectious and communicable diseases and public health emergencies (such as the outbreak of COVID-19) could have a material adverse effect on our business, results of operations and financial condition

We are subject to risks related to the outbreak of infectious and communicable diseases and public health emergencies, such as the outbreak of the novel strain of coronavirus, COVID-19.

Outbreaks of infectious and communicable diseases may result in unprecedented measures being taken by multiple countries worldwide. For example, during the COVID-19 outbreak, measures including a mix of the lock-down of entire regions or cities, border controls, stringent travel restrictions, mandatory quarantine or stay-home measures, restrictions on mass gatherings and events, social distancing measures and/or the temporary closure of schools, factories, construction sites, businesses, shops and restaurants were implemented, and there was also severe disruption to the global supply chain in various parts of the world. Different countries may have varying degrees of success in controlling the spread of such infectious and communicable diseases, and the spread of infectious and communicable diseases and the imposition of these measures may lead to, among other things, drastic disruption to business and severe economic contraction worldwide, which may have a material adverse effect on our business, financial condition, results of operations and/or prospects.

Disruption to our supply chain may prevent us from meeting the demand for our products

Most of our products are manufactured overseas and shipped to our corporate headquarters in Singapore. Products which are to be distributed in the PRC are shipped from our corporate headquarters to NPSCL in the PRC. Any prolonged blockage of shipping routes due to natural disaster, war, terrorism and/or any operational issues encountered by our third-party contract manufacturers could lead to disruption and delay to our supply chain and affect our ability to meet customers' demand for our products. Disruption to shipping routes is also expected to lead to increased shipping rates, which may have a material adverse effect on our business, financial condition, results of operations and/or prospects.

We may be subject to transaction errors or frauds relating to third-party online payment platforms

Currently, we collect payments for our online shop through third-party online payment systems. In all these online payment transactions, secured transmission of confidential information such as our customers' credit card numbers and personal information over public networks is essential to maintaining customers' trust and confidence in our online shop.

We do not have control over the security measures of our third-party online payment vendors. Any security breaches of the online payment systems that we use could expose us to litigation and possible liability for failing to secure confidential user information and could, among other things, damage our reputation and the perceived security of all the online payment systems that we use. If a well-publicised internet or mobile network security breach were to occur, customers may become reluctant to shop on our online shop even if the publicised breach did not involve payment systems or methods used by us. In addition, billing software errors could damage user confidence in these online payment systems. As at the Latest Practicable Date, there have not been any past incidents involving transaction errors or frauds relating to third-party online payment platforms, which had a material adverse impact on our Group's financials and/or operations. However, if any of the above were to occur and damage our reputation or the perceived security of the online payment systems we use, we may lose customers and customers may be discouraged from purchasing from our online shop, which may have a material adverse effect on our business, financial condition, results of operations and/or prospects.

RISK FACTORS

We may be subject to personal data security breaches

During the course of our work, we collect, record and process personal information and medical records of our clients electronically. Employees' information and other records collected and/or generated are also stored in our servers and computer systems and may be vulnerable to external security threats such as malware attacks and hacking, as well as internal security breaches such as unauthorised access and usage of confidential information by our employees. The consequences can include destruction or corruption of databases, the leaking of confidential information, the theft of intellectual property and our Group may be required to notify the relevant authorities, such as the Personal Data Protection Commission, of such breach and be subject to any regulatory fines or penalties.

As a healthcare provider, we are required to protect personal information and medical records of our clients under the PDPA and other relevant legislation such as the HCSA. Any contravention of the relevant laws and regulations in relation to our clients' personal information may result in litigation actions from customers and/or regulatory fines or penalties.

We recognise that personal information and medical records collected and/or generated and retained by us are highly sensitive and any unauthorised access or disclosure may have severe consequences for us, our employees and our clients. Accordingly, we have taken security measures to prevent, detect, address and mitigate the risk of potential data security breaches. These measures include storing the data we have collected and/or generated on reputable third-party platforms with industry-standard security features and conducting regular penetration tests. Additionally, we have also adopted a formalised PDPA policy. In spite of the safeguards that we have implemented as at the Latest Practicable Date, there is no assurance that there will not be any cases of data security breaches in the future which could result in financial and reputation loss to our Group.

As at the Latest Practicable Date, while we believe that we comply with the applicable laws and regulations in relation to the possession of personal and medical data, there can be no assurance that we will not be exposed to risks relating to the possession of personal and medical data. There is no assurance that our Group would fulfill all data protection obligations under the PDPA to safeguard personal data entrusted to us by our customers and employees and that there will not be any data leakage or improper use of personal data due to system failures, controls lapses or human errors. Any breach of our data protection obligations may result in litigation or regulatory proceedings and materially and adversely impact our reputation, our business, financial condition, results of operations and/or prospects.

Inability to stay informed of skincare trends and beauty and skincare products market trends may prevent us from capitalising on the growing local and global skincare products market

Many consumers are turning to skincare products which are "medically graded" or are endorsed by medical practitioners. While such trends may augur well for the demand of our skincare products, developments in the skincare product industry are expected to continue and it is difficult to predict the effects of such developments on the viability or competitiveness of our products. It is important for us to respond to developments and changes in market trends by improving our existing products and developing new products in a timely manner so that our products remain desirable to consumers and we can compete effectively in the market. Please refer to the section titled "General Information on Our Group – Product Development Process" of this Offer Document for details on our product development process. The failure of our Group to remain vigilant and adapt to new developments will have a material and adverse impact on our business performance.

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Inability to keep abreast with the latest technological advancements and marketing trends in the aesthetic medical service industry may result in the loss of business and our competitive edge

There is a growing role of technology in the rendering of skin treatments and aesthetic medical procedures. Deploying the latest technologies in aesthetic medical procedures can result in better outcomes for our clients.

If we fail to anticipate and adjust to marketing trends and/or fail to identify medical technology needs of our clinics, we may be disadvantaged when competing with our competitors and the demand for our services may decline thereunder. Also, if we fail to adapt to changing marketing trends, our products and services may become less appealing to our clients and we may face difficulties in retaining/attracting existing and new clients, which may have a material adverse effect on our business, financial condition, results of operations and/or prospects.

We cannot guarantee that we will be able to keep abreast with marketing trends and accordingly, adjust our promotion, advertising and marketing strategies and policies and embrace new marketing tools. We are also not able to guarantee that our clinics would always be equipped with the latest aesthetic medical technologies. Even if we do keep up with marketing and technological trends, significant expenditure associated with executing our marketing strategies and acquiring or upgrading aesthetic medical service equipment would be incurred and there is no assurance that the desired return on investments would be achieved.

Professional responsibilities of our doctors to patients may override the interests of our Shareholders

Our doctors, being registered medical practitioners, are required to comply with the ECEG 2016, failing which the SMC may take disciplinary action against them. The ECEG 2016 sets out the duties of a registered medical practitioner including, among others:

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

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

The prices and costs of the products we purchase may be subject to large and significant price fluctuations

We purchase and sell a wide variety of products, the price and availability of which may fluctuate, and may be subject to large and significant price increases, especially in periods of high inflation. As we do not generally enter into long-term contracts with our suppliers, our suppliers are generally able to change the prices of their products as the prices of the raw materials required to manufacture our products fluctuate. Changes in prices for the products that we purchase affect our net sales and cost of goods sold, as well as our working capital requirements, levels of debt, and financing costs. We might not always be able to reflect increases in our costs in our own

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pricing, especially in times of extreme price volatility. Any inability to pass cost increases on to customers may materially and adversely affect our business, financial condition, results of operations and/or prospects. In addition, if market prices for the products that we sell decline, we may realise reduced profitability levels from selling such products and lower revenues from sales of existing inventory of such products.

We are dependent on our ability to contain our operating costs

Competition for skilled and qualified management personnel and doctors may result in a general rise in their wages. In order to retain or attract such management personnel and doctors, we may have to improve our remuneration terms and benefits, which may have a material adverse impact on the business, financial condition, results of operations and/or prospects of our Group. Lease related expenses will also increase if we lease more premises in the expansion of our business operations.

Such increases in operating costs may have a material adverse impact on the financial condition and results of operations of our Group.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Changes in economic and political policies of the PRC government and international relations, including changes in U.S. and international trade policies, particularly with regard to the PRC, may impact our business, financial condition and results of operations

Our products are produced overseas. Changes in economic and other policies of the PRC government or the implementation of new trade policies by the PRC government and/or the U.S. government, such as those relating to currency or tariffs, may affect the demand and price competitiveness of our products, and/or limit the type and/or quantity of our products that we can sell in the PRC. These could have a material adverse effect on our business, operations, financial performance, financial condition, results of operations, cash flow and/or prospects in the future.

We rely on local distributors to grow our product sales in the PRC

A significant and growing portion of our sales are generated through local distributors which purchase our skincare products from us for resale to medical professionals, therapists, beauty salon operators and/or retail stores in the PRC. We enter into distributorship agreements with all of our PRC distributors and rely on them to grow our product sales in the PRC. However, there is no assurance that they would meet our purchase targets or that the volume of their purchase orders will not vary significantly from year to year. In the event that our PRC distributors reduce their orders significantly or decide to cease their distributorship arrangement with us and we are not able to obtain orders of comparable sizes from other existing or new distributors, our product sales volume in the PRC would be materially and adversely affected.

Our operations are subject to and may be affected by changes in PRC laws and regulations

Our operations in the PRC are subject to PRC laws and regulations (including those pertaining to taxation), and any unfavourable changes to these laws and regulations may have an adverse effect on our business, financial condition and results of operations. For example, an increase in tax rate may have a material adverse effect on our business, financial condition and results of operations.

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One such change could be in relation to the PRC's consumption tax regime. According to the Interim Regulation of the PRC on Consumption Tax (中华人民共和国消费税暂行条例) ("**Consumption Tax Regulation**"), which came into effect on 1 January 2009, cosmetics manufactured or imported into the PRC were subject to consumption tax at a rate of 30.0%. On 30 September 2016, the Ministry of Finance of the PRC and the State Administration of Taxation of the PRC jointly issued a public notice to amend the Consumption Tax Regulation, which came into effect on 1 October 2016, setting out that budget cosmetics have ceased to be taxable, whilst premium cosmetics (namely cosmetics with a sales price of CNY10/ml(g) or CNY15/piece or higher upon production or import, exclusive of VAT) including skincare products are subject to consumption tax at a rate of 15.0%. Moreover, the Consumption Tax Regulation is expected to be substituted by a Consumption Tax law by 2035. Although the amendment of the Consumption Tax Regulation in 2016 has had a favourable impact on our business operations, we cannot assure you that the consumption tax rate for skincare products will not be increased by future PRC laws and regulations relating to consumption tax, and further adjustments or changes to the rate of and/or taxable items for consumption tax may have an adverse effect on our business, financial condition, results of operations and/or prospects.

Risks related to non-payment of social insurance

Our subsidiary in the PRC is required to pay several statutory social welfare benefits for our employees, including social insurances and housing provident funds.

While we believe that we have conformed to common local practices based on applicable PRC laws and regulations, we may not have paid in full certain statutory social welfare benefits for a non-PRC employee of our subsidiary in the PRC. Due in part to a local policy issued by the local social insurance authority in Shanghai in 2009 which provides that a company incorporated in Shanghai is not required to pay social insurance for expatriate employees, the Legal Advisers to our Company on PRC Law, JunHe LLP, is of the view that the relevant legal risk arising from the non-payment by our subsidiary in the PRC of the social welfare benefits for its non-PRC employee is remote. However, based on other applicable PRC laws and regulations, we may be required by the competent authority to make additional social welfare contributions within a stipulated period and pay a daily late payment fee of equivalent to 0.05% of the overdue payment from the date on which the payment became overdue, and failing which, the relevant authorities may further impose a fine of up to three (3) times the overdue amount. Save for the aforementioned penalties and fines, JunHe LLP has advised that there are no other implications on our Company and/or NPSCL, including the revenue and profits of the Company and/or NPSCL. Although no enforcement action has been taken against us as at the Latest Practicable Date, we are potentially at risk of regulatory enforcement action by the relevant PRC authorities to contribute any shortfall and make the late payment fee. In this regard, our Executive Directors and Controlling Shareholders, Mr Cheng Shoong Tat and Dr Ong Fung Chin have each provided a deed of indemnity pursuant to which each of them shall, among others, unconditionally and irrevocably indemnify and hold harmless each of our Company and NPSCL, from and against all actions, proceedings, fines, liabilities, claims, demands, losses and damages, charges, costs and expenses of whatever nature (where applicable), arising from any potential enforcement actions in relation to the aforementioned, which may be sustained by, imposed on or incurred by any of them at any time and from time to time as a result of or in connection with the past and ongoing non-payment of social insurance for a non-PRC employee of NPSCL, up to the date that NPSCL is in full compliance with all applicable and prevailing laws of the PRC in relation to the payment of social insurance for such non-PRC employee, in which event such deeds shall terminate and cease to have any effect. We shall comply with any such direction if and when given by the competent authority.

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Our PRC subsidiary, NPSCL, may incur liability pursuant to unauthorised actions by its legal representative

Our PRC subsidiary, NPSCL, is required by PRC laws to appoint a legal representative to be the responsible person to perform the duties and powers on its behalf. The legal representative is authorised to perform all acts regarding the general administration of NPSCL and can also execute powers of attorney and execute any legal transaction that is within the nature and the scope of business of NPSCL.

In the event that the legal representative of NPSCL performs any unauthorised actions in contravention of the law and/or its contractual obligations purportedly on behalf of the subsidiary, there is a risk that our Group and/or NPSCL may be held liable for such acts. While measures and control procedures have been implemented in order to mitigate such a risk, there is no assurance that the legal representatives will adhere to such measures and control procedures. Further details on the measures that have been taken in relation to the current legal representative of NPSCL is set out in the section titled “Directors and Management – Legal Representatives” of this Offer Document. In the event that the legal representative incurs liability without authorisation on behalf of our Group and/or NPSCL, our business operations, financial condition, results of operations and/or prospects may be materially and adversely affected.

RISKS RELATING TO OWNERSHIP OF OUR SHARES

Our Shares may not be a suitable investment for all investors

Each prospective investor in our Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of our Shares, our Company, the merits and risks of investing in our Shares and the information contained in this Offer Document;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in our Shares and the effect an investment in our Shares will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in our Shares, including where the currency of our Shares is different from the prospective investor’s currency;
- (d) understand thoroughly the terms of the Invitation; and
- (e) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Investments in securities quoted on Catalist involve a higher degree of risk than shares quoted on the Mainboard of the SGX-ST

An application has been made to the SGX-ST for the listing and quotation of our Shares on Catalist, a listing platform designed primarily for fast growing, emerging and/or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established

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companies listed on the Mainboard of the SGX-ST. Therefore, an investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Mainboard of the SGX-ST.

Pursuant to the Catalist Rules, we are required to, among others, retain a sponsor at all times after our admission to Catalist. Unless approved by the SGX-ST, the Sponsor and Issue Manager must act as our continuing sponsor for at least three (3) years after the admission of our Company to Catalist. In addition, we may be delisted if we do not have a sponsor for more than three (3) continuous months. There is no guarantee that following the expiration of the three (3) year period, the Sponsor and Issue Manager will continue to act as our sponsor or that we will be able to find a replacement sponsor within the three (3) month period. Should such risks materialise, we may be delisted. Although we intend for our Shares to remain listed indefinitely on the SGX-ST, we cannot guarantee the continued listing of our Shares.

An active trading market for our Shares may not develop

Prior to the Invitation, there has been no public market for our Shares and an active or liquid market for our Shares may not develop or sustain after the Invitation.

The extent to which a trading market may develop or how liquid the market might become depends on a variety of factors, including but not limited to, our results of operations, performance of our business, competitive conditions, the general economic, political and social factors, volatility in the Singapore and global securities markets and the performance of the Singapore economy. Therefore, there is no assurance that an active trading market for our Shares will develop or, if developed, will be sustained.

Our Share price may fluctuate significantly in the future and you may lose all or part of your investment

The market price of our Shares may fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

- (a) changes in conditions affecting our industry, general economic and stock market sentiments;
- (b) variations in our operating results;
- (c) changes in securities analysts' recommendations or estimates of our financial performance;
- (d) changes in market valuations and share prices of companies with similar businesses to our Company;
- (e) announcements by our competitors or us of significant acquisitions, strategic partnerships, joint ventures or capital commitments or the award of significant contracts;
- (f) additions or departures of key personnel;
- (g) fluctuations of stock market prices and volume;
- (h) involvements in material litigation or arbitration proceedings; and/or
- (i) success or failure of our management team in implementing business and growth strategies.

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For these reasons, among others, our Shares may trade at prices that are higher or lower than the NAV per share. To the extent that there is any retention of operating cash for investment purposes, working capital requirements or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our Shares. Any failure on our part to meet market expectations regarding future earnings and cash distributions may adversely affect the market price for our Shares.

In addition, our Shares are not capital guaranteed financial instruments. The Invitation Price may not be indicative of prices which will prevail in the trading market after the Invitation and investors may not be able to realise their Shares at or above the Invitation Price.

In case of liquidation of our Company, it is possible that investors may lose all or a part of their investment in our Shares.

Investors may not be able to participate in future rights issues or certain other equity issues of our Shares

In the event that we issue new Shares in the future, we will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where we elect to conduct a rights issue. However, in electing to conduct a rights issue or certain other equity issues, we will have the discretion and may also be subject to certain regulations as to the procedures to be followed in making such rights available to Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, we may not offer such rights to our existing Shareholders having addresses in jurisdictions outside of Singapore. Accordingly, certain Shareholders may be unable to participate in future equity offerings by us and may experience dilution in their shareholdings as a result.

Our Group does not have a fixed dividend policy and may not be able to pay dividends in future

Our ability to declare dividends in relation to our Shares will depend on, among others, our future financial performance, financial condition, distributable reserves, funding needs of our Group for expansion and business acquisition, cashflow and other factors deemed relevant by our Directors. For further details, please refer to the section titled “Dividend Policy” of this Offer Document. This is in turn dependent on the successful implementation of our strategy and financial, regulatory and general economic conditions and other factors that may be specific to us or specific to our industry, many of which are beyond our control. Any of these factors could have a material and adverse effect on our business, financial performance and financial condition, and hence, there is no assurance that we will be able to pay dividends to our Shareholders after the completion of the Invitation.

Control of our share capital by our Controlling Shareholders after the Invitation may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

Upon the completion of the Invitation, our Controlling Shareholders, Mr Cheng Shoong Tat and Dr Ong Fung Chin, will collectively hold an aggregate of 104,360,870 Shares, representing approximately 80.2% of the total number of issued Shares immediately after the Invitation. As a result, they will be able to exercise significant influence over matters requiring Shareholders’ approval, including the election of Directors and the approval of significant corporate transactions. Mr Cheng Shoong Tat and Dr Ong Fung Chin will also have significant influence with respect to any Shareholders’ action or approval requiring a majority vote except where they are required by the Catalist Rules or other applicable regulations to abstain from voting. Such concentration of

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ownership may also have the effect of delaying, preventing or deterring a change in control of our Group even if it may benefit the Shareholders.

Negative publicity, including those relating to any of our Directors, Executive Officers, Substantial Shareholders and Controlling Shareholders, may materially and adversely affect our Share price

Negative publicity or announcements, including those relating to any of our Directors, Executive Officers, Substantial Shareholders and Controlling Shareholders, with or without merit, may materially and adversely affect the market perception of our Group or the performance of our Share price, whether or not they are justified. Such negative publicity may include, among others, unsuccessful attempts in joint venture, acquisitions, take-overs or involvement in litigation or insolvency proceedings.

To the best of our knowledge, there are no such incidents of negative publicity during the Relevant Period which may materially and adversely affect the market perception of our Group.

Singapore take-over laws contain provisions (which may vary from those in other jurisdictions) which could adversely affect the market price of our Shares

The Take-over Code applies to our Company as a company that has a primary listing on the SGX-ST.

The Take-over Code contains certain provisions that may possibly delay, deter or prevent a future take-over or change in control of our Company. Under the Take-over Code, except with the consent of the SIC, any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares, is required to extend a take-over offer for the remaining voting Shares in accordance with the Take-over Code. Except with the consent of the SIC, such a take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of the voting Shares, either on his own or together with parties acting in concert with him, acquires additional voting Shares representing more than 1.0% of the voting Shares in any six (6) month period. While the Take-over Code seeks to ensure an equality of treatment among Shareholders, its provisions could substantially impede the ability of the Shareholders to benefit from a change of control and, as a result, may materially and adversely affect the market price of our Shares and the ability to realise any benefits from a potential change of control.

Investors in our Shares would face immediate and substantial dilution in NAV per Share and may experience future dilution

The Invitation Price of S\$0.23 per Share is higher than our NAV per Share, after adjusting for the estimated net proceeds from the Invitation and based on our issued share capital after the Invitation. Thus, there is an immediate and substantial dilution in the book value per Share for investors who subscribe for our Shares. If we were liquidated for our NAV immediately following the Invitation, each Shareholder subscribing to the Invitation would receive less than the price they paid for their Shares. Please refer to the section titled "Dilution" of this Offer Document for further details.

RISK FACTORS

In addition, we intend to grant Options and Awards under our NIKS Employee Share Option Scheme and NIKS Performance Share Plan, respectively. To the extent that Option Shares are issued pursuant to the exercise of Options and/or Award Shares, there may be further dilution to investors participating in our Invitation. Further details of the NIKS Employee Share Option Scheme and NIKS Performance Share Plan are described in the sections titled “NIKS Employee Share Option Scheme”, “NIKS Performance Share Plan”, “Appendix I – Rules of the NIKS Employee Share Option Scheme” and “Appendix J – Rules of the NIKS Performance Share Plan” to this Offer Document.

USE OF PROCEEDS AND LISTING EXPENSES

Based on the Invitation Price of S\$0.23, the gross proceeds from the Invitation will be approximately S\$5.01 million. The net proceeds from the Invitation (after deducting underwriting and placement commissions and the estimated listing expenses payable by us) will be approximately S\$3.33 million.

USE OF PROCEEDS AND LISTING EXPENSES

For each dollar of the gross proceeds from the Invitation, we intend to use the following amounts primarily for the purposes set out below:

Use of Proceeds	Amount in aggregate (S\$'000)	Estimated amount allocated for each dollar of the gross proceeds raised from the Invitation (cents)
Organic expansion of our business through the (a) opening of new clinics and outlets, recruitment of healthcare and management professionals, purchase of new equipment; and (b) expansion of medical skincare products distribution business in the PRC	800	16.0
Expansion of business through acquisitions, joint ventures and/or strategic alliances	2,200	43.9
General working capital purposes	327	6.5
Net proceeds from the Invitation	3,327	66.4
Professional fees and expenses	1,206	24.0
Underwriting and placement commission ⁽¹⁾	226	4.5
Miscellaneous expenses (including listing and processing fees)	255	5.1
Total estimated listing expenses⁽²⁾	1,687	33.6
Gross proceeds from the Invitation	5,014	100.0

Notes:

- (1) Pursuant to the Underwriting and Placement Agreement, SAC Capital agreed to subscribe for and/or procure subscriptions for the Invitation Shares for the underwriting and placement commission as described in the section titled "Plan of Distribution – Sponsorship, Management, Underwriting and Placement Arrangements" of this Offer Document. We will pay the Underwriter and the Placement Agent, as compensation for its services rendered in connection with the Invitation, an underwriting and placement commission which is equal to 4.5% of the Invitation Price (exclusive of GST) multiplied by the aggregate number of Invitation Shares, in the proportion which the Invitation Shares are offered by our Company.
- (2) In accordance with SFRS(I), of the total estimated listing expenses to be borne by our Company of approximately S\$1.69 million, S\$0.43 million will be capitalised against share capital and the balance of the estimated listing expenses will be charged to profit or loss.

USE OF PROCEEDS AND LISTING EXPENSES

Please refer to the section titled “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” of this Offer Document for further details on our future plans, to which we intend to apply our proceeds from the Invitation. In particular, our future plans may be funded, apart from the proceeds raised from the issue of the Invitation Shares, either through internally generated funds and/or external borrowings.

Save as disclosed in this section and the section titled “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” of this Offer Document, none of the proceeds raised from the issue of the Invitation Shares will be used, directly or indirectly, to acquire or refinance the acquisition of any asset, or to acquire or refinance the acquisition of any business or entity. In addition, none of the net proceeds due to us from the Invitation will be used to discharge, reduce or retire any indebtedness of our Group.

The foregoing represents our best estimate of our allocation of the net proceeds due to us from the Invitation based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and we may find it necessary or advisable to re-allocate our net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event that we decide to re-allocate our net proceeds or use portions of it for other purposes, we will publicly announce our intention to do so through a SGXNET announcement on the SGX-ST’s website at <http://www.sgx.com>.

Pending the deployment of the net proceeds in the manner as described above, the funds may be placed in short-term deposits, money market instruments and/or used for our Group’s working capital requirements, as our Directors may, in their absolute discretion, deem appropriate. We will make periodic announcements on the use of proceeds as and when material amounts of proceeds from the Invitation are disbursed, and provide a status report on the use of proceeds in our annual report. The announcement will state whether the use of proceeds is in accordance with the stated use and the percentage allocated disclosed above.

In the event that any part of our proposed use of net proceeds due to us from the Invitation does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the proceeds to other purposes and/or hold such funds on short-term deposits for so long as our Directors deem it to be in the interests of our Company. Any change in the use of the net proceeds will be subject to the Catalist Rules and appropriate announcements will be made by our Company on SGXNET.

In the event that the amount set aside to meet the estimated expenses listed above is in excess of the actual expenses incurred, such excess amount will be made available for our general working capital purposes. Where the proceeds have been used for working capital purposes, our Company will disclose a breakdown with specific details on how the proceeds have been applied in the announcements and status reports to be made by our Company on SGXNET.

In the opinion of our Directors, no minimum amount must be raised from the Invitation by our Company.

Please refer to the section titled “Plan of Distribution – Sponsorship, Management, Underwriting and Placement Arrangements” of this Offer Document for a description of the commissions payable in connection with the Invitation.

DIVIDEND POLICY

PAST DIVIDENDS

Our Company and the following subsidiaries have declared dividends during the Relevant Period as follows:

	FY2020	FY2021	FY2022	From 1 January 2023 to the Latest Practicable Date
Our Company	–	S\$7,920,012	S\$3,660,006	S\$9,500,000
NMWPL	S\$175,000	S\$250,000	S\$292,500	S\$237,250
NPSCL ⁽¹⁾	CNY806,366	CNY3,384,046	CNY2,608,575	–

Note:

(1) In respect of NPSCL, the amount of dividends set out in the table above is the amount of dividends before taxes.

As at the date of this Offer Document, all of the dividends set out above have been fully paid.

Save as disclosed above, no dividends have been paid or declared by our Company or our subsidiaries during the Relevant Period.

DIVIDEND POLICY

As at the Latest Practicable Date, we do not have a fixed dividend policy. The form, frequency and amount of future dividends that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors:

- (a) our retained earnings and cash flow;
- (b) our actual and projected business and financial performance;
- (c) our projected levels of capital expenditure and other investment plans;
- (d) our working capital requirements and general financial condition;
- (e) the ability of our subsidiaries to declare and pay any dividends to our Company;
- (f) any restrictions on payment of dividends imposed on us by our financing arrangements (if any) and any other contractual restrictions binding on us; and
- (g) the general economic and business conditions in countries in which we operate.

DIVIDEND POLICY

However, subject to the above factors, our Directors intend to recommend and distribute dividends of not less than 50.0% of our net profit attributable to owners of the Company for FY2023 (excluding the final dividends of S\$9.50 million approved by the shareholders of our Company at the annual general meeting held on 29 August 2023) and not less than 40.0% of our net profit attributable to owners of the Company for FY2024 (“**Proposed Dividends**”) as we wish to reward Shareholders for participating in our Group’s growth. Investors should note that the foregoing statement on the Proposed Dividends is merely a statement of our present intention and shall not constitute a legally binding obligation on our Company or a legally binding statement in respect of our future dividends, and may be subject to modification (including reduction or non-declaration thereof) in our Directors’ sole and absolute discretion. Investors should not treat the Proposed Dividends as an indication of our Group’s future dividend policy.

Subject to our Constitution and in accordance with the Companies Act, our Company may declare a final dividend with the approval of our Shareholders in a general meeting, but no dividend or distribution shall be declared in excess of the amount recommended by our Directors. Subject to our Constitution and in accordance with the Companies Act, our Directors may declare an interim dividend without the approval of our Shareholders. All dividends must be paid out of our profits available for distribution and must not exceed the amount recommended by our Directors. Please refer to the section titled “Risk Factors – Risks Relating to Ownership of our Shares – Our Group does not have a fixed dividend policy and may not be able to pay dividends in future” of this Offer Document for further details.

Payment of cash dividends and distributions, if any, will be declared and paid in Singapore dollars to CDP on behalf of our Shareholders who maintain, either directly or through depository agents, securities accounts with CDP. All dividends are paid *pro rata* among the Shareholders in proportion to the amount paid up on each Shareholder’s Share(s), unless the rights attaching to an issue of any Share provide otherwise. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

The amount of dividends that may be declared and paid by us should not be taken as an indication of the dividends payable in the future. No inference shall or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future. Please refer to the section titled “Risk Factors – Risks Relating to Ownership of our Shares – Our Group does not have a fixed dividend policy and may not be able to pay dividends in future” of this Offer Document for further details.

Information relating to taxes payable on dividends is set out in the section titled “Taxation” of this Offer Document.

GROUP STRUCTURE

INTERNAL RESTRUCTURING

In preparation for a listing, and in order to rationalise our Group structure and to improve the management of operations and costs, we undertook an internal restructuring of our Group (“**Internal Restructuring**”). The Internal Restructuring is described below.

(a) **Share Split**

On 13 October 2023, our Shareholders approved the Share Split, pursuant to which 1,220,002 Shares in the issued and paid-up share capital of our Company were subdivided into 104,360,870 Shares. Following the Share Split, the issued and paid-up share capital of our Company was S\$1,220,002 comprising 104,360,870 Shares.

(b) **Pre-IPO Investment by our doctors**

On 31 July 2023, our Company (as the borrower) entered into a convertible loan agreement, with Dr Handry Gumanti, Dr Lau Chin Hoh, Dr Lynette Yap Chien Yu, and Dr Serene Ang Hwa Cheng (as the lenders) (“**Convertible Loan Agreement**”). Pursuant to the Convertible Loan Agreement, our four (4) doctors extended convertible loans to our Company for an aggregate amount of S\$235,800 and such convertible loans were subsequently converted into 1,708,695 Shares on 13 October 2023 prior to the registration of the Offer Document, which translates to an implied discount of 40.0% to the Invitation Price. The proceeds from the convertible loan will be used for general working capital purposes.

(c) **Acquisition of NMWPL**

On 4 August 2023, our Company entered into share swap agreements with Dr Handry Gumanti and Dr Lau Chin Hoh respectively (the share swap agreements are collectively referred to herein as the “**Share Swap Agreements**”). Pursuant to the Share Swap Agreements, our Company acquired the remaining 49.0% of all the issued shares in the capital of NMWPL from Dr Handry Gumanti and Dr Lau Chin Hoh for an aggregate consideration of S\$441,000. The consideration was arrived on a willing buyer and willing seller basis, taking into account, among others, the average audited profit after tax of NMWPL for FY2020 to FY2022. The consideration was satisfied by the allotment and issue of an aggregate of 2,130,435 Shares to Dr Handry Gumanti and Dr Lau Chin Hoh.

(d) **Conversion of our Company into a public company**

On 13 October 2023, our Company was converted into a public company limited by shares and we changed our name to “Niks Professional Ltd.”.

GROUP STRUCTURE

STRUCTURE OF OUR GROUP

Further to the Internal Restructuring, the structure of our Group as at the date of this Offer Document is as follows:



The details of our Company¹ and subsidiaries as at the date of this Offer Document are as follows:

Name	Date and Place of Incorporation	Principal Place of Business	Principal Activities	Issued and Paid-up Share Capital	Effective Equity Interest Held by Our Group	Directors	Auditor
Company							
Company	22 September 1998, Singapore	Singapore	Retail sale of pharmaceutical and medical goods N.E.C. Clinics and other general medical services (western)	S\$1,896,802 comprising 108,200,000 ordinary shares	N.A.	Cheng Shoong Tat Mark Andrew Yeo Kah Chong Ong Fung Chin Manu Bhaskaran Tan Teck Huat	Grant Thornton Audit LLP
Subsidiaries							
NMWPL	14 April 2017, Singapore	Singapore	Clinics and other general medical services (western)	S\$250,000 consisting of 250,000 ordinary shares	100%	Cheng Shoong Tat Ong Fung Chin	Grant Thornton Audit LLP

¹ Our Company is the sole owner of Niks Shop Salon, a sole proprietorship registered on 6 January 2000. We believe that such a sole proprietorship structure is not uncommon in the medical-related industry in Singapore. The decision to register the business name “Niks Shop Salon” was a commercial one, as it enabled us to use such business name in our shop front and to better reflect the services we provide as a salon. There is no implication of such a sole proprietorship structure on our Group’s financials and/or operations given that as a sole proprietorship wholly owned by our Company, Niks Shop Salon, which can sue or be sued only in our Company’s name, operates as an internal division of our Company without assuming a separate legal personality. In addition, the accounts of Niks Shop Salon are prepared and reported under our Company. All risks faced by Niks Shop Salon are in law assumed by the Company and there is no distinction between the business assets of our Company and Niks Shop Salon. Please refer to the section titled “Risk Factors – Risks Relating to our Business and our Industry” of this Offer Document for the material risk factors relating to the Group’s business.

GROUP STRUCTURE

Name	Date and Place of Incorporation	Principal Place of Business	Principal Activities	Issued and Paid-up Share Capital	Effective Equity Interest Held by Our Group	Directors	Auditor
NPSCL	22 January 2008, PRC	Shanghai, PRC	General items: wholesale of cosmetics, skincare products, and related products and equipment, import and export business of the above products, and the provision of related supporting services; cultural and artistic exchange planning (excluding performance brokerage); business information consulting	S\$800,000 comprising 100% equity interests	100%	Cheng Shoong Tat ⁽¹⁾	Grant Thornton Zhitong Certified Public Accountants LLP (致同会计师事务所 (特殊普通合伙)上海分所)
NPSB	2 June 2004, Malaysia	Malaysia	Inactive ⁽³⁾	MYR 95,744 consisting of 95,744 ordinary shares	100%	Cheng Shoong Tat Ong Fung Chin Pushpalata A/P A Veeramalai	Not required to be audited.
NPLLC	26 November 2007, U.S.	U.S.	Inactive ⁽³⁾	Not applicable	100%	Company ⁽²⁾	Not required to be audited.

Notes:

- (1) Mr Cheng Shoong Tat is the legal representative and executive director of NPSCL, a limited liability company, which, under PRC law, may elect to form either a board of directors (comprising more than one (1) director) or appoint a single executive director. The Company made the commercial decision to appoint a single executive director as NPSCL was and as at the Latest Practicable Date, is still a relatively small company. From time to time, as the size of NPSCL's operations grows, the Group may review this commercial decision and may decide to form a board of directors when deemed warranted. Dr Ong Fung Chin is the supervisor of NPSCL. The duties and responsibilities of the supervisor include, among others, supervising the performance and implementation of the duties of the directors and senior management, including requiring such directors and senior management to rectify their actions that are detrimental to the interest of the company. While the supervisor does not have the powers and responsibilities of a director in NPSCL, Dr Ong Fung Chin's role as a supervisor of NPSCL provides oversight on the supervision of the director.
- (2) Mr Cheng Shoong Tat is the manager of NPLLC, and there is no board of directors.
- (3) NPSB and NPLLC were incorporated for past business expansion and/or to explore business expansion opportunities into Malaysia and U.S. by our Group but have since remained inactive. Notwithstanding, as the cost of maintaining these companies is minimal, our Company has decided for flexibility, to retain NPSB and NPLLC in the event such business expansion opportunities may arise again.

None of the above subsidiaries is listed on any stock exchange. None of our Independent Directors sits on the boards of our subsidiaries.

Save as disclosed above, our Company does not have any other subsidiaries, subsidiary entities, associated companies or associated entities.

SHARE CAPITAL

SHARE CAPITAL

Our Company was incorporated in Singapore on 22 September 1998 under the Companies Act as a private company limited by shares under the name of “Niks Professional Pte Ltd”.

Our Company was converted into a public company limited by shares, and our name was changed to “Niks Professional Ltd.” in connection therewith, on 13 October 2023.

As at the date of incorporation, our issued and paid-up share capital was S\$2 comprising two (2) Shares. The changes in our issued and paid-up share capital since incorporation are described in the sections titled “Group Structure – Internal Restructuring”, “Share Capital – Changes in Issued Share Capital” and “General and Statutory Information – Share Capital” of this Offer Document”.

On 13 October 2023, our Shareholders passed resolutions to approve, among other things, the following:

- (a) the conversion of our Company into a public company limited by shares and the change of our name to “Niks Professional Ltd.”;
- (b) the adoption of the new Constitution;
- (c) the Share Split, pursuant to which 1,220,002 Shares in the issued and paid-up share capital of our Company were subdivided into 104,360,870 Shares on 13 October 2023;
- (d) the allotment and issue of the Invitation Shares on the basis that the Invitation Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the then existing issued Shares;
- (e) the allotment and issue of new Shares pursuant to the Share Swap Agreements and the Convertible Loan Agreement;
- (f) the listing and quotation of all of our Shares that are already issued and the Invitation Shares on Catalist;
- (g) the authorisation for our Directors, pursuant to section 161 of the Companies Act and the Catalist Rules:
 - (i) to:
 - (A) allot and issue (in addition to the Invitation Shares) Shares whether by way of rights, bonus or otherwise; and/or
 - (B) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued during the continuance of this authority or thereafter, including, but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures, convertible securities or other instruments convertible into Shares; and/or
 - (C) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

SHARE CAPITAL

at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit; and

- (ii) to issue Shares in pursuance of any Instrument made or granted by our Directors pursuant to (i)(B) and/or (i)(C) above, while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of such authority),

provided:

- (I) the aggregate number of Shares to be issued pursuant to such authority (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this authorisation but excluding Shares which may be issued pursuant to any adjustments (“**Adjustments**”) effected under any relevant Instrument, which Adjustments shall be made in compliance with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being) does not exceed 100.0% of the post-Invitation total number of issued Shares (excluding treasury shares and subsidiary holdings) immediately after completion of the Invitation, and provided further that the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments made or granted pursuant to such authority, but excluding Shares which may be issued pursuant to any Adjustments effected under any relevant Instrument) other than on a pro-rata basis to existing Shareholders shall not exceed 50.0% of the post-Invitation total number of issued Shares (excluding treasury shares and subsidiary holdings) immediately after completion of the Invitation;
- (II) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (I) above, the percentage of Shares that may be issued shall be based on the post-Invitation total number of issued Shares (excluding treasury shares and subsidiary holdings) immediately after the completion of the Invitation, after adjusting for:
 - (1) new Shares arising from the conversion or exercise of the Instruments or any convertible securities which were issued and outstanding or subsisting at the time of the passing of the resolution approving this authority;
 - (2) new Shares arising from exercising share options or vesting of share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving this authority, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (3) any subsequent bonus issue, consolidation or subdivision of Shares;
- (III) in exercising such authority, our Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being; and

SHARE CAPITAL

- (IV) unless revoked or varied by our Company in a general meeting by ordinary resolution, such authority shall continue in force until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by law to be held, whichever is earlier;
- (h) the adoption of the NIKS Employee Share Option Scheme, the rules of which are set out in Appendix I titled “Appendix I – Rules of the NIKS Employee Share Option Scheme” to this Offer Document, and that our Directors be authorised to allot and issue Shares upon the exercise of Options granted under the NIKS Employee Share Option Scheme. As at the Latest Practicable Date, no Options have been granted under the NIKS Employee Share Option Scheme; and
- (i) the adoption of the NIKS Performance Share Plan, the rules of which are set out in Appendix J titled “Appendix J – Rules of the NIKS Performance Share Plan” to this Offer Document, and that our Directors be authorised to allot and issue Shares upon the vesting of Awards granted under the NIKS Performance Share Plan. As at the Latest Practicable Date, no Awards have been granted under the NIKS Performance Share Plan.

As at the Latest Practicable Date, we have only one (1) class of shares in the capital of our Company. A summary of our Constitution relating to, among others, the voting rights of our Shareholders is set out in Appendix D titled “Appendix D – Summary of Our Constitution” to this Offer Document. There are no founder, management or deferred Shares reserved for issue for any purpose.

Save for the Options which may be granted under the NIKS Employee Share Option Scheme and the Awards which may be granted under the NIKS Performance Share Plan, no person has been, or is entitled to be, given an option to subscribe for or purchase any securities of our Company or our subsidiary. As at the date of this Offer Document, no participant has been identified and/or granted any Options and Awards pursuant to the NIKS Employee Share Option Scheme and the NIKS Performance Share Plan, respectively.

As at the Latest Practicable Date, the issued and paid-up share capital of our Company is S\$1,220,002 comprising 1,220,002 Shares. Upon the completion of the Internal Restructuring and the allotment and issue of the Invitation Shares which are the subject of the Invitation, the resultant issued and paid-up share capital of our Company will be S\$6,482,572 comprising 130,000,000 Shares.

Save as disclosed under the section titled “Shareholders – Moratorium” of this Offer Document, the Invitation Shares to be allotted and issued were not subject to any pledge, mortgage or any other form of encumbrance. There are no Shares that are held by or on behalf of our Company or by our Subsidiaries. There is no known arrangement the operation of which may, at a subsequent date, result in a change in control of our Company.

There are no restrictions on the free transferability of our Shares. As at the date of this Offer Document, to the best of our knowledge, no person has been, or is entitled to be, given an option to subscribe for any securities or securities-based derivatives contracts of our Company and/or our Subsidiaries.

SHARE CAPITAL

CHANGES IN ISSUED SHARE CAPITAL

Details of the changes in the issued and paid-up share capital of our Company since incorporation and the resultant issued and paid-up share capital of our Company immediately after the completion of the Invitation are as follows:

Event	Number of Shares issued	Issue price per Share	Resultant number of Shares	Resultant issued share capital
Issue of Shares upon incorporation	2	S\$1.00	2	S\$2
Issue of Shares to Ong Fung Chin in 1999	110,000	S\$1.00	110,002	S\$110,002
Issue of Shares to Cheng Shoong Tat in 2000	49,999	S\$1.00	160,001	S\$160,001
Issue of Shares to Ong Fung Chin in 2005	500,000	S\$1.00	660,001	S\$660,001
Issue of Shares to Cheng Shoong Tat in 2021	560,001	S\$1.00	1,220,002	S\$1,220,002
Total issued Shares before Share Split	–	–	1,220,002	S\$1,220,002
Total issued Shares after Share Split	103,140,868	–	104,360,870	S\$1,220,002
Issue of Shares pursuant to the Share Swap Agreements ⁽¹⁾	2,130,435	S\$0.207	106,491,305	S\$1,661,002
Issue of Shares pursuant to the conversion of the convertible loans under the Convertible Loan Agreement ⁽¹⁾	1,708,695	S\$0.138	108,200,000	S\$1,896,802
Total issued Shares after Internal Restructuring and before Invitation	–	–	108,200,000	S\$1,896,802
Issue of Invitation Shares	21,800,000	S\$0.23	130,000,000	S\$6,482,572 ⁽²⁾
Total issued Shares immediately after completion of Invitation	–	–	130,000,000	S\$6,482,572

Notes:

- (1) Please refer to the section titled “Group Structure – Internal Restructuring” of this Offer Document.
- (2) After adjusting for expenses in relation to the Invitation of approximately S\$0.43 million which is capitalised against share capital as described in the section titled “Use of Proceeds and Listing Expenses” of this Offer Document. The remaining expenses of approximately S\$1.26 million will be charged to profit or loss of our Group.

SHARE CAPITAL

Save as disclosed above and in the sections titled “Group Structure – Internal Restructuring” and “General and Statutory Information – Share Capital” of this Offer Document, there has not been any change in the amount of our issued and paid-up share capital of our Company or our subsidiaries within the three (3) years preceding the Latest Practicable Date.

Save as disclosed above and in the sections titled “Group Structure – Internal Restructuring” and “General and Statutory Information – Share Capital” of this Offer Document, no shares were issued or agreed to be issued by our Company for a consideration other than cash within the period of three (3) years prior to the date of lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority.

SHAREHOLDERS

OWNERSHIP STRUCTURE

The shareholdings of our Directors, our doctors and Substantial Shareholders as at the Latest Practicable Date, immediately before the Invitation and immediately after the Invitation are set out below:

	As at the Latest Practicable Date			Immediately before the Invitation (after Internal Restructuring)			Immediately after the Invitation		
	Direct Interest Number of Shares	Deemed Interest Number of Shares	%	Direct Interest Number of Shares	Deemed Interest Number of Shares	%	Direct Interest Number of Shares	Deemed Interest Number of Shares	%
Directors									
Cheng Shoong Tat	610,001	610,001 ⁽¹⁾	50.0	52,180,435	52,180,435 ⁽¹⁾	48.2	52,180,435	52,180,435 ⁽¹⁾	40.1
Ong Fung Chin	610,001	610,001 ⁽²⁾	50.0	52,180,435	52,180,435 ⁽²⁾	48.2	52,180,435	52,180,435 ⁽²⁾	40.1
Mark Andrew Yeo Kah Chong	-	-	-	-	-	-	-	-	-
Manu Bhaskaran	-	-	-	-	-	-	-	-	-
Tan Teck Huat	-	-	-	-	-	-	-	-	-
Other Shareholders (Doctors of our Group)									
Handry Gumanti	-	-	-	1,690,365	-	1.6	1,690,365	-	1.3
Lau Chin Hoh	-	-	-	1,483,548	-	1.4	1,483,548	-	1.2
Lynette Yap Chien Yu	-	-	-	521,739	-	0.5	521,739	-	0.4
Serene Ang Hwa Cheng	-	-	-	143,478	-	0.1	143,478	-	0.1
Other Shareholders									
Public	-	-	-	-	-	-	21,800,000	-	16.8
Total	1,220,002	1,220,002	100.0	108,200,000	108,200,000	100.0	130,000,000	130,000,000	100.0

SHAREHOLDERS

Notes:

- (1) Mr Cheng Shoong Tat holds 610,001, 52,180,435 and 52,180,435 Shares (as at the respective dates indicated herewith), representing approximately 50.0%, 48.2% and 40.1% of the issued and paid-up share capital of our Company (excluding treasury Shares). Pursuant to Section 4 of the SFA, he is deemed interested in the 610,001, 52,180,435 and 52,180,435 Shares (as at the respective dates indicated herewith) held personally by his spouse, Dr Ong Fung Chin.
- (2) Dr Ong Fung Chin holds 610,001, 52,180,435 and 52,180,435 Shares (as at the respective dates indicated herewith), representing approximately 50.0%, 48.2% and 40.1% of the issued and paid-up share capital of our Company (excluding treasury Shares). Pursuant to Section 4 of the SFA, she is deemed interested in the 610,001, 52,180,435 and 52,180,435 Shares (as at the respective dates indicated herewith) held personally by her spouse, Mr Cheng Shoong Tat.

SHAREHOLDERS

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the Invitation Shares.

To the extent known to our Company, save as disclosed above, our Company is not directly or indirectly owned or controlled, whether severally or by any person or government.

There is no known arrangement the operation of which may, at a subsequent date, result in a change in the control of our Company.

There are no Shares that are held by or on behalf of our Company or any of our subsidiaries.

SIGNIFICANT CHANGES IN THE PERCENTAGE OF OWNERSHIP

Save as disclosed in the sections titled “Group Structure – Internal Restructuring”, “Share Capital”, “Shareholders” and “Dilution” of this Offer Document, there were no significant changes in the percentage of ownership of our Shares by our Directors and Substantial Shareholders in the last three (3) years prior to the Latest Practicable Date.

MORATORIUM

Promoters

To demonstrate their commitment to our Group, each of (1) our Chairman and CEO, Mr Cheng Shoong Tat; and (2) our President and CMO, Dr Ong Fung Chin, who hold 52,180,435 and 52,180,435 Shares respectively (representing approximately 40.1% and 40.1% of our Company’s share capital immediately after the Invitation respectively), has irrevocably and unconditionally undertaken, in relation to all the Shares held by him/her immediately after the Listing (“**Lock-up Shares**”), that he/she will not without the prior written consent of each of the Sponsor, Issue Manager, Underwriter and Placement Agent and our Company, directly or indirectly:

- (a) offer, pledge, sell, contract to sell, assign, sell any option or contract to purchase, purchase any option or contract to sell, grant any option or right or warrant to purchase, lend, hypothecate, grant any security over or encumber or otherwise transfer or dispose of, directly or indirectly, any of the Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of the Lock-up Shares or enter into a transaction that would have the same effect, whether any such transaction described above is to be settled by delivery of Lock-up Shares or such other securities, in cash or otherwise;
- (b) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Shares (or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of the Lock-up Shares), whether any such transaction described above is to be settled by delivery of Lock-up Shares or such other securities, in cash or otherwise;
- (c) deposit any of the Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Lock-up Shares in any depository receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with its obligations under the deed of undertaking), whether any such transaction described above is to be settled by delivery of the Lock-up Shares or such other securities, in cash or otherwise;

SHAREHOLDERS

(d) enter into a transaction or other arrangement with the same economic effect as any transaction described in (a) to (c) above; or

(e) publicly announce any intention to do any of the above,

(collectively, the “**Restricted Transactions**”).

The Restricted Transactions shall apply to all of the Lock-up Shares from the date hereof until the date falling 12 months commencing from the Listing Date (both dates inclusive).

Other Moratorium

To demonstrate their commitment to our Group, each of our following doctors (1) Dr Handry Gumanti; (2) Dr Lau Chin Hoh; (3) Dr Lynette Yap Chien Yu; and (4) Dr Serene Ang Hwa Cheng, who hold 1,690,365, 1,483,548, 521,739 and 143,478 Shares respectively, representing approximately 1.3%, 1.2%, 0.4% and 0.1% of our Company’s share capital immediately after the Invitation respectively, has irrevocably and unconditionally undertaken, in relation to the Shares held by him/her immediately after the Listing (all of such Shares, collectively the “**Doctor Lock-up Shares**”), that he/she will not without the prior written consent of each of the Sponsor, Issue Manager, Underwriter and Placement Agent and our Company, directly or indirectly:

(a) offer, pledge, sell, contract to sell, assign, sell any option or contract to purchase, purchase any option or contract to sell, grant any option or right or warrant to purchase, lend, hypothecate, grant any security over or encumber or otherwise transfer or dispose of, directly or indirectly, any of the Doctor Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of the Doctor Lock-up Shares or enter into a transaction that would have the same effect, whether any such transaction described above is to be settled by delivery of Doctor Lock-up Shares or such other securities, in cash or otherwise;

(b) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of the Doctor Lock-up Shares (or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of the Doctor Lock-up Shares), whether any such transaction described above is to be settled by delivery of Doctor Lock-up Shares or such other securities, in cash or otherwise;

(c) deposit any of the Doctor Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Doctor Lock-up Shares in any depositary receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with its obligations under the deed of undertaking), whether any such transaction described above is to be settled by delivery of the Doctor Lock-up Shares or such other securities, in cash or otherwise;

(d) enter into a transaction or other arrangement with the same economic effect as any transaction described in (a) to (c) above; or

(e) publicly announce any intention to do any of the above,

(collectively, the “**Doctor Restricted Transactions**”).

SHAREHOLDERS

The Doctor Restricted Transactions shall apply to: (i) all of the Doctor Lock-up Shares from the date hereof until the date falling six (6) months from the Listing Date (both dates inclusive) ("**First Lock-up Period**"); and (ii) 50.0% of the Doctor Lock-up Shares from the date immediately following the expiry of the First Lock-up Period until the date falling 12 months from the Listing Date (both dates inclusive).

DILUTION

Dilution is the amount by which the Invitation Price paid by subscribers for our Shares in this Invitation exceeds our NAV per Share immediately after completion of the Invitation.

Our Pro Forma NAV per Share as at 31 March 2023 after adjusting for the estimated net proceeds from the Invitation will be 12.95 cents per Share.

This represents an immediate increase in NAV per Share of 0.47 cents, or approximately 3.8%, to our existing Shareholders and an immediate dilution in NAV per Share of 10.05 cents, or approximately 43.7%, to new investors subscribing for the Invitation Shares at the Invitation Price.

The following illustrates the dilution per Share:

	Cents
Invitation Price	23.00
Pro Forma NAV per Share ⁽¹⁾ as at 31 March 2023, based on the pre-Invitation share capital of 108,200,000 Shares	12.48
Increase in NAV per Share ⁽¹⁾ attributable to existing Shareholders, based on the post-Invitation share capital of 130,000,000 Shares and after adjusting for the estimated net proceeds from the Invitation	0.47
NAV per Share ⁽¹⁾ after the Invitation ⁽²⁾	12.95
Dilution in NAV per Share ⁽¹⁾ to our new investors	10.05
Dilution in NAV per Share ⁽¹⁾ to our new investors as a percentage of the Invitation Price	43.7%

Notes:

- (1) NAV per Share is computed based on the NAV attributable to owners of our Company.
- (2) The computed NAV per Share does not take into account our actual financial performance from 1 April 2023 up to the Latest Practicable Date. Depending on our actual financial results, our NAV per Share may be higher or lower than the above computed NAV.

The following table summarises the total number of Shares (after adjusting for the Share Split) acquired by our Directors and/or Substantial Shareholders and their respective Associates (as the case may be), or which they have the right to acquire, during the period of three (3) years prior to the date of lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority, the total consideration paid by them and the average effective cost per Share to them and to our new investors pursuant to the Invitation:

	Number of Shares Acquired	Consideration (\$)	Average Effective Cash Cost per Share (cents)
Director and/or Substantial Shareholders and their respective Associates			
Cheng Shoong Tat	47,903,357	560,001	1.17
Other Shareholders (Doctors of our Group)			
Handry Gumanti	1,690,365	313,906	18.57
Lau Chin Hoh	1,483,548	271,094	18.27
Lynette Yap Chien Yu	521,739	72,000	13.80
Serene Ang Hwa Cheng	143,478	19,800	13.80

DILUTION

	Number of Shares Acquired	Consideration (S\$)	Average Effective Cash Cost per Share (cents)
New investors pursuant to the Invitation			
New Investors	21,800,000	5,014,000	23.00

Save as disclosed above, none of the Directors or Substantial Shareholders, or their respective Associates, has acquired any Shares during the period of three (3) years prior to the date of lodgement of this Offer Document.

THE NIKS EMPLOYEE SHARE OPTION SCHEME AND THE NIKS PERFORMANCE SHARE PLAN

In addition, the issue of Option Shares upon the exercise of the Options to be granted pursuant to the NIKS Employee Share Option Scheme as well as the issue of Award Shares upon the vesting of Awards granted pursuant to the NIKS Performance Share Plan would have a further dilutive effect on new investors in the Invitation.

The aggregate number of Shares which may be issued and/or transferred pursuant to the exercise of Options granted under the NIKS Employee Share Option Scheme on any date, when aggregated with (a) the total number of new Shares, issued and issuable, and existing Shares (including treasury shares) transferred and/or transferable pursuant to Options already granted under the NIKS Employee Share Option Scheme; and (b) the aggregate number of Shares over which options and/or awards granted under any other share option, share incentive, performance share or restricted share plans implemented by our Company and for the time being in force (including the NIKS Performance Share Plan), shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by our Company as treasury shares and subsidiary holdings from time to time, if any) on the day preceding that date.

The aggregate number of Shares which may be issued and/or transferred pursuant to Awards granted under the NIKS Performance Share Plan on any date, when aggregated with (a) the total number of new Shares, issued and issuable, and existing Shares (including treasury shares) transferred and/or transferable pursuant to Awards already granted under the NIKS Performance Share plan; and (b) the aggregate number of Shares over which options and/or awards granted under any other share option, share incentive, performance share or restricted share plans implemented by our Company and for the time being in force (including the NIKS Employee Share Option Scheme), shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by our Company as treasury shares and subsidiary holdings from time to time, if any) on the day preceding that date.

No Options and Awards will be granted by us until after the Listing Date. Please refer to the sections titled “NIKS Employee Share Option Scheme”, “NIKS Performance Share Plan”, “Appendix I – Rules of the NIKS Employee Share Option Scheme” and “Appendix J – Rules of the NIKS Performance Share Plan” to this Offer Document.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected financial information of our Group should be read in conjunction with the full text of this Offer Document, including the “Independent Auditor’s Report on the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022”, the “Independent Auditor’s Review Report on the Unaudited Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023” and the “Independent Auditor’s Assurance Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 31 December 2022 and Three-Month Period Ended 31 March 2023” as set out in Appendices A, B and C to this Offer Document respectively, and the section titled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document. Our financial statements are prepared and presented in accordance with SFRS(I).

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(S\$'000)	← Audited →			← Unaudited →	
	FY2020	FY2021	FY2022	1Q2022	1Q2023
Revenue	11,192	11,699	11,095	2,806	2,582
Interest income	123	87	75	10	53
Other income and gains	467	588	252	84	83
Changes in inventories	28	(69)	8	(82)	(123)
Purchases and related costs	(1,945)	(1,919)	(1,681)	(228)	(220)
Employee benefits expense	(4,354)	(4,494)	(4,429)	(1,123)	(1,150)
Depreciation	(859)	(882)	(791)	(218)	(156)
Other losses	(18)	(6)	(75)	(4)	(5)
Finance costs	(16)	(64)	(77)	(18)	(17)
Other expenses	(783)	(759)	(1,095)	(178)	(410)
Profit before income tax	3,835	4,181	3,282	1,049	637
Income tax expense	(725)	(697)	(406)	(221)	(106)
Profit for the year/period	3,110	3,484	2,876	828	531
Profit attributable to:					
Owners of the Company	2,999	3,339	2,763	800	518
Non-controlling interest	111	145	113	28	13
Profit for the year/period	3,110	3,484	2,876	828	531

SELECTED CONSOLIDATED FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (cont'd)

(S\$'000)	← Audited →			← Unaudited →	
	FY2020	FY2021	FY2022	1Q2022	1Q2023
Other comprehensive income:					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences	(17)	89	(170)	16	25
Other comprehensive income	(17)	89	(170)	16	25
Total comprehensive income for the year/period	3,093	3,573	2,706	844	556
Total comprehensive income attributable to:					
Owners of the Company	2,982	3,428	2,593	816	543
Non-controlling interest	111	145	113	28	13
Total comprehensive income for the year/period	3,093	3,573	2,706	844	556
Pre-Invitation EPS (cents) ⁽¹⁾	2.77	3.09	2.55	0.74	0.48
Post-Invitation EPS (cents) ⁽²⁾	2.31	2.57	2.13	0.62	0.40

Notes:

- (1) For comparative purposes, pre-Invitation EPS for the Period Under Review have been computed based on the profit attributable to the owners of the Company for the years/periods and our pre-Invitation share capital of 108,200,000 Shares.
- (2) For comparative purposes, post-Invitation EPS for the Period Under Review have been computed based on the profit attributable to the owners of the Company for the years/periods and our post-Invitation share capital of 130,000,000 Shares.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(S\$'000)	← Audited →			Unaudited As at 31 March 2023
	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	
ASSETS				
Non-current assets				
Property, plant and equipment	10,409	11,385	10,904	10,825
Deferred tax assets	–	–	44	44
Other assets	23	76	100	100
Total non-current assets	10,432	11,461	11,048	10,969
Current assets				
Inventories	2,013	1,944	1,952	1,829
Trade and other receivables	227	181	410	595
Cash and cash equivalents	17,035	13,263	12,371	12,456
Total current assets	19,275	15,388	14,733	14,880
Total assets	29,707	26,849	25,781	25,849
EQUITY AND LIABILITIES				
Equity				
Share capital	660	1,220	1,220	1,220
Retained earnings	26,358	21,777	20,880	21,398
Foreign currency translation reserve	102	191	21	46
Equity attributable to owners of the Company	27,120	23,188	22,121	22,664
Non-controlling interest	212	235	205	218
Total equity	27,332	23,423	22,326	22,882
Non-current liabilities				
Deferred tax liabilities	66	66	–	–
Lease liabilities	23	1,146	1,019	978
Total non-current liabilities	89	1,212	1,019	978
Current liabilities				
Income tax payable	679	519	512	590
Trade and other payables	1,139	1,209	1,286	731
Lease liabilities	203	260	338	369
Other liabilities	265	226	300	299
Total current liabilities	2,286	2,214	2,436	1,989
Total liabilities	2,375	3,426	3,455	2,967
Total equity and liabilities	29,707	26,849	25,781	25,849
NAV per Share (cents) ⁽²⁾	25.06	21.43	20.44	20.95

Note:

- (1) For comparative purposes, our NAV per Share as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 March 2023 have been computed based on the equity attributable to owners of the Company and our pre-Invitation share capital of 108,200,000 Shares.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(S\$'000)	← Audited →			← Unaudited →	
	FY2020	FY2021	FY2022	1Q2022	1Q2023
Cash flows from operating activities					
Profit before income tax	3,835	4,181	3,282	1,049	637
Adjustments for:					
Interest income	(123)	(87)	(75)	(10)	(53)
Interest expense	16	64	77	18	17
Depreciation of property, plant and equipment	859	882	791	218	156
Loss on disposal of property, plant and equipment	–	–	4	4	–
Operating cash flows before changes in working capital	4,587	5,040	4,079	1,279	757
Changes in working capital:					
Inventories	(28)	69	(8)	82	123
Trade and other receivables	226	46	(185)	(119)	(192)
Other assets	(23)	(53)	(24)	(30)	–
Trade and other payables	632	117	(56)	(373)	(504)
Other liabilities	42	(39)	74	67	(1)
Net cash generated from operations	5,436	5,180	3,880	906	183
Income tax paid	(585)	(856)	(524)	(5)	(28)
Net cash from operating activities	4,851	4,324	3,356	901	155
Cash flows from investing activities					
Purchase of property, plant and equipment	(267)	(311)	(63)	(58)	(1)
Disposal of property, plant and equipment	–	–	16	16	–
Interest received	123	87	31	10	60
Net cash (used in)/from investing activities	(144)	(224)	(16)	(32)	59
Cash flows from financing activities					
Dividends paid to owners of the Company	–	(7,920)	(3,660)	–	–
Dividends paid to non-controlling interest	(86)	(122)	(143)	–	–
Payment of lease liabilities	(367)	(365)	(322)	(79)	(88)
Interest paid	(16)	(64)	(77)	(18)	(17)
Issue of shares	–	560	–	–	–
Net cash used in financing activities	(469)	(7,911)	(4,202)	(97)	(105)

SELECTED CONSOLIDATED FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (cont'd)

(S\$'000)	← Audited →			← Unaudited →	
	FY2020	FY2021	FY2022	1Q2022	1Q2023
Net increase/(decrease) in cash and cash equivalents	4,238	(3,811)	(862)	772	109
Cash and cash equivalents, beginning balance	12,833	17,035	13,263	13,263	12,371
Effect of exchange rate fluctuation	(36)	39	(30)	–	(24)
Cash and cash equivalents, ending balance	17,035	13,263	12,371	14,035	12,456

SUMMARY OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

You should read the following unaudited pro forma consolidated financial information for the financial year ended 31 December 2022 and three (3) month period ended 31 March 2023 in conjunction with the “Independent Auditor’s Assurance Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 31 December 2022 and Three-Month Period Ended 31 March 2023” as set out in Appendix C to this Offer Document and the section titled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document.

The unaudited pro forma consolidated financial information for FY2022 and 1Q2023 are prepared for illustrative purposes only and are based on certain assumptions and after making certain adjustments to show what the unaudited pro forma consolidated statement of comprehensive income for FY2022 and 1Q2023 and the unaudited pro forma consolidated statement of cash flows for FY2022 and 1Q2023 would have been if:

- (a) the declaration of dividends subsequent to the financial year ended 31 December 2022;
- (b) the acquisition of the remaining 49.0% of NMWPL by NPPL; and
- (c) the extension of convertible loans by our four (4) doctors and the subsequent conversion of the convertible loans into new ordinary shares of our Company at a discount,

(collectively, the “**Significant Events**”), had occurred on 1 January 2022 and 1 January 2023 respectively, and what the unaudited pro forma consolidated statement of financial position as at 31 December 2022 and 31 March 2023 would have been if the Significant Events had occurred on 31 December 2022 and 31 March 2023 respectively.

Please refer to the “Independent Auditor’s Assurance Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 31 December 2022 and Three-Month Period Ended 31 March 2023” as set out in Appendix C to this Offer Document for further details on the abovementioned events. The unaudited pro forma financial information is not necessarily indicative of the financial position, financial performance and cash flows of our Group that would have been attained had the Significant Events actually occurred on those dates. The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of our Group’s actual financial position, financial performance or cash flow.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(\$'000)	Unaudited pro forma FY2022	Unaudited pro forma 1Q2023
Revenue	11,095	2,582
Interest income	75	53
Other income and gains	252	83
Changes in inventories	8	(123)
Purchases and related costs	(1,681)	(220)
Employee benefits expense	(4,429)	(1,150)
Depreciation	(791)	(156)
Other losses	(75)	(5)
Finance costs	(77)	(17)
Other expenses	(1,252)	(567)
Profit before income tax	3,125	480
Income tax expense	(406)	(106)
Profit for the year/period	2,719	374
Profit attributable to:		
Owners of the Company	2,719	374
Non-controlling interest	–	–
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	(170)	25
Total comprehensive income for the year/period	2,549	399
Total comprehensive income attributable to:		
Owners of the Company	2,549	399
Non-controlling interest	–	–
Pre-Invitation EPS (cents) ⁽¹⁾	2.51	0.35
Post-Invitation EPS (cents) ⁽²⁾	2.09	0.29

Notes:

- (1) For comparative purposes, pre-Invitation EPS for FY2022 and 1Q2023 have been computed based on the profit for the years/periods and our pre-Invitation share capital of 108,200,000 Shares.
- (2) For comparative purposes, post-Invitation EPS for FY2022 and 1Q2023 have been computed based on the profit for the years/periods and our post-Invitation share capital of 130,000,000 Shares.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(\$'000)	Unaudited As at 31 December 2022	Unaudited As at 31 March 2023
ASSETS		
Non-current assets		
Property, plant and equipment	10,904	10,825
Deferred tax assets	44	44
Other assets	100	100
Total non-current assets	11,048	10,969
Current assets		
Inventories	1,952	1,829
Trade and other receivables	410	595
Cash and cash equivalents	2,991	3,076
Total current assets	5,353	5,500
Total assets	16,401	16,469
EQUITY AND LIABILITIES		
Equity		
Share capital	1,897	1,897
Retained earnings	11,223	11,741
Foreign currency translation reserve	21	46
Share-based payment reserve	157	157
Other reserve	(352)	(339)
Equity attributable to owners of the Company	12,946	13,502
Non-controlling interest	–	–
Total equity	12,946	13,502
Non-current liabilities		
Lease liabilities	1,019	978
Total non-current liabilities	1,019	978
Current liabilities		
Income tax payable	512	590
Trade and other payables	1,286	731
Lease liabilities	338	369
Other liabilities	300	299
Total current liabilities	2,436	1,989
Total liabilities	3,455	2,967
Total equity and liabilities	16,401	16,469
NAV per Share (cents)⁽¹⁾	11.96	12.48

Note:

- (1) For comparative purposes, our NAV per Share as at 31 December 2022 and 31 March 2023 have been computed based on the equity attributable to owners of the Company and our pre-Invitation share capital of 108,200,000 Shares.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

(\$'000)	Unaudited pro forma FY2022	Unaudited pro forma 1Q2023
Cash flows from operating activities		
Profit before income tax	3,125	480
Adjustment for:		
Interest income	(75)	(53)
Interest expense	77	17
Depreciation of property, plant and equipment	791	156
Loss on disposal of property, plant and equipment	4	–
Share-based payment expenses	157	157
Operating cash flows before changes in working capital	4,079	757
Changes in working capital:		
Inventories	(8)	123
Trade and other receivables	(185)	(192)
Other assets	(24)	–
Trade and other payables	(56)	(504)
Other liabilities	74	(1)
Net cash generated from operations	3,880	183
Income tax paid	(524)	(28)
Net cash from operating activities	3,356	155
Cash flows from investing activities		
Purchase of property, plant and equipment	(63)	(1)
Disposal of property, plant and equipment	16	–
Interest received	31	60
Net cash (used in)/from investing activities	(16)	59
Cash flows from financing activities		
Dividends paid to owners of the Company	(13,160)	(9,500)
Dividends paid to non-controlling interest	(259)	(116)
Payment of lease liabilities	(322)	(88)
Interest paid	(77)	(17)
Issue of shares	236	236
Net cash used in financing activities	(13,582)	(9,485)
Net decrease in cash and cash equivalents	(10,242)	(9,271)
Cash and cash equivalents, beginning balance	13,263	12,371
Effect of exchange rate fluctuation	(30)	(24)
Cash and cash equivalents, ending balance	2,991	3,076

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following discussion of our results of operations and financial position has been prepared by our management and should be read in conjunction with the full text of this Offer Document, including the "Independent Auditor's Report on the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022", the "Independent Auditor's Review Report on the Unaudited Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023" and the "Independent Auditor's Assurance Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 31 December 2022 and Three-Month Period Ended 31 March 2023" as set out in Appendices A, B and C to this Offer Document respectively, and the section titled "Management's Discussion and Analysis of Results of Operations and Financial Position" of this Offer Document.

This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause our future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Offer Document, particularly in the section titled "Risk Factors" of this Offer Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumption by our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date hereof. Please refer to the section titled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document.

OVERVIEW

We are a trusted and established family practice dermatology and aesthetic medical services provider with an operating history of over 25 years that also offers a comprehensive range of medical skincare products and salon services to complement medical solutions.

Please refer to the section titled "General Information on our Group – Business Overview" of this Offer Document for further details.

Our Company was incorporated in Singapore on 22 September 1998 under the Companies Act as a private company limited by shares under the name "Niks Professional Pte Ltd". We were converted into a public limited company on 13 October 2023 and our name was changed to "Niks Professional Ltd.". Please refer to the section titled "Group Structure – Internal Restructuring" of this Offer Document for further details.

Revenue

For the Period Under Review, our revenue is mainly derived from:

(a) Sale of goods

Our Group distributes skincare and beauty products. Revenue is recognised when the goods are transferred or delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price. Based on our Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our Group has a customer loyalty programme that enables end-customers to earn loyalty points based on the amount of purchases of skincare products. The loyalty points are redeemable for a discount on purchases within the next one (1) year. Our Group recognises revenue for the loyalty points redeemed and recognises a contract liability for unredeemed points as at the end of the financial period. The contract liability is recognised until the corresponding loyalty points are redeemed or expire.

(b) Rendering of services

Our Group provides dermatological and aesthetic medical services. Facial services are provided in our salons. Revenue from services is recognised as and when the services are performed and rendered.

Our Group has three (3) main operating and reportable segments as described below. These segments are our Group's strategic business units which are managed separately from one another because they require different strategies. Our Group's reportable segments and scope of operations are:

- (a) Clinics: Provision of family practice dermatology and aesthetic medical services and sale of skincare and beauty products and medicines at our medical clinics;
- (b) Retail: Sale of skincare and beauty products and provision of facial services at our salons and retail outlets; and
- (c) Headquarters: Distribution of skincare and beauty products to customers (including medical clinics and beauty salons) in Singapore and the PRC and sale of the products to end-customers in Singapore and the PRC through our Company's online sale platforms.

The breakdown of our revenue by business segments and geographical segments (in absolute terms and expressed as a percentage of the total amount) for the Period Under Review are set out in the table below:

Revenue by business segments

	← Audited →						← Unaudited →			
	FY2020		FY2021		FY2022		1Q2022		1Q2023	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Clinics	6,496	58.0	7,108	60.8	6,684	60.2	1,596	56.9	1,639	63.5
Retail	2,060	18.4	2,104	18.0	2,082	18.8	461	16.4	514	19.9
Headquarters	2,636	23.6	2,487	21.2	2,329	21.0	749	26.7	429	16.6
Total	11,192	100.0	11,699	100.0	11,095	100.0	2,806	100.0	2,582	100.0

Revenue by geographical segments

	← Audited →						← Unaudited →			
	FY2020		FY2021		FY2022		1Q2022		1Q2023	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Singapore	8,876	79.3	9,459	80.9	8,968	80.8	2,098	74.8	2,198	85.1
The PRC	2,316	20.7	2,240	19.1	2,127	19.2	708	25.2	384	14.9
Total	11,192	100.0	11,699	100.0	11,095	100.0	2,806	100.0	2,582	100.0

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our revenue may be affected by, among others, the following factors:

- (a) our brand image and our ability to maintain a good reputation as a dermatological service provider;
- (b) our ability to retain our existing customers and patients, and/or gain new customers and patients;
- (c) market demand for our products and our ability to maintain and expand our product portfolio;
- (d) our ability to maintain a consistent level of service from our clinics;
- (e) our ability to maintain and manage our marketing and distribution network;
- (f) the supply of products from suppliers and inventory management;
- (g) the ability and willingness of individual customers to pay for skincare products and dermatological services;
- (h) competition from other similar dermatological service providers or other skincare products distributors and our ability to remain competitive in the highly fragmented and competitive industry;
- (i) our ability to keep abreast of advances in medical technology;
- (j) our ability to attract and retain skilled and qualified doctors and key management personnel to support the growth of our Group's distribution channels;
- (k) acceptance and demand of our products by the consumers in the respective markets, which may be affected by political, social and economic changes;
- (l) demographic characteristics, such as age and employment profile, of the population in Singapore and the PRC;
- (m) our ability to anticipate demand and supply trends and maintain optimal level of inventories and devise optimised distribution strategies for our dermatological services;
- (n) changes in political, economic, and social developments as well as laws, regulations and licensing requirements in Singapore and around the world; and
- (o) our ability to maintain the relevant licences, registrations, permits, approvals or exemptions necessary to conduct the business.

Please refer to the sections titled "Risk Factors" and "Prospects, Business Strategies and Future Plans" of this Offer Document for further details on the above factors and other factors that may affect our revenue.

Interest income

Our interest income was derived from our interest-bearing fixed deposit accounts and fluctuated from year to year depending on the balances we maintained in these accounts from time to time.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other income and gains

The major components of our other income and gains in absolute terms and expressed as a percentage of the total amount are set out below:

	← Audited →						← Unaudited →			
	FY2020		FY2021		FY2022		1Q2022		1Q2023	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Government grant income	293	62.7	476	81.0	131	52.0	56	66.7	49	59.0
Rental income	70	15.0	88	15.0	115	45.6	28	33.3	33	39.8
Sundry income	104	22.3	24	4.0	6	2.4	–	–	1	1.2
Total	467	100.0	588	100.0	252	100.0	84	100.0	83	100.0

Other income and gains are mainly made up of government grant income. Government grant income in relation to COVID-19 relief and measures amounted to S\$244,000, S\$332,000, S\$10,000, S\$8,000 and Nil for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively. Our Group also received government grants from Enterprise Singapore under (a) the Productive Solutions Grant programme in relation to the acquisition of IT solutions and other automated equipment; and (b) the Digital Marketing Programme in relation to manpower costs incurred to execute our digital marketing campaigns.

Other types of government grant income received by our Group include financial assistance from the PRC government, subsidies and rebates under the Wage Credit Scheme from the Inland Revenue Authority of Singapore and the Senior Worker Early Adopter Grant from the MOM.

The vast majority of the above government grants are non-recurring in nature and dependent on the amount of qualifying business initiatives implemented and qualifying assets acquired during each relevant financial period.

Rental income is derived from part of the AMK Shophouse and Bedok Shophouse that are leased out to external third parties. Please refer to the section titled "General Information on our Group – Property, Plant and Equipment" of this Offer Document for portions of our leasehold properties that we lease out.

Sundry income comprised mainly of deposits forfeited from, and compensation to our Group, by our regional agents in the PRC under the terms of the distributorship agreements with NPSCL which provide for such forfeiture and compensation in the event that a regional agent sells the products at prices beyond a certain percentage lower than the retail prices indicated by NPSCL. Please refer to the section titled "General Information on our Group – Distributorship Agreements in the PRC" of this Offer Document for more information. For the avoidance of doubt, there was no material adverse impact on our Group's financials and/or operations resulting from such deposit forfeiture from, and compensation to our Group, by such regional agents in the PRC. For FY2020, the sundry income included COVID-19-related rental rebates from landlords amounting to approximately S\$87,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Changes in inventories

Changes in inventories relate to the difference in inventory levels held by our Group at the beginning of the financial period (i.e. end of the previous financial period) and the end of the financial period.

Purchases and related costs

Purchases and related costs amounted to approximately S\$1.95 million, S\$1.92 million, S\$1.68 million, S\$0.23 million and S\$0.22 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively. The main component of our purchases and related costs is the purchases of medicines and skincare and beauty products. Our medicines are mainly purchased from Singapore third-party suppliers/manufacturers while our skincare and beauty products and packaging material are mainly purchased from overseas third-party suppliers/manufacturers. The amount of goods we purchase from each supplier/manufacture tends to fluctuate from year to year depending on our evaluation of our existing and prospective suppliers/manufacturers in terms of pricing, product quality, track records, reputation and timeliness of delivery. We generally do not enter into long-term exclusive agreements or contracts with any of our suppliers/manufacturers.

Our purchases and related costs may be affected by, among others, the following factors:

- (a) our ability to source for and purchase supplies at competitive prices that will meet our customers' demands and requirements;
- (b) our ability to purchase consumables and supplies in bulk and negotiate for rebates and discounts;
- (c) changes in prices of medicines and other consumables; and
- (d) the fluctuations of currency exchange rate.

Please refer to the section titled "Risk Factors" of this Offer Document for further details on the above factors and other factors that may affect our purchases and related costs.

Employee benefits expense

Employee benefits expense amounted to approximately S\$4.35 million, S\$4.49 million, S\$4.43 million, S\$1.12 million and S\$1.15 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively. Employee benefits expense mainly comprised remuneration paid to our directors, doctors and other employees. This includes fixed and variable components of salaries and wages, commissions, bonuses, CPF contributions and other related costs.

Depreciation

Depreciation amounted to approximately S\$0.86 million, S\$0.88 million, S\$0.79 million, S\$0.22 million and S\$0.16 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively. Depreciation mainly pertains to the depreciation of leasehold properties, right-of-use assets, medical equipment, and other plant and equipment over their estimated useful lives.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our Group owns three (3) leasehold properties, namely the AMK Shophouse, the Bedok Shophouse and the Vision Exchange Property. These leasehold properties (comprising acquisition costs) are depreciated over their remaining lease periods (as at the respective dates of acquisition) of approximately 60 years, 61 years and 95 years respectively.

Right-of-use assets pertain to leasing arrangements for office, warehouse, clinic and retail premises and the right to use these premises are recognised in the consolidated statement of financial position and depreciated according to SFRS(I).

Please refer to the section titled "General information on our Group – Property, Plant and Equipment" of this Offer Document for further details about the leasehold properties owned by us, portions of our leasehold properties that we lease out and properties that are leased by us.

Our medical equipment mainly comprise laser and light machines, which are depreciated over three (3) to five (5) years.

Other plant and equipment comprise renovation at our Group's premises, computers, machinery, office equipment, furniture and fittings, and motor vehicle, which are depreciated over three (3) to five (5) years.

Other losses

Other losses amounted to approximately S\$0.02 million, S\$0.01 million, S\$0.08 million, S\$0.01 million and S\$0.01 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively. Other losses mainly pertains to foreign exchange adjustment losses arising from fluctuations between SGD and USD.

Finance costs

Finance costs amounted to approximately S\$0.02 million, S\$0.06 million, S\$0.08 million, S\$0.02 million and S\$0.02 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively. Finance costs comprise of interest expense on lease liabilities.

Other expenses

The major components of our other expenses in absolute terms and expressed as a percentage of the total amount are set out below:

	← Audited →						← Unaudited →			
	FY2020		FY2021		FY2022		1Q2022		1Q2023	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
NETS and credit card processing fees	127	16.2	154	20.3	162	14.8	39	21.9	42	10.2
Rental expense	122	15.6	105	13.8	86	7.9	21	11.8	21	5.1
Repair and maintenance	90	11.5	102	13.4	71	6.5	12	6.7	49	12.0
Licence fee	74	9.5	16	2.1	15	1.4	3	1.7	3	0.7
Foreign workers' levy	51	6.5	46	6.1	50	4.6	11	6.2	13	3.2
Staff welfare	32	4.1	44	5.8	28	2.6	3	1.7	5	1.2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

	← Audited →						← Unaudited →			
	FY2020		FY2021		FY2022		1Q2022		1Q2023	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Insurance	33	4.2	38	5.0	39	3.6	16	9.0	9	2.2
Utilities	24	3.1	23	3.0	41	3.7	10	5.6	6	1.5
Initial public offering related professional fees	–	–	–	–	386	35.3	–	–	176	42.9
Others	230	29.3	231	30.5	217	19.6	63	35.4	86	21.0
Total	783	100.0	759	100.0	1,095	100.0	178	100.0	410	100.0

Rental expense mainly pertains to the rental of a shop unit at 825 Tampines Street 81, #01-64, Tampines Grove, Singapore 520825 by our Company from a director. The terms of the rental agreement provide that the tenancy shall continue until either party serves the other a three (3)-month notice to terminate the same. Accordingly, our Company has elected to apply the short term leases exemption under SFRS(I) 16 and the lease of this shop unit is not accounted for according to SFRS(I) 16.

Repair and maintenance mainly pertain to the repair and maintenance of medical equipment.

The other items of other expenses mainly comprise printing and stationery, telecommunication and website expenses, bank charges, upkeep of motor vehicle and general expenses.

Income tax expense

Our Group Companies were subject to income tax at the applicable statutory tax rates of 17.0% in Singapore and 25.0% in the PRC during the Period Under Review.

A breakdown of our income tax expense and overall effective income tax rates for the Period Under Review is as follows:

	← Audited →			← Unaudited →	
	FY2020	FY2021	FY2022	1Q2022	1Q2023
Profit before income tax (S\$'000)	3,835	4,181	3,282	1,049	637
Income tax expense (S\$'000)	725	697	406	221	106
Effective tax rate of our Group (%)	18.9	16.7	12.4	21.1	16.6

Our effective tax rates for the Period Under Review were generally lower than the statutory tax rates due to tax effect of certain income/gains that are not taxable, statutory income tax exemption, over provision of income tax in respect of prior years and change in unrecognised temporary difference (i.e. movement in deferred tax).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

SEASONALITY

Our Group generally does not observe any significant seasonal trends in our business and operations.

INFLATION

We believe that inflation did not have a material impact on our business, results of operations or financial condition during the Period Under Review.

REVIEW OF RESULTS OF OPERATIONS

FY2020 vs FY2021

Revenue

Revenue increased by S\$0.51 million or 4.5%, from approximately S\$11.19 million in FY2020 to approximately S\$11.70 million in FY2021. This is attributable to an increase in revenue from the Clinics segment and Retail segment by S\$0.62 million and S\$0.04 million respectively. The above increases were partially offset by a decrease in revenue by S\$0.15 million from the Headquarters segment.

Revenue from the Clinics segment increased by S\$0.62 million or 9.4%, from approximately S\$6.49 million in FY2020 to approximately S\$7.11 million in FY2021. Our revenue from the Retail segment increased by S\$0.04 million or 2.1% from approximately S\$2.06 million in FY2020 to approximately S\$2.10 million in FY2021. This was mainly due to the increased patronage from our patients and customers with the easing of COVID-19 community measures at the end of FY2020.

Revenue from the Headquarters segment decreased by S\$0.15 million or 5.7%, from approximately S\$2.64 million in FY2020 to approximately S\$2.49 million in FY2021. This was mainly attributable to a decrease in online sales as some customers returned to purchasing our products from our clinics and shops. Sales of our products in the PRC slowed in FY2021 mainly due to the onset of the COVID-19 pandemic.

Other income and gains

Other income and gains increased by S\$0.12 million or 25.9%, from approximately S\$0.47 million in FY2020 to approximately S\$0.59 million in FY2021 mainly due to an increase in COVID-19-related government grants. COVID-19-related government grants amounted to approximately S\$0.24 million and S\$0.33 million during FY2020 and FY2021 respectively.

Changes in inventories

Inventories were approximately S\$1.98 million, S\$2.01 million and S\$1.94 million as at the end of FY2019, FY2020 and FY2021 respectively.

Purchases and related costs

Purchases and other related costs remained relatively stable at approximately S\$1.95 million and S\$1.92 million for FY2020 and FY2021 respectively, in line with the comparable product sales volume for both financial years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Employee benefits expense

Employee benefits expense increased marginally by S\$0.14 million or 3.2%, from approximately S\$4.35 million in FY2020 to approximately S\$4.49 million in FY2021. As at 31 December 2021, our Group had 52 employees, including two (2) directors and three (3) doctors (31 December 2020: 52 employees, including two (2) directors and three (3) doctors).

Depreciation

Depreciation remained relatively stable at approximately S\$0.86 million and S\$0.88 million for FY2020 and FY2021 respectively. A higher depreciation amounting to S\$0.42 million was recognised for right-of-use assets during FY2021 (FY2020: S\$0.37 million) due to additional depreciation incurred during the shift of our Orchard clinic from Orchard Central to The CentrepoinT in mid-2021 to commence renovation and reinstatement works. The increase was offset by lower depreciation recognised for medical equipment and other plant and equipment. The additions of plant and equipment (except leased assets) amounting to approximately S\$0.31 million during FY2021 did not result in higher depreciation as certain plant and equipment were fully depreciated during FY2020 and FY2021.

Other expenses

Other expenses remained relatively stable at approximately S\$0.78 million and S\$0.76 million for FY2020 and FY2021 respectively.

Profit before income tax

Profit before income tax increased by S\$0.35 million or 9.0% from approximately S\$3.83 million in FY2020 to approximately S\$4.18 million in FY2021 mainly due to higher sales generated from the Clinics segment and higher amount of COVID-19-related government grants received during FY2021 compared to FY2020.

FY2021 vs FY2022

Revenue

Revenue decreased by S\$0.60 million or 5.2%, from approximately S\$11.70 million in FY2021 to approximately S\$11.10 million in FY2022. This is attributable to a decrease in revenue from the Clinics, Retail and Headquarters segments by S\$0.43 million, S\$0.01 million and S\$0.16 million respectively.

Revenue from the Clinics segment decreased by S\$0.43 million or 6.0%, from approximately S\$7.11 million in FY2021 to approximately S\$6.68 million in FY2022. Our revenue from the Retail segment decreased marginally by S\$0.01 million or 1.0% from approximately S\$2.10 million in FY2020 to approximately S\$2.08 million in FY2021. Revenue from the Headquarters segment decreased by S\$0.16 million or 6.4%, from approximately S\$2.49 million in FY2021 to approximately S\$2.33 million in FY2022.

The above decreases were the result of many countries adopting a new COVID-19 normal and reopening their borders. Under such circumstances during FY2022, we were affected by cancellation of some appointments for medical and facial treatment by our patients and customers who resumed their overseas travels for various purposes. We were further affected by lower contribution from one of our key doctors who took an extended break during FY2022. In addition, the prolonged and intensified COVID-19 lockdowns in the PRC had also contributed to the lower Headquarters sales during FY2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other income and gains

Other income and gains decreased by S\$0.34 million or 57.1%, from approximately S\$0.59 million in FY2021 to approximately S\$0.25 million in FY2022 mainly due to a decrease in COVID-19-related government grants. COVID-19-related government grants amounted to S\$0.33 million and S\$0.01 million during FY2021 and FY2022 respectively.

The above decrease was partially offset by an increase in other government grants, such as those under the Wage Credit Scheme and Senior Worker Early Adopter Grant.

Changes in inventories

Inventories were approximately S\$2.01 million, S\$1.94 million and S\$1.95 million as at the end of FY2020, FY2021 and FY2022 respectively.

Purchases and related costs

Purchases and other related costs decreased by S\$0.24 million or 12.4%, from approximately S\$1.92 million in FY2021 to approximately S\$1.68 million in FY2022, largely in line with the decrease in product sales.

Employee benefits expense

Employee benefit expenses decreased slightly by S\$0.06 million or 1.4%, from approximately S\$4.49 million in FY2021 to approximately S\$4.43 million in FY2022. This was mainly attributable to lower sales commission and bonuses paid out as well as a decrease in headcount in FY2022. As at 31 December 2022, our Group had 50 employees, including two (2) directors and four (4) doctors (31 December 2021: 52 employees, including two (2) directors and three (3) doctors).

Depreciation

Depreciation decreased by S\$0.09 million or 10.3% from approximately S\$0.88 million in FY2021 to approximately S\$0.79 million in FY2022. This was mainly attributable to lower depreciation of right-of-use assets. During FY2021, additional depreciation was incurred during the shift of our Orchard clinic from Orchard Central to The Centrepont to commence renovation and reinstatement works. Depreciation of other plant and equipment were also lower during FY2022 due to lower amount of additions of plant and equipment during FY2022 and that certain plant and equipment were fully depreciated during FY2021 and FY2022.

Other expenses

Other expenses increased by S\$0.34 million or 44.3% from approximately S\$0.76 million during FY2021 to approximately S\$1.10 million during FY2022, mainly due to the one-off listing expenses of S\$0.39 million incurred during FY2022 (FY2021: NIL).

Profit before income tax

Profit before income tax decreased by S\$0.90 million or 21.5% from approximately S\$4.18 million in FY2021 to approximately S\$3.28 million in FY2022 mainly due to lower sales generated in FY2022, lower amount of COVID-19-related government grants received in FY2022, and higher other expenses as a result of the one-off listing expenses incurred during FY2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

1Q2022 vs 1Q2023

Revenue

Revenue decreased by S\$0.23 million or 8.0%, from approximately S\$2.81 million in 1Q2022 to approximately S\$2.58 million in 1Q2023. This is attributable to a decrease in revenue from the Headquarters segment by S\$0.32 million. The above decrease was partially offset by an increase in revenue from the Clinics segment and Retail segment by S\$0.04 million and S\$0.05 million respectively.

Revenue from the Clinics segment increased by S\$0.04 million or 2.7% from approximately S\$1.60 million in 1Q2022 to approximately S\$1.64 million in 1Q2023. Our revenue from the Retail segment increased by S\$0.05 million or 11.5% from approximately S\$0.46 million in 1Q2022 to approximately S\$0.51 million in 1Q2023. This was mainly due to additional revenue contributed by a new doctor who joined in July 2022 and the increased patronage from our patients and customers during the period.

Revenue from the Headquarters segment decreased by S\$0.32 million or 42.7%, from approximately S\$0.75 million in 1Q2022 to approximately S\$0.43 million in 1Q2023. We believe that this was mainly due to a decline in consumer confidence as a result of economic uncertainty in the PRC.

Other income and gains

Other income and gains remained relatively stable at approximately S\$0.08 million for each of 1Q2022 and 1Q2023.

Changes in inventories

Inventories were approximately S\$1.94 million, S\$1.86 million, S\$1.95 million and S\$1.83 million as at the end of FY2021, 1Q2022, FY2022 and 1Q2023 respectively.

Purchases and related costs

Purchases and other related costs remained relatively stable and decreased marginally by S\$0.01 million or 3.5% from approximately S\$0.23 million in 1Q2022 to approximately S\$0.22 million in 1Q2023.

Employee benefits expense

Employee benefits expense increased slightly by S\$0.03 million or 2.4%, from approximately S\$1.12 million in 1Q2022 to approximately S\$1.15 million in 1Q2023. As at 31 March 2023, our Group had 51 employees, including two (2) directors and four (4) doctors (31 March 2022: 50 employees, including two (2) directors and three (3) doctors).

Depreciation

Depreciation decreased by S\$0.06 million or 28.4% from approximately S\$0.22 million in 1Q2022 to approximately S\$0.16 million in 1Q2023. This was mainly attributable to a decrease in depreciation of medical equipment and other plant and equipment as more of these assets were fully depreciated during FY2022 and 1Q2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other expenses

Other expenses increased by S\$0.23 million or 130.3% from approximately S\$0.18 million during 1Q2022 to approximately S\$0.41 million during 1Q2023 mainly due to one-off listing expenses of approximately S\$0.18 million incurred during 1Q2023 (1Q2022: NIL).

Profit before income tax

Profit before income tax decreased by S\$0.41 million or 39.3% from approximately S\$1.05 million in 1Q2022 to approximately S\$0.64 million in 1Q2023 mainly due to lower sales generated in 1Q2023 and higher other expenses as a result of the one-off listing expenses incurred during 1Q2023.

Impact of COVID-19 on our Group

In late 2019, there was an outbreak of a novel strain of coronavirus being COVID-19 and on 11 March 2020, the World Health Organisation declared COVID-19 a pandemic. Countries around the world started to implement measures such as lock-downs, travel restrictions, shutdown of non-essential services and forced business closures in order to contain the spread of COVID-19.

In Singapore, restrictions on the entry of short-term visitors into Singapore were put in place and travel advisories were issued to discourage Singapore citizens and permanent residents from travelling overseas. In April 2020 and May 2020, "Circuit Breaker" measures were put in place to minimise the spread of COVID-19, which included the closing of most physical workplace premises and suspending all business, social and other activities that cannot be conducted through telecommuting from home, save for those providing essential services. Healthcare institutions were directed by the MOH to defer healthcare services which were triaged as non-essential services.

In the PRC, from the onset of the COVID-19 pandemic, the government adopted a zero-COVID strategy to prevent the domestic spread of COVID-19. Initially, most cases in the PRC were imported from overseas and several outbreaks were quickly controlled through large-scale testing, contact tracing and mandatory isolation. However, in mid-2022, there was a spike in the number of COVID-19 cases in the PRC. The PRC government relaxed its zero-COVID strategy in December 2022.

Due to the prevalence of COVID-19 in the countries that we operate in, as well as the border control and movement restrictions imposed in the PRC and globally, our Group saw a disruption to our business during the Period Under Review as described above. However, our Group did not experience any material disruption to its supplies. In addition, during the Period Under Review, our Group did not make any material impairments to our assets, or face any material adverse impact to our sources of cash or liquidity or ability to fulfil our near-term obligations.

REVIEW OF FINANCIAL POSITION

As at 31 December 2022

Non-current assets

As at 31 December 2022, our Group's non-current assets amounted to approximately S\$11.05 million, representing 42.9% of total assets. Our Group's non-current assets comprised the following:

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (a) property, plant and equipment amounting to approximately S\$10.91 million, representing 98.7% of total non-current assets and comprising leasehold properties, right-of-use assets, medical equipment and other plant and equipment;
- (b) deferred tax assets amounting to approximately S\$0.04 million, representing 0.4% of total non-current assets; and
- (c) other assets amounting to approximately S\$0.10 million, representing 0.9% of total non-current assets and comprising rental deposits paid.

Current assets

As at 31 December 2022, our Group's current assets amounted to approximately S\$14.73 million, representing 57.1% of total assets. Our Group's current assets comprised the following:

- (a) inventories amounting to approximately S\$1.95 million, representing 13.2% of total current assets and comprising trading and finished goods;
- (b) trade and other receivables amounting to approximately S\$0.41 million, representing 2.8% of total current assets and comprising trade receivables and other receivables from outside parties, deposits and prepayments; and
- (c) cash and cash equivalents amounting to approximately S\$12.37 million, representing 84.0% of total current assets and comprising cash and bank balances (including fixed deposits).

Non-current liabilities

As at 31 December 2022, our Group's non-current liabilities amounted to approximately S\$1.02 million, representing 29.5% of total liabilities. Our Group's non-current liabilities comprised non-current portion of lease liabilities.

Current liabilities

As at 31 December 2022, our Group's current liabilities amounted to approximately S\$2.44 million, representing 70.5% of total liabilities. Our Group's current liabilities comprised the following:

- (a) income tax payable amounting to approximately S\$0.51 million, representing 21.0% of total current liabilities;
- (b) trade and other payables amounting to approximately S\$1.29 million, representing 52.8% of total current liabilities and mainly comprising trade payables to outside parties, advance payments and deposits received, accrued liabilities and goods and services tax payable. Deposits received increased from approximately S\$0.02 million as at 31 December 2020 to approximately S\$0.37 million as at 31 December 2021 mainly due to deposits collected from our Group's regional agents in the PRC for each of their orders from January 2021 onwards;
- (c) current portion of lease liabilities amounting to approximately S\$0.34 million, representing 13.9% of total current liabilities; and

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (d) other liabilities amounting to approximately S\$0.30 million, representing 12.3% of total current liabilities and comprising contract liabilities arising from our Group's obligation to accept rewards points as a payment option pursuant to our Group's customer loyalty programme (NIK\$ Scheme).

Equity attributable to owners of the Company

As at 31 December 2022, equity attributable to owners of the Company amounted to approximately S\$22.12 million, comprising share capital, retained earnings and foreign currency translation reserve of approximately S\$1.22 million, S\$20.88 million and S\$0.02 million respectively.

As at 31 March 2023

Non-current assets

As at 31 March 2023, our Group's non-current assets amounted to approximately S\$10.97 million, representing 42.4% of total assets. Our Group's non-current assets comprised the following:

- (a) property, plant and equipment amounting to approximately S\$10.83 million, representing 98.7% of total non-current assets and comprising leasehold properties, right-of-use assets; medical equipment and other plant and equipment. Leasehold properties amounted to approximately S\$9.44 million;
- (b) deferred tax assets amounting to approximately S\$0.04 million, representing 0.4% of total non-current assets; and
- (c) other assets amounting to approximately S\$0.10 million, representing 0.9% of total non-current assets and comprising rental deposits paid.

Current assets

As at 31 March 2023, our Group's current assets amounted to approximately S\$14.88 million, representing 57.6% of total assets. Our Group's current assets comprised the following:

- (a) inventories amounting to approximately S\$1.83 million, representing 12.3% of total current assets and comprising trading and finished goods;
- (b) trade and other receivables amounting to approximately S\$0.59 million, representing 4.0% of total current assets and comprising trade receivables and other receivables from outside parties, deposits and prepayments; and
- (c) cash and cash equivalents amounting to approximately S\$12.46 million, representing 83.7% of total current assets and comprising cash and bank balances (including fixed deposits).

Non-current liabilities

As at 31 March 2023, our Group's non-current liabilities amounted to approximately S\$0.98 million, representing 33.0% of total liabilities. Our Group's non-current liabilities comprised non-current portion of lease liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Current liabilities

As at 31 March 2023, our Group's current liabilities amounted to approximately S\$1.99 million, representing 67.0% of total liabilities. Our Group's current liabilities comprised the following:

- (a) income tax payable amounting to approximately S\$0.59 million, representing 29.7% of total current liabilities;
- (b) trade and other payables amounting to approximately S\$0.73 million, representing 36.8% of total current liabilities and mainly comprising trade payables to outside parties, advance payments and deposits received, accrued liabilities and goods and services tax payable;
- (c) current portion of lease liabilities amounting to approximately S\$0.37 million, representing 18.5% of total current liabilities; and
- (d) other liabilities amounting to approximately S\$0.30 million, representing 15.0% of total current liabilities and comprising contract liabilities arising from our Group's obligation to accept reward points as payment option pursuant to our Group's customer loyalty programme (NIK\$ Scheme).

Equity attributable to owners of the Company

As at 31 March 2023, equity attributable to owners of the Company amounted to approximately S\$22.66 million, comprising share capital, retained earnings and foreign currency translation reserve approximately of S\$1.22 million, S\$21.40 million and S\$0.04 million respectively.

Reconciliation of audited consolidated statement of comprehensive income and unaudited pro forma consolidated statement of comprehensive income for FY2022

Other expenses

Our Group's other expenses would amount to S\$1.25 million, representing an increase of S\$0.16 million due to the recognition of share-based payment expense arising from the conversion of convertible loans extended by four (4) doctors of our Group (who are not directors of our Company) into new Shares at a discount.

Profit attributable to owners of the Company

Our Group's profit attributable to owners of the Company would amount to S\$2.72 million, representing a net decrease of S\$0.04 million due to an increase in other expenses of S\$0.16 million. This is attributable to the recognition of share-based payment expense arising from the conversion of convertible loans extended by four (4) doctors of our Group (who are not directors of our Company) into new Shares at a discount. This was offset by recognition of S\$0.12 million from profit attributable to non-controlling interest to profit attributable to owners of the Company as a result of the acquisition of the remaining 49.0% interest in NMWPL.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Reconciliation of unaudited consolidated statement of comprehensive income and unaudited pro forma consolidated statement of comprehensive income for 1Q2023

Other expenses

Our Group's other expenses would amount to S\$0.57 million, representing an increase of S\$0.16 million due to the recognition of share-based payment expense arising from the conversion of convertible loans extended by four (4) doctors of our Group (who are not directors of our Company) into new Shares at a discount.

Profit attributable to owners of the Company

Our Group's profit attributable to owners of the Company would amount to S\$0.37 million, representing a net decrease of S\$0.15 million mainly due to an increase in other expenses of S\$0.16 million. This is attributable to the recognition of share-based payment expense arising from the conversion of convertible loans extended by four (4) doctors of our Group (who are not directors of our Company) into new Shares at a discount. This was offset by recognition of S\$0.01 million from profit attributable to non-controlling interest to profit attributable to owners of the Company as a result of the acquisition of the remaining 49.0% interest in NMWPL.

Reconciliation of audited consolidated statement of financial position and unaudited pro forma consolidated statement of financial position as at 31 December 2022

Based on the unaudited pro forma consolidated statement of financial position as at 31 December 2022, the following adjustments were made:

Current assets

Our Group's current assets would amount to S\$5.35 million, representing a decrease of S\$9.38 million. This was due to:

- (a) one-tier tax exempt dividends paid to non-controlling interest of S\$0.12 million;
- (b) one-tier tax exempt dividends paid to owners of S\$9.50 million; and
- (c) proceeds from convertible loans extended by four (4) doctors of our Group (who are not directors of our Company) of S\$0.24 million which would be converted into new Shares.

Total equity

Our Group's total equity would amount to S\$12.95 million, representing a decrease of S\$9.38 million. This was due to:

- (a) one-tier tax exempt dividends paid to non-controlling interest of S\$0.12 million;
- (b) one-tier tax exempt dividends paid to owners of S\$9.50 million; and
- (c) proceeds from convertible loans extended by four (4) doctors of our Group (who are not directors of our Company) of S\$0.24 million which would be converted into new Shares.

Reconciliation of unaudited consolidated statement of financial position and unaudited pro forma consolidated statement of financial position as at 31 March 2023

Based on the unaudited pro forma consolidated statement of financial position as at 31 March 2023, the following adjustments were made:

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Current assets

Our Group's current assets would amount to S\$5.50 million, representing a decrease of S\$9.38 million. This was due to:

- (a) one-tier tax exempt dividends paid to non-controlling interest of S\$0.12 million;
- (b) one-tier tax exempt dividends paid to owners of S\$9.50 million; and
- (c) proceeds from convertible loans extended by four (4) doctors of our Group (who are not directors of our Company) of S\$0.24 million which would be converted into new Shares.

Total equity

Our Group's total equity would amount to S\$13.50 million, representing a decrease of S\$9.38 million. This was due to:

- (a) one-tier tax exempt dividends paid to non-controlling interest of S\$0.12 million;
- (b) one-tier tax exempt dividends paid to owners of S\$9.50 million; and
- (c) proceeds from convertible loans extended by four (4) doctors of our Group (who are not directors of our Company) of S\$0.24 million which would be converted into new Shares.

Reconciliation of audited consolidated statement of cash flows and unaudited pro forma consolidated statement of cash flows for FY2022

Cash and cash equivalents would amount to approximately S\$2.99 million as at 31 December 2022, representing a net decrease of approximately S\$9.38 million.

This is due to an increase in net cash used in financing activities as a result of one-tier tax exempt dividends paid to non-controlling interest of S\$0.12 million and one-tier tax exempt dividends paid to owners of S\$9.50 million. This was partially offset by proceeds of S\$0.24 million from convertible loans extended by four (4) doctors of our Group (who are not directors of our Company). These convertible loans were converted into new Shares on 13 October 2023.

Reconciliation of unaudited consolidated statement of cash flows and unaudited pro forma consolidated statement of cash flows for 1Q2023

Cash and cash equivalents would amount to approximately S\$3.08 million as at 31 March 2023, representing a net decrease of approximately S\$9.38 million.

This is due to an increase in net cash used in financing activities as a result of one-tier tax exempt dividends paid to non-controlling interest of S\$0.12 million and one-tier tax exempt dividends paid to owners of S\$9.50 million. This was partially offset by proceeds of S\$0.24 million from convertible loan loans extended by four (4) doctors of our Group (who are not directors of our Company). These convertible loans were converted into new Shares on 13 October 2023.

LIQUIDITY AND CAPITAL RESOURCES

During the Period Under Review, our Group's operations have been financed through a combination of shareholders' equity and net cash generated from operating activities. Our principal uses of cash have been for (a) financing of working capital; (b) capital expenditures; (c) payment of lease liabilities; and (d) payment of dividends to owners of our Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Net cash generated from operating activities amounted to S\$4.85 million, S\$4.32 million and S\$3.36 million in FY2020, FY2021 and FY2022 respectively, and S\$0.90 million and S\$0.16 million in 1Q2022 and 1Q2023 respectively. Our Group recorded positive working capital of S\$16.99 million, S\$13.17 million and S\$12.30 million as at 31 December 2020, 31 December 2021 and 31 December 2022 respectively. As at 31 March 2023, our working capital position amounted to S\$12.89 million, which translates to a current ratio (defined as current assets divided by current liabilities) was 7.48 times. As at 31 March 2023, cash and cash equivalents of our Group amounted to S\$12.46 million.

Based on the unaudited consolidated financial position as at 31 March 2023, equity attributable to owners of our Company amounted to approximately S\$22.66 million and our sum of indebtedness (which comprised lease liabilities only) amounted to approximately S\$1.35 million.

As at the Latest Practicable Date, our Group had cash and cash equivalents amounting to S\$12.98 million². Save for the lease liabilities, we do not have any other borrowings or loans. Please refer to the section titled "Capitalisation and Indebtedness" of this Offer Document for further details.

Our Directors are of the reasonable opinion that, after taking into consideration: (a) the cash flow generated from our Group's operations; (b) the payment of dividends of S\$9.50 million to the owners of the Company on 25 September 2023 prior to the Listing; (c) the payment of dividends of S\$0.03 million to non-controlling interest of NMWPL on 25 September 2023 prior to the Listing; (d) the estimated capital expenditures required in our Group's organic expansion of opening new clinics and outlets in Singapore, as further described in the section titled "Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans" of this Offer Document; and (e) our Group's existing cash and cash equivalents of S\$12.98 million² as at the Latest Practicable Date, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist.

The Sponsor and Issue Manager is of the reasonable opinion that, after having made due and careful enquiry and after taking into consideration: (a) the cash flow generated from our Group's operations; (b) the payment of dividends of S\$9.50 million to the owners of the Company on 25 September 2023 prior to the Listing; (c) the payment of dividends of S\$0.03 million to non-controlling interest of NMWPL on 25 September 2023 prior to the Listing; (d) the estimated capital expenditures required in our Group's organic expansion of opening new clinics and outlets in Singapore, as further described in the section titled "Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans" of this Offer Document; and (e) our Group's existing cash and cash equivalents of S\$12.98 million² as at the Latest Practicable Date, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for present requirements and for at least 12 months after the listing of our Company on Catalist.

For avoidance of doubt, the above working capital sufficiency confirmations by our Directors and the Sponsor and Issue Manager have not taken into account the proceeds from the Listing.

² Assuming that payment of dividends of S\$9.50 million to the owners of the Company on 25 September 2023 and the payment of dividends of S\$0.03 million to non-controlling interest of NMWPL on 25 September 2023 were paid as at the Latest Practicable Date, our Group's cash and cash equivalents would have been approximately S\$3.45 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

We set out below a summary of our consolidated statement of cash flows for the Period Under Review. The following cash flow summary should be read in conjunction with the full text of this Offer Document, including the “Independent Auditor’s Report on the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022”, the “Independent Auditor’s Review Report on the Unaudited Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023” and the “Independent Auditor’s Assurance Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 31 December 2022 and Three-Month Period Ended 31 March 2023” as set out in Appendices A, B and C respectively, and the section titled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document.

(S\$'000)	Audited			Unaudited	
	FY2020	FY2021	FY2022	1Q2022	1Q2023
Net cash from operating activities	4,851	4,324	3,356	901	155
Net cash (used in)/from investing activities	(144)	(224)	(16)	(32)	59
Net cash used in financing activities	(469)	(7,911)	(4,202)	(97)	(105)
Net increase/(decrease) in cash and cash equivalents	4,238	(3,811)	(862)	772	109
Cash and cash equivalents, beginning balance	12,833	17,035	13,263	13,263	12,371
Effect of exchange rate fluctuation	(36)	39	(30)	–	(24)
Cash and cash equivalents, ending balance	17,035	13,263	12,371	14,035	12,456

FY2020

In FY2020, our Group’s net cash from operating activities of approximately S\$4.85 million resulted from operating cash inflows before working capital changes of approximately S\$4.59 million, adjusted for net positive change in working capital of approximately S\$0.85 million and income tax payment of approximately S\$0.59 million. The net positive change in working capital was mainly due to: (a) a decrease in trade and other receivables of approximately S\$0.23 million; (b) an increase in trade and other payables of approximately S\$0.63 million; and (c) an increase in other liabilities of approximately S\$0.04 million. These were partially offset by: (a) an increase in inventories of approximately S\$0.03 million; and (b) an increase in other assets of approximately S\$0.02 million. Please refer to the section titled “General Information on our Group – Credit Management” of this Offer Document for further details on the fluctuations in trade and other receivables and trade and other payables.

Net cash used in investing activities of approximately S\$0.14 million was mainly due to purchase of property, plant and equipment of approximately S\$0.27 million. This outflow was partially offset by interest received of approximately S\$0.12 million.

Net cash used in financing activities of approximately S\$0.47 million was due to: (a) payment of lease liabilities of approximately S\$0.37 million; (b) dividends paid to non-controlling interest of approximately S\$0.08 million; and (c) interest paid of approximately S\$0.02 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

As a result of the above, there was a net increase of approximately S\$4.24 million in cash and cash equivalents. As at 31 December 2020, our cash and cash equivalents amounted to approximately S\$17.04 million.

FY2021

In FY2021, our Group's net cash from operating activities of approximately S\$4.32 million resulted from operating cash inflows before working capital changes of approximately S\$5.04 million, adjusted for net positive change in working capital of approximately S\$0.14 million and income tax payment of approximately S\$0.86 million. The net positive change in working capital was mainly due to: (a) a decrease in inventories of approximately S\$0.07 million; (b) a decrease in trade and other receivables of approximately S\$0.04 million; and (c) an increase in trade and other payables by S\$0.12 million. These were partially offset by: (a) an increase in other assets of S\$0.05 million; and (b) a decrease in other liabilities of approximately S\$0.04 million. Please refer to the section titled "General Information on our Group – Credit Management" of this Offer Document for further details on the fluctuations in trade and other receivables and trade and other payables.

Net cash used in investing activities of approximately S\$0.22 million was mainly due to purchase of property, plant and equipment of approximately S\$0.31 million. This outflow was partially offset by interest received of approximately S\$0.09 million.

Net cash used in financing activities of approximately S\$7.91 million was mainly due to: (a) dividends paid to owners of our Company and non-controlling interest of approximately S\$7.92 million and S\$0.12 million respectively; (b) payment of lease liabilities of approximately S\$0.37 million; and (c) interest paid of approximately S\$0.06 million. These outflows were partially offset by proceeds from issue of shares of approximately S\$0.56 million.

As a result of the above, there was a net decrease of approximately S\$3.81 million in cash and cash equivalents. As at 31 December 2021, our cash and cash equivalents amounted to approximately S\$13.26 million.

FY2022

In FY2022, our Group's net cash from operating activities of approximately S\$3.36 million resulted from operating cash inflows before working capital changes of approximately S\$4.08 million, adjusted for net adverse change in working capital of approximately S\$0.20 million and income tax payment of approximately S\$0.52 million. The net adverse change in working capital was mainly due to: (a) an increase in trade and other receivables of approximately S\$0.19 million; (b) an increase in other assets of approximately S\$0.02 million; and (c) a decrease in trade and other payables of approximately S\$0.06 million. These were partially offset by an increase in other liabilities of approximately S\$0.07 million. Please refer to the section titled "General Information on our Group – Credit Management" of this Offer Document for further details on the fluctuations in trade and other receivables and trade and other payables.

Net cash used in investing activities was not significant. Cash used for the purchase of property, plant and equipment amounting to approximately S\$0.06 million was offset by interest received of approximately S\$0.03 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Net cash used in financing activities of approximately S\$4.20 million was due to: (a) dividends paid to owners of our Company and non-controlling interest of approximately S\$3.66 million and S\$0.14 million respectively; (b) payment of lease liabilities of approximately S\$0.32 million; and (c) interest paid of approximately S\$0.08 million.

As a result of the above, there was a net decrease of approximately S\$0.86 million in cash and cash equivalents. As at 31 December 2022, our cash and cash equivalents amounted to approximately S\$12.37 million.

1Q2022

In 1Q2022, our Group's net cash from operating activities of approximately S\$0.90 million resulted from operating cash inflows before working capital changes of approximately S\$1.28 million, adjusted for net adverse change in working capital of approximately S\$0.37 million and income tax payment of approximately S\$0.01 million. The net adverse change in working capital was mainly due to: (a) an increase in trade and other receivables of approximately S\$0.12 million; (b) an increase in other assets of approximately S\$0.03 million; and (c) a decrease in trade and other payables of approximately S\$0.37 million. These were partially offset by: (a) a decrease in inventories of approximately S\$0.08 million; and (b) an increase in other liabilities of approximately S\$0.07 million. Please refer to the section titled "General Information on our Group – Credit Management" of this Offer Document for further details on the fluctuations in trade and other receivables and trade and other payables.

Net cash used in investing activities was not significant. Cash used for the purchase of property, plant and equipment amounting to approximately S\$0.06 million which was partially offset by disposal of property, plant and equipment and interest received of approximately S\$0.02 million and S\$0.01 million respectively.

Net cash used in financing activities of approximately S\$0.10 million was due to payment of lease liabilities of approximately S\$0.08 million and interest paid of approximately S\$0.02 million.

As a result of the above, there was a net increase of approximately S\$0.77 million in cash and cash equivalents. As at 31 March 2022, our cash and cash equivalents amounted to approximately S\$14.04 million.

1Q2023

In 1Q2023, our Group's net cash from operating activities of approximately S\$0.16 million resulted from operating cash inflows before working capital changes of approximately S\$0.76 million, adjusted for net adverse change in working capital of approximately S\$0.57 million and income tax payment of approximately S\$0.03 million. The net adverse change in working capital was mainly due to: (a) an increase in trade and other receivables of approximately S\$0.19 million; and (b) a decrease in trade and other payables of approximately S\$0.50 million. These were partially offset by a decrease in inventories of approximately S\$0.12 million. Please refer to the section titled "General Information on our Group – Credit Management" of this Offer Document for further details on the fluctuations in trade and other receivables and trade and other payables.

Net cash from investing activities was not significant. Our Group received interest of approximately S\$0.06 million for 1Q2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Net cash used in financing activities of approximately S\$0.11 million was mainly due to payment of lease liabilities of approximately S\$0.09 million and interest paid of approximately S\$0.02 million.

As a result of the above, there was a net increase of approximately S\$0.11 million in cash and cash equivalents. As at 31 March 2022, our cash and cash equivalents amounted to approximately S\$12.46 million.

CAPITAL EXPENDITURES, DIVESTMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

Capital Expenditures and Divestments

Our capital expenditures (based on net book values) during the Period Under Review and for the period from 1 April 2023 up to the Latest Practicable Date are as follows:

(S\$'000)	FY2020	FY2021	FY2022	1Q2023	1 April 2023 to the Latest Practicable Date
Capital Expenditures					
Computers	9	36	8	1	366
Furniture and fittings	1	1	–	–	–
Machinery	10	10	–	–	–
Medical equipment	166	34	–	–	154
Motor vehicle	–	–	54	–	–
Office equipment	–	15	1	–	–
Renovation	81	215	–	–	–
Total	267	311	63	1	520

The above capital expenditures were incurred to update, replace or refurbish our existing plant and equipment and were financed by net cash generated from operating activities and were mainly incurred in Singapore, save for certain capital expenditure in relation to our PRC operations, for office equipment.

Additions of leased assets (i.e. right-of-use assets) are based on the initial measurement of lease liabilities and other related items in relation to the leasing of premises and excluded from the above calculations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our capital divestments (based on net book values) during the Period Under Review and for the period from 1 April 2023 up to the Latest Practicable Date are as follows:

(S\$'000)	FY2020	FY2021	FY2022	1Q2023	1 April 2023 to the Latest Practicable Date
<i>Divestments</i>					
Computers	–	–	–	–	–
Furniture and fittings	–	–	–	–	–
Machinery	–	–	–	–	–
Medical equipment	–	–	–	–	–
Motor vehicle	–	–	20	–	–
Office equipment	–	–	–	–	–
Renovation	–	–	–	–	–
Total	–	–	20	–	–

The above capital divestments were incurred in Singapore.

Capital Commitments

As at the Latest Practicable Date, our Group did not have any material capital commitments.

Contingent Liabilities

As at the Latest Practicable Date, our Group did not have any material contingent liabilities.

Foreign Exchange Risks Management

Our reporting currency is Singapore dollars, which is the functional currency of our Company.

Our Group has transactional currency exposures arising from certain purchases that are denominated in a currency other than the functional currencies of our Group Companies. The functional currencies of our Group Companies are primarily the SGD and CNY, while certain purchases are denominated in USD and SGD. Our Group does not use any financial derivatives, such as foreign currency forward contracts and foreign currency options, for hedging purpose.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

NEW ACCOUNTING STANDARDS AND CHANGES IN ACCOUNTING POLICIES

A number of new standards and amendments to standard have been issued and are effective for annual periods beginning on or after 1 January 2023 and, as such, have not been applied in preparing these consolidated financial statements. The adoption of these new and amended standards is not expected to have a significant impact on the consolidated financial statements in the year of initial application.

Standard	Title	Effective for annual periods beginning on or after
SFRS(I) 1-1	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
SFRS(I) 4	Amendments to SFRS(I) 4: Extension of the Temporary Exemption from Applying SFRS(I) 9	1 January 2023
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
SFRS(I) 1-12	Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
SFRS(I) 17	Insurance Contracts	1 January 2023
SFRS(I) 17	Amendments to SFRS(I) 17: Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information	1 January 2023
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
SFRS(I) 16	Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Non-Current Liabilities with Covenants	1 January 2024

CAPITALISATION AND INDEBTEDNESS

The following table, which should be read in conjunction with the full text of this Offer Document, including the section titled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document, and the “Independent Auditor’s Report on the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022”, the “Independent Auditor’s Review Report on the Unaudited Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023” and the “Independent Auditor’s Assurance Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 31 December 2022 and Three-Month Period Ended 31 March 2023” as set out in Appendices A, B and C to this Offer Document respectively, shows the cash and cash equivalents as well as capitalisation and indebtedness of our Group:

- (a) as at 31 March 2023, based on the unaudited consolidated financial position of our Group as at 31 March 2023;
- (b) as at 31 August 2023, being a date no earlier than 60 days before the date of lodgement of this Offer Document, based on the unaudited consolidated management accounts of our Group as at 31 August 2023; and
- (c) as at 31 August 2023, based on the unaudited consolidated management accounts of our Group as at 31 August 2023, as adjusted to give effect to the issuance of the Invitation Shares at the Invitation Price and the application of net proceeds from the Invitation due to us in the manner described in the section titled “Use of Proceeds and Listing Expenses” of this Offer Document.

(\$'000)	As at 31 March 2023	As at 31 August 2023	As adjusted for the Net Proceeds from the Issue of the Invitation Shares
Cash and cash equivalents	12,456	12,919	16,246
Indebtedness			
Non-current:			
Secured and guaranteed	–	–	–
Secured and non-guaranteed	–	–	–
Unsecured and guaranteed	–	–	–
Unsecured and non-guaranteed ⁽¹⁾	978	1,141	1,141
Current:			
Secured and guaranteed	–	–	–
Secured and non-guaranteed	–	–	–
Unsecured and guaranteed	–	–	–
Unsecured and non-guaranteed ⁽¹⁾	369	462	462
Total indebtedness	1,347	1,603	1,603
Total equity	22,882	23,565	26,892
Total capitalisation and indebtedness	24,229	25,168	28,495

Note:

- (1) Unsecured and non-guaranteed indebtedness pertains to lease liabilities in relation to our Group’s leasing of premises.

CAPITALISATION AND INDEBTEDNESS

As at the Latest Practicable Date, there were no material changes to our total capitalisation and indebtedness as disclosed above, save for (a) changes in working capital; and (b) changes in total equity and reserves arising from our day-to-day operations in the ordinary course of business.

Bank Facilities

As at the Latest Practicable Date, we did not have any outstanding banking facility.

As at the Latest Practicable Date, to the best of our Directors' knowledge, none of the Shares of our Substantial Shareholders had been pledged, charged or mortgaged as collateral to secure any credit or banking facilities.

Contingent Liabilities

As at the Latest Practicable Date, our Company was not aware of any contingent liabilities which may have a material effect on the financial position and profitability of our Group.

GENERAL INFORMATION ON OUR GROUP

HISTORY

The history of our Group can be traced to the setting up of Maple Clinic in Tampines by Dr Ong Fung Chin in 1994, four (4) years before the incorporation of our Company. Maple Clinic started as a general practice clinic. However, Dr Ong, with a postgraduate Diploma in Dermatology from the United Medical and Dental Schools of Guy's and St Thomas' Hospitals (now part of King's College, London), soon began to treat more patients with skin issues. With time, the patient profile at Maple Clinic gravitated towards those with skin conditions, with a corresponding decline in those who consulted Dr Ong for common ailments treated by general practitioners. In line with then-emerging trends among dermatologists in the U.S., Dr Ong sought to enhance treatment outcomes by complementing prescription medicines and medical procedures with medical skincare products. The suite of skincare products, which she jointly developed with overseas laboratories and manufacturers, grew over the years to more than 100 items as at the Latest Practicable Date. While treatment for skin issues remains as the mainstay at Maple Clinic, services like aesthetic injectables and lasers were added over time.

In 1998, our Company was incorporated to further develop and market the line of medical skincare products. The products were branded as "NIKS", which is the lateral reversion of "SKIN". Our Company became the supplier of Niks skincare products not only to Maple Clinic, but also several other clinics, beauty salons and retail shops. Our Company then ventured into operating retail shops to sell Niks skincare products, opening a first outlet in Great World City in 1999 under "The Niks Shop" brand. In 2004, The Niks Shop added facial services and was renamed "Niks Shop Salon". Mr Cheng Shoong Tat formally joined our Group on a full-time basis as the Managing Director in 2005, and has been responsible for the overall management, strategic planning and business development of our Group since then. In 2005, we decided to fold Maple Clinic into our Company by having the latter acquire 100% of the former from Dr Ong. Maple Clinic was renamed Niks Maple Clinic after the transaction and our Group went on to open Niks Maple Laser Clinic in Orchard Road in 2007 and Niks Maple West Clinic in Jurong East Central in 2009. The Orchard clinic, now called Niks Maple Central Clinic, houses a wide array of laser and light machines for dermatological and aesthetic medical applications.

Our Group expanded into the PRC in 2008 with the setting up of a wholly-owned subsidiary, NPSC. NPSC supplies Niks skincare products to 11 regional agents in the PRC, covering 13 provinces and one (1) city as at the Latest Practicable Date, as well as directly to medical groups, beauty salons and doctors. It also sells to consumers via a business-to-consumer e-commerce platform, specifically a WeChat mini-program.

Significant milestones in the growth and development of our Group

The key milestones in the growth and development of our Group are highlighted chronologically below:

- | | |
|------|---|
| 1998 | Our Company was incorporated in Singapore to supply medical skincare products to Maple Clinic as well as other clinics, beauty salons and retail shops. |
| 1999 | Opened first retail shop, The Niks Shop, in Great World City. |
| 2004 | The Niks Shop added provision of facial services and was renamed Niks Shop Salon. |
| 2005 | Our Company acquired Maple Clinic and renamed it Niks Maple Clinic (Tampines). |
| 2007 | Set up of Niks Maple Laser Clinic in Orchard Road as our Group's flagship clinic. |

GENERAL INFORMATION ON OUR GROUP

2008	NPSCL was incorporated in the PRC to supply medical skincare products to hospitals and clinics via regional agents, and directly to consumers via e-commerce.
2009	Set up of Niks Maple West Clinic in Jurong East Central.
2017	Acquired Vision Exchange Property. Incorporated NMWPL as a joint venture among our Company (51%), Dr Handry Gumanti and Dr Lau Chin Hoh (collectively 49%) to take over ownership and operation of Niks Maple West Clinic. Acquired Bedok Shophouse.
2019	Acquired AMK Shophouse.
2021	Moved Niks Maple Laser Clinic and Niks Shop Salon to The Centrepoint pursuant to expansion.
2023	Acquired 49% of NMWPL, which became a wholly owned subsidiary of our Company.

BUSINESS OVERVIEW

We are a trusted and established family practice dermatology and aesthetic medical services provider with an operating history of more than 25 years that also offers a comprehensive range of medical skincare products and salon services to complement medical solutions.

Our Doctors

As at the Latest Practicable Date, we have five (5) doctors who participate in the provision of family practice dermatology and aesthetic medical services to our patients in our three (3) clinics in Singapore. All of them are registered as general practitioners with MOH, and have, on average, over 20 years of experience in the industry. A majority possess postgraduate diplomas in dermatology. They offer medical consultation, prescribe medicines and complementary skincare products and undertake procedures including but not limited to light and laser procedures, injectables, subcisions, and mole removals.

Our Group's market presence and reputation are built upon the experience and reputation of the following doctors whose medical experiences and achievements are set out as follows:

Dr Ong Fung Chin

MBBS (NUS, Singapore), Dip Derm (University of London,³ UK), GDMH (NUS, Singapore)

Dr Ong has about 38 years of experience in medical practice. She started her private practice through Maple Clinic as a general practitioner in 1994. Prior to setting up her private practice, Dr Ong worked as a house officer and medical officer in various public hospital departments. She then joined Stamford Medical Group for around two (2) years before leaving for postgraduate studies in London in 1991. In 1998, Dr Ong started our Company to supply medical skincare products to Maple Clinic as well as other medical clinics, beauty salons and retail shops. With over 30 years of experience treating patients with skin issues, Dr Ong is presently the President and CMO of our Company.

³ United Medical and Dental Schools of Guy's and St Thomas' Hospitals (now part of King's College, London).

GENERAL INFORMATION ON OUR GROUP

Dr Ong obtained her degrees of Bachelor of Medicine and Bachelor of Surgery from the National University of Singapore in 1985. She subsequently enrolled in the United Medical and Dental Schools of Guy's and St Thomas' Hospitals (now part of King's College, London), where she received her postgraduate Diploma in Dermatology in 1992. She also obtained a Graduate Diploma in Mental Health from the National University of Singapore in 2021.

Please also refer to the section titled "Directors and Management" of this Offer Document for further details on the working and business experience of Dr Ong.

Dr Ang Hwa Cheng Serene

MBBS (NUS, Singapore), M Med (Family Med) (NUS, Singapore)

Dr Ang has about 37 years of experience in medical practice. Upon graduation, she worked at MOH for a period of nine (9) years, before joining a community hospital practice in Ang Mo Kio for around two (2) years. In 1997, she became a partner and general practitioner at Joy Family Clinic. Dr Ang has been engaged with our Group as a general practitioner with a focus on family practice dermatology and aesthetic medical practice for about 25 years since 1997 (initially on a part time basis and subsequently converting to a full-time role in or around the mid-2000s).

Dr Ang obtained her degrees of Bachelor of Medicine and Bachelor of Surgery from the National University of Singapore in 1986. She subsequently obtained her degree of Master of Medicine (Family Medicine) from the National University of Singapore in 1996.

Dr Handry Gumanti

MB ChB (University of Dundee, UK), Dip Prac Derm (Cardiff)

Dr Gumanti has about 24 years of experience in medical practice. After graduation, Dr Gumanti worked in the National Health Service in the UK for about eight (8) years. He subsequently moved to Singapore and practised as a general practitioner with Raffles Medical Group from 2007 to 2012, before joining our Group in 2013.

As part of Dr Gumanti's personal continuing professional development, he has attended various workshops accredited by the SMC Aesthetic Procedures Oversight Committee, including those conducted by the Aesthetic Dermatology Educational Group on laser for treating skin pigmentation, intense pulsed light, chemical peels, assisted lasers or intense pulsed light for hair removal, skin rejuvenation (fractional lasers), lasers (ablative) for skin resurfacing, filler injection and botulinum toxin injection.

Dr Gumanti obtained his degrees of Bachelor of Medicine and Bachelor of Surgery from the University of Dundee in 1999. He subsequently obtained his postgraduate Diploma in Practical Dermatology from Cardiff University in 2015.

Dr Lau Chin Hoh (Liu Zhenhao)

MBBS (NUS, Singapore), M Med (Family Med) (NUS, Singapore), MCFP(S), FRACGP (RACGP, Australia), GDFPDerm (NUS, Singapore)

Dr Lau has about 23 years of experience in medical practice. After graduation, he worked at SingHealth for a period of nine (9) years, before joining Raffles Medical Group as a general practitioner for slightly over a year. From September 2010 to June 2013, Dr Lau was a locum doctor in the emergency department and general practitioner in Mount Alvernia Hospital and Eagle Vale Medical Centre respectively, before he joined our Group as a general practitioner in June 2013.

GENERAL INFORMATION ON OUR GROUP

Dr Lau obtained his degrees of Bachelor of Medicine and Bachelor of Surgery from the National University of Singapore in 2000. He subsequently obtained his degree of Master of Medicine (Family Medicine) from the National University of Singapore in 2006. Dr Lau has been a collegiate member of the College of Family Physicians Singapore since November 2008 and a fellow of the Royal Australian College of General Practitioners since July 2012.

Dr Yap Chien Yu Lynette

MBBS (St George's, University of London, UK), Dip Clinical Derm (Queen Mary University of London)

Dr Yap has about six (6) years of experience in medical practice. After graduation, she worked at the National Health Service in the UK for two (2) years. From 2019 to 2021, she trained in family medicine and rotated across various departments (including geriatrics, internal medicine, accident and emergency, neurology, cardiology and respiratory medicine) of various public hospitals in Singapore, before joining our Group in 2022.

As part of Dr Yap's personal continuing professional development, she has attended various workshops accredited by the SMC Aesthetic Procedures Oversight Committee, including those conducted by the Aesthetic Dermatology Educational Group on pigment lasers for pigmentary skin disorders, botulinum toxin A injection, filler injections, non surgical body contouring, devices for skin tightening, lasers (ablative) for skin resurfacing, skin rejuvenation (fractional lasers), chemical peels and intense pulsed light for skin rejuvenation.

Dr Yap obtained her degrees of Bachelor of Medicine and Bachelor of Surgery from St George's Hospital Medical School (a constituent college of the University of London) in 2017. She subsequently obtained her Diploma in Clinical Dermatology from Queen Mary University of London in July 2023.

Our Facilities

As at the Latest Practicable Date, our Group has three (3) clinics and three (3) outlets retailing Niks skincare products and offering facial services in Singapore.

Our Tampines clinic is located in the Tampines Housing & Development Board heartland and sees patients with skin issues, performs procedures like chemical peel, subcision and mole removal and offers aesthetic injections. Our Jurong East clinic is located in Vision Exchange, a dedicated medical and office building. In addition to seeing patients and performing procedures like those in the Tampines clinic, it also offers dermatological laser treatments with Fotona 4D and Clear & Brilliant laser machines. Our flagship Orchard clinic, located in The Centrepoint, houses more than 10 laser and light machines and offers a comprehensive suite of family practice dermatology and aesthetic medical services. All our doctors practise in our Orchard clinic as well as one (1) or both of our Tampines and Jurong East clinics.

GENERAL INFORMATION ON OUR GROUP

Our outlets operate during retail hours in Ang Mo Kio Central, Bedok Central and The Centrepoint. They provide our patients and customers with convenient access to non-prescriptive Niks skincare products as well as facial services using Niks products. We also offer paramedical camouflage products and services, which employ specially formulated Niks Cover Creams (19 shades) to cover difficult-to-conceal skin conditions like vitiligo, birthmarks, varicose veins, psoriasis and hemangioma. Our clinics and outlets are located strategically across Singapore, as illustrated in the map below:



We operate an online store on our website, which allows our customers to purchase Niks skincare products at any time and anywhere at their convenience. We also supply Niks skincare products to some third-party medical clinics and beauty salons.

Through NPSCL, as at the Latest Practicable Date, our Group distributes Niks skincare products to 11 regional agents in the PRC covering 13⁴ provinces and one (1)⁵ city, which in turn supply the products to hospitals, clinics, pharmacies, retail shops, doctors and consumers in their provinces and municipalities. NPSCL also sells directly to some doctors and doctor groups, as well as to consumers via e-commerce through a WeChat mini-program and via www.haodf.com, a telemedicine platform in the PRC.

OUR PRODUCTS AND SERVICES

We provide medical services in the forms of family practice dermatology and aesthetic medical services. We provide non-medical services in the forms of therapeutic facial services and paramedical camouflage products and services. We sell medical skincare products that can either complement prescription medicines and medical procedures, or be used as standalone skincare products.

⁴ These provinces are (1) Hebei; (2) Fujian; (3) Shanxi; (4) Henan; (5) Jilin; (6) Jiangsu; (7) Jiangxi; (8) Inner Mongolia; (9) Yunnan; (10) Zhejiang; (11) Chongqing; (12) Sichuan; and (13) Guizhou.

⁵ Refers to Shenzhen City.

GENERAL INFORMATION ON OUR GROUP

Family practice dermatology services

Family practice dermatology services refer to dermatological services provided by general practitioners, with post-graduate qualifications in dermatology or who have cumulative experience in treating skin issues. The skin conditions most commonly treated in our clinics are acne, acne scar treatment, hyperhidrosis and eczema, and they are treated through a combination of medication, skincare products and medical procedures. Other skin conditions and diseases treated in our clinics include, psoriasis, rosacea and vascular treatment, xanthelasma, syringoma, viral warts and alopecia. Our clinics' strength in family practice dermatology sets them apart from "pure aesthetic clinics" which offer mostly medical cosmetic services like injections and aesthetic lasers. Our Group believes that this renders our clinics' revenues less vulnerable to economic downturns and disruptions caused by, for example, pandemics.

Aesthetic medical services

We provide non-invasive and minimally invasive aesthetic medical services, including intense pulsed light treatment, lasers (for many types of treatment such as hair removal, tattoo removal, rejuvenation, pigmentation treatment, hair regrow, anti-aging treatment and face and body contouring), chemical peels, mole removal, subcision for scars improvement, and injectable treatments like Botox, Juvederm, Restylene and Rejuran for anti-aging and contouring of the face and skin.

Technology enabled services

We pride ourselves in being at the forefront of deploying technologies to deliver family practice dermatology and aesthetic medical services in Singapore. In particular, we believe that our Group was:

- (a) among the first clinics in Singapore to acquire the Cutera Xeo multiplatform laser machine which combines intense pulsed light, infrared and laser technology into one machine to treat pigmentation and aging of the skin;
- (b) among the first clinics in Singapore to acquire the Isolaz machine which combines vacuum energy and broadband light to provide effective treatment for acne;
- (c) one of the first two (2) clinics in Singapore to purchase the MiraDry machine, which employs novel microwave energy to treat hyperhidrosis (excessive sweating); and
- (d) one of the first two (2) clinics in Singapore to acquire the PicoSure, the world's first picosecond laser machine for dermatological applications that provides a wide range of treatment like scars, brightening, birthmarks and skin rejuvenation with less downtime than traditional lasers.

Our range of equipment is updated regularly to enable our doctors to provide quality treatment to our patients. For instance, having seen the Isolaz machine and Xeo multiplatform laser machine work well on our patients, we brought in Theraclear Acne System and Cutera excel V machine which are similar or upgraded versions of the previous machines. The Cutera excel V machine is suitable for treating rosacea and melasma, and can also be used to treat scars, keloids, birth marks and aging of the skin.

GENERAL INFORMATION ON OUR GROUP

Skincare products

A distinguishing feature of our medical practice is our extensive use of a wide range of therapeutic skincare products to complement the medicines we prescribe and the medical procedures we perform. For example, our complementary use of appropriate skincare products greatly increases patient compliance with acne medication, which, on its own, tends to result in uncomfortable dryness that discourages continued use. Our use of targeted skincare products after light and laser procedures significantly eases post-procedure recovery, leading to a more satisfactory experience overall. For some skin conditions, such as pigmentation, patients who prefer skincare products to medicines or procedures may use the former in place of the latter, although a longer time may often be needed to see results. We also have skin type-specific daily maintenance products like cleansers and moisturisers, which are used alongside treatment-oriented products as part of holistic management of skin conditions. Our skincare products are available not just in our clinics, but also in our outlets during retail hours as well as our online store, providing convenient access to our patients who need refilling and non-patients who wish to purchase them without consulting our doctors. We also sell our skincare products to some third-party medical clinics and beauty salons in Singapore, as well as export them to NPSCL in the PRC for distribution and sale there.

Our top three (3) products based on sales value in FY2022 are our Golden Lipid Complex, Intensive Barrier Repair Cream and Moisturizing & Repair Cream, brief descriptions of which are set out below:



**Intensive Barrier
Repair Cream**



Golden Lipid Complex



**Moisturizing &
Repair Cream**

(a) Intensive Barrier Repair Cream

This concentrated formula replenishes the skin's protective barrier with essential lipids, which we believe allows the skin to repair itself, is generally side-effect-free and leaves the skin rejuvenated and sheltered against harmful environmental factors, harsh cleansers and moisture-stripping products. We further believe that it may soothe symptoms associated with bothersome skin conditions, including dry and sensitive skin conditions.

(b) Golden Lipid Complex

This complex contains glycolipids and essential fatty acids in a compatible, skin-friendly silicone base, which we believe helps restore, replenish and restructure lipids within the stratum corneum, thus inducing repair of damaged lipid barrier, improving smoothness and hydration and preventing fine lines.

GENERAL INFORMATION ON OUR GROUP

(c) Moisturizing & Repair Cream

Especially beneficial to dry skin but equally appealing to other skin types, this moisturizer contains aloe vera and many other moisturizing ingredients that we believe soothe and revitalise the skin. It can be used as a day or night cream, make-up base, hand cream, after-sun cream or post-peel repair cream.

Our skincare products are conceptualised by our doctors in Singapore, who then jointly develop them with partners in the U.S., Europe and the Republic of Korea to our specifications. Following our conceptualisation process, the final skincare products are manufactured in these GMP-compliant factories for us. Please refer to the section titled “General Information on our Group – Product Development Process” of this Offer Document for details on our product development and conceptualisation process.

Facial services

Our outlets in Singapore, Niks Shop Salon, incorporate facilities for the provision of therapeutic facial services using our skincare products. Our therapists are also trained to offer only skincare advice that is in line with that offered by our doctors to their patients. The services that our therapists are trained to perform include therapeutic facial, eye treatment, acne and comedone treatment, and microdermabrasion, among others.

Paramedical camouflage services and products

Paramedical skin camouflage is the art of concealing or covering challenging skin imperfections with the skillful application of specially formulated concealing products like Niks Cover Cream, which offers 19 shades and can therefore serve patients of most skin colours. The objective is to minimise the attention drawn to the imperfections, thereby alleviating the psychological and social effects they may have on one’s life. Distinctive faces or noticeable appearances may be present from birth (e.g. birthmarks or moles) or have resulted from injury (e.g. burn or self-harm) or skin diseases (e.g. vitiligo or haemangioma). More people are also receiving treatments for conditions that often leave residual scarring. Skin conditions like eczema, acne, psoriasis, pigmentation, rosacea and varicose veins also commonly result in appearances that require coverage. Paramedical skin camouflage seeks to make these imperfections less visible and thus more socially acceptable.

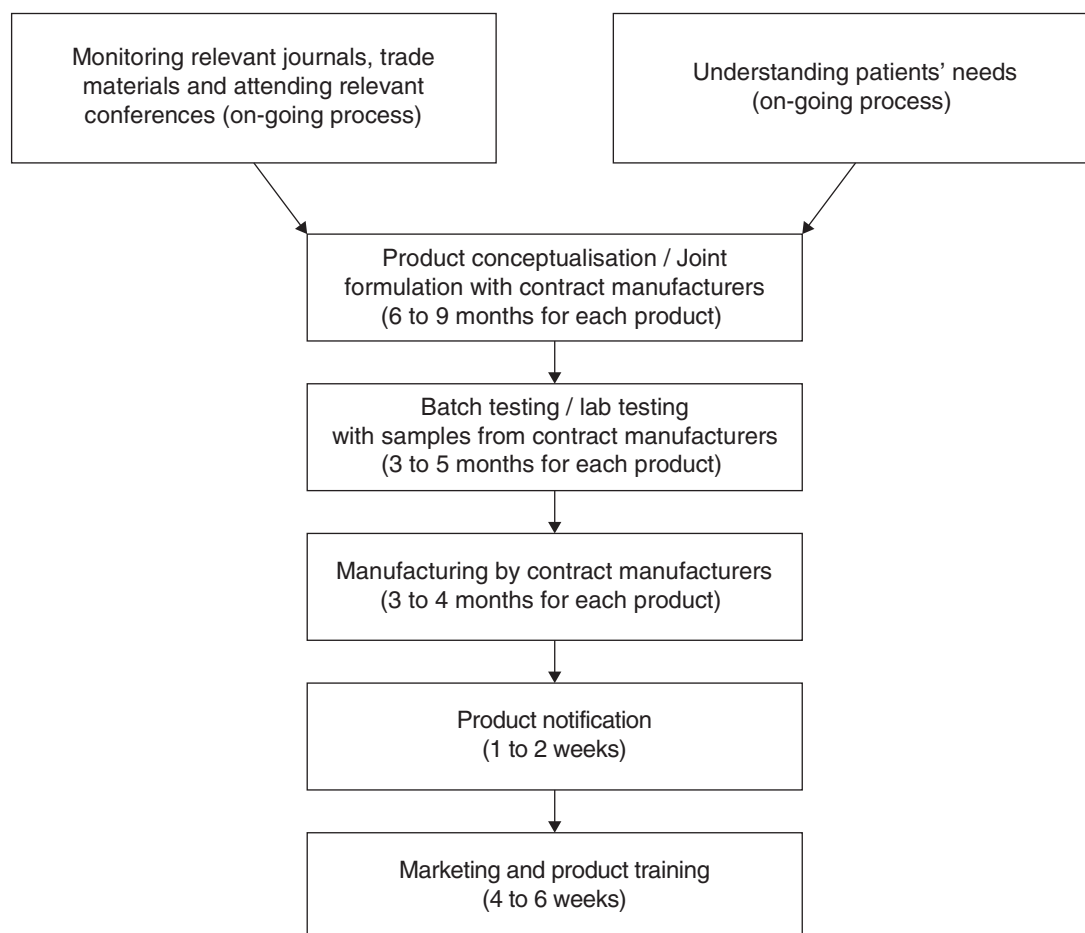
While coverage of minor flaws can be self-managed by following user instructions for Niks Cover Cream, major imperfections would require a skilled therapist’s professional service. We believe that our Group is among the few in Singapore and the PRC that offers both paramedical camouflage products as well as coverage services.

GENERAL INFORMATION ON OUR GROUP

PRODUCT DEVELOPMENT PROCESS

Product Development

A summary of our product development process, as well as the time involved for each stage, is illustrated in the chart below:



We monitor relevant academic and trade journals closely and attend relevant academic and trade meetings regularly to keep abreast of developments in our industry. Through our constant interactions with patients, we maintain a good understanding of our patients' changing needs. These provide us with ideas on new products we should consider developing.

Once we have decided on the products we would like to launch, we will go into the product optimisation stage, during which we work on producing the products with our contract manufacturers, in accordance with our specifications. While our Group does not maintain an approved list of contract manufacturers, contract manufacturers are selected by our Group from time to time based on criteria such as their experience, background, ability to meet our requirements and specifications, and timeliness of delivery of orders. As part of the production process, we work with our contract manufacturers to achieve an optimised formulation. Our contract manufacturers will provide us with sample batches for testing. Production commences once we have finalised the formulation after rounds of iteration.

GENERAL INFORMATION ON OUR GROUP

Prior to launching a product in Singapore, we will provide the relevant product notification to the HSA and prepare the relevant product information file in accordance with the ASEAN Cosmetic Directive. If we also wish to launch the product in the PRC, we will engage our registration agent there to prepare the necessary documentation for submission to NMPA.

We will then proceed with marketing the products by preparing marketing material that describe the products' efficacy, safety and uses. These materials usually take the form of brochures and posters and may also be circulated on social media.

We also conduct product training through our product trainers in Singapore and the PRC. In Singapore, our product trainer will train our retail associates, with periodic revisions conducted on a periodic basis. In the PRC, we liaise with our product trainer stationed there to communicate with our distributors, who will then coordinate the training to be conducted with the sales team.

RESEARCH AND DEVELOPMENT

Save as disclosed under the section on "Product Development" above, we do not undertake any additional research and development activities.

WAREHOUSING AND DISTRIBUTION

Medicines

Procurement and distribution of medicines are managed by the clinic supervisor of Niks Maple Clinic under the supervision of our CMO. The process is as follows:

- (a) The CMO and our group of doctors have regular discussions on our preferred medicines to use to treat different diseases, after which, Niks Maple Clinic will make the central purchases for better prices.
- (b) The clinic supervisor of Niks Maple Clinic will obtain quotations from different suppliers to submit to the CMO, who will compare the prices, the countries of origin and the available expiry dates before a final decision is made on which quotation to proceed with.
- (c) Upon the delivery of medicines, the clinic supervisor of Niks Maple Clinic will check on the invoice, the expiry dates and the quality of the medicines before accepting them.
- (d) The medicines will be distributed to other clinics when requests are received by Niks Maple Clinic.
- (e) The clinic assistants conduct daily checks on stock balances of medicines and request for new supplies weekly. When products arrive through our own delivery staff, they are reminded to use up the older stock before using the new stock.
- (f) The CMO and clinic supervisors will review all repeat orders and usage regularly, and re-adjust the new order quantity whenever necessary.

Medicines received are tallied against orders and inspected for expiry, before being stored away for distribution to the clinics. Clinic supervisors of the clinics monitor expiry dates of medicines closely, as mandated by MOH.

GENERAL INFORMATION ON OUR GROUP

Skincare products

Our Group has a dedicated warehouse team led by a manager, who:

- (a) oversees the smooth running of receipt of skincare products based on certain prescribed procedures in relation to receiving skincare products from the shipping company, verifying skincare products received against shipping schedule and storing the skincare products in a systematic order;
- (b) oversees the timely and accurate dispatch of skincare products to the respective outlets within our Group on a weekly basis;
- (c) oversees the prompt and reliable delivery of skincare products to online customers, shipments to NPSCCL and third-party corporate customers;
- (d) maintains accurate stock level in the warehouse by conducting regular stock takes;
- (e) works closely with the management to ensure timely replenishment of stock; and
- (f) works closely with the accounts executive to reconcile the accounts related to stock values.

PRC WAREHOUSING AND DISTRIBUTION

The following sets out the warehousing and distribution process in Shanghai:

- (a) When a shipment arrives at the Shanghai Port, a logistics personnel will handle the document clearance of shipment and send the products to the Shanghai office.
- (b) The products in boxes will be checked against the delivery notes and invoices, and a quantity and quality check will follow. In the event of any discrepancy, the staff in Shanghai will report such discrepancies to our Company.
- (c) Product boxes will be labelled with the date on which such products arrived, and the boxes will be moved to the allocated shelves in warehouse.
- (d) Whenever the office receives new orders, the older batches of products (identified by checking against the lot number records) will be sold first.
- (e) After packing is done according to the invoice and delivery notes and invoices, two (2) members of staff will counter check on the quantity and quality of the products before the products are sent out by courier company, after payment for the products is received. The warehouse manager will confirm with the customers whether the shipment is received in good condition.
- (f) Stock checks are conducted monthly. In the event of any discrepancy, the staff in Shanghai will report such discrepancies to our Company.

Our Group's regional agents in the PRC distribute our Group's products to hospitals, clinics, pharmacies, retail shops, doctors and consumers in their provinces and municipalities.

GENERAL INFORMATION ON OUR GROUP

Distributorship Agreements in the PRC

NPSCL has entered into 11 currently effective distributorship agreements each named “Cosmetic Regional Agency Contract” with its regional agents. Our regional agents are selected by our Group based on commercial considerations such as their experience, background, reputation and track record, the amount of their capitalisation, the number of brands they are already distributing, and the availability of established distribution channels to them, among others.

Pursuant to the respective distributorship agreements, NPSCL will sell our Group’s products to, as at the Latest Practicable Date, 11 regional agents in the PRC covering 13 provinces and one (1) city, which in turn supply the products to hospitals, clinics, pharmacies, retail shops, doctors and consumers in their provinces and municipality. The salient terms of these distributorship agreements are summarised below:

- (a) Cancellation/Termination Provisions: no clause entitles the regional agency to terminate the contract. NPSCL may terminate the contract if the regional agency (i) acts as an agency also for more than a certain number of competing products; (ii) sells the products at prices beyond a certain percentage lower than the retail prices indicated by NPSCL for a stipulated number of times; (iii) sells fake products with the NPSCL’S brand; (iv) becomes bankrupt; (v) fails to fulfil the sale target and fails to cure; or (vi) fails to coordinate with the NPSCL’s overall market promotion plans.
- (b) Quantum of Indemnity: no specific clause relating thereto is contained in the contract.
- (c) Compensation: NPSCL will reserve the right for compensation when it terminates the contract, and NPSCL can forfeit the deposit paid by the regional agent if the regional agent sells the products at prices beyond a certain percentage lower than the retail prices indicated by NPSCL.

NPSCL has also entered into another distributorship agreement named “Supply Contract” pursuant to which the counterparties will purchase our Group’s products for resale in certain online channels. Pursuant to such online distributorship agreement, each party may propose to the other parties to terminate the contract at any time, which will take effect automatically after three (3) days of such proposal. No specific clause relating to quantum of indemnity or right for compensation is contained in such online distributorship agreement.

QUALITY ASSURANCE AND SAFETY

We have in place a quality assurance system for the products and services provided by our Group, focusing on the following:

- (a) well-trained professional and skilled staff; and
- (b) efficient and prompt support services for both local and overseas customers, either physically or via online support.

GENERAL INFORMATION ON OUR GROUP

In addition, skincare products would have undergone quality assurance processes in third-party manufacturing facilities which are compliant with the GMP system. In Singapore, finished skincare products are inspected within three (3) days of receipt. Unsatisfactory items are removed and stored separately pending quality assurance complaints to the respective contract manufacturers overseas. Items are inspected again before they are shrink-wrapped and sent to Singapore outlets weekly or to the PRC when required. Staff manning Singapore outlets are trained to check on the conditions of their items periodically. Our Group's staff in the PRC also recheck the conditions of items which are sent to distributors or consumers in the PRC.

Bulk products and empty containers are inspected within three (3) days of receipt. Unsatisfactory items are removed and stored separately from those ready to be filled. Bulk products and containers are inspected again before filling. Filled items are stored away and are inspected on a weekly basis and also before they are sent to Singapore outlets or the PRC.

Owing to relatively infrequent receipt of products from our contract manufacturers overseas, our Group does not have dedicated personnel whose roles are exclusively in quality assurance. Our warehouse staff (with other roles but who are trained to inspect) perform inspection duties whenever products are received from overseas.

Our employees are also trained to implement and maintain the quality assurance system in respect of skincare products, and conduct regular checks to ensure that the products are in good condition. Our skincare products are also subject to expiry date management. For instance, skincare products with unsatisfactory conditions or expired shelf life will be promptly removed and returned to the third-party manufacturing facilities (as may be applicable).

The main medical devices like laser machines are procured and inspected by our CMO. The machines are regularly maintained in accordance with manufacturers' recommendations. Clinic staff assisting doctors for laser procedures are also trained to spot machine issues and report them to the CMO, who will liaise with the local agents for repair.

Our CMO oversees our Group's medical practices, standards and governance. The roles and responsibilities of our CMO include the following:

- (a) advising on standard clinic procedures and practice guidelines in line with our Group's policies and standard industry practices;
- (b) overseeing the overall clinic compliance with the relevant rules and regulations; and
- (c) monitoring performance and recruitment of existing and new doctors.

Our Group has implemented policies and procedures to require all staff (including doctors) to report any complaints and breaches of medical-related regulatory guidelines and/or regulations to our CMO. Our CMO will evaluate and escalate such complaints and breaches to the Audit and Risk Committee (where necessary). To this end, our General Manager (Singapore) maintains a master file to record and keep copies of all complaints, infringement of regulations, investigations, fines and/or penalties incurred by our Group and/or our doctors. The abovementioned procedures will be reviewed by the internal auditor as part of its annual internal audit, and the internal auditor's findings are reported to the Audit and Risk Committee on an annual basis. In addition, our CMO, with the assistance of our General Manager (Singapore), is responsible for monitoring any medical-related regulatory changes and for updating our key management personnel and/or our doctors of such changes.

GENERAL INFORMATION ON OUR GROUP

MARKETING

In Singapore, marketing of medical services is regulated by applicable guidelines issued by the MOH and the relevant laws and regulations in Singapore. For further details, please refer to the section titled “General Information on our Group – Licences, Permits and Government Regulations” of this Offer Document. Our marketing of medical services complies with these guidelines and keeps with the decorum expected of the medical profession. We market these services and products by providing factual information on social media and at our various premises (i.e. on posters in our clinics), and answering enquiries factually. We leave patients to make recommendations to their contacts and on social media.

For non-medical services and products, we promote our skincare products and facial services through social media and on premises. In the PRC, we promote our skincare products through social media, occasional events, medical conferences and trade exhibitions. We also make active use of WeChat articles and WeChat moments in the PRC.

We set out a summary of our marketing efforts below:

(a) **Group Website**

Our Group’s website highlights the wide range of services that we provide, the experience of our doctors and the location of our clinics. Our website also serves as a platform for us to showcase our Group’s latest activities and alert the public on important health issues and developments. **Information contained in our website does not constitute part of this Offer Document.**

(b) **Advertising and Social Media**

In order to create awareness of our Group, we make use of social media in compliance with all relevant laws, rules and regulations, including but not limited to the SMC’s Ethical Code and Ethical Guidelines, as well as the advertising guidelines and publicity regulations published under the Private Hospitals and Medical Clinics Act of 1980.

(c) **“Word of Mouth” Referrals**

“Word of mouth” referrals are our Group’s primary and most important marketing strategy. We believe that this “soft” marketing approach is extremely effective as it utilises trustworthy and knowledgeable sources which enables our Group to attract patients who are confident in our provision of services through referees whom they believe are trustworthy and knowledgeable sources.

(d) **Loyalty Programme**

Our Company also runs a loyalty rewards scheme, the “NIK\$ scheme”, where customers are rewarded with NIK\$ for purchase of any Niks skincare products in any Niks Maple Clinic, Niks Shop Salon or purchase made online. As at the Latest Practicable Date, for every nett \$10 of purchase, 1 NIK\$ is earned, which can be used to pay for purchases of Niks skincare products. Every NIK\$ is valid for use for a period of one (1) year from the date of issue. NIK\$ not used within one (1) year of issue shall automatically expire and be cancelled.

GENERAL INFORMATION ON OUR GROUP

MAJOR CUSTOMERS

Our customers in Singapore comprise mainly individuals, many of whom are regular customers who learned about our services through word of mouth or online research. Some of our other customers are clinics and salons outside our Group, which have come to us based on recommendations from others.

Our customers in the PRC are regional agents, doctors, salons and end-users. These customers typically learn about our products through word of mouth or trade exhibitions held at medical conferences. Generally, new regional agents enter into two-year contracts with NPSCL, and subsequent renewal is done annually. Our individual customers in the PRC typically learn about our services through word of mouth, online research, or reading our articles on instant messaging and social media app WeChat. Our customers also purchase our products from www.haodf.com, a telemedicine platform in the PRC.

The customer which accounted for 5.0% or more of our total revenue during the Period Under Review is set out below:

Name of Customer	Products supplied	Percentage of total revenue (%)			
		Audited		Unaudited	
		FY2020	FY2021	FY2022	1Q2023
Fujian Meiruhua ⁽¹⁾	Skincare products	5.5	–	0.8	2.5

Note:

(1) Fujian Meiruhua is one of our regional agents in the PRC. In FY2021, we terminated our contract with Fujian Meiruhua for commercial reasons. In FY2022, our Company signed a new contract with Fujian Meiruhua.

Save as disclosed above, no other customers accounted for 5.0% or more of our total revenue during the Period Under Review.

Our Directors are of the view that, as at the Latest Practicable Date, our business and profitability are not materially dependent on the major customer listed above.

As at the Latest Practicable Date, none of our Directors, Substantial Shareholders, Executive Officers or their respective associates (a) has any interest, direct or indirect, in our major customer listed above; or (b) is involved in the management of our major customer listed above.

To the best of our knowledge and belief, there are no arrangements or understanding with any customer pursuant to which any of our Directors and Executive Officers was appointed.

GENERAL INFORMATION ON OUR GROUP

MAJOR SUPPLIERS

Our suppliers comprise mainly pharmaceutical and skincare product suppliers.

The suppliers which accounted for 5.0% or more of our total purchases during the Period Under Review are set out below:

Name of Supplier ⁽¹⁾	Products supplied	Percentage of total purchases (%)			
		← Audited →			
		FY2020	FY2021	FY2022	1Q2023
Specialist Compounding Pharmacy Pte Ltd	Pharmaceutical products	5.6	5.0	5.8	3.9
Supplier A ⁽²⁾	Pharmaceutical products	20.2	19.9	24.1	18.1
Supplier B ⁽³⁾	Skincare products	24.0	20.2	8.8	34.2
Supplier C ⁽⁴⁾	Skincare products	0.2	6.3	1.1	–
Supplier D ⁽⁵⁾	Skincare products	2.0	6.1	1.1	–
Supplier E ⁽⁶⁾	Skincare products	7.4	5.7	–	–
Supplier F ⁽⁷⁾	Skincare products	9.2	2.5	–	–
Supplier G ⁽⁸⁾	Skincare products	2.0	1.7	25.0	–
Supplier H ⁽⁹⁾	Skincare products	1.5	1.6	2.7	9.0
Mau De Ltd.	Packaging materials	2.2	2.1	5.6	–

Notes:

- (1) As our Group works with Suppliers B to H to formulate our proprietary skincare products, our Company has expended significant time and effort in identifying, cultivating joint development and developing relationships with these suppliers. Given our Group's active role in developing and formulating our proprietary skincare products, disclosure of the identities of these suppliers is commercially sensitive to our Group's business.
- (2) Supplier A is a distributor of pharmaceutical products operating in Singapore. Supplier A has declined to be named in this Offer Document.
- (3) Supplier B is a developer and manufacturer of skincare products based in the Republic of Korea. The decrease in the total purchases from Supplier B from FY2021 to FY2022 was mainly due to a cut back in stockpiling as freight cost and production stabilised in FY2022 and the softening demand of the market in the PRC due to the continuation of zero-COVID policy. Our Company typically orders each inventory item once a year when the quantity of the inventory item reaches a reorder level. The increase in the percentage of total purchases from Supplier B during 1Q2023 as compared to FY2022 was due to the purchase of an inventory item produced by Supplier B in which the order size was significant and happened to reach reorder level during 1Q2023.
- (4) Supplier C is a distributor of skincare products operating in Singapore.
- (5) Supplier D is a manufacturer of skincare products based in the U.S..
- (6) Supplier E is a developer and manufacturer of dermatological products based in the U.S.. To the best of our knowledge, Supplier E had ceased operations since 2022.
- (7) Supplier F is a manufacturer of skincare products based in the U.S.. Purchases from Supplier F ceased in FY2022, as to the best of our knowledge, Supplier F had undergone an internal restructuring.
- (8) Supplier G is a manufacturer of skincare products based in the U.S.. The increase in the total purchases from Supplier G from FY2021 to FY2022 was mainly due to Supplier G taking over the production of certain skincare products that were previously supplied by other suppliers.
- (9) Supplier H is a manufacturer of skincare products based in the U.S..

Save as disclosed above, no other supplier accounted for 5.0% or more of our Group's total purchases during the Period Under Review.

GENERAL INFORMATION ON OUR GROUP

The amount we purchase from each supplier tends to fluctuate from year to year since our choice of supplier may depend on, among others, pricing, specification, quality, track record, reputation, who can supply us the required amounts, and whether they can meet our delivery requirements at the relevant time.

We generally do not enter into long-term exclusive agreements or contracts with any of our suppliers. Purchases are based on standard trading terms and on mutually agreed prices and quantities. There is usually at least one (1) alternative supplier which is able to manufacture a product to our specifications. In the event that a major supplier is unable to meet our demand, we will source for alternative suppliers. Our Directors believe that we will not encounter significant difficulty in procuring alternative suppliers, and are of the view that, as at the Latest Practicable Date, our business and profitability are not materially dependent on any one of our major suppliers listed above, as we are generally able to find replacement suppliers in a timely manner and therefore keep any resulting stockout period brief.

Save as disclosed above, as at the Latest Practicable Date, our Directors are not aware of any information or arrangement which would lead to a cessation or termination of our Group's relationship with any of our major suppliers listed above. To the best of our knowledge and belief, there are no arrangements or understanding with any supplier pursuant to which any of our Directors and Executive Officers was appointed.

As at the Latest Practicable Date, none of our Directors, Substantial Shareholders, Executive Officers or any of their respective associates (a) has any interest, direct or indirect, in any of our major suppliers listed above; or (b) is involved in the management of any of our major suppliers listed above.

CREDIT MANAGEMENT

Credit terms to our customers

Our customers from the Clinics and Retail segments are mainly individual patients and customers who make immediate payment upon receiving our goods and services. We accept various modes of payment, namely NETS (including electronic transfers) and credit cards. The electronic and credit card payments are usually settled within three (3) working days. Our customers from the Headquarters segment include: (a) clinics and beauty salons in Singapore which are offered credit period of up to 30 days; (b) distributors, doctors and doctor groups in the PRC which pay in full prior to delivery of our products; and (c) individual customers in the PRC who usually order and pay via our online store on WeChat.

Our trade receivables turnover days for the Period Under Review were as follows:

	FY2020	FY2021	FY2022	1Q2023
Trade receivables turnover days ⁽¹⁾	1	1	1	1

Note:

(1) Trade receivables turnover days is computed based on the average of the opening and closing trade receivables divided by revenue for the relevant financial year/period and multiplied by: (a) 365 days (for FY2020, FY2021 and FY2022); and (b) 90 days (for 1Q2023).

During the Period Under Review, there is no allowance for impairment of trade receivables and no bad debt written off.

GENERAL INFORMATION ON OUR GROUP

As at 31 March 2023, our trade receivables amounted to S\$24,000, all of which has been collected as at the Latest Practicable Date.

Credit terms from our suppliers

Generally, a credit period of 30 to 60 days is granted by our local suppliers. Our overseas suppliers generally require full payment before shipment of our orders to us.

Our trade payables turnover days for the Period Under Review were as follows:

	FY2020	FY2021	FY2022	1Q2023
Trade payables turnover days ⁽¹⁾	27	30	30	58

Note:

- (1) Trade payables turnover days is computed based on the average of the opening and closing trade payables balance divided by purchases and related costs for the relevant financial year/period and multiplied by: (a) 365 days (for FY2020, FY2021 and FY2022); and (b) 90 days (for 1Q2023).

Our trade payables turnover days are comparable for FY2020, FY2021 and FY2022. It increased to 58 days for 1Q2023 due to lower amounts of purchases and related costs (on a pro-rata basis).

INVENTORY MANAGEMENT

Our inventories comprise mainly skincare products and medicine. Our CMO, in consultation with our doctors and clinic supervisors, decides on the type and quantity of pharmaceuticals to maintain and replenish. Our CEO and CMO decide on the type and quantity of skincare products to order or replenish from our overseas suppliers.

We regularly monitor inventory balances and movements that are recorded in our SAP accounting system. Through regular review of inventory balances and movements and feedbacks from our warehouse personnel, we are able to determine the appropriate re-ordering quantities of various inventory items and ensure that our inventories are almost always sold well before expiry. Sales of skincare products which are moving slower than the others are accelerated through monthly promotions and/or bundle sales in our clinics, outlets and online stores.

Sample inventory count is conducted daily such that each inventory item would be counted at least once a year, other than during full inventory count at year end. This is to ensure that inventory records in our SAP accounting system remain accurate and that all inventories in our storage areas are accounted for. Discrepancies (if any) are investigated immediately and adjustments would be made if necessary. Inventory adjustments made during the Period Under Review are not significant.

Our inventory turnover days for the Period Under Review were as follows:

	FY2020	FY2021	FY2022	1Q2023
Inventory turnover days ⁽¹⁾	381	363	425	496

Note:

- (1) Inventory turnover days is computed based on the average of the opening and closing inventory balance divided by cost of goods sold for the relevant financial year/period, and multiplied by: (a) 365 days (for FY2020, FY2021 and FY2022); and (b) 90 days (for 1Q2023).

GENERAL INFORMATION ON OUR GROUP

We maintain inventories with the aim of mitigating the risk of stockouts arising from supply chain disruptions. Accordingly, it is usual for our inventory turnover period to hover around 365 days. Inventory turnover days increased to 425 days during FY2022 in view of lower sales volume (and correspondingly, cost of goods sold) especially for the Clinics segment. During FY2022 and post-COVID-19 in Singapore, the Clinics segment was affected by some cancellation of medical appointments as our patients and customers resumed their overseas travel. Inventory turnover days increased to 496 days for 1Q2023 on the backdrop of low business volume of the PRC market which is still recovering from the adverse economic impact of COVID-19. Majority of our Group's inventories comprise skincare products which have shelf life of three (3) to five (5) years. The remaining inventories comprise medicines which have shelf life of one and a half (1.5) to two (2) years.

PROPERTY, PLANT AND EQUIPMENT

As at the Latest Practicable Date, our Group owns the following properties:

No.	Nature and Description of Property, including Location	Area (sq ft)	Tenure	Date of Acquisition	Primary Usage
1.	AMK Shophouse	1,625 ⁽¹⁾	86 years from 1 October 1993	11 November 2019	Retail shop and salon
2.	Bedok Shophouse	1,593 ⁽¹⁾	86 years from 1 October 1992	25 April 2017	Retail shop and salon
3.	Vision Exchange Property	861 ⁽¹⁾	99 years from 10 June 2013	5 December 2017	Medical clinic

Note:

(1) Converted from sq m to sq ft based on 1 sq m: 10.7639 sq ft, rounded to the nearest whole number.

As at the Latest Practicable Date, our Group leases out the following premises to unrelated third parties, the details of which are set out below:

No.	Lessee/Tenant	Location	Tenure	Area (sq ft)	Description of use
1.	Sprout Language Centre LLP (UEN: T14LL1545J)	AMK Shophouse (part of)	1 January 2023 – 31 December 2023	883	Student learning centre
2.	Wearable Treasure (UEN: 53431369L)	AMK Shophouse (part of)	1 November 2021 – 31 October 2023	184	Retail and repair shop

GENERAL INFORMATION ON OUR GROUP

No.	Lessee/Tenant	Location	Tenure	Area (sq ft)	Description of use
3.	Unrelated private individual	Bedok Shophouse (part of)	1 December 2022 – 30 November 2023	861	Residential occupation
4.	The Chinese Wedding Shop LLP (UEN: T09LL1075C)	Bedok Shophouse (part of)	1 November 2022 – 31 October 2024	197	Retail purposes

Note:

(1) Converted from sq m to sq ft based on 1 sq m: 10.7639 sq ft, rounded to the nearest whole number.

As at the Latest Practicable Date, our Group leases the following properties:

No.	Lessor	Location	Tenure	Area (sq ft)	Description of use
1.	Dr Ong Fung Chin	825 Tampines Street 81 #01-64 Tampines Grove Singapore 520825	1 July 2023 – 30 June 2026	1,658	Medical clinic
2.	DBS Trustee Limited as trustee of Mapletree Industrial Trust ⁽²⁾	16 Kallang Place #03-25/26/27 Singapore 339156	1 April 2022 – 31 March 2025	3,199 ⁽¹⁾ + 1,601 ⁽¹⁾	Office and warehouse
3.	Frasers Property Enterprises Pte. Ltd. ⁽²⁾	176 Orchard Road #04-17/18 The Centrepoint Singapore 238843	29 March 2021 – 28 March 2024	2,099	Clinic and retail shop

Notes:

(1) Converted from sq m to sq ft based on 1 sq m: 10.7639 sq ft, rounded to the nearest whole number.

(2) As at the Latest Practicable Date, in relation to the proposed change of shareholders/directors arising from the Listing, our Company has obtained a confirmation from one of the lessors that a letter of consent will be issued to our Company upon such lessor receiving the updated information in relation to the shareholders and directors of our Company.

The three (3) leases above may generally be terminated by the respective landlords for reasons of, among other things: (a) our Company's failure to comply with the terms of the lease; (b) our Company's insolvency or if steps are taken to wind up our Company; or (c) damage to the relevant demised premises which render the demised premises unfit or inappropriate for use for a prescribed period. A few of our leases may also be terminated, with notice, in events such as redevelopment. Save for the foregoing, none of the above lease agreements may be terminated by the respective landlord unilaterally without cause (such as breach by our Company of our obligations under the lease).

GENERAL INFORMATION ON OUR GROUP

Our Group is not reliant on any of the above leased premises for our businesses and operations as we believe that we will be able to seek out and lease alternative premises. Accordingly, we also do not believe that there will be any material adverse impact on our financials and/or operations in the event of the termination or non-renewal of such leases.

As at the Latest Practicable Date, our Directors are not aware of any breach of any obligations under the above lease agreements that would result in their termination by the lessor or non-renewal, if required, when they expire.

As at 31 March 2023, our property, plant and equipment had a net book value of S\$10.83 million.

As at the Latest Practicable Date, none of our property, plant or equipment is subject to any mortgage, pledge or other encumbrances or otherwise used as security for any bank borrowing.

To the best of our knowledge and belief, there are no regulatory requirements or environmental issues that may materially affect our Group's utilisation of the above property, plant and equipment.

INTELLECTUAL PROPERTY

Trademarks

As at the Latest Practicable Date, our business and profitability are not materially dependent on any patent or licence or any other intellectual property rights. As at the Latest Practicable Date, our Company has registered the following trademarks:

Trademark	Registration number	Place of registration	Class	Expiry date
Niks square logo	04003903	Malaysia	3	26 March 2024
Niks word logo	04003905	Malaysia	3	26 March 2024
Maple word logo	2014008092	Malaysia	44	17 July 2024
Niks square logo	T0507887H	Singapore	44	13 May 2025
Niks square logo	IDM000108111	Indonesia	3	26 May 2025
Niks square logo	IDM000108109	Indonesia	44	26 May 2025
Niks word logo	T0515872C	Singapore	44	5 September 2025
Niks square logo	118411	Vietnam	3, 44	21 September 2027
Niks word logo	118412	Vietnam	3, 44	21 September 2027
Niks word logo	IDM000200036	Indonesia	3	28 September 2027
Niks word logo	IDM000199975	Indonesia	44	28 September 2027
Niks Chinese logo	4931967	The PRC	3	13 March 2029
Niks Chinese logo	4931966	The PRC	44	27 May 2029
Niks word logo	T9908156H	Singapore	3	3 August 2029
Niks square logo	T9908157F	Singapore	3	3 August 2029
Niks square logo	4931968	The PRC	3	27 September 2029

GENERAL INFORMATION ON OUR GROUP

Trademark	Registration number	Place of registration	Class	Expiry date
Niks square logo	4931969	The PRC	44	13 October 2029
Niks square logo	2011021817	Malaysia	44	12 December 2031
Niks word logo	2011021816	Malaysia	44	12 December 2031
Maple word logo	T1210168E	Singapore	44	16 July 2032

Internet Domain Names

As at the Latest Practicable Date, we have registered the following domain names:

Domain name	Registered owner	Expiry date
niks.asia	Company	9 November 2023 ⁽¹⁾
nikspro.cn	NPSCL	5 May 2025
nikspro.com	Company	28 November 2030

Note:

(1) We will not be renewing the niks.asia domain name, the use of which we have discontinued as at the Latest Practicable Date.

LICENCES, PERMITS AND GOVERNMENT REGULATIONS

Our Group's business and operations are carried out in Singapore and the PRC, and we are subject to relevant laws and regulations in Singapore and the PRC. A summary of the relevant laws and regulations applicable to our Group's business and operations in Singapore and the PRC are set out in Appendix E titled "Appendix E – Summary of Applicable Singapore Laws" and Appendix F titled "Appendix F – Summary of Applicable PRC Laws" to this Offer Document respectively.

The skincare products supplied by our Group are considered cosmetic products in Singapore, and the supply of cosmetic products in Singapore must comply with the requirements under the HPA and HPR. A cosmetic product notification is to be submitted before a cosmetic product can be sold in Singapore. In this regard, as at the Latest Practicable Date, we have submitted more than 100 notifications to the HSA for the cosmetic products that our Group supplies in Singapore.⁶ In the PRC, cosmetic products must be filed or registered with the NMPA before being imported into and sold in the PRC. In this regard, as at the Latest Practicable Date, NPSCL has been designated to file and register over 50 products in the PRC.⁷

⁶ Copies of the notifications to the HSA for the cosmetic products that our Group supplies in Singapore may be obtained from the HSA's website at <https://www.hsa.gov.sg/e-services/infosearch>.

⁷ Copies of the filings and registrations to the NMPA for the cosmetic products that our Group supplies in the PRC may be obtained from the NMPA's website at <https://www.nmpa.gov.cn/hzhp>. As the cover cream has 19 shades, our Group will require 19 separate special licences for the sale of the cover cream in the PRC. Given that the registration and notification application process for cosmetic products in the PRC requires considerable amount of time and application fees, pending the application for such special licences, our Group has chosen to sell only selected products in the PRC.

GENERAL INFORMATION ON OUR GROUP

As at the Latest Practicable Date, we have obtained the following material licences, permits and approvals:

Holder	Description of licence	Issuing authority	Expiry date ⁽¹⁾
Company	Licence to keep, or possess for use a laser machine model “Deka Smartxide (Dot)” manufactured by “Deka Laser”	National Environment Agency	Not stated ⁽²⁾
Company	Licence to keep, or possess for use a laser machine model “Excel-V” manufactured by “Cutera Inc”	National Environment Agency	Not stated ⁽²⁾
Company	Licence to keep, or possess for use an ultrasound machine model “Liposonix Model 2” manufactured by “Solta Medical Inc.”	National Environment Agency	Not stated ⁽²⁾
Company	Licence to keep, or possess for use a laser machine model “Clear + Brilliant Console” manufactured by “Solta Medical Inc.”	National Environment Agency	Not stated ⁽²⁾
Company	Licence to keep, or possess for use a laser machine model “Clear + Brilliant Console” manufactured by “Solta Medical Inc.”	National Environment Agency	Not stated ⁽²⁾
Company	Licence to keep, or possess for use a laser machine model “Smartxide2 CO2 (C40)” manufactured by “Deka M.E.L.A S.R.L”	National Environment Agency	Not stated ⁽²⁾
Company	Electrical Installation Licence – Licence to use or operate Electrical Installation at 176 #04-17 & 18 Orchard Road The Centrepont Singapore 238843	Energy Market Authority	22 March 2024
Company	Electrical Installation Licence – Licence to use or operate Electrical Installation at 16 #03-25, 26 & 27 Kallang Place Singapore 339156	Energy Market Authority	24 March 2024
Company	Licence to operate a medical clinic at 176 Orchard Road #04-17/18 The Centrepont Singapore 238843 known as “Niks Maple Central Clinic”	MOH	22 April 2026
Company	Licence to operate a medical clinic at 825 Tampines Street 81 #01-64 Tampines Grove Singapore 520825 known as “Niks Maple Clinic”	MOH	9 June 2025

GENERAL INFORMATION ON OUR GROUP

Holder	Description of licence	Issuing authority	Expiry date ⁽¹⁾
Company	For the continued use of the living quarters of the premises at AMK Shophouse as a commercial school	Housing & Development Board, Singapore	5 March 2026
Company	Approval for the filling, bottling and packaging of bulk finished cosmetic and skincare products and ancillary use	MOM	Not stated
NMWPL	Licence to keep, or possess for use a laser machine model “SP Dymamis” manufactured by “FOTONA”	National Environment Agency	Not stated ⁽²⁾
NMWPL	Licence to operate a medical clinic at Vision Exchange Property known as “Niks Maple West Clinic”	MOH	2 July 2024

Notes:

- (1) We intend to apply for renewal of the licences closer to their expiry dates. Our Directors do not foresee any material difficulties in respect of obtaining such renewal.
- (2) These licences are renewable on an annual basis, upon the payment of the relevant annual fees within the relevant prescribed periods. As at the Latest Practicable Date, these licences are reflected on the website of the relevant authorities as being “Active”.

To the best of our Directors’ knowledge, as at the Latest Practicable Date, our Group has obtained all requisite licences, permits and approvals necessary for our business and operations, and is in compliance with all relevant laws and regulations in Singapore and the PRC that would materially affect our business and operations.

We have not encountered any issues with the renewal of our Group’s material licences, permits and approvals in the past. As at the Latest Practicable Date, we are not aware of any reason which may cause the revocation or suspension or non-renewal of the licences, permits and approvals which are material to our Group’s business and operations.

CERTIFICATIONS, ACCREDITATIONS AND AWARDS

Certificates and accreditations

As at the Latest Practicable Date, we have not received any certifications or accreditations.

GENERAL INFORMATION ON OUR GROUP

Awards

As at the Latest Practicable Date, we have received the following award:

Recipient	Award	Issuing authority	Years of award
NPSCL	Good Corporate Citizen Award	People's Government of Dachang Town, Baoshan District, Shanghai	2020, 2021, and 2022

Note:

- (1) By receiving the Good Corporate Citizen Award, NPSCL was named as an example of a good corporate by the local People's Government. This award emphasised the local People's Government's recognition of NPSCL's good practices and operations including its full payment of taxes and cooperation with the government's development strategies.

EMPLOYEES

As at the Latest Practicable Date, we have 52 full-time employees.

The functional distribution breakdown of the full-time employees of our Group as at the end of FY2020, FY2021 and FY2022 and as at the Latest Practicable Date are as follows:

Function	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 31 March 2023	As at the Latest Practicable Date
Management ⁸	4	4	4	4	5
Doctors	3	3	4	4	4
Administrative	7	7	6	6	6
Finance	1	1	2	2	2
Operations ⁹	37	37	34	35	35
Total	52	52	50	51	52

The geographical distribution of full-time employees of our Group as at the end of FY2020, FY2021 and FY2022 and as at the Latest Practicable Date are as follows:

Country	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 31 March 2023	As at the Latest Practicable Date
Singapore	48	48	46	47	48
The PRC	4	4	4	4	4
Total	52	52	50	51	52

⁸ Dr Ong Fung Chin, who is part of the medical team of our Group, is included as part of "Management" for the purposes of this table.

⁹ Includes clinic assistants, retail associates, and therapists.

GENERAL INFORMATION ON OUR GROUP

As at the Latest Practicable Date, we do not employ a significant number of temporary employees.

Our Group's employees are not unionised. There has not been any incidence of work stoppages or labour disputes that affected our Group's business. Our Group considers our relationship with our employees to be good.

As at the Latest Practicable Date, our Group employs five (5) doctors, each of whom holds a valid practising certificate issued by the SMC. As part of the requirements to renew their practising certificates, our doctors are required to participate in continuing medical education activities. When new doctors join our group, our CMO will personally guide and train them on how to operate our Group's machines. Our product trainer will also brief and train our doctors on all the ingredients and usage of the skincare products that our Group sells. Where necessary, the relevant trainer from the supplier of our machines will also train our doctors on the theoretical and clinical studies in relation to the machines.

EMPLOYEE TRAINING POLICY

Quality control and assurance is integral to our business. Our Group recognises that the training of new and existing employees to ensure that they are adequately trained for their respective roles is pivotal in attracting and retaining new and existing customers and patients, and in increasing their satisfaction with our products and services. We require our employees to familiarise themselves with the standard operating procedures relevant to their respective job scopes.

Our employee training programme is manifold and comprises the following:

(a) **New Employees**

New employees are given an orientation by their immediate supervisors, which includes a site tour of our premises and a briefing on their roles and responsibilities. They also undergo hands-on training under the supervision of senior and more experienced personnel.

(i) Clinic

(A) Doctor

New doctors would undergo training on (I) product training by our product trainer who has had more than 20 years of experience working with our Company and (II) equipment handling and treatment procedures by our CMO.

(B) Clinic Assistant

New clinic assistants would be trained on the usual clinic operating protocols and also the additional knowledge required for the aesthetics aspects of our business, such as assisting our doctors during procedures.

GENERAL INFORMATION ON OUR GROUP

(ii) Retail

New employees working in the retail and operations function will be trained for six (6) to eight (8) weeks by our product trainer who has had more than 20 years of experience working with our Company, during which these new employees will undergo training in both product knowledge and various operational aspects of our business. These operational aspects include reinforcing rules on the manning of our outlets, administering point-of-sale systems, managing inventory, and other responsibilities.

Upon successful completion of the aforementioned training, the new retail associate would officially be onboarded as a retail associate. If, for any reason, the new employee requires extended training in the opinion of the product trainer, the new employee shall continue training until he/she is deemed ready by the product trainer.

(iii) Headquarters and the PRC

New hires are trained by their supervisors to adapt their qualifications and experiences to the specific job requirements. In the case of replacement staff, our Group uses its best endeavours to ensure that the outgoing staff remain for a sufficient period to brief and hand over their duties to the incoming employees, and/or detail their work duties in writing for the incoming employees.

(b) **Existing Employees**

Existing employees receive the following training:

(i) Clinic

(A) Doctor

In addition to complying with the SMC's requirements to undergo the Continuing Medical Education programme to keep abreast of the latest medical knowledge and skills to enhance their professional performance as SMC-registered doctors, our doctors also undergo in-house on-the-job training on an ongoing basis to ensure they are proficiently equipped with all relevant skills to treat the patients.

(B) Clinic Assistant

All clinic assistants undergo on-the-job training on an ongoing basis. Clinic supervisors oversee the performance of each employee to ensure the smooth operations of and the quality of the service rendered by the respective clinics.

(ii) Retail

The retail manager who oversees the operations of all outlets would:

- (A) organise formal training sessions for the retail associates at least two (2) to three (3) times per year, the scope of which includes the refreshing of product knowledge by the product trainer, introducing ways of promoting our products to customers and mannerisms when attending to customers;

GENERAL INFORMATION ON OUR GROUP

- (B) on an ad-hoc basis, present case-studies to reinforce the retail associates' awareness of exemplary service standards and to remind the retail associates of areas for improvement; and
 - (C) together with the product trainer, brief the retail associates on various matters including any new product launches, explaining to them the ingredients of our products and the suitability of the products for each skin-type.
- (iii) Headquarters and the PRC

Our employees are encouraged to update themselves with ad-hoc programmes relevant to their job scopes, such as digital marketing, changes to the accounting rules, product safety and quality control, among others.

Re-training is conducted on a regular basis and as and when the need arises due to revisions in the training details, or if we determine, through our internal audits, that incorrect procedures are being undertaken by our employees.

INSURANCE

As at the Latest Practicable Date, our Group maintains, among other things, the following insurance policies to cover, including but not limited to, our operational, human resource and physical risks:

- (a) public liability insurance;
- (b) fire insurance covering damage to our building (excluding foundation) at the AMK Shophouse, the Bedok Shophouse and the Vision Exchange Property;
- (c) business insurance (including coverage for fire and extra perils, theft and money);
- (d) insurance covering commercial vehicle; and
- (e) work injury compensation insurance.

We believe that our Group's current insurance coverage from the above insurance policies is generally adequate for our existing business and operations and, to the best of our knowledge and belief, is in line with industry practice. To ensure that we will continue to have adequate insurance coverage, we will review our insurance coverage on an annual basis. We will procure the necessary additional coverage for our business operations, properties and other assets as and when the need arises.

Each of our doctors also maintains medical malpractice indemnity (with Medical Protection Society Limited) and/or medical malpractice insurance (with a commercial insurer) to cover legal liability arising from malpractice. We cover our risk through our employment agreements with each of our doctors wherein each of them will, with effect from 1 January 2024, undertake to keep our Group indemnified from and against, among others, all damages, liabilities, proceedings or suits of whatsoever nature which our Group may suffer by reason of any wilful misconduct or negligence on the part of the doctors in relation to the performance of their duties or otherwise. Our Group will consistently monitor the coverage of our doctors on an annual basis to ensure that the doctors of our Group have sufficient coverage to fulfil any potential liabilities. Where our Audit and Risk Committee perceives that coverage is insufficient, our Group will consider obtaining its own additional malpractice cover.

GENERAL INFORMATION ON OUR GROUP

ORDER BOOK

Due to the nature of our business, the concept of an order book is not meaningful to us. Although our clinics maintain a register for advance patient appointments, these appointments are not legally binding and may be cancelled or postponed easily, and therefore do not constitute our orders on hand.

CORPORATE SOCIAL RESPONSIBILITY

We view corporate social responsibility as our responsibility and we recognise that we have an obligation towards our employees, investors, customers, suppliers and the community as a whole. We believe that our reputation, together with the trust and confidence of those with whom we deal with, is one of our most valuable assets. We seek to maintain our reputation and such trust and confidence, and are committed to achieving long-term mutually sustainable relationships with our stakeholders.

In addition, we will be required to disclose our corporate social responsibility policies with reference to the SGX-ST's Guide to Sustainability Reporting for Listed Companies.

COMPETITION

Our main competitors are general practitioners with special interest in dermatology and aesthetic medical doctors. To the best of our Group's knowledge, we believe that our Group differs from most of these providers in that we effectively combine family practice dermatology services and aesthetic medical treatments, with a wide portfolio of complementary skincare products under our own brand. According to Converging Knowledge, most primary care or general practitioners are focused on the treatment of general ailments, with little or no aesthetic medical offerings, do not have their proprietary skincare products or have limited range, and do not provide beauty therapies. Most dermatologists in private practice lines treat skin (and hair) issues, provide aesthetic medical services, have their own skincare product but do not offer beauty therapies. On the other hand, aesthetics doctors are mainly engaged in aesthetic medical treatments, with some providing complementary beauty therapies, but few have their own formulated skincare product range or have a narrow range.

To further distinguish ourselves from our competitors, we focus on effective treatment and management of our patients and have developed a loyal following of patients who entrust their and their family members' skin-related problems to our doctors. Since our incorporation in 1998, our Group has over the years grown its practice to provide family practice dermatology treatments for skin disorders such as atopic dermatitis and psoriasis, as well as aesthetic medical services like scar removal laser treatments and Botox injection. We place strong emphasis on providing a holistic experience to our patients' journey in treating, managing and enhancing their skin conditions. Other than the provision of clinical services, as at the Latest Practicable Date, we also operate three (3) outlets, providing complementary salon services such as anti-aging and therapeutic facial treatments. These facial treatments complement our clinical offerings and use products from our Group's specially-curated product range, which our Group has formulated through years of experience of our Group's doctors and jointly developed with foreign third-party manufacturing facilities. These products are sold via various sales channels such as our Group's outlets, on our Group's website, via authorised distributors in the PRC and on our Group's own WeChat platform in the PRC.

GENERAL INFORMATION ON OUR GROUP

To the best of our knowledge, save as disclosed in the Industry Report, there are no published statistics or official sources of information relating to industry statistics that can be used to accurately measure the market share of our business in Singapore and the PRC.

To the best of our Directors' knowledge, none of our Directors, Substantial Shareholders, Executive Officers or any of their respective associates is related to or has any interest, direct or indirect, in any of our competitors.¹⁰

COMPETITIVE STRENGTHS

We believe that we are able to compete effectively due to our competitive strengths, as described below.

Trusted and Established Family Practice Dermatology and Aesthetic Medical Service Provider

Our Group's business focus is on family practice dermatology, while also incorporating aesthetic medical services. We believe that we are able to offer more effective dermatological treatments than the normal general practitioners treating general ailments, while presenting ourselves as a more affordable alternative as compared to skin specialists such as dermatologists. Thus, we believe that our Group serves a niche market with only a few players operating in the space locally. With more than 25 years of operating history in the industry, we believe we have built up a resilient business model, brand name and strong operational know-how that we can leverage as we expand and grow our business in existing and new markets. Converging Knowledge has also highlighted barriers to entry into our Group's business, which are the qualifications required of medical practitioners who wish to administer such services and strict marketing guidelines. Since our Group commenced business operations in 1998, it has increased its number of clinics and outlets. As at the Latest Practicable Date, our Group operates three (3) clinics and three (3) outlets in Singapore, strategically located in highly accessible locations to capture a wider reach of customer base. Our Group has also established long-standing relationships with its suppliers of medical equipment and skincare products. In addition, we believe that the "Niks" brand has developed a loyal customer base through its patient-focused treatments, and consistently attracts returning customers.

Extensive Range of Medical Skincare Products under the "Niks" Brand and Utilisation of Up-to-Date Equipment

Our Group started off as a general practice clinic and has since expanded into the sale of its own medical skincare products under the "Niks" brand. Other than retailing the products locally, our Group is also able to distribute our products in the PRC without any clinical presence, due to its established reputation. As at the Latest Practicable Date, our Group offers more than 100 unique proprietary medical skincare products under five (5) broad categories for a more targeted approach to improve skin conditions. The five (5) broad categories are: (a) body care, sun care and camouflage; (b) dry and sensitive skin; (c) general skincare; (d) oily, combination and acne-prone skin; and (e) pigmentation, photo-damage and anti-aging. Our Group's medical skincare products are conceptualised by our Group's doctors and jointly developed with third-party contract manufacturers overseas. Our products satisfy stringent regulatory requirements and undergo quality assurance processes. Our Group consistently launches new products which reflect the latest technological advancements and quality ingredients in skincare to cater for a wider range of skincare issues. To enable our doctors to provide quality skincare

¹⁰ Excluding the holding of or interest in, shares or debentures of not more than 5% of the total issued share capital of any company listed on any stock exchange.

GENERAL INFORMATION ON OUR GROUP

treatment for our customers aimed at improved treatment efficacy, our Group regularly updates the range of equipment used in our clinics and outlets.

Integrated Business Segments which are Favoured by Long Term Industry Trends

Our Group offers a comprehensive range of solutions which includes family practice dermatology and aesthetic medical services, facial treatments and paramedical camouflage services. Our Group also retails our medical skincare products locally and distributes them in the PRC. As these business segments are complementary in nature, our Group presents itself as a one-stop solutions provider for dermatological issues and believes that it is able to cater to a wide variety of skincare issues and thus capture a wider range of customers. Different dermatological issues may also occur across the lifetime of some customers, and this presents as recurring revenue for our Group. The integrated business segments, in particular the retail and distribution of our proprietary skincare products in Singapore and the PRC, also facilitate the scalability of our Group's business. Furthermore, the current industry trends highlighted by Converging Knowledge such as growing Medical Aesthetics market, rising Asian wealth and recovery of Singapore's GDP post-COVID 19 pandemic, are favourable to our Group's business segments.

Highly Experienced Management Team and Doctors

The management team comprises committed and dedicated individuals with extensive experience in the family practice dermatology and aesthetic medical industry. The team of five (5) doctors currently employed by our Group have on average over 20 years of experience in the industry and have been with our Group for more than 10 years on average. The majority of the team have post-MBBS dermatology-related qualifications. Our Group believes that under the leadership of its visionary management team and the doctors, we are well-positioned to capitalise on the trends and developments in the industry.

Track Record of Profitability with Recurring Cash Flows from Operating Activities

Our Group has a track record of profitability in the Relevant Period. Our Group has recorded profit attributable to the owners of our Company of S\$3.00 million, S\$3.34 million and S\$2.76 million in FY2020, FY2021 and FY2022 respectively. Our Group's business model allows us to generate recurring cash flows, averaging S\$4.18 million of net operating cash inflows per annum for the last three (3) financial years. Further, save for the lease liabilities, the Group does not have any other borrowings or loans, providing the Group with the capacity to fund its future expansion plans.

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

TREND INFORMATION

Based on our Directors' knowledge and experience in the industry and barring any unforeseen circumstances, our Directors observe the following trends for the 12 months from the Latest Practicable Date:

- (a) As with other businesses in Singapore, we expect to face inflationary pressures and a general trend of increase in the costs of our raw materials and other overheads such as utilities.
- (b) We expect the costs of our manpower to increase with the further tightening of labour supply and/or the reduction of the quota of foreign employees that companies in Singapore are permitted to employ.
- (c) It is our current intention to expand our network of clinics and outlets. In expanding our business, we will incur capital expenditures, acquisition or set-up costs, and may take on additional bank borrowings, if so required. We expect, barring any unforeseen circumstances, that our business expansion and investments will generate future revenue for our Group with corresponding increases in our operating expenses. There is however, no assurance that the business expansion and investments will have any material impact on the profitability of our Group in the current financial year. Please also refer to the section titled "Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans" of this Offer Document for further details.
- (d) We expect to record non-cash share-based payment expenses pursuant to the issuance of new ordinary shares of our Company in relation to the conversion of convertible loan extended by four (4) doctors of our Group (who are not directors of our Company). We expect to charge an aggregate of approximately S\$0.16 million to our profit and loss in the current financial year.
- (e) We expect our other operating expenses to increase due to a portion of our listing expenses incurred in connection with the listing, as well as the ongoing compliance costs of a public listed company.

Save as disclosed above and in the sections titled "Risk Factors", "Management's Discussion and Analysis of Results of Operations and Financial Position" and "Prospects, Business Strategies and Future Plans" of this Offer Document, the "Independent Auditor's Report on the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022", the "Independent Auditor's Review Report on the Unaudited Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023" and the "Independent Auditor's Assurance Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 31 December 2022 and Three-Month Period Ended 31 March 2023" as set out in Appendices A, B and C to this Offer Document respectively, and barring any unforeseen circumstances, our Directors are not aware of (a) any significant recent trends in production, sales and inventory and in the costs and selling prices of products and services since 31 March 2023; or (b) any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenues, profitability, liquidity or capital resources for FY2023, or that may cause the financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial condition. Please refer to the section titled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document for further details.

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

BUSINESS STRATEGIES AND FUTURE PLANS

We intend to drive the growth of our Group through the following strategic initiatives:

(a) **Organic expansion of our business**

- (i) Expansion of our business through the opening of new clinics and outlets, recruitment of healthcare and management professionals, and purchase of new equipment

We intend to continue to expand our presence locally through the opening of new clinics and outlets, including setting up a new clinic in the North and an outlet in the West in the near term. We believe that this will bring about a more complete geographical coverage of Singapore and further grow our Group's customer base.

This is also in line with our intention to recruit and retain highly qualified and talented healthcare and management professionals to better provide for our customers. In addition, we plan to provide them with opportunity and time to further their professional development and expertise should they desire to do so. With the expansion of new clinics and outlets, we intend to continue to purchase additional equipment to enhance our services and extend the range of treatments available at certain clinics and outlets, and to keep abreast of the latest treatment technologies and trends to maintain our competitiveness.

- (ii) Expansion of our medical skincare products distribution business in the PRC

We intend to grow our medical skincare products distribution business in the PRC by engaging more regional agents and expand our geographical coverage in the PRC. We also intend to increase our efforts in engaging direct sales to doctors and end customers in the PRC, which we believe will fetch better margins as compared to sales through regional agents. To achieve this goal, we intend to recruit additional staff with experience and expertise in marketing strategies in the PRC. We will continue to advertise our medical skincare products on WeChat, www.haodf.com and other online platforms. In addition, we intend to expand the range of medical skincare products currently offered in the PRC to cater to a greater variety of skin issues and thus resulting in a wider customer base.

We intend to utilise S\$0.8 million of the net proceeds raised from the Invitation to fund organic expansion of our business through the: (A) opening of new clinics and outlets, recruitment of healthcare and management professionals, purchase of new equipment; and (B) expansion of medical skincare products distribution business in the PRC.

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

(b) Expansion of our business through acquisitions, joint ventures and/or strategic alliances

In addition to growing organically, we also plan to expand our business, whether in Singapore or overseas, through investments, acquisitions, joint ventures and/or strategic alliances with parties whose businesses are synergistic or complementary with our business. Such synergistic or complementary businesses may include the practice of general practitioners, general practitioners with special interest in dermatology, aesthetic doctors, plastic surgeons, medical products distributors and/or other medical related businesses. We believe that suitable acquisitions, joint ventures and/or strategic alliances will strengthen our market position, give us access to new brands, new products, new markets and customers as well as new complementary businesses. They will also bring about greater economies of scale and provide an impetus for our future growth.

We intend to utilise S\$2.2 million of the net proceeds raised from the Invitation to fund expansion of business through acquisitions, joint ventures and/or strategic alliances.

As at the Latest Practicable Date, we are not engaged in any formal discussion/entered into any agreements with any party for acquisitions, joint ventures or strategic alliances.

INTERESTED PERSON TRANSACTIONS

OVERVIEW

In general, transactions between our Group and any of our interested persons (namely, our Directors, CEO, Controlling Shareholders and their associates (as defined in the Catalist Rules)) (“Interested Persons” and each, an “Interested Person”) would constitute interested person transactions for the purposes of Chapter 9 of the Catalist Rules.

Details of the present and on-going transactions as well as past transactions between our Group and Interested Persons which are material in the context of the Invitation are set out below. Save as disclosed in this section and in the section titled “Group Structure – Internal Restructuring” of this Offer Document, there was no other interested person transaction which is considered material in the context of the Invitation during the Relevant Period.

In line with the rules of Chapter 9 of the Catalist Rules, a transaction of value less than S\$100,000 is not considered material in the context of the Invitation and may not be disclosed below or taken into account for the purposes of aggregation in this section.

Our Group may continue to transact with some of the Interested Persons as disclosed below after our admission to Catalist. Save as otherwise provided in this section, investors shall, upon their subscription of the Invitation Shares, be deemed to have specifically approved the transactions with the Interested Persons as set out below and as such, these transactions are not subject to Rules 905 and 906 of the Catalist Rules to the extent that there are no subsequent changes to the terms of the agreements in relation to the relevant transactions.

INTERESTED PERSONS

Each of the following persons is an “Interested Person” for the purpose of the interested person transactions described below:

Interested Person	Relationship with our Group
Mr Cheng Shoong Tat	Director/Controlling Shareholder
Dr Ong Fung Chin	Director/Controlling Shareholder

PAST INTERESTED PERSON TRANSACTIONS

Indemnities provided by Dr Ong Fung Chin and Mr Cheng Shoong Tat

We are required to furnish to MOM a security bond of S\$5,000 for each foreign worker we engage. Our Group has obtained security bond guarantees from certain insurers in lieu of the security bonds. Dr Ong Fung Chin and Mr Cheng Shoong Tat had in turn provided indemnities to the insurers in respect of any amounts claimed under the security bond guarantees.

INTERESTED PERSON TRANSACTIONS

The indemnities provided by Dr Ong Fung Chin and Mr Cheng Shoong Tat in connection with the security bond guarantees were as follows:

(S\$'000)	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at the Latest Practicable Date
Aggregate indemnity in connection with the security bond guarantees	5	5	10	–

Based on the number of non-Malaysian foreign workers employed by our Group as at the end of each of FY2020, FY2021 and FY2022 and as at the Latest Practicable Date, the largest indemnity amount during the Relevant Period was S\$10,000.

The above transactions were not entered into on an arm's length basis or on normal commercial terms. However, as Dr Ong Fung Chin and Mr Cheng Shoong Tat did not receive any fees, charges, benefits in kind, commissions or interest payments from our Group for the provision of the indemnities, our Directors are of the view that such transactions were beneficial and not prejudicial to the interests of our Group and our minority shareholders.

As at the Latest Practicable Date, the abovementioned indemnities provided by Dr Ong Fung Chin and Mr Cheng Shoong Tat have been discharged and have been replaced with indemnities provided by our Company.

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

Rental of premises from Dr Ong Fung Chin

We rented the property situated at 825 Tampines Street 81, #01-64, Tampines Grove, Singapore 520825 from Dr Ong Fung Chin pursuant to a tenancy agreement dated 1 March 2014, which was stated to be in force until terminated in accordance with its terms ("**Tenancy Agreement**"). The Tenancy Agreement has been superseded by the Rental Agreement (as defined below). The aggregate amounts received by Dr Ong from us pursuant to the Tenancy Agreement during the Relevant Period were as follows:

(S\$'000)	FY2020	FY2021	FY2022	From 1 January 2023 to the Latest Practicable Date
Aggregate amount received by Dr Ong Fung Chin	70	84	84	42

INTERESTED PERSON TRANSACTIONS

Our Directors are of the view that the rental of premises from Dr Ong pursuant to the Tenancy Agreement was not carried out on an arm's length basis and was not on normal commercial terms. This is because the rent payable under the Tenancy Agreement had not been revised since the commencement of the Tenancy Agreement. However, our Directors are of the view that our Company's rental of the property at a fixed rate which had not been revised since March 2014 until June 2023 was beneficial and not prejudicial to the interests of our Group and our minority Shareholders.

Pursuant to a rental agreement dated 22 June 2023 ("**Rental Agreement**") entered into between Dr Ong Fung Chin and our Company, Dr Ong agreed to lease the property situated at 825 Tampines Street 81, #01-64, Tampines Grove, Singapore 520825 to our Company at a monthly rent of S\$13,000 per month for a term of three (3) years from 1 July 2023 to 30 June 2026.

As at the Latest Practicable Date, our Company had paid two (2) months of rental amounting to S\$26,000 to Dr Ong in accordance with the Rental Agreement.

Our Directors are of the view that the above transaction was carried out on an arm's length basis and on normal commercial terms as the rental charged by Dr Ong to our Company was computed based on an independent rental valuation of the said premises dated 16 June 2023¹¹, which stated that the independent valuer's opinion of the total rental value of the premises to be S\$13,000 as at 9 June 2023. Accordingly, our Directors are of the view that such transaction is not prejudicial to the interests of our Group and our minority Shareholders.

After our Listing on Catalist, we intend to continue to rent the premises. Rental valuation will be carried out every three (3) years by an independent valuer when such lease is up for renewal and such transaction will be conducted in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the section titled "Interested Person Transactions – Guidelines and Review Procedures for On-going and Future Interested Person Transactions" of this Offer Document and Chapter 9 of the Catalist Rules.

Deeds of indemnities provided by Mr Cheng Shoong Tat and Dr Ong Fung Chin

Our Executive Directors and Controlling Shareholders, Mr Cheng Shoong Tat and Dr Ong Fung Chin, have respectively signed deeds of indemnity pursuant to which each of them shall, among others, indemnify and hold harmless each of our Company and NPSC, from and against all actions, proceedings, fines, liabilities, claims, demands, losses and damages, charges, costs and expenses of whatever nature (where applicable) which may be sustained by, imposed on or incurred by any of them, at any of them and from time to time as a result of or in connection with the past and ongoing non-payment of social insurance for a non-PRC employee, up to the date that NPSC is in full compliance with all applicable and prevailing laws of the PRC in relation to the payment of social insurance for such non-PRC employee, in which event such deeds of indemnity shall terminate and cease to have any effect. Please refer to the section titled "Risk Factors – Risks related to non-payment of social insurance" of this Offer Document for further details.

¹¹ The valuation was commissioned for and on behalf of our Company by Mr Cheng Shoong Tat and was performed in compliance with SISV Practice Guide 1/2018 (Practice Guide for Valuation Reporting for REITs, Listed Companies and Initial Public Offerings including inclusion in Prospectus and Circulars) as well as rules issued by Singapore Exchange Regulation on 12 January 2021 on valuers and valuation reports.

INTERESTED PERSON TRANSACTIONS

The provision of indemnities is not made on an arm's length basis and normal commercial terms as no payments or benefits in kind are given to Mr Cheng Shoong Tat and Dr Ong Fung Chin in relation to the provision thereof. However, our Directors are of the view that the indemnity is not prejudicial to the interests of our Group and our minority Shareholders. After our admission to Catalist, all such transactions and arrangements will be subject to the review procedures as set out in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for On-going and Future Interested Person Transactions" of this Offer Document, and will be subject to Chapter 9 of the Catalist Rules. Such terms will also be subject to the review and approval of our Audit and Risk Committee.

GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS

Review Procedures

To ensure that all future interested person transactions are carried out on normal commercial terms which are generally no more favourable than those extended to unrelated third parties and on an arm's length basis, and will not be prejudicial to the interests of our Group and our minority Shareholders, the following procedures will be implemented by our Group:

- (a) in relation to any purchase of products or procurement of services from an Interested Person of value above S\$100,000 (either individually or aggregated with other transactions involving the same Interested Person during the same financial year), quotations from at least two (2) unrelated third parties in respect of the same or substantially similar type of transactions will be obtained for comparison to ensure that the interests of our Group and minority Shareholders are not disadvantaged. The purchase price or fee for services shall generally not be higher than the most competitive price of the two (2) comparative quotations obtained from the two (2) unrelated third parties, taking into account all pertinent factors, including but not limited to quantity, quality, delivery time, requirements, specifications, payment and credit terms, reliability, track record, cost of the product or service, and availability of preferential rates;
- (b) in relation to any sale of products or supply of services to an Interested Person of value above S\$100,000 (either individually or aggregated with other transactions involving the same Interested Person during the same financial year), the sale price or fee of at least two (2) other completed transactions of the same or substantially similar nature with unrelated third parties will be used as comparison to ensure that the interests of our Group and minority Shareholders are not disadvantaged. The sale price or fee for the sale of products or the supply of services to an Interested Person shall generally not be charged at rates lower than that charged to unrelated third parties, taking into account all pertinent factors, including but not limited to customer requirements, creditworthiness, and usual prices, margins or discounts that may be extended to regular customers of our Group;
- (c) in the case of renting properties from or to an Interested Person, our Audit and Risk Committee shall take appropriate steps to ensure that the rent is commensurate with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and/or obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where appropriate). The rent payable shall be based on the most competitive market rental rate of similar property in terms of size, tenure, suitability for purpose and location, based on the results of the relevant inquiries; and

INTERESTED PERSON TRANSACTIONS

- (d) there may be situations where competitive quotations or price comparisons may not be practicable or appropriate, such as where there are no unrelated third-party vendors of similar products or services, considering factors such as quantity, specifications and delivery schedules. In the event that it is not practicable or appropriate to compare against the terms of other transactions or quotations with unrelated third parties or to obtain the price and terms of at least two (2) other transactions (as stipulated in paragraphs (a) and (b) above) or in situations where the products or services may be purchased only from an Interested Person, our CFO (if he has no interest in the transaction), or failing which, an appropriate senior executive (who must have no interest, direct or indirect, in the transaction) to be appointed by our Audit and Risk Committee will determine whether the prices and terms offered to the Interested Person are fair and reasonable and in accordance with our Group's usual business practices and pricing policies or industry norms. In determining whether the price and terms are fair and reasonable and consistent with our Group's usual business practice, factors such as, but not limited to, quantity, quality, delivery time, requirements, specifications, payment and credit terms, reliability, track record, historical purchase price paid by us for such products or goods, and availability of preferential rates will be taken into account.

Threshold Limits

In addition, we will monitor all interested person transactions entered into by our Group and categorise these transactions as follows:

- (a) all Interested Person Transactions equal and below S\$100,000 (either individually or as part of a series or are aggregated with other transactions involving the same Interested Person during the same financial year) are to be approved by our CFO or an appropriate senior executive (who must have no interest, direct or indirect, in the transaction) to be appointed by our Audit and Risk Committee, prior to entry;
- (b) all interested person transactions of values above S\$100,000 but below 3.0% of the latest audited NTA of our Group (either individually or as part of a series or aggregated with other transactions involving the same Interested Person during the same financial year) shall be approved by one (1) Audit and Risk Committee member and CFO prior to entry. Where our CFO has an interest, directly or indirectly, in the transaction, or is not available to review and approve the transaction, an appropriate senior executive (who must have no interest, direct or indirect, in the transaction) to be appointed by our Audit and Risk Committee, shall approve the transaction prior to entry; and
- (c) for interested person transactions where the value amounts to 3.0% or more of the latest audited NTA of our Group (either individually or as part of a series or aggregated with other transactions involving the same Interested Person during the same financial year), we shall obtain the approval of our Audit and Risk Committee prior to entering into the transaction.

Where an Audit and Risk Committee member has an interest, directly or indirectly, in the transaction, he shall abstain from participating in the review and approval of the transaction.

Any transactions to be made with an Interested Person shall not be approved unless:

- (i) the pricing is determined in accordance with our usual business practices and policies, consistent with the usual rate given or price received by us for the same or substantially similar type of transactions between us and unrelated parties, and the terms are no more favourable to the Interested Person than those extended to or received from unrelated parties; or

INTERESTED PERSON TRANSACTIONS

- (ii) where paragraph (d) under the “Review Procedures” section applies, the considerations in determining whether the price and terms offered are fair and reasonable as set out therein are properly considered and documented.

The above threshold limits are adopted by our Group after considering, among other things, the nature, volume, frequency and size of the transactions as well as our Group’s day-to-day operations, administration and businesses. The threshold limits are arrived at with a view to strike a balance between (1) maximising the operational efficiency of the day-to-day operations of our Group, and (2) maintaining adequate internal controls and governance in relation to the interested person transactions. The threshold limits are intended to act as an additional safeguard to supplement the review procedures as set out above.

Additional Procedures

- (a) Before any agreement or arrangement with an Interested Person that is not in the ordinary course of business of our Group is transacted, prior approval must be obtained from our Audit and Risk Committee. Any decision to proceed with such an agreement or arrangement would be recorded for review by our Audit and Risk Committee. In the event that a member of our Audit and Risk Committee is interested in any interested person transaction, he will abstain from reviewing and/or approving that particular transaction.
- (b) We will prepare all the relevant information to assist our Audit and Risk Committee in its review and will keep a register recording all interested person transactions. We shall maintain a register to record all interested person transactions that are entered into by our Group, including any pertinent factor(s) considered and/or quotations obtained from unrelated third parties to support the price, fee, rental and/or terms of the interested person transaction, and the review and/or approval of our Audit and Risk Committee. The register shall be maintained by our finance team and any exceptions or departures from the review procedures shall be reported and highlighted to our Audit and Risk Committee by our CFO immediately. Our CFO shall review the register on a quarterly basis.
- (c) Our finance team will maintain a list of Interested Persons (which is to be updated immediately if there are any changes) to enable identification of Interested Persons. The list shall be reviewed annually by our CFO and subject to such verifications or declarations as required by our Audit and Risk Committee for such period as determined by them. This list shall be disseminated to all relevant staff for identification of interested person transactions on a timely basis.
- (d) Our Audit and Risk Committee will review all interested person transactions, if any, on a semi-annual basis (or at such frequency as our Audit and Risk Committee may deem necessary) to ensure that they are carried out on an arm’s length basis and in accordance with the procedures outlined above, taking into account all relevant non-quantitative factors. In the event that a member of our Audit and Risk Committee is interested in any such transaction, he will abstain from participating in the review and approval process in relation to that particular transaction.
- (e) The list of Interested Person will also be reviewed annually (or at such frequency as our Audit and Risk Committee may deem necessary) by our Audit and Risk Committee.

INTERESTED PERSON TRANSACTIONS

- (f) Our internal audit plan will also incorporate a review of all interested person transactions and the list of Interested Person at least on an annual basis. The internal audit report will be reviewed by our Audit and Risk Committee to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with.
- (g) Our Audit and Risk Committee and our Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing laws, rules and regulations, the Catalist Rules (in particular, Chapter 9 thereof) and relevant accounting standards are complied with. Pursuant to the Catalist Rules, we will make the required disclosure in relation to our interested person transactions in our annual report during the relevant financial year under review.
- (h) In addition, such transactions will also be subject to Shareholders' approval if deemed necessary under the Catalist Rules. In accordance with Rule 919 of the Catalist Rules, the relevant Interested Persons and their associates shall abstain from voting, or acting as proxies unless given specific instructions as to voting by the Shareholder(s), on resolutions approving such interested person transactions.
- (i) Our Audit and Risk Committee shall also, from time to time, review such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that interested person transactions are conducted on normal commercial terms, on an arm's length basis and do not prejudice the interests of our Group and our minority Shareholders. If, during these periodic reviews by our Audit and Risk Committee, our Audit and Risk Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that interested person transactions will be on normal commercial terms, on an arm's length basis and not prejudicial to the interests of our Group and our minority Shareholders, our Audit and Risk Committee will adopt such new guidelines and review procedures for future interested person transactions as may be appropriate. Our Audit and Risk Committee may request for an independent financial adviser's opinion on such guidelines and procedures as it deems necessary.

POTENTIAL CONFLICTS OF INTERESTS

INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS OR THEIR ASSOCIATES

All our Directors have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflict of interests (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceedings of our Board and shall abstain from voting in respect of any such transaction where the conflict arises.

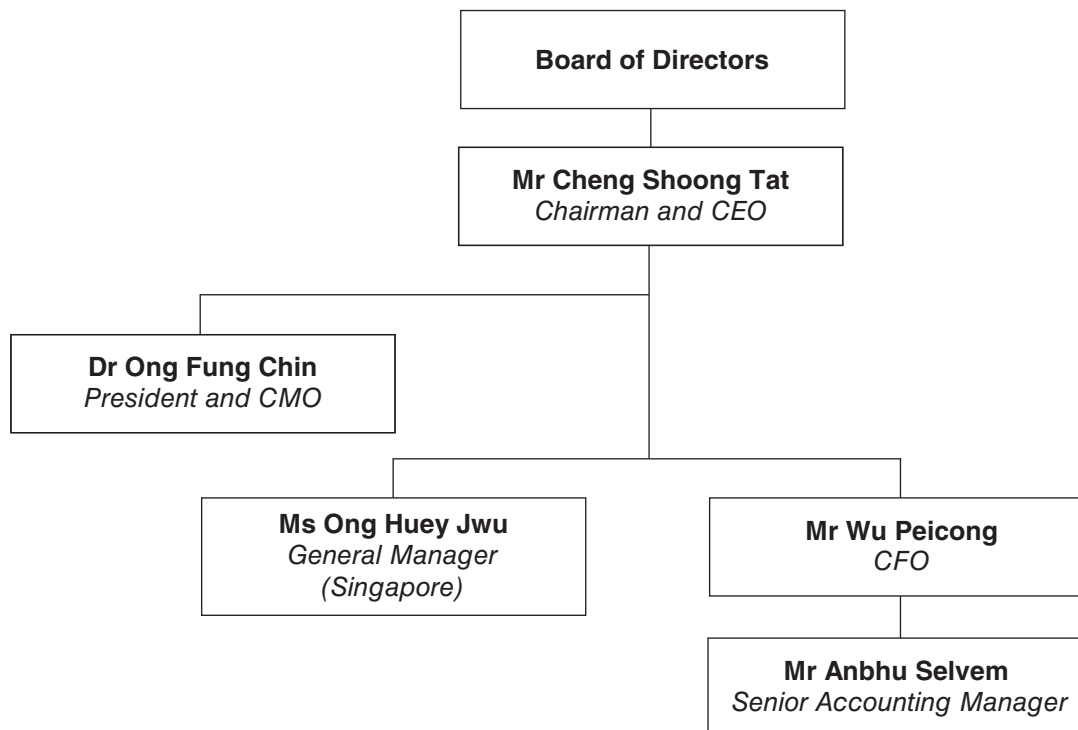
Save as disclosed in the section titled “Interested Person Transactions” of this Offer Document, none of our Directors, Controlling Shareholders or any of their respective associates has any interest, direct or indirect:

- (a) in any material transactions to which our Company or any of our subsidiaries was or is a party;
- (b) in any entity carrying on the same business or dealing in similar products or services as our Group; or
- (c) in any enterprise or company that is our Group’s customer or supplier of goods and services.

DIRECTORS AND MANAGEMENT

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure as at the Latest Practicable Date is set out below:



DIRECTORS

The Board of Directors is entrusted with the responsibility for the overall management of our Group. The particulars of our Directors as at the Latest Practicable Date are set out below:

Name	Age	Address	Position
Mr Cheng Shoong Tat	62	c/o 16 Kallang Place #03-27 Singapore 339156	Chairman and CEO
Dr Ong Fung Chin	62	c/o 16 Kallang Place #03-27 Singapore 339156	President and CMO
Mr Mark Andrew Yeo Kah Chong	60	c/o 16 Kallang Place #03-27 Singapore 339156	Deputy Chairman and Lead Independent Director
Mr Manu Bhaskaran	65	c/o 16 Kallang Place #03-27 Singapore 339156	Independent Director
Mr Tan Teck Huat	62	c/o 16 Kallang Place #03-27 Singapore 339156	Independent Director

None of our Directors has any arrangement or understanding with any of our Substantial Shareholders, customers, suppliers or other person pursuant to which he/she was appointed as our Director.

DIRECTORS AND MANAGEMENT

Mr Cheng Shoong Tat is the spouse of Dr Ong Fung Chin. Dr Ong Fung Chin is the sister of Ms Ong Huey Jwu. Save as aforesaid, none of our Directors has any family relationships with one another, our Executive Officers or our Substantial Shareholders.

As at the Latest Practicable Date, none of our Independent Directors sits on the board of any of the principal subsidiaries of our Company.

Information on the working and business experience of our Directors is set out below:

Mr Cheng Shoong Tat is the Chairman and CEO of our Company, and is responsible for the overall management, strategic planning and business development of our Group. A co-founder of our Group, Mr Cheng has been a Director of our Company since 1998 and formally joined our Group on a full-time basis as the Managing Director of our Company since 2005. He has also been the executive director of NPSCL since 2008.

Prior to his appointment with our Group, Mr Cheng was, among others, Chief Financial Officer of SPH Mediaworks Ltd from 2000 to 2003, Senior Vice President of Pontiac Land Private Limited from 1997 to 2000 and General Manager (Planning and Finance) at China-Singapore Suzhou Industrial Park Development Group Co., Ltd (the developer of the Suzhou Industrial Park in Suzhou, the PRC) from 1994 to 1996.

Mr Cheng graduated from the University of Cambridge in 1982 with a Bachelor of Arts. In 1992, he obtained a Master of Business Administration from the London Business School, University of London. He was awarded the President's Scholarship by the Singapore government in 1979.

Dr Ong Fung Chin is the President and CMO of our Company. Dr Ong is responsible for the overall strategic direction, management and operation of our Group's clinics and outlets, including overseeing our Group's overall medical practices, standards and governance. Dr Ong is also responsible for our Group's product formulation and testing, and product training. A co-founder of our Group, Dr Ong has been an Executive Director of our Company since 2003. Dr Ong has accumulated about 38 years of experience in medical practice, starting with public hospitals and private medical groups and opening her own Maple Clinic in 1994. The growth of the clinic into one focusing on family practice dermatology and aesthetic medical services and the development of complementary medical skincare products led to the formation of our Company in 1998.

Dr Ong obtained her degrees of Bachelor of Medicine and Bachelor of Surgery from the National University of Singapore in 1985. She subsequently enrolled in the United Medical and Dental Schools of Guy's and St Thomas' Hospitals (now part of King's College, London), where she received the postgraduate Diploma in Dermatology in 1992. She also obtained a Graduate Diploma in Mental Health from the National University of Singapore in 2021.

Mr Mark Andrew Yeo Kah Chong is the Deputy Chairman and Lead Independent Director of our Company and was appointed to our Board on 27 September 2023. He is currently a non-executive Chairman of IREIT Global Group Pte. Ltd., which is the trustee manager of IREIT Global. Mr Yeo is also a non-executive director in Changi Airport Group (Singapore) Pte. Ltd., and Keppel Infrastructure Fund Management Pte Ltd, the trustee-manager of Keppel Infrastructure Trust. Both IREIT Global and Keppel Infrastructure Trust are listed on the Mainboard of SGX.

Prior to his appointment with our Group, Mr Yeo worked in several banks advising on project finance in infrastructure. Thereafter, he has had several senior executive appointments in Hong Kong and Dubai.

DIRECTORS AND MANAGEMENT

Mr Yeo graduated from the University of Oxford with a Master of Arts and subsequently obtained his Master of Laws from the National University of Singapore. He has also completed INSEAD's Advanced Management Programme and obtained an Executive Diploma in Directorship from the Singapore Management University and the Singapore Institute of Directors. Mr Yeo is a member of the Singapore Institute of Directors.

Mr Manu Bhaskaran is an Independent Director of our Company and was appointed to our Board on 27 September 2023. Mr Bhaskaran is currently a Director of Centennial Group Holdings LLC, as well as the Chief Executive Officer and Founding Director of Centennial Asia Advisors Pte. Ltd.. He currently serves as an independent director on the board of directors of Japfa Ltd., a company listed on the Mainboard of the SGX-ST, as well as non-executive directorship roles in CIMB Investment Bank Berhad and Luminor Capital Pte. Ltd.. Mr Bhaskaran is also Adjunct Senior Research Fellow at the Institute of Policy Studies.

Prior to his appointment with our Group, Mr Bhaskaran was an Independent Director at IFS Capital Limited, a company listed on the Mainboard of the SGX-ST, from February 2004 to May 2020, and Jebsen & Jessen Pte. Ltd. from January 2014 to July 2020. Mr Bhaskaran was Managing Director/Chief Economist of Société Générale Securities from April 1989 to October 2001, where he supervised Asian economic and investment strategy. From May 1982 to April 1989, he worked in the Singapore Civil Service, supervising a team that prepared strategic political and economic assessments of Asia for senior Singapore government officials.

Mr Bhaskaran graduated from the University of Cambridge with a Bachelor of Arts (Hons) in 1980 and was conferred with a Master of Arts (also known as MA (Cantab)) from the University of Cambridge in 1984. Mr Bhaskaran also obtained a Master in Public Administration from Harvard University in 1987. He is also a Chartered Financial Analyst.

Mr Tan Teck Huat is an Independent Director of our Company and was appointed to our Board on 27 September 2023. He is presently a non-executive director of Ezestream Singapore Pte. Ltd. and Cambridge Colleges Scholarships (Singapore) Ltd., as well as the non-executive director and Chairman of the Risk and Audit Committee of the Home Affairs Uniformed Services Invest Fund.

Prior to his appointment with our Group, Mr Tan was Chief Finance Officer at GuocoLand Limited from October 2008 to February 2015, Director of Finance at JTrust Asia Pte. Ltd. from March 2015 to December 2016. He was subsequently appointed as Director of Finance at QAF Limited, a company listed on the SGX-ST, from January 2017 to April 2021, and became a Consultant at QAF Limited from May 2021 to April 2023. Mr Tan was also a former board member of Central Provident Fund Board as well as the Chairman of its Audit Committee from August 2014 to June 2020, and has held appointments in many other private companies in countries such as Malaysia, Australia, the PRC, Hong Kong Special Administrative Region, and the Philippines.

Mr Tan graduated from the University of Cambridge with a Bachelor of Arts in 1983. He was conferred the Pingat Bakti Masyarakat (The Public Service Medal) in 2019 for work done with the INVEST Board of Trustees.

For the purpose of Rule 406(3)(a) of the Catalist Rules, save for Mr Cheng Shoong Tat and Dr Ong Fung Chin, all of our Directors have prior experience as directors of companies that are listed on the SGX-ST and are familiar with the roles and responsibilities of a director of a public listed company in Singapore. Mr Cheng Shoong Tat and Dr Ong Fung Chin have been briefed by the Solicitors to the Invitation and Legal Advisers to our Company on Singapore Law on the roles and responsibilities of a director of a public listed company in Singapore and have undertaken to attend the relevant courses as prescribed by the SGX-ST within one (1) year from the Listing Date.

DIRECTORS AND MANAGEMENT

Related Employees

As at the Latest Practicable Date, we have an employee occupying a managerial position and above who is related to our Directors, Executive Officers and/or Substantial Shareholders.

Ms Ong Huey Jwu is the sister-in-law of our Chairman and CEO, Mr Cheng Shoong Tat, and the sister of our President and CMO, Dr Ong Fung Chin. Ms Ong Huey Jwu has been with our Company since January 2020 and currently holds the position of General Manager (Singapore), where she reports to our CEO.

Save as disclosed, as at the Latest Practicable Date, there are no familial relationships between (a) any of our full-time employees upon whose work our Group is dependent on; and (b) our Directors, Executive Officers, and/or Substantial Shareholders.

The compensation paid and to be paid to Ms Ong Huey Jwu are as follows:

Names	FY2021⁽¹⁾	FY2022⁽¹⁾
Ms Ong Huey Jwu	Band D	Band D

Note:

- (1) Remuneration bands:
“Band A” refers to remuneration less than or equal to S\$50,000 per annum.
“Band B” refers to remuneration greater than S\$50,000 per annum and less than or equal to S\$100,000 per annum.
“Band C” refers to remuneration greater than S\$100,000 per annum and less than or equal to S\$150,000 per annum.
“Band D” refers to remuneration greater than S\$150,000 per annum and less than or equal to S\$200,000 per annum.

The remuneration of employees who are related to our Directors or Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and are commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of employees who are related to our Directors or Substantial Shareholders and the proposed terms of their employment will be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the employee under review, he/she will abstain from the review.

Our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, our Directors or Substantial Shareholders.

DIRECTORS AND MANAGEMENT

The list of present and past directorships of each Director over the last five (5) years, other than in our Company, is set out below:

Name	Present Directorships	Past Directorships
Mr Cheng Shoong Tat	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • Niks Professional Ltd. • Niks Maple West Pte. Ltd. • Niks Professional (Shanghai) Company Limited (阅肤贸易(上海)有限公司)¹² • Niks Professional Sdn. Bhd. • Niks Professional LLC¹³ <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • None 	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • None <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • None
Dr Ong Fung Chin	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • Niks Professional Ltd. • Niks Maple West Pte. Ltd. • Niks Professional Sdn. Bhd. <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • None 	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • None <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • None
Mr Mark Andrew Yeo Kah Chong	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • None <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • IREIT Global Group Pte. Ltd. • Changi Airport Group (Singapore) Pte. Ltd. • Keppel Infrastructure Fund Management Pte. Ltd. • Windy EU Holdings Pte. Ltd. 	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • None <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • Basslink Pty Ltd • Concessionaria Aeroporto Rio de Janeiro S.A. • Rio de Janeiro Aeroporto S.A. • Changi Airports International Pte. Ltd. • Ruby Capital Pte. Ltd. • IP Global Limited

¹² Please refer to the section titled “Group Structure – Structure of our Group” of this Offer Document for further details on Mr Cheng Shoong Tat’s appointment.

¹³ Please refer to the section titled “Group Structure – Structure of our Group” of this Offer Document for further details on Mr Cheng Shoong Tat’s appointment.

DIRECTORS AND MANAGEMENT

Name	Present Directorships	Past Directorships
Mr Manu Bhaskaran	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • None <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • LCPL Partners VCC • Japfa Ltd. • Luminor Pacific Fund 1 Ltd. • CIMB Investment Bank Berhad • Luminor Pacific Fund 2 Ltd. • Luminor Capital Pte. Ltd. • Aspen Networks Inc • Centennial Group Holdings LLC • Centennial Asia Advisors Pte. Ltd. 	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • None <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • Jebsen & Jessen Pte. Ltd. • IFS Capital Limited • Minorcap Pte. Ltd. • Shining Star Solutions and Services Private Limited
Mr Tan Teck Huat	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • None <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • Ezestream Singapore Pte. Ltd. • Cambridge Colleges Scholarships (Singapore) Ltd. • Home Affairs Uniformed Services Invest Fund 	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • None <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • Advisory Committee on Accounting Standards for Statutory Boards • Central Provident Fund Board • Ben Foods (S) Pte Ltd • Bonjour Bakery Pte Ltd • Bakers Maison Pte. Ltd. • Farmland Central Bakery (S) Pte Ltd • Gaoyuan Pte. Ltd. • Gardenia Foods (S) Pte Ltd • Gardenia International (S) Pte. Ltd. • Gardenia Investments Pte. Ltd. • Hamsdale International Pte Ltd • NCS Cold Stores (S) Pte Ltd • Oxdale International Pte. Ltd. • Oxdale Investments Pte. Ltd. • Shinefoods Pte. Ltd. • Pacfi Pte. Ltd. • QAF Fruits Cold Store Pte Ltd

DIRECTORS AND MANAGEMENT

Name	Present Directorships	Past Directorships
		<ul style="list-style-type: none"> • Lansdale Holdings Pte. Ltd. • QAF Agencies (S) Pte. Ltd. • Auspeak Holdings Pte. Ltd. • Gardenia (China) Holdings Pte. Ltd. • QAF Limited • Bakers Maison (M) Sdn. Bhd • Ben Foods (East Malaysia) Sdn Bhd • Delicia Sdn Bhd • Everyday Bakery and Confectionery Sdn Bhd • Farmland Bakery (M) Sdn Bhd • Gardenia Sales & Distribution Sdn Bhd • Millif Industries Sdn Bhd • Bakers Maison Pty Ltd • Bakers Maison Australia Pty Ltd • Rivalea Pty Limited • Oxdale Dairy Enterprise Pty Ltd • Rivalea (Australia) Pty Ltd • Diamond Valley Pork Pty Limited • Gardenia Food (Fujian) Co., Ltd • Gardenia Trading (Fujian) Co Ltd • Benfood International Trade (Shanghai) Co., Ltd • Gardenia Hong Kong Limited • Vitabread Food Products Inc.

EXECUTIVE OFFICERS

Our day-to-day operations are entrusted to our Executive Directors who are assisted by a team of Executive Officers. The particulars of our Executive Officers as at the Latest Practicable Date are set out below:

Name	Age	Address	Position
Mr Wu Peicong	42	c/o 16 Kallang Place #03-27 Singapore 339156	CFO

DIRECTORS AND MANAGEMENT

Name	Age	Address	Position
Ms Ong Huey Jwu	56	c/o 16 Kallang Place #03-27 Singapore 339156	General Manager (Singapore)
Mr Anbhu Selvem A Veeramalai @Anbhu Selvem S/O A Veeramalai	52	c/o 16 Kallang Place #03-27 Singapore 339156	Senior Accounting Manager

Information on the working and business experience and areas of responsibility of our Executive Officers is set out below:

Mr Wu Peicong has been the Chief Financial Officer of our Company since May 2023, where he is in charge of the financial and corporate affairs of our Company, including financial reporting, tax, internal controls and corporate governance.

Mr Wu started his career at RSM Singapore as an Audit Assistant in September 2005, and was promoted through the ranks to Audit Manager. He left RSM Singapore in July 2011 and had been the financial controller in various listed companies, including Hafary Holdings Limited from August 2015 to May 2018 and Reclaims Global Limited from June 2018 to October 2019. He was most recently the Group Financial Controller of Hoe Leong Corporation Ltd. from August 2020 to May 2023.

Mr Wu is a Fellow of the Association of Chartered Certified Accountants, and a non-practising Chartered Accountant of Singapore. He obtained a Master of Science with Merit in Professional Accountancy from the University of London in 2017.

Ms Ong Huey Jwu has been the General Manager (Singapore) of our Company since January 2020, where she is in charge of overall operations in the Singapore office. She was also formerly employed by our Company as a Manager from September 1999 to April 2001, where she was involved in the preparation in the setting up of the retail-related business.

Ms Ong started her career with the Inland Revenue Authority of Singapore as a tax officer in May 1993, before moving to The Sanwa Bank Limited as a loans documentation and administration officer in the Loans Department in June 1994. She left The Sanwa Bank Limited as a senior officer in the International Finance Department – Structured Finance in February 1998. From February 1998 to September 1999, she was with Securities Control at Lloyds TSB Bank, where she was initially appointed as Assistant Manager, and was promoted to Manager. She then joined our Company as a Manager from September 1999 to April 2001. She subsequently rejoined The Sanwa Bank Limited as a manager in the Structured Finance Department from April 2001. The Sanwa Bank Limited went through mergers to form UFJ Bank Limited in 2002, then Bank of Tokyo Mitsubishi UFJ, Limited in 2006, and is currently known as MUFG Bank Limited. Ms Ong left MUFG Bank Limited as Director and Head of Transaction Control, Export Credit Agency, Commodities & Trade Finance Department (Asian Investment Banking Division) in November 2019.

Ms Ong graduated from Georgia State University with a Bachelor of Business Administration in 1990, and thereafter with a Master of Business Administration in 1992.

DIRECTORS AND MANAGEMENT

Mr Anbhu Selvem A Veeramalai @Anbhu Selvem S/O A Veeramalai joined our Company as an Accountant in February 2014 and has been with our Company ever since. He was appointed as the Accounting Manager of our Company from February 2015, and was promoted to Senior Accounting Manager in February 2023.

Mr Selvem began his career as an Audit Associate in Richard Tan & Co, a public accounting firm, from June 1996 to January 2000. He was subsequently engaged by G3 Technologies Pte Ltd as an Accountant from January 2000 to December 2003, and later worked as Finance Manager at Stamford Raffles College Pte Ltd from January 2004 up till February 2014, when he joined our Company.

Mr Selvem graduated from the University Utara Malaysia with a Bachelor of Accountancy (Hons) in 1996, and holds a Masters of Arts in Total Quality Management from the Nottingham Trent University in 2011. He is a Chartered Accountant with the Malaysian Institute of Accountants.

There is no arrangement or understanding between any of our Executive Officers and any of our Substantial Shareholders, customers or suppliers or any other person, pursuant to which any of our Executive Officers was selected as an Executive Officer.

Save as disclosed above, none of our Executive Officers has any family relationships with one another, or any of our Directors or our Substantial Shareholders.

The list of present and past directorships of each Executive Officer over the last five (5) years is set out below:

Name	Present Directorships	Past Directorships
Mr Wu Peicong	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • None <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • Acacia Corporate Services Pte. Ltd. 	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • None <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • None
Ms Ong Huey Jwu	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • None <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • None 	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • None <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • None
Mr Anbhu Selvem A Veeramalai @Anbhu Selvem S/O A Veeramalai	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • None <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • WTO Pte. Ltd. • Ecoasia Technologies Pte. Ltd. 	<p><u>Group Companies</u></p> <ul style="list-style-type: none"> • None <p><u>Other Companies/ Organisations</u></p> <ul style="list-style-type: none"> • World Education Council Pte. Ltd.

DIRECTORS AND MANAGEMENT

LEGAL REPRESENTATIVES

The legal representative of our PRC subsidiary, NPSCL, is Mr Cheng Shoong Tat.

Powers and Duties

In accordance with applicable PRC laws, the above legal representative has the following powers in relation to NPSCL:

- (a) to act as representative of NPSCL; and
- (b) to execute contracts on behalf of NPSCL, with or without the company seal.

Under the PRC Company Law, the legal representative shall be appointed and removed in accordance with the articles of association of the company, and the legal representative shall be either the chairman of the board (or the executive director in case no board is formed in the company), or the general manager of the company. The change of legal representative shall be registered with the competent authorities. Further, the member of the board or the executive director shall be appointed by the shareholders, the chairman of the board shall be appointed by the board of directors and the general manager shall be appointed by the board or the executive director. Therefore, the legal representative can be appointed and removed by the shareholders or through the appointed board or executive director, with or without the legal representative's consent.

Based on the above and the articles of association of NPSCL, its shareholder shall be able to control the appointment and dismissal of its legal representative.

Considering the impact in the event that a legal representative represents NPSCL without having obtained prior authorisation, our Group has implemented the following measures:

- (a) the implementation of internal control systems to ensure proper authorisation as to delegation of authority and to ensure that payments require proper approvals;
- (b) the implementation of measures to safeguard the corporate seal, finance seal, legal representative seal, and originals of the business licences of NPSCL;
- (c) the legal representative undertakes to seek the approval of our Audit and Risk Committee to assume any executive roles outside of our Group;
- (d) the maintenance of a register in relation to the legal representative of NPSCL reflecting all other appointments and/or business interests (e.g. directorships, sole proprietorships, partnerships, or shareholdings above 5.0%) of the legal representative outside of our Group; and
- (e) effecting a letter of resignation of the executive director of NPSCL, which will be executed, left undated and will be held by an independent director of the Company. Under NPSCL's Constitution, the executive director is *ex officio* its legal representative. With the letter of resignation, the Company, in its capacity as NPSCL's shareholder, may proceed to appoint another executive director to NPSCL in accordance with its Constitution, who shall then become its new legal representative.

DIRECTORS AND MANAGEMENT

Based on the above, the Legal Advisers to our Company on PRC Law, JunHe LLP, is of the view that the procedures in place to appoint and remove the legal representative of NPSCL are adequate to mitigate the risks in relation to the appointment and removal of the legal representative and safeguard the interests of our Group. In view of the above, our Directors are of the opinion that there are adequate processes and procedures in place to safeguard against the risk of the legal representative of NPSCL taking any unauthorised action in the future. Our Group, together with our Audit and Risk Committee, will monitor and review on an annual basis the processes and procedures in relation to the appointment and removal of the legal representative of NPSCL, to ensure their effectiveness and robustness.

REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

The compensation paid to our Directors and Executive Officers for FY2021 and FY2022, and the estimated compensation paid and to be paid to our Directors and Executive Officers for FY2023, in remuneration bands, for services rendered by them in all capacities to our Group are as follows:

	FY2021 ⁽¹⁾⁽²⁾	FY2022 ⁽¹⁾⁽²⁾	FY2023 ⁽¹⁾⁽²⁾ (Estimated)
Directors			
Cheng Shoong Tat	Band D	Band D	Band D
Ong Fung Chin	Band D	Band D	Band D
Mark Andrew Yeo Kah Chong	–	–	Band A
Manu Bhaskaran	–	–	Band A
Tan Teck Huat	–	–	Band A
Executive Officers (other than our Directors)			
Wu Peicong	–	–	Band A
Ong Huey Jwu	Band A	Band A	Band A
Anbhu Selvem A Veeramalai @ Anbhu Selvem S/O A Veeramalai	Band A	Band A	Band A

Notes:

- (1) Compensation includes any bonus (discretionary or under any profit-sharing plan or any other profit-linked arrangement), provident fund contribution, benefit-in-kind and deferred compensation accrued for the relevant financial year and payable at a later date. The estimated compensation in respect of FY2023 excludes any amount that is discretionary or payable under any profit-sharing plan or any other profit-linked arrangements which has not yet been paid.
- (2) Remuneration bands:
 “Band A” refers to remuneration less than or equal to S\$250,000 per annum.
 “Band B” refers to remuneration greater than S\$250,000 per annum and less than or equal to S\$500,000 per annum.
 “Band C” refers to remuneration greater than S\$500,000 per annum and less than or equal to S\$750,000 per annum.
 “Band D” refers to remuneration greater than S\$750,000 per annum and less than or equal to S\$1,000,000 per annum.

No compensation was paid or is to be paid in the form of share options to any of our Directors, Executive Officers or employees.

DIRECTORS AND MANAGEMENT

Save as disclosed in this Offer Document, there is no arrangement which involves the employees of our Group, or the directors or employees of our subsidiary, subsidiary entity, associated company or associated entity in the capital of our Company, including any arrangement that involves the issue or grant of options or shares or any other securities or securities-based derivatives contracts of our Company.

As at the Latest Practicable Date, except for the amounts set aside or accrued in respect of mandatory employee funds (including CPF contributions in Singapore), we have not set aside or accrued any amounts to provide pension, retirement or similar benefits to our Directors, Executive Officers or other employees.

SERVICE AGREEMENTS

Our Company has entered into the Service Agreements with our Chairman and CEO, Mr Cheng Shoong Tat, and our President and CMO, Dr Ong Fung Chin.

The Service Agreements are for an initial period of three (3) years commencing with effect from the Listing Date, and shall be automatically renewed on a yearly basis thereafter unless otherwise agreed in writing between the parties to the respective Service Agreements or terminated in accordance with the respective Service Agreements. Either party may terminate the relevant Service Agreements by giving not less than six (6) months' notice in writing to the other party. We may also terminate the Service Agreements at any time without notice or payment in lieu of notice, such as material or persistent breach of the relevant Service Agreement, grave or willful misconduct, bankruptcy or if the Executive Director concerned ceases to hold the office of Director pursuant to the Constitution, or is prohibited or disqualified from holding office of, or acting as, a Director under any applicable law. Upon termination, the Executive Director concerned shall, among other things, immediately resign from all offices held in our Company and any other Group Company, and shall deliver to our Company all documents relating to our business or affairs which may then be in his possession or under his control.

Pursuant to the terms of the respective Service Agreements, each of our Executive Directors will receive a monthly remuneration of S\$47,000. The Executive Directors are also entitled to discretionary bonuses to be determined at the sole discretion of the Remuneration Committee. All travelling, accommodation, meals, entertainment expenses, mobile phone and other out-of-pocket expenses reasonably incurred by our Executive Directors in the proper performance of their duties will be borne by our Company. In addition, each of the Executive Directors will be entitled to monthly car allowances of S\$5,000.

Each of the Executive Directors is also entitled to an annual performance bonus in respect of each financial year ("**Performance Bonus**"), provided that the Executive Director is under the employment of our Group on the last day of the relevant financial year. The Performance Bonus is calculated based on the audited consolidated profit before tax (excluding the fair value gain or loss to our Group's properties and securities, any profit or loss attributable to non-controlling interests or minority interest, and any non-recurring exceptional items) of our Group based on the audited financial statements for the relevant financial year, but before accruing for the Performance Bonus ("**PBT**").

DIRECTORS AND MANAGEMENT

The Performance Bonus that each of our Executive Directors will receive for each financial year will be determined as follows:

PBT	Amount of Performance Bonus
Where the PBT does not exceed S\$3.0 million	Nil
Where the PBT exceeds S\$3.0 million, but does not exceed S\$5.0 million	3.5% of PBT
Where the PBT exceeds S\$5.0 million	3.5% of S\$5.0 million, plus 4.0% of the PBT in excess of S\$5.0 million

Our Remuneration Committee has taken into consideration Mr Cheng Shoong Tat's dual appointment as Chairman and CEO in assessing the appropriateness of his remuneration package for his duties and responsibilities of our Company. The remuneration of our Executive Directors is subject to annual review by our Remuneration Committee. Any proposed increase to their remuneration package is subject to the approval of our Remuneration Committee and our Board. Any Director who is interested or deemed to be interested in the remuneration package of an Executive Director will abstain from voting, if applicable, in respect of any resolution or decision to be made by our Board in relation to the terms and renewal of such Executive Director's Service Agreement.

Under the terms of the Service Agreements, our Executive Directors shall devote substantially the whole of his or her time and attention to the business of our Group, and have undertaken that they will not, during the term of his or her employment and until 12 months after the termination of his or her employment, among other things:

- (a) carry on or be directly or indirectly engaged, concerned or interested in any business, trade or activity, in any territories where our Group has carried on or conducted or engaged in business at any time during the 12 months preceding such termination, which competes directly or indirectly with the business of our Group carried on prior to the date of the termination of the relevant Service Agreement, provided always that this shall not prohibit his/her holding or him/her being interested in shares or debentures of not more than 5% of the total issued share capital of any other company listed on any stock exchange;
- (b) solicit or entice away from our Group the business or custom of any person who is at the time of termination of the relevant Service Agreement, or was at any time during the 12 months immediately preceding such termination, a customer, supplier, distributor, principal, manufacturer, sub-contractor or agent or otherwise in the habit of dealing with our Group, or persuade, induce or encourage any such person to terminate any arrangement, relationship or dealings, or reduce the level of dealings, with our Group, or otherwise interfere with any arrangement or relationship between any such person and our Group, or attempt to do any of the foregoing; or
- (c) persuade, solicit or induce, or attempt to persuade, solicit or induce, any employee, manager or consultant of our Company or any other Group Company at the time of such termination or during the 12 months immediately preceding such termination to leave the employment of our Group or enter into any alternative employment (whether or not this will result in such person committing a breach of his or her contract with the relevant Group Company).

DIRECTORS AND MANAGEMENT

Each of our Executive Directors is also prohibited, during the term of their Service Agreements and their termination thereafter, to disclose any information, which they know or ought reasonably to have known to be confidential concerning the business of our Group, so far as our Executive Directors had access to or came into possession of such information during their appointment with our Company.

Had the Service Agreements for our Executive Directors been effective on 1 January 2022, the total remuneration payable to our Executive Directors for FY2022 would have been about S\$1.50 million instead of about S\$1.53 million and the profit before tax of our Group would have been about S\$3.32 million instead of about S\$3.28 million.

Save as disclosed above, there is no other existing or proposed service agreement between our Company or our subsidiaries and any of our Directors.

There is no existing or proposed service agreement entered into or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

Save as disclosed above and in the section titled “Directors and Management – Service Agreements” of this Offer Document, there is no bonus or profit-sharing plan or any other profit-linked agreement or arrangement between our Company and any of our Directors or Executive Officers.

NIKS EMPLOYEE SHARE OPTION SCHEME

On 13 October 2023, our Shareholders approved a share option scheme known as the NIKS Employee Share Option Scheme, the rules of which are set out in Appendix I titled “Appendix I – Rules of the NIKS Employee Share Option Scheme” to this Offer Document. The NIKS Employee Share Option Scheme complies with the relevant rules as set out in Chapter 8 of the Catalist Rules. Capitalised terms as used throughout this section, unless otherwise defined, shall bear the meanings as defined in Appendix I titled “Appendix I – Rules of the NIKS Employee Share Option Scheme” to this Offer Document.

The NIKS Employee Share Option Scheme will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The NIKS Employee Share Option Scheme, which forms an integral and important component of a compensation plan, is designed to primarily reward and retain employees whose services are vital to our success.

As at the Latest Practicable Date, no Options have been granted under the NIKS Employee Share Option Scheme.

OBJECTIVES OF THE NIKS EMPLOYEE SHARE OPTION SCHEME

The objectives of the NIKS Employee Share Option Scheme are as follows:

- (a) to motivate participants to optimise his/her performance standards and efficiency and to maintain a high level of contribution to our Group;
- (b) to retain key employees of our Group whose contributions are essential to the long-term growth and profitability of our Group;
- (c) to instill loyalty to, and a stronger identification by participants with the long-term prosperity of, our Group;
- (d) to attract potential employees with relevant skills to contribute to our Group and to create value for our Shareholders; and
- (e) to align the interests of participants with the interests of our Shareholders.

The purpose of adopting the NIKS Employee Share Option Scheme in addition to the NIKS Performance Share Plan is to give us greater flexibility to align the interests of our employees, especially key executives, with interests of Shareholders.

SUMMARY OF THE NIKS EMPLOYEE SHARE OPTION SCHEME

The rules of the NIKS Employee Share Option Scheme may be inspected by Shareholders at the registered office of our Company during normal business hours for a period of six (6) months from the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority. The following is a summary of the rules of the NIKS Employee Share Option Scheme:

Eligibility

The NIKS Employee Share Option Scheme allows for participation by full-time confirmed employees of our Group (including our Executive Directors) and non-executive Directors (including our Independent Directors), who have attained the age of 21 years on or before the relevant date of grant of the Option, provided that none of them shall be an undischarged bankrupt or have entered into a composition with his/her creditors.

NIKS EMPLOYEE SHARE OPTION SCHEME

Controlling Shareholders and their Associates are also eligible to participate in the NIKS Employee Share Option Scheme provided they have met the eligibility criteria and that all conditions for their participation in the NIKS Employee Share Option Scheme as may be required by the Catalist Rules from time to time, including but not limited to obtaining the necessary approvals of independent Shareholders for such participation, are satisfied.

Administration of the NIKS Employee Share Option Scheme

The NIKS Employee Share Option Scheme shall be administered by our Remuneration Committee, which has the absolute discretion and power to determine, among others, the following:

- (a) persons to be granted Options;
- (b) number of Options to be offered; and
- (c) recommendations for modifications to the NIKS Employee Share Option Scheme.

However, in compliance with the requirements of the Catalist Rules, a participant who is a member of our Remuneration Committee shall not be involved in any deliberation or decision in respect of Options (as the case may be) to be granted to or held by that participant.

Size of the NIKS Employee Option Scheme

The aggregate number of Shares which may be issued and/or transferred pursuant to the exercise of Options granted under the NIKS Employee Share Option Scheme on any date, when aggregated with:

- (a) the total number of new Shares issued and issuable, and existing Shares (including treasury shares) transferred and/or transferable pursuant to Options already granted under the NIKS Employee Share Option Scheme; and
- (b) the aggregate number of Shares over which options and/or awards granted under any other share option, share incentive, performance share or restricted share plans implemented by our Company and for the time being in force (including the NIKS Performance Share Plan),

shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by our Company as treasury shares and subsidiary holdings from time to time, if any) on the day preceding that date.

Our Directors believe that this limit gives us sufficient flexibility to decide upon the number of Option Shares to offer to the employees of our Group under the NIKS Employee Share Option Scheme. The number of eligible participants is expected to grow over the years. Our Company, in line with its goals of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new employees. The employee base and the number of eligible participants will increase as a result. The number of Options offered must also be significant enough to serve as a meaningful reward for contribution to our Group. Our Remuneration Committee shall exercise its discretion in deciding the number of Shares to be granted to each employee under the NIKS Employee Share Option Scheme which will depend on the performance and value of the employee to our Group.

However, it does not necessarily mean that our Remuneration Committee will definitely issue the Option Shares up to the prescribed limit.

NIKS EMPLOYEE SHARE OPTION SCHEME

Limitation on Shares under the NIKS Employee Share Option Scheme

The aggregate number of Shares which may be issued and/or transferred pursuant to the exercise of the Options granted under the NIKS Employee Share Option Scheme to participants who are Controlling Shareholders and their Associates shall not exceed 25.0% of the total number of Shares available under the NIKS Employee Share Option Scheme.

The number of Shares which may be issued and/or transferred pursuant to the exercise of Options granted under the NIKS Employee Share Option Scheme to each participant who is a Controlling Shareholder or his/her Associate shall not exceed 10.0% of the total number of Shares available under the NIKS Employee Share Option Scheme.

Options Entitlement

The number of Option Shares to be offered to a participant shall be determined by our Remuneration Committee, in their absolute discretion. Our Remuneration Committee shall consider criteria such as (a) the financial performance of our Group; (b) employee criteria such as his/her rank and responsibilities within our Group, years of service/appointment and job performance, potential for future development and his/her contribution to the success and development of our Group; and (c) in respect of a participant being a non-executive Director, criteria such as his/her contribution to the success and development of our Group.

Options, Exercise Period and Exercise Price

The Options that are granted under the NIKS Employee Share Option Scheme may have exercise prices that are, at the absolute discretion of our Remuneration Committee:

- (a) set at a discount to a price ("**Market Price**") equal to the average of the last dealt prices for the Shares on the SGX-ST over the five (5) consecutive Trading Days immediately preceding the relevant date of grant of the relevant Option of a Share ("**Incentive Option**"), provided that:
 - (i) the maximum discount shall not exceed 20.0% of the Market Price (or such other percentage or amount as may be determined by our Remuneration Committee and permitted by the SGX-ST); and
 - (ii) the Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the NIKS Employee Share Option Scheme at a discount not exceeding the maximum discount as aforesaid,

in which event, such Options may be exercised after the second (2nd) anniversary from the date on which an offer to grant that Option is made; or

- (b) fixed at the Market Price ("**Market Price Option**"). Market Price Options may be exercised after the first 1st anniversary from the date on which an offer to grant the Option is made.

Options granted under the NIKS Employee Share Option Scheme to any participant (other than non-executive Directors) will have a life span of up to 10 years from the date on which they were granted, save that it shall not exceed the duration of the NIKS Employee Share Option Scheme, and all Options granted to non-executive Directors shall have a life span of up to five (5) years from the date on which they were granted, save that it shall not exceed the duration of the NIKS Employee Share Option Scheme.

NIKS EMPLOYEE SHARE OPTION SCHEME

Grant of Options

There are no fixed periods for the grant of Options. Accordingly, offers of the grant of Options may be made at any time during the period when the NIKS Employee Share Option Scheme is in force, at the discretion of our Remuneration Committee.

However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be granted on or after the third (3rd) market day from the date on which the aforesaid announcement is made.

In addition, no Options shall be granted during the period of 30 days immediately preceding the date of announcement of our Company's interim or final results (as the case may be).

Termination of Options

Options may lapse or be exercised earlier in circumstances which include the termination of the employment of the participant in our Group, the bankruptcy of the participant, the death of the participant, a take-over of our Company, and the winding up of our Company.

Acceptance of Options

The grant of Options shall be accepted within 30 days from the date of the grant of the Options. Grant of Options made to grantees, if not accepted before the closing date, will lapse. Upon acceptance of the grant, the grantee must pay our Company a consideration of S\$1.00.

Rights of Shares arising from the Exercise of Options

Subject to applicable laws and the Catalist Rules, our Company shall have the flexibility to deliver Shares to participants upon the exercise of their Options by way of (a) the allotment and issuance to each participant of the number of new Shares, deemed to be fully paid or credited upon their allotment and issuance; and/or (b) the transfer of existing Shares to the participants, including (subject to applicable laws) any Shares acquired by our Company pursuant to a share purchase mandate (if any) and/or held by our Company as treasury shares.

It is the intention of our Company that Option Shares will typically be delivered to participants upon the exercise of their Options by way of an issue of new Shares. However, our Company anticipates that our Company may, in very limited circumstances, purchase existing Shares on behalf of the participants upon the exercise of their Options. In determining whether to allot and issue new Shares or to purchase existing Shares for delivery to the participants upon the exercise of their Options, our Remuneration Committee will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares, the cash position of our Company, the projected cash needs of our Company, the dilution impact (if any), the cost to our Company of either issuing new Shares or purchasing existing Shares, and the liquidity of the Shares based on the average daily trading volume of the Shares, and in particular whether the repurchase by our Company of existing Shares to deliver to participants upon exercise of their Options would materially impact the Market Price of the Shares.

New Shares arising from the exercise of Options, when issued and allotted, and existing Shares, when transferred to the participants upon the exercise of the Options, shall be subject to all the provisions of the Constitution and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant date upon which such exercise occurred, and shall in all other

NIKS EMPLOYEE SHARE OPTION SCHEME

respects rank *pari passu* with other existing Shares then in issue. For such purposes, record date means the date as at the close of business on which our Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.

Duration of the NIKS Employee Share Option Scheme

The NIKS Employee Share Option Scheme shall continue in operation for a maximum period of 10 years commencing on the date on which the NIKS Employee Share Option Scheme is adopted by our Company in general meeting, provided that the NIKS Employee Share Option Scheme may continue for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The NIKS Employee Share Option Scheme may be terminated at any time by our Remuneration Committee and by resolution of our Company in general meeting, subject to all relevant approvals which may be required being obtained. The termination and expiry of the NIKS Employee Share Option Scheme shall not affect Options which have been granted and accepted in accordance with the NIKS Employee Share Option Scheme, whether such Options have been exercised (whether fully or partially) or not.

Abstention from Voting

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the NIKS Employee Share Option Scheme and any modification thereof and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote to be casted. We will disregard any votes cast on a resolution by any person who is required to abstain from voting on a proposal at a general meeting.

In particular, all Shareholders who are eligible to participate in the NIKS Employee Share Option Scheme shall abstain from voting on the following resolutions, where applicable: (a) implementation of the NIKS Employee Share Option Scheme; (b) the maximum discount which may be given in respect of any Option; and (c) participation by and grant of Options to Controlling Shareholders and their Associates.

Adjustments under the NIKS Employee Share Option Scheme

The following describes the adjustment events under the NIKS Employee Share Option Scheme.

If a variation in the issued share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue or capital reduction, sub-division of Shares, consolidation of Shares or capital distribution, or otherwise howsoever) should take place, then:

- (a) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised;
- (b) the class and/or number of Shares comprised in the Option to the extent unexercised and the rights attached thereto;
- (c) the maximum entitlement in any one (1) financial year; and/or
- (d) the class and/or number of Shares in respect of which additional Options may be granted to participants,

NIKS EMPLOYEE SHARE OPTION SCHEME

may, at the option of our Remuneration Committee, be adjusted in such manner as our Remuneration Committee may determine to be appropriate, including retrospective adjustments, where such variation occurs after the date of exercise of an Option but the record date relating to such variation precedes such date of exercise and, except in relation to a bonus issue, upon the written confirmation of our Company's auditors (acting only as experts and not as arbitrators), that, in their opinion, such adjustment is fair and reasonable.

Notwithstanding the above, any adjustment must be made in such a way that: (a) a participant will not receive a benefit that a Shareholder does not receive; and (b) our Remuneration Committee after considering all relevant circumstances considers it equitable to do so.

Unless our Remuneration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition of any assets by our Company or a private placement of securities or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchases of such Shares, in accordance with the Catalist Rules, undertaken by our Company on the SGX-ST during the period when a share repurchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment.

Modifications to the NIKS Employee Share Option Scheme

Any or all of the provisions of the NIKS Employee Share Option Scheme may be modified and/or altered at any time and from time to time by resolution of our Remuneration Committee except that:

- (a) any modification or alteration which shall adversely affect the rights attached to Options granted prior to such modification or alteration and which, in the opinion of our Remuneration Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration, may only be made with the written consent of such number of participants under the NIKS Employee Share Option Scheme who, if they exercised their Options in full, would thereby become entitled to not less than 75.0% of the number of all the Shares which would fall to be issued and/or transferred upon exercise in full of all outstanding Options under the NIKS Employee Share Option Scheme;
- (b) any modification or alteration which would be to the advantage of participants under the NIKS Employee Share Option Scheme shall be subject to the prior approval of our Shareholders at a general meeting; and
- (c) any modification or alteration shall be made subject to the compliance with the requirements of the Catalist Rules and the requirements of the SGX-ST and any other regulatory authorities as may be necessary.

Written notice of any modification or alteration to the NIKS Employee Share Option Scheme rules shall be given to all participants, but accidental omission to give notice to any participants shall not invalidate any such modifications or alterations.

NIKS EMPLOYEE SHARE OPTION SCHEME

REPORTING REQUIREMENTS

Under the Catalist Rules, an immediate announcement must be made on the date of grant of an Option and the announcement must provide details of the grant, including the following:

- (a) date of grant;
- (b) exercise price of the Options granted;
- (c) number of Options granted;
- (d) market price of the Shares on the date of grant;
- (e) number of Options granted to each Director and Controlling Shareholder (and each of their Associates), if any; and
- (f) the validity period of the Options.

The following disclosures shall be made by our Company in its annual report for as long as the NIKS Employee Share Option Scheme continues in operation:

- (a) the names of the members of our Remuneration Committee;
- (b) the information in respect of Options granted to the following participants in the table set out below:
 - (i) our Directors;
 - (ii) participants who are Controlling Shareholders and their Associates; and
 - (iii) participants, other than those in (b)(i) and (ii) above, who receive 5.0% or more of the total number of Options available under the NIKS Employee Share Option Scheme:

Name of Participant	Number of Options Granted during Financial Year under Review (including terms)	Aggregate Number of Options Granted since Commencement of NIKS Employee Share Option Scheme to End of Financial Year under Review	Aggregate Number of Options Exercised since Commencement of NIKS Employee Share Option Scheme to End of Financial Year under Review	Aggregate Number of Options Outstanding as at End of Financial Year under Review

NIKS EMPLOYEE SHARE OPTION SCHEME

- (c) the number of Incentive Options during the financial year under review in the following bands:

Discount to the Market Price (%)	Aggregate Number of Incentive Options Granted during the Financial Year under Review	Proportion of Incentive Options to Market Price Options Granted during the Financial Year under Review
0 – 10		
>10 – 20		

- (d) such other information as may be required by the Catalist Rules or the Companies Act,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included in the annual report, noting that disclosure in the annual report of information on Options granted to directors and employees of our Company's parent company and its subsidiaries would not be necessary as such persons are not participants.

GRANT OF INCENTIVE OPTIONS WITH A DISCOUNTED EXERCISE PRICE

The ability to offer Options to participants of the NIKS Employee Share Option Scheme with exercise prices set at a discount to the prevailing market prices of our Shares will operate as a means to recognise the performance of participants. This would motivate them to continue to excel while encouraging them to focus more on improving the profitability and return of our Group above a certain level, which will benefit all Shareholders when these are eventually reflected through share price appreciation. Incentive Options would be perceived in a more positive light by the participants, inspiring them to work hard and produce results in order to be offered Incentive Options, as only employees who have made outstanding contributions to the success and development of our Group would be granted Incentive Options.

The flexibility to grant Options with discounted prices is also intended to cater to situations where the stock market performance has overrun the general market conditions. In such events, our Remuneration Committee will have absolute discretion to:

- (a) grant Options set at a discount to Market Price of a Share (subject to a maximum limit of 20.0%); and
- (b) determine the participants to whom, and the Options to which, such reduction in exercise prices will apply.

In determining whether to give a discount and the quantum of the discount, our Remuneration Committee shall be at liberty to consider factors including the performance of our Company, our Group, the performance of the participant concerned, the contribution of the participant to the success and development of our Group and the prevailing market conditions. Our Remuneration Committee will determine on a case-by-case basis whether a discount will be given, and if so, the quantum of the discount, taking into account the objective that is desired to be achieved by our Company and the prevailing market conditions. As the actual discount given will depend on the relevant circumstances, the extent of the discount may vary from one case to another, and from time to time, subject to a maximum discount of 20.0% of the Market Price of a Share. The discretion to grant Incentive Options will, however, be used judiciously.

NIKS EMPLOYEE SHARE OPTION SCHEME

It is envisaged that our Company may consider granting the Incentive Options under circumstances including (but not limited to) the following:

- (a) where, due to speculative forces in the stock market resulting in an overrun of the market, the market price of our Shares at the time of the grant of Incentive Options is not a true reflection of the financial performance of our Company;
- (b) to enable our Company to offer competitive remuneration packages in the event that the practice of granting Incentive Options become more significant components of executive remuneration packages, a discretion to grant Incentive Options will provide our Company with a means to maintain the competitiveness of our Group compensation strategy; and/or
- (c) where our Group needs to provide more compelling motivation for specific business units to improve their performance, grants of Incentive Options will help to align the interests of employees with those of our Shareholders by encouraging them to focus more on improving the profitability and return of our Group above a certain level which will benefit all Shareholders when these are eventually reflected through share price appreciation. Therefore, Incentive Options would be perceived more positively by the employees who receive such Incentive Options.

Such flexibility in determining the quantum of discount would enable our Remuneration Committee to tailor the incentives in the grant of Incentive Options to be commensurate with the performance and contribution of each individual participant. By individually recognising the degree of performance and contribution of each participant, the granting of Incentive Options at a commensurate discount would enable our Remuneration Committee to provide incentives for better performance, greater dedication and loyalty of the participants.

Our Company may also grant Market Price Options without any discount to the market price of our Shares. Additionally, our Company may, if it deems fit, impose conditions on the exercise of the Options (whether such Options are granted at the market price or at a discount to the Market Price), such as restricting the number of Shares for which the Option may be exercised during the initial years following its vesting.

RATIONALE FOR PARTICIPATION BY EMPLOYEES OF OUR GROUP IN THE NIKS EMPLOYEE SHARE OPTION SCHEME

The extension of the NIKS Employee Share Option Scheme to employees of our Group allows us to have a fair and equitable system to reward directors and employees of our Company and/or Subsidiaries who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the grant of Options to the employees of our Group will enable us to attract, retain and provide incentives to its participants to produce higher standards of performance as well as encourage greater dedication and loyalty to our Group. This would enable our Company to give recognition to past contributions and services as well as motivating participants generally to contribute towards the long-term growth of our Group.

NIKS EMPLOYEE SHARE OPTION SCHEME

RATIONALE FOR PARTICIPATION BY NON-EXECUTIVE DIRECTORS (INCLUDING INDEPENDENT DIRECTORS) IN THE NIKS EMPLOYEE SHARE OPTION SCHEME

Although non-executive Directors are not involved in the day-to-day running of our operations, they play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by non-executive Directors in the NIKS Employee Share Option Scheme will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. For instance, non-executive Directors may bring strategic or other value to our Company which may be difficult to quantify in monetary terms. The grant of Options to non-executive Directors will allow our Company to attract and retain experienced and qualified persons from different professional backgrounds to join our Company as non-executive Directors, and to motivate our existing Independent Directors to take extra efforts to promote the interests of our Company and/or our Group.

In deciding whether to grant Options to non-executive Directors, our Remuneration Committee will take into consideration, among other things, the services and contributions made to the growth, development and success of our Group and the years of service of a particular non-executive Director. Our Remuneration Committee may also, where it considers relevant, take into account other factors such as economic conditions and our Company's performance.

In order to minimise any potential conflict of interests and not to compromise the independence of the non-executive Directors, our Company intends to grant only a nominal number of Options granted under the NIKS Employee Share Option Scheme to such non-executive Directors. In addition, in the event that any conflict of interests arises in any matter to be decided by our Board, our Company shall procure that the relevant Independent Directors abstain from voting on such matter at the Board meeting.

RATIONALE FOR PARTICIPATION BY CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES OF OUR GROUP IN THE NIKS EMPLOYEE SHARE OPTION SCHEME

The NIKS Employee Share Option Scheme has been implemented to motivate employees to maximise their performance and efficiency, and to also provide alternative forms of remuneration to reward employees for their significant contributions, and to align the interests of our Group with those of our employees. Accordingly, employees of our Group who are also Controlling Shareholders and their Associates should be given equal treatment, notwithstanding that they are Controlling Shareholders or Associates of Controlling Shareholders, and no differentiation should be made between them and other employees or Directors.

As a safeguard, the NIKS Employee Share Option Scheme will be managed by Remuneration Committee members who are not Controlling Shareholders or their Associates. In addition, the Controlling Shareholders and their Associates will only be able to participate in the NIKS Employee Share Option Scheme provided that (a) the specific approval of our independent Shareholders is obtained for the participation of such persons; and (b) each grant of an Option, including the actual number of and terms (including the exercise price) of such Options to be granted to each Controlling Shareholder or his/her Associate shall be provided and may only be effected with the specific prior approval of independent Shareholders in general meeting by a separate resolution. Justification for participation in the NIKS Employee Share Option Scheme will be disclosed in the process of seeking independent Shareholders' approval. Accordingly, we are

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of the view that there are sufficient safeguards against any abuse of the NIKS Employee Share Option Scheme resulting from the participation of employees who are Controlling Shareholders and/or their Associates.

FINANCIAL EFFECTS OF THE NIKS EMPLOYEE SHARE OPTION SCHEME

The NIKS Employee Share Option Scheme will increase our issued share capital to the extent of the new Shares that will be issued and allotted pursuant to the exercise of Options. Under SFRS(I) 2 *Share-based Payment*, the fair value of employee services received in exchange for the grant of the Options would be recognised as an employee expense. For equity-settled share-based payment transactions, the total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each Option granted at the grant date and the number of Options vested by the vesting date, with a corresponding increase in equity.

Before the end of the vesting period, at each balance sheet date, the entity revises its estimates of the number of Options that are expected to vest by the vesting date and recognises the impact of this revision in the income statement with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statement would be made. The proceeds net of any directly attributable transaction costs are credited to the share capital when the Options are exercised.

During the vesting period, the EPS of our Group would be reduced by both the expenses recognised and the potential new ordinary Shares to be issued under the NIKS Employee Share Option Scheme. When the Options are exercised, the NTA of our Group will be increased by the amount of cash received for exercise of the Options. On a per Share basis, the effect is accretive if the exercise price is above the NTA per Share but dilutive otherwise.

There will be no cash outlay expended by us at the time of grant of such Options as compared to the payment of cash bonuses. However, as Shareholders may be aware, any Options granted to subscribe for new Shares (whether the exercise price is set at the market price of the Shares at the date of grant or otherwise) have a fair value at the time of grant. The fair value of an Option is an estimate of the amount that a willing buyer would pay a willing seller for the Option on the grant date. Options are granted to participants at a nominal consideration of S\$1.00. Insofar as such Options are granted at a consideration that is less than their fair value at the time of grant, there will be a cost to our Company in that we will receive from the participant upon the grant of the Option a consideration that is less than the fair value of the Option.

The following sets out the financial effects of the NIKS Employee Share Option Scheme:

(a) Share Capital

The NIKS Employee Share Option Scheme will result in an increase in our Company's issued share capital when new Shares are issued to participants. The number of new Shares issued will depend on, among others, the size of the Options granted under the NIKS Employee Share Option Scheme. Whether and when the Options granted under the NIKS Employee Share Option Scheme will be exercised will depend on the exercise price of the Options, when the Options will vest as well as the prevailing trading price of the Shares. In any case, the NIKS Employee Share Option Scheme provides that the number of Shares to be issued and/or transferred under the NIKS Employee Share Option Scheme, when aggregated with the aggregate number of Shares over which Options or Awards are granted under any other share option, share incentive, performance share or restricted share plans implemented by our Company, will be subject to the maximum limit of 15.0% of our Company's total number

NIKS EMPLOYEE SHARE OPTION SCHEME

of issued Shares (excluding Shares held by our Company as treasury shares and subsidiary holdings from time to time, if any) from time to time. If instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants, the NIKS Employee Share Option Scheme will have no impact on our Company's issued share capital.

(b) NTA

As described in paragraph (c) below on EPS, the grants will be recognised as an expense, the amount of which will be computed in accordance with SFRS(I) 2 *Share-based Payment*. When new Shares are issued pursuant to the exercise of Options, there would be no effect on the NTA due to the offsetting effect of expenses recognised and the increase in share capital. However, if instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants, the NTA would be impacted by the cost of the Shares purchased.

(c) EPS

The NIKS Employee Share Option Scheme is likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with SFRS(I) 2 *Share-based Payment*. It should again be noted that the delivery of Shares to participants will generally be contingent upon the participants meeting the prescribed performance conditions and conditions.

(d) Dilutive impact

The issuance of new Shares under the NIKS Employee Share Option Scheme will have a dilutive impact on our EPS of our Group.

We have made an application to the SGX-ST for permission to deal in and for quotation of the Option Shares which may be issued upon the exercise of the Options to be granted under the NIKS Employee Share Option Scheme. The approval of the SGX-ST is not to be taken as an indication of the merits of our Company, our subsidiaries, our Shares that are already issued, the Invitation Shares, the Option Shares and the Award Shares.

NIKS PERFORMANCE SHARE PLAN

On 13 October 2023, our Shareholders approved a share scheme which is known as the NIKS Performance Share Plan, the rules of which are set out in Appendix J titled “Appendix J – Rules of the NIKS Performance Share Plan” to this Offer Document. The NIKS Performance Share Plan complies with the relevant rules as set out in Chapter 8 of the Catalist Rules. Capitalised terms as used throughout this section, unless otherwise defined, shall bear the meanings as defined in Appendix J titled “Appendix J – Rules of the NIKS Performance Share Plan” to this Offer Document.

We recognise that the contributions and continued dedication of the employees of our Group and non-executive Directors, are critical to the future growth and development of our Group and have undertaken a review of employee remuneration and benefits to this end. The NIKS Performance Share Plan is a new compensation scheme that promotes higher performance goals and recognises exceptional achievement. We have taken steps to align ourselves with and embrace local trends and best practices in compensation.

Unlike the Options granted under the NIKS Employee Share Option Scheme, the NIKS Performance Share Plan contemplates the award of fully-paid Shares to participants after certain pre-determined benchmarks have been met. Although we may, where appropriate, continue to distribute cash bonuses to the employees of our Group and non-executive Directors, we believe that the NIKS Performance Share Plan will be more effective than pure cash bonuses in motivating employees of our Group to work towards pre-determined goals.

As at the Latest Practicable Date, no Awards have been granted under the NIKS Performance Share Plan.

OBJECTIVES OF THE NIKS PERFORMANCE SHARE PLAN

The NIKS Performance Share Plan is based on the principle of pay-for-performance and is designed to enable us to reward, retain and motivate employees of our Group to achieve superior performance. The purpose of adopting the NIKS Performance Share Plan in addition to the NIKS Employee Share Option Scheme is to give us greater flexibility to align the interests of employees of our Group, especially key executives, with the interests of Shareholders.

The objectives of the NIKS Performance Share Plan are as follows:

- (a) to provide an opportunity for participants of the NIKS Performance Share Plan to participate in the equity of our Company, thereby inculcating a stronger sense of identification with the long-term prosperity of our Group and promoting organisational commitment, dedication and loyalty of participants towards our Group;
- (b) to motivate participants to strive towards performance excellence and to maintain a high level of contribution to our Group;
- (c) to give recognition to contributions made or to be made by participants by introducing a variable component into their remuneration package; and
- (d) to make employee remuneration sufficiently competitive to recruit new participants and/or to retain existing participants whose contributions are important to the long-term growth and profitability of our Group.

NIKS PERFORMANCE SHARE PLAN

SUMMARY OF THE PERFORMANCE SHARE PLAN

The rules of the NIKS Performance Share Plan may be inspected by Shareholders at the registered office of our Company during normal business hours for a period of six (6) months from the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority. The following is a summary of the rules of the NIKS Performance Share Plan:

Eligibility

The NIKS Performance Share Plan allows for participation by full-time confirmed employees of our Group (including the Executive Directors) and non-executive Directors (including our Independent Directors) who have attained the age of 21 years and above on or before the relevant date of grant of the Award, provided that none shall be an undischarged bankrupt or have entered into a composition with his/her creditors.

Controlling Shareholders and their Associates are also eligible to participate in the NIKS Performance Share Plan provided they have met the eligibility criteria and that all conditions for their participation in the NIKS Performance Share Plan as may be required by the Catalist Rules from time to time, including but not limited to obtaining the necessary approvals of independent Shareholders for such participation, are satisfied.

Administration of the NIKS Performance Share Plan

The NIKS Performance Share Plan shall be administered by our Remuneration Committee, which has the absolute discretion and power to determine, among others, the following:

- (a) persons to be granted Awards;
- (b) number of Awards to be offered; and
- (c) recommendations for modifications to the NIKS Performance Share Plan.

However, in compliance with the requirements of the Catalist Rules, a participant who is a member of our Remuneration Committee shall not be involved in any deliberation or decision in respect of Awards (as the case may be) to be granted to or held by that participant.

Size of the NIKS Performance Share Plan

The aggregate number of Shares which may be issued and/or transferred pursuant to Awards granted under the NIKS Performance Share Plan on any date, when aggregated with:

- (a) the total number of new Shares issued and issuable, and existing Shares (including treasury shares) transferred and/or transferable pursuant to Awards already granted under the NIKS Performance Share Plan; and
- (b) the aggregate number of Shares over which options and/or awards granted under any other share option, share incentive, performance share or restricted share plans implemented by our Company and for the time being in force (including the NIKS Employee Share Option Scheme),

NIKS PERFORMANCE SHARE PLAN

shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by our Company as treasury shares and subsidiary holdings from time to time, if any) on the day preceding that date.

To enjoy greater flexibility in structuring remuneration and compensation packages, our Directors believe that it should have a sufficient number of Shares to accommodate Awards issued under the NIKS Performance Share Plan. Taking into consideration the size of the post-Placement share capital of our Company as well as the number of eligible participants in the NIKS Performance Share Plan, our Directors believe that such limit is necessary to accommodate the existing number of participants to whom Awards may be granted under the NIKS Performance Share Plan annually over the 10-year period of the NIKS Performance Share Plan so as to create a meaningful compensation for the participants' contributions.

However, it does not necessarily mean that our Remuneration Committee will definitely issue the Award Shares up to the prescribed limit.

Limitation on Shares under the NIKS Performance Share Plan

The aggregate number of Shares which may be issued and/or transferred pursuant to the Awards granted under the NIKS Performance Share Plan to participants who are Controlling Shareholders and their Associates shall not exceed 25.0% of the total number of Shares available under the NIKS Performance Share Plan.

The aggregate number of Shares which may be issued and/or transferred pursuant to the Awards granted under the NIKS Performance Share Plan to each participant who is a Controlling Shareholder or his/her Associate shall not exceed 10.0% of the total number of Shares available under the NIKS Performance Share Plan.

Awards Entitlement

Awards represent the right of a participant to receive fully-paid Shares free of charge. Awards granted under the NIKS Performance Share Plan may be time-based or performance-related as set out above.

In respect of time-based Awards, a participant is entitled to receive fully-paid Shares free of charge, upon the expiry of the prescribed vesting periods.

In the case of performance-related Awards, a participant is entitled to receive fully-paid Shares free of charge subject to certain prescribed performance conditions being met.

The vesting periods of Awards (whether time-based or performance-related) will be determined by our Remuneration Committee and may not be subject to such time restrictions before vesting.

The selection of a participant, the type of Award (whether time-based or performance-related), the number of Award Shares to be granted to him/her, and the prescribed vesting period shall be determined at the absolute discretion of our Remuneration Committee, which shall take into account (a) the financial performance of our Group; (b) employee criteria such as his/her rank, years of service/appointment and job performance, potential for future development and his/her contribution to the success and development of our Group; and (c) in respect of a participant being a non-executive Director, criteria such as his/her contribution to the success and development of our Group.

NIKS PERFORMANCE SHARE PLAN

In addition, for performance-related Awards, the extent of effort required to achieve the performance condition(s) within the performance period shall also be considered.

Our Remuneration Committee shall decide, in relation to each Award (whether time-based or performance related) to be granted to a participant:

- (a) the date on which the Award is to be granted;
- (b) the number of Award Shares;
- (c) the prescribed vesting period(s); and
- (d) the extent to which Award Shares shall be released at the end of each prescribed vesting period.

In the case of performance-related Awards, our Remuneration Committee shall also decide on:

- (a) the prescribed performance condition(s);
- (b) the performance period during which the prescribed performance condition(s) are to be satisfied; and
- (c) the extent to which Award Shares shall be released on the prescribed performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period.

Grant of Awards

There are no fixed periods for the grant of Awards. Accordingly, Awards may be granted at any time during the period when the NIKS Performance Share Plan is in force, at the discretion of our Remuneration Committee.

However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be granted on or after the third (3rd) market day from the date on which the aforesaid announcement is made.

In addition, no Award shall be granted during the period of 30 days immediately preceding the date of announcement of our Company's interim or final results (as the case may be).

An Award letter confirming the Award and specifying, among others, in relation to a performance-related Award, the prescribed performance condition(s) and the performance period during which the prescribed performance condition(s) are to be satisfied, will be sent to each participant as soon as is reasonably practicable after making an Award.

An Award shall be personal to the participant to whom it is granted and, prior to the allotment and/or transfer to the participant of the Shares to which the Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of our Remuneration Committee and if a participant shall do, suffer or permit any such act or thing as a result of which he/she would or might be deprived of any rights under an Award without the prior approval of our Remuneration Committee, that Award shall immediately lapse.

NIKS PERFORMANCE SHARE PLAN

Vesting of Awards

Special provisions for the vesting and lapsing of Awards (some at the discretion of our Remuneration Committee) under certain circumstances include:

- (a) a participant, being an employee of our Group, ceasing for any reason whatsoever, to be in the employment of a company in our Group or in the event the company by which the participant is employed ceases to be a company in our Group;
- (b) a participant, being a non-executive Director, ceasing to be a director of a company in our Group, for any reason whatsoever;
- (c) upon the bankruptcy of the participant, or any other event which results in him/her being deprived of the legal or beneficial ownership of or interest in such Award;
- (d) ill health, injury, disability or death of a participant;
- (e) a participant committing any breach of any of the terms of his/her Award;
- (f) misconduct on the part of a participant as determined by our Company in its discretion;
- (g) a general offer (whether conditional or unconditional) being made of all or any part of our Shares;
- (h) a scheme of arrangement or compromise between our Company and our Shareholders being sanctioned by the court;
- (i) an order for the compulsory winding up of our Company being made;
- (j) a resolution for a voluntary winding up (other than for amalgamation or reconstruction) of our Company being made; and/or
- (k) any other event approved by our Remuneration Committee.

Upon the occurrence of any of the events specified in paragraphs (a) to (f) or (k) above, an Award then held by a participant shall, subject as provided in the rules of the NIKS Performance Share Plan and to the extent not yet released, immediately become void and cease to have effect and the participant shall have no claim whatsoever against our Company.

Upon the occurrence of any of the events specified in paragraphs (g) to (j) above, our Remuneration Committee may consider, in its absolute discretion, whether or not to release any Award. If our Remuneration Committee decides to release any such Award, then in determining the number of Shares to be vested in respect of such Award, our Remuneration Committee will have regard to the proportion of the vesting period(s) which has elapsed and the extent to which the prescribed performance condition(s) (if any) has been satisfied.

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Release of Awards

Subject to applicable laws and the Catalyst Rules, our Company shall have the flexibility to deliver Shares to participants upon the vesting of their Awards by way of (a) the allotment and issuance to each participant of new Shares, deemed to be fully-paid or credited upon their allotment and issuance; and/or (b) the transfer of existing Shares to the participants, including (subject to applicable laws) any Shares acquired by our Company pursuant to a share purchase mandate (if any) and/or held by our Company as treasury shares.

It is the intention of our Company that Award Shares will typically be delivered to participants upon the vesting of their Awards by way of an issue of new Shares. However, our Company anticipates that our Company may, in very limited circumstances, purchase existing Shares on behalf of the participants upon the vesting of their Awards. In determining whether to allot and issue new Shares or to purchase existing Shares for delivery to the participants upon the vesting of their Awards, our Remuneration Committee will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of either issuing new Shares or purchasing existing Shares.

New Shares, when issued and allotted, and existing Shares, when transferred to the participants upon the release of Awards shall be subject to all the provisions of the Constitution and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date of the Shares which are the subject of the Awards, and shall in all other respects rank *pari passu* with other existing Shares then in issue. For such purposes, record date means the date as at the close of business on which our Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.

Shares which are the subject of:

- (a) a time-based Award shall vest upon the expiry of each vesting period in relation to such Award and our Company shall release to the relevant participant the Award Shares to which his/her Award relates on the vesting date; and
- (b) a performance-related Award shall be vested with a participant on the vesting date, which shall be a Market Day falling as soon as practicable after the review by our Remuneration Committee of the performance condition(s) prescribed in respect of such Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied, and, on the vesting date, our Remuneration Committee will procure the allotment or transfer to each participant of the number of Award Shares so determined.

For the purposes of determining if performance condition(s) in respect of performance-related Awards have been achieved, our Remuneration Committee has the right to make computational adjustments to the audited results of our Company or our Group, as the case may be, to take into account such factors as our Remuneration Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events. Our Remuneration Committee also has the discretion to amend the performance condition(s) if our Remuneration Committee decides that a changed performance condition would be a fairer measure of performance, or to waive the performance condition where the participant has achieved a level of performance that our Remuneration Committee considers satisfactory notwithstanding that the performance condition has not been fulfilled.

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Duration of the NIKS Performance Share Plan

The NIKS Performance Share Plan shall continue in operation at the discretion of our Remuneration Committee for a maximum period of 10 years commencing on the date on which the NIKS Performance Share Plan is adopted by our Company in general meeting, provided that the NIKS Performance Share Plan may continue beyond the above stipulated period with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The NIKS Performance Share Plan may be terminated at any time by our Remuneration Committee and by resolution of our Company in general meeting, subject to all relevant approvals which may be required being obtained. The termination and expiry of the NIKS Performance Share Plan shall not affect Awards which have been granted in accordance with the NIKS Performance Share Plan, whether such Awards have been released (whether fully or partially) or not.

Abstention from Voting

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the NIKS Performance Share Plan and any modification thereof and should not accept nominations as proxy or otherwise for voting unless specific instruction have been given in the proxy form on how the vote is to be cast. We will disregard any votes cast on a resolution by any person who is required to abstain from voting on a proposal at a general meeting.

In particular, all Shareholders who are eligible to participate in the NIKS Performance Share Plan shall abstain from voting on the following resolutions, where applicable: (a) implementation of the NIKS Performance Share Plan; and (b) their participation in the NIKS Performance Share Plan and any grant of Awards to them.

Adjustments under the NIKS Performance Share Plan

The following describes the adjustment events under the NIKS Performance Share Plan.

If a variation in the issued share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue or capital reduction, sub-division of Shares, consolidation of Shares or capital distribution, or otherwise howsoever) should take place, then:

- (a) the class and/or number of Award Shares to the extent not yet vested and the rights attached thereto;
- (b) the class and/or number of Shares over which future Awards may be granted under the NIKS Performance Share Plan; and/or
- (c) the maximum number of Shares which may be issued pursuant to Awards granted under the Plan,

may, at the option of our Remuneration Committee, be adjusted in such manner as our Remuneration Committee may determine to be appropriate, including retrospective adjustments, where such variation occurs after the date of vesting of the Award but the record date relating to such variation precedes such date of vesting and, except in relation to a bonus issue, upon the written confirmation of our Company's auditors (acting only as experts and not as arbitrators), that, in their opinion, such adjustment is fair and reasonable.

NIKS PERFORMANCE SHARE PLAN

Notwithstanding the above, any adjustment must be made in such a way that: (a) a participant will not receive a benefit that a Shareholder does not receive; and (b) our Remuneration Committee after considering all relevant circumstances considers it equitable to do so.

Unless our Remuneration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition of any assets by our Company or a private placement of securities or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares, in accordance with the Catalist Rules, undertaken by our Company on the SGX-ST during the period when a share repurchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment.

Modifications to the NIKS Performance Share Plan

Any or all of the provisions of the NIKS Performance Share Plan may be modified and/or altered at any time and from time to time by resolution of our Remuneration Committee except that:

- (a) any modification or alteration which shall adversely affect the rights attached to Awards granted prior to such modification or alteration and which, in the opinion of our Remuneration Committee, materially alters the rights attaching to any Award granted prior to such modification or alteration, may only be made with the written consent of such number of participants under the NIKS Performance Share Plan who, if their Awards were released to them upon the performance conditions of their Awards (if any) being satisfied in full, would thereby become entitled to not less than 75.0% of the number of all the Shares which would fall to be issued and/or transferred upon exercise in full of all outstanding Awards under the NIKS Performance Share Plan;
- (b) any modification or alteration which would be to the advantage of participants under the NIKS Performance Share Plan shall be subject to the prior approval of Shareholders at a general meeting; and
- (c) any modification or alteration shall be made subject to the compliance with the requirements of the Catalist Rules and the requirements of the SGX-ST and any other regulatory authorities as may be necessary.

Written notice of any modification or alteration to the NIKS Performance Share Plan rules shall be given to all participants, **but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.**

REPORTING REQUIREMENTS

Under the Catalist Rules, an immediate announcement must be made on the date of grant of an Award and the announcement must provide details of the grant, including the following:

- (a) date of grant;
- (b) market price of the Shares on the date of grant of the Award;
- (c) number of Shares granted under the Award;
- (d) number of Shares granted to each Director and Controlling Shareholder (and each of their Associates) under the Award, if any; and
- (e) the vesting period in relation to the Award.

NIKS PERFORMANCE SHARE PLAN

The following disclosures (as applicable) shall be made by our Company in its annual report for so long as the NIKS Performance Share Plan continues in operation:

- (a) the names of the members of our Remuneration Committee;
- (b) the information in respect of Awards granted to the following participants in the table set out below:
 - (i) our Directors;
 - (ii) participants who are Controlling Shareholders and their Associates; and
 - (iii) participants, other than those in (b)(i) and (ii) above, who receive Awards comprising Shares representing 5.0% or more of the aggregate of: (1) the total number of Shares available under the NIKS Performance Share Plan; and (2) the total number of existing Shares purchased for delivery of Released Awards under the NIKS Performance Share Plan.

Name of Participant	Number of Shares Allotted Pursuant to Release of Awards under the NIKS Performance Share Plan during Financial Year under Review (including terms)	Number of Existing Shares Purchased for Delivery pursuant to Release of Awards under the NIKS Performance Share Plan during Financial Year under Review (including terms)	Aggregate Number of Shares Allotted and Existing Shares Purchased for Delivery since Commencement of the NIKS Performance Share Plan to End of Financial Year under Review	Aggregate Number of Shares Comprised in Awards which have not been Released as at the End of Financial Year under Review

- (c) in relation to the NIKS Performance Share Plan, the following particulars:
 - (i) the aggregate number of Shares comprised in Awards granted since the commencement of the NIKS Performance Share Plan to the end of the financial year under review;
 - (ii) the aggregate number of Shares comprised in Awards which have vested during the financial year under review and in respect of such Awards, the proportion of (1) new Shares issued; and (2) where applicable, existing Shares purchased, including the range of prices at which such Shares have been purchased, upon the Vesting of Released Awards; and
 - (iii) the aggregate number of Shares comprised in Awards which have not been released as at the end of the financial year under review; and
- (d) such other information as may be required by the Catalist Rules or the Companies Act,

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provided that if any of the above requirements are not applicable, an appropriate negative statement should be included in the annual report, noting that disclosure in the annual report of information on Awards granted to directors and employees of our Company's parent company and its subsidiaries would not be necessary, as such persons are not participants.

RATIONALE FOR PARTICIPATION BY EMPLOYEES OF OUR GROUP IN THE NIKS PERFORMANCE SHARE PLAN

The grant of Awards to the employees of our Group allows us to have a fair and equitable system to reward our Directors and employees of our Group who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the grant of Awards to the employees of our Group will enable us to attract, retain and provide incentives to its participants to produce higher standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating participants generally to contribute towards the long-term growth of our Group.

RATIONALE FOR PARTICIPATION BY NON-EXECUTIVE DIRECTORS (INCLUDING INDEPENDENT DIRECTORS) IN THE NIKS PERFORMANCE SHARE PLAN

Our non-executive Directors come from diverse professions and working backgrounds. Although they are not involved in the day-to-day running of our Group's operations, they are able to contribute their extensive experience, knowledge, expertise and business contacts to the benefit of our Group and assist in our Group's business interests. Leveraging on their contacts, they may also be able to provide our Group with strategic or significant alliances or opportunities. Our Company therefore regards our non-executive Directors as a resource pool from which we are able to tap business contacts, knowledge, expertise and experience.

Our non-executive Directors are presently also members of our Audit and Risk Committee, Remuneration Committee and Nominating Committee. Each of these committees plays an important role in the corporate governance of our group.

Currently, our non-executive Directors are remunerated only by way of directors' fees. Allowing the participation by our non-executive Directors in the NIKS Performance Share Plan provides our Company with a further avenue of acknowledging the services and contributions to our Group and to reward and give recognition to such services and contributions by way of remuneration comprising a combination of fees and Awards. This flexibility is important since it may not always be possible to compensate non-executive Directors fully or appropriately by increasing the directors' fees or other forms of cash payment. Having a flexible remuneration system will enable our Company to continue to attract individuals of great ability and aptitude to serve as non-executive Directors. In the long-term, this will help ensure the continuity of good corporate governance in our Company.

However, as the NIKS Performance Share Plan is intended to cater primarily to employees of our Group who will comprise the bulk of the participants of the NIKS Performance Share Plan, our Directors anticipate that awards that may be granted to our non-executive Directors pursuant to the NIKS Performance Share Plan, would not comprise a significant portion of the shares available under the NIKS Performance Share Plan. Further, in order to minimise any potential conflict of interests which may arise as a result of granting Awards to non-executive Directors who are also members of our Audit and Risk Committee, Remuneration Committee or Nominating Committee, any grant of awards to non-executive Directors is anticipated to be minimal, with such

NIKS PERFORMANCE SHARE PLAN

grants being made as a token of our Company's appreciation for their contributions to our Company and to help further align their interests with those of our Shareholders. Our non-executive Directors would generally continue to be remunerated for their services by way of directors' fees.

Our Remuneration Committee shall act judiciously in the exercise of its discretion in respect of the grant of Awards to our non-executive Directors. In deciding whether to grant Awards to our non-executive Directors, our Remuneration Committee will take into consideration, among other things, the services and contributions made to the growth of our Group, attendance and participation in meetings and the years of service of a particular non-executive Director. Our Remuneration Committee may also, where it considers relevant, take into account other factors such as prevailing economic conditions and our performance. A non-executive Director will abstain from voting as a Director or a member of our Remuneration Committee when the grant of Awards to him is being deliberated.

RATIONALE FOR PARTICIPATION BY CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES OF OUR GROUP IN THE NIKS PERFORMANCE SHARE PLAN

The objectives of the NIKS Performance Share Plan are to motivate employees to maximise their performance and efficiency, and to also provide alternative forms of remuneration to reward employees for their significant contributions, and to align the interests of our Group with those of our employees. Accordingly, employees of our Group who are also Controlling Shareholders and their Associates should be given equal treatment, notwithstanding that they are Controlling Shareholders or Associates of Controlling Shareholders, and no differentiation should be made between them and other employees or Directors.

As a safeguard, the NIKS Performance Share Plan will be managed by Remuneration Committee members who are not Controlling Shareholders or their Associates. In addition, the Controlling Shareholders and their Associates will only be able to participate in the NIKS Employee Share Option Scheme provided that (a) specific approval of our independent Shareholders is obtained for the participation of such persons as well as the actual number of and terms of such Awards; (b) a separate resolution must be passed for each of such Participant. Justification for participation in the NIKS Performance Share Plan will be disclosed in the process of seeking independent Shareholders' approval. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the NIKS Performance Share Plan resulting from the participation of employees who are Controlling Shareholders and/or their Associates.

FINANCIAL EFFECTS OF THE NIKS PERFORMANCE SHARE PLAN

The grant of Awards will have an impact on our Company's reported profit under the accounting rules in the SFRS(I) 2 *Share-based Payment*. Participants who receive Shares and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards will be recognised as a charge to profit or loss over the period between the grant date and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Award Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is subject to revision, and the impact of the revised estimate

NIKS PERFORMANCE SHARE PLAN

will be recognised in profit or loss with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to profit or loss is made.

The amount charged to profit or loss would be the same whether our Company settles the Awards by issuing new Shares or by purchasing existing Shares. The amount of the charge to profit or loss also depends on whether or not the performance condition attached to an Award is measured by reference to the market price of the Award Shares. This is known as a market condition. If the performance condition is a market condition, the probability of the performance condition being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to amounts charged to profit or loss are made if the market condition is not met. However, if the performance condition is not a market condition, the fair value per Award Share of the Awards granted at the grant date is used to compute the amount to be charged to profit or loss at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to profit or loss if the Awards do not ultimately vest.

In the event that the participants receive cash, our Company shall measure the fair value of the liability at the grant date. Until the liability is settled, our Company shall re-measure the fair value of the liability at each accounting date and at the date of settlement, with changes in the fair value recognised in profit or loss.

The following sets out the financial effects of the NIKS Performance Share Plan:

(a) Share Capital

The NIKS Performance Share Plan will result in an increase in our Company's issued share capital when new Shares are issued to participants. The number of new Shares issued will depend on, among others, the size of the Awards granted under the NIKS Performance Share Plan. In any case, the NIKS Performance Share Plan provides that the number of Shares to be issued under the NIKS Performance Share Plan, when aggregated with the aggregate number of Shares over which Options or Awards are granted under any other share option, share incentive, performance share or restricted share plans implemented by our Company, will be subject to the maximum limit of 15.0% of our Company's total number of issued Shares (excluding Shares held by our Company as treasury shares and subsidiary holdings from time to time if any) from time to time. If instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants, the NIKS Performance Share Plan will have no impact on our Company's issued share capital.

(b) NTA

As described in paragraph (c) below on EPS, the NIKS Performance Share Plan is likely to result in a charge to our Company's profit or loss over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with SFRS(I) 2 *Share-based Payment*. When new Shares are issued under the NIKS Performance Share Plan, there would be no effect on the NTA due to the offsetting effect of expenses recognised and the increase in share capital. However, if instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants, the NTA would be impacted by the cost of the Shares purchased. It should be noted that the delivery of Shares to participants under the NIKS Performance Share Plan will generally be contingent upon the eligible participants meeting prescribed performance conditions.

NIKS PERFORMANCE SHARE PLAN

(c) EPS

The NIKS Performance Share Plan is likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with SFRS(I) 2 *Share-based Payment*. It should again be noted that the delivery of Shares to participants of the NIKS Performance Share Plan will generally be contingent upon the participants meeting the prescribed performance conditions. The issuance of new Shares under the NIKS Performance Share Plan will have a dilutive impact on our EPS.

(d) Dilutive impact

The allotment of new Shares under the NIKS Performance Share Plan will have a dilutive impact on our consolidated EPS.

We have made an application to the SGX-ST for permission to deal in and for quotation of the Award Shares which may be issued upon the release of the Award Shares to be granted under the NIKS Performance Share Plan. The approval of the SGX-ST is not to be taken as an indication of the merits of our Company, our subsidiaries, our Shares that are already issued, the Invitation Shares, the Option Shares and the Award Shares.

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Our Directors recognise the importance of good corporate governance and the offering of high standards of accountability to our Shareholders, and will use best efforts to implement the good practices recommended in the Code of Corporate Governance. Our Board has established three (3) committees, namely, our Audit and Risk Committee, our Remuneration Committee and our Nominating Committee.

Independent Directors

We have five (5) Directors on our Board, of whom three (3) are Independent Directors. Our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, our other Directors and/or our Substantial Shareholders, save as disclosed within this section of the Offer Document. Our Independent Directors are also not related to our other Directors and/or our Substantial Shareholders.

Our Directors are of the view that given the current board composition and based on the above, there are sufficient safeguards and checks to ensure that the process of decision-making by our Board is independent and based on collective decision-making.

Audit and Risk Committee

Our Audit and Risk Committee comprises Mr Mark Andrew Yeo Kah Chong, Mr Manu Bhaskaran, and Mr Tan Teck Huat. Our Audit and Risk Committee is chaired by Mr Mark Andrew Yeo Kah Chong.

After the Listing, our Executive Directors and Executive Officers will continue to manage the business and operations of our Group. Our Audit and Risk Committee will assist our Board in discharging its responsibility to safeguard our Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal controls, with an overall objective of ensuring that our management has created and maintained an effective control environment in our Company, and that our management demonstrates and stimulates the necessary aspect of our Group's internal control structure among all parties.

Our Audit and Risk Committee will meet periodically and will, among others, carry out the following functions:

- (a) assist our Board in the discharge of its responsibilities on financial and reporting matters;
- (b) review the relevance and consistency of accounting standards, the significant reporting issues, recommendations and judgements made by external auditors so as to ensure the integrity of the financial statements of our Group;
- (c) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and our management's response, and results of our audits compiled by our internal and external auditors, and will review at regular intervals with the management on the implementation by our Group of the internal control recommendations made by the internal and external auditors;
- (d) review the periodic financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, significant financial reporting issues and judgements, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other

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- statutory/regulatory requirements, concerns and issues arising from their audits, including any matters which the auditors may wish to discuss in the absence of our management, where necessary, before submission to our Board for approval;
- (e) review the assurance from our CEO and Chairman and our CFO on the financial records and financial statements of our Group;
 - (f) review the adequacy, effectiveness and independence of the external audit and internal audit function of our Group;
 - (g) review the risk management structure and oversight of the risk management process and activities;
 - (h) review and report to our Board, at least annually, the effectiveness and adequacy of our internal control and procedures (addressing financial, operational, information technology, compliance risks) and risk management systems (such review to be carried out internally or with the assistance of any competent third parties) and discuss issues and concerns, if any, prior to the incorporation of our Directors' comments in our annual report;
 - (i) appraise and report to our Board on the audits undertaken by the external auditors and internal auditors and the adequacy of disclosure of information;
 - (j) make recommendations to our Directors on establishing an adequate, effective and independent internal audit function (which can be in-house or outsourced to a reputable accounting/auditing firm or corporation), and ensure that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies;
 - (k) recommend to our Board on the proposals to Shareholders on the appointment, reappointment, or removal of the external auditors, and the remuneration and terms of engagement of the external auditors;
 - (l) consider the independence and objectivity of the external auditor, taking into account the aggregate and respective fees paid for audit and non-audit services provided by the external auditor and the cooperation extended by management to allow an effective audit, if any;
 - (m) consider the appointment or re-appointment of the internal auditors, the level of their remuneration and matters relating to resignation or dismissal of the internal auditors;
 - (n) consider the appointment or re-appointment of a qualified tax adviser to ensure that our Group remains in compliance with applicable tax regulations and having oversight of issues and concerns raised by the tax adviser, if any, to prevent recurrence of non-compliance with tax regulations;
 - (o) meet with the external auditors and the internal auditors, and in each case without the presence of management, at least annually and review the cooperation given by our management to our internal and external auditors;
 - (p) where applicable, ensure that the internal audit function has unfettered access to all our Group's documents, records, properties and personnel, including our Audit and Risk Committee, and has appropriate standing within our Group;

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- (q) given our Group's overseas operations and expansion plans, review and discuss with the internal and external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations (including overseas jurisdictions) which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response, and at appropriate times, report the matter to our Board and to the Sponsor;
- (r) review our financial risk areas, with a view to providing an independent oversight of our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, if the findings are material, to be immediately announced via SGXNET;
- (s) review the risk profile of our Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by our Board;
- (t) review policies and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, ensure that such policies and arrangements continue to be in place for independent investigation and appropriate follow-up, and ensure that our Group publicly discloses, and clearly communicates, to employees the existence of a whistle-blowing policy and the procedures for raising such concerns;
- (u) review and establish procedures for receipt, retention and treatment of complaints received by our Group, among others, criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group, and ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;
- (v) review and approve transactions falling within the scope of Chapter 9 of the Catalist Rules, including the review of any interested person transactions under the sections titled "Interested Person Transactions – Guidelines and Review Procedures for On-going and Future Interested Person Transactions" of this Offer Document;
- (w) review any actual or potential conflicts of interest and set out a framework to resolve or mitigate any potential conflict of interest, and monitor compliance with such framework;
- (x) review and approve transactions falling within the scope of Chapter 10 of the Catalist Rules (if any);
- (y) review and approve all hedging policies and instruments (if any) to be implemented by our Group, and conduct periodic reviews of the hedging policies together with the transactions and hedging activities undertaken by our Group;
- (z) review the job scope and level of responsibility of related employees (being employees that are related to our Directors, Executive Officers and/or Substantial Shareholders) and to resolve or mitigate any actual or potential conflicts of interest that may arise from the involvement of such related employees in the relevant job functions;
- (aa) generally to undertake such other functions and duties as may be required by statute, the Catalist Rules, or as recommended by the Code of Corporate Governance, and by such amendments made thereto from time to time;
- (ab) monitor the use of proceeds from the Listing;

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- (ac) supervising any arrangements entered into by our Group with its contract manufacturers, which are material to our Group and/or out of the ordinary course of business of our Group;
- (ad) monitor the implementation of a policy and procedures for sustainability reporting; and
- (ae) undertake such other reviews and projects as may be requested by our Board, and report to our Board its findings from time to time on matters arising therefrom and which require the attention of our Audit and Risk Committee.

In addition to the duties listed above, our Audit and Risk Committee shall also commission an annual internal controls audit until such time that it is satisfied that the internal controls of our Group are sufficiently robust and effective in mitigating any key internal control weaknesses our Group may have. Prior to decommissioning such annual internal controls audit, our Board shall report to the Sponsor and the SGX-ST the basis for deciding to decommission the annual internal controls audit, as well as the measures taken to rectify our key weaknesses in and/or strengthen the internal controls of our Group. Thereafter, our Audit and Risk Committee shall commission such audits as and when it deems fit for the purposes of satisfying itself that the internal controls of our Group have remained robust and effective. Upon the completion of an internal control audit, our Board shall make the appropriate disclosures via SGXNET of any weaknesses in our Group's internal controls which may be material or of a price-sensitive nature, as well as any follow-up actions to be taken by our Board.

Our Audit and Risk Committee shall also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any rules or regulations which has or is likely to have a material impact on our operating results and/or financial position. In the event that any member of our Audit and Risk Committee has an interest in a matter being deliberated on by our Audit and Risk Committee, such member will abstain from participating in the review and approval process relating to that matter.

Prior to the Invitation, our Company had engaged an internal auditor, Mazars LLP, to perform the review and test of controls of our Group's key processes. The scope of the internal controls review covered the operating entities of our Group and was conducted on our Group's key business processes of (a) general control environment; (b) IT general controls; (c) regulatory compliance; (d) financial close; (e) human resource and payroll; (f) sales, receivables and receipts; (g) inventory management; (h) procurement, payables and payment; (i) bank and cash management; (j) fixed assets management; and (k) risk assessment. Our Audit and Risk Committee has held discussions with Mr Wu Peicong, our CFO, the internal auditor, as well as our Independent Auditor and Reporting Accountant, Grant Thornton Audit LLP, in relation to our Group's internal controls. Our Board has noted that no material internal control weakness had been raised by our Independent Auditor and Reporting Accountant in the course of their audit of our Group's financial statements for FY2020, FY2021 and FY2022. Our Board also noted that the internal auditor has confirmed that they are satisfied that the management of our Group has adequately addressed all points raised in relation to our Group's internal control weaknesses.

Based on the foregoing, the internal controls and risk management framework established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by our management, our Board, with the concurrence of our Audit and Risk Committee, is of the opinion that our internal controls, including financial, operational, compliance and information technology controls, and our risk management systems are adequate and effective to address the financial, operational, compliance and information technology risks which are relevant and material to our operations as at the Latest Practicable Date.

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Our Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that our Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, our Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Our Audit and Risk Committee, after having interviewed our CFO, Mr Wu Peicong, and:

- (a) considered his qualifications and working experience (as described in the section titled “Directors and Management – Executive Officers” of this Offer Document);
- (b) observed his abilities, familiarity, diligence and competency in relation to the financial matters and information of our Group in connection with the preparation for the Listing; and
- (c) noted the absence of negative feedback on him from our Independent Auditor and Reporting Accountant and our internal auditor,

is of the view that Mr Wu Peicong is suitable for the position of CFO.

After making all reasonable enquiries, and to the best of the knowledge and belief of our Audit and Risk Committee, nothing has come to the attention of the members of our Audit and Risk Committee to cause them to believe that our CFO, Mr Wu Peicong, does not have the competence, character and integrity expected of a chief financial officer of a listed issuer.

Remuneration Committee

Our Remuneration Committee comprises Mr Manu Bhaskaran, Mr Mark Andrew Yeo Kah Chong, and Mr Tan Teck Huat. Our Remuneration Committee is chaired by Mr Manu Bhaskaran.

Our Remuneration Committee will recommend to our Board a framework of remuneration for our Directors and Executive Officers and determine specific remuneration packages for each Executive Director. The quantum of the bonus of our Executive Directors and Executive Officers will be subject to the recommendation of our Remuneration Committee and the approval of our Board.

The recommendations of our Remuneration Committee should be submitted for endorsement by our entire Board. The scope of responsibilities of our Remuneration Committee encompasses all aspects of remuneration, including but not limited to Directors’ fees, salaries, allowances, bonuses, options and benefits in kind. Our Remuneration Committee shall also review the remuneration of senior management and employees related to our Directors, CEO or Substantial Shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibility. Other responsibilities of our Remuneration Committee include:

- (a) review and recommend to our Board for approval a framework of remuneration for our Directors and Executive Officers, as well as specific remuneration packages for each Executive Director and Executive Officer, ensuring that a significant and appropriate proportion of the remuneration is structured so as to link rewards to corporate and individual performance. All aspects of remuneration, including but not limited to Directors’ fees,

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salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments shall be covered, with the aim to be fair and avoid rewarding poor performance;

- (b) review annually the remuneration, bonuses, pay increase and/or promotions of related employees (being employees that are related to our Directors, Executive Officers and/or Substantial Shareholders) to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Our Remuneration Committee will also perform an annual review of the remuneration packages in order to maintain their attractiveness to retain and motivate our Directors and our Executive Officers, and to align the interests of our Directors and our Executive Officers with the interests of the Shareholders and other stakeholders and promote the long-term success of our Group;
- (c) ensure that the remuneration of our non-executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities;
- (d) review and approve any new employment of related employees (being employees that are related to our Directors, Executive Officers and/or Substantial Shareholders) and the proposed terms of their employment, and reviewing and recommending to our Board of Directors, for endorsement, the specific remuneration packages for each of our Directors and our Executive Officers;
- (e) propose, for adoption by our Board, measurable, appropriate and meaningful performance targets for assessing the performance of our key management personnel, individual Directors and of our Board as a whole;
- (f) review our remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation and the statements in our annual report with a view to achieving clear disclosure of the same;
- (g) ensure that the remuneration policies and systems of our Group, as approved by our Board, support our Group's objectives and strategies, and are consistently being administered and being adhered to within our Group;
- (h) review our Group's obligations arising in the event of termination of service contracts entered into between our Group and our Directors or Executive Officers, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly generous;
- (i) if necessary, seek expert advice within and/or outside our Group on remuneration matters, ensuring that existing relationships, if any, between our Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and
- (j) generally to undertake such other functions and duties as may be required by statute, the Catalist Rules, or as recommended by the Code of Corporate Governance, and by such amendments made thereto from time to time.

Each member of our Remuneration Committee shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of our Remuneration Committee in respect of his/her remuneration package. In the event that any member of our

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Remuneration Committee has an interest in a matter being deliberated upon by our Remuneration Committee, such member will abstain from participating in the review and approval process relating to that matter.

Nominating Committee

Our Nominating Committee comprises Mr Manu Bhaskaran, Mr Mark Andrew Yeo Kah Chong, and Mr Tan Teck Huat. Our Nominating Committee is chaired by Mr Manu Bhaskaran.

Our Nominating Committee has been set up to take the responsibility for the following functions:

- (a) develop and maintain a formal and transparent process for the selection, appointment and re-appointment of Directors (including alternate Directors, if any), taking into account the need for progressive renewal of our Board and making recommendations to our Board on the appointment and re-appointment of Directors, taking into consideration each Director's competencies, commitment, contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, his/her performance as an Independent Director, as well as appraising the qualifications and experience of any proposed new appointments to our Board and recommending to our Board whether the nomination should be supported;
- (b) ensure that Directors submit themselves for re-nomination and re-election at least once every three (3) years;
- (c) review and approve any new employment of related employees (being employees that are related to our Directors, Executive Officers and/or Substantial Shareholders) and proposed terms of their employment;
- (d) ensure that Directors disclose their relationships with our Company, related corporations, Substantial Shareholders or officers, which may affect their independence and review such disclosures to highlight these to our Board;
- (e) determine on an annual basis, and as and when circumstances require, whether or not a Director is independent, taking into account the circumstances set forth in the Code of Corporate Governance, the Practice Guidance to the Code of Corporate Governance, the Catalyst Rules and any other salient factors;
- (f) review and decide whether or not a Director is able to and has been adequately carrying out his/her duties as Director;
- (g) in respect of a Director who has multiple board representations on various companies, if any, review and decide, on an annual basis (or more frequently as our Nominating Committee deems fit), whether such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by such Director when serving on multiple boards and discharging his/her duties towards other principal commitments, and establish guidelines on what a reasonable and maximum number of directorships and principal commitments for each Director (or type of Director) shall be. Where any Director holds a significant number of listed company directorships and principal commitments which involve significant time commitment, to provide a reasoned assessment of the ability of that Director to diligently discharge his/her duties, taking into consideration that Director's number of listed company board representations and other principal commitments;

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- (h) review the training and professional development programmes for our Board, in particular, ensure that new Directors are aware of their duties and obligations;
- (i) review succession plans for Directors and Executive Officers;
- (j) review the composition of our Board annually to ensure that our Board and our Board committees are of an appropriate size, comprise Directors who as a group provide an appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate, and are of an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of our Company and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-base experience or knowledge;
- (k) set the objectives for achieving board diversity and review our Company's progress towards achieving these objectives;
- (l) develop a process and criteria for evaluation of the performance of our Board as a whole and its committees, and assess the contribution of each Director to the effectiveness of the Board; and
- (m) generally to undertake such other function and duties as may be required by statute, the Catalist Rules, or as recommended by the Code of Corporate Governance, and by such amendments made thereto from time to time.

In addition, our Nominating Committee will undertake a formal annual assessment of our Board's effectiveness as a whole and that of each of our Board committees and individual Directors, and recommend for our Board's approval the objective performance criteria and process for the evaluation of the effectiveness of our Board as a whole, and of each of our Board committees separately, as well as the contribution of each individual Director to our Board. The assessment should consider the composition of our Board (balance of skills, gender, experience, independence, knowledge of our Group, and diversity), board practices and conduct, and how our Board as a whole adds value to our Group. Our Nominating Committee shall consider the use of peer comparisons and other objective third-party benchmarks. These performance criteria shall not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus shall be on our Board to justify its decision. The evaluation of individual Director's performance shall aim to assess whether each Director is willing and able to constructively challenge and contribute effectively to our Board, and demonstrate commitment to his or her roles on our Board (including the roles of the Chairman of our Board and chairman of a board committee). The Chairman of our Board shall act on the results of the performance evaluation and, in consultation with our Nominating Committee, propose, where appropriate, new members to be appointed to our Board or seek the resignation of Directors.

Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as Director. In the event that any member of our Nominating Committee has an interest in a matter being deliberated upon by our Nominating Committee, such member will abstain from participating in the review and approval process relating to that matter.

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Under the Code of Corporate Governance, directors are required to attend and actively participate in board and board committee meetings and diligently discharge their duties, and directors with multiple directorships and principal commitments must ensure that sufficient time and attention are given to the affairs of the company.

In addition, the Code of Corporate Governance also states, among others that an independent director is one who has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

Independence of our Independent Directors

Our Nominating Committee, after having considered the following:

- (a) the considerations on independence, as set out in provision 2.1 of the Code of Corporate Governance, read together with Practice Guidance to the Code of Corporate Governance;
- (b) the principal occupation and commitments of our Independent Directors, including the number of listed company board representations that each of them has;
- (c) the attendance to-date at board meetings of listed companies that each of our Independent Directors serves as independent directors;
- (d) the confirmations by our Independent Directors that they are able to devote sufficient time and attention to the matters of our Group;
- (e) none of our Independent Directors is or has been employed by our Group in the current or any of the past three (3) financial years;
- (f) none of the immediate family members of our Independent Directors is, or has been in any of the past three (3) financial years, employed by our Group and whose remuneration is determined by our Remuneration Committee;
- (g) the professional experience and expertise of our Independent Directors; and
- (h) the composition of our Board,

is of the opinion that our Independent Directors (i) are individually and collectively able to commit sufficient time and resources to discharge their respective duties, and are suitable and possess the relevant experience to be appointed as our Independent Directors; and (ii) as a whole, represent a strong and independent element on our Board which is able to exercise objective judgment on corporate affairs independently. Each member of our Nominating Committee has abstained from participating in the assessment of his own suitability as an Independent Director.

Board Practices

Our Directors have no fixed term of office. Our Directors are to be appointed by our Shareholders at a general meeting and an election of Directors is held annually. All of our Directors are required to retire from office at least once every three (3) years. However, a retiring Director is eligible for re-election at the meeting at which he/she retires. Further details on the appointment and retirement of Directors can be found in Appendix D titled "Appendix D – Summary of our Constitution" to this Offer Document.

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Our Board, Audit and Risk Committee, Nominating Committee and Remuneration Committee are all chaired by Independent Directors.

Principle 3 of the Code of Corporate Governance: There is clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making

While our Company acknowledges that it deviates from Provision 3.1 of the Code of Corporate Governance, which advocates that the Chairman and CEO to be separate persons, our Board is of the view that taking into account (a) the current corporate structure, size and nature of our Group's operations; (b) the majority of our Board's composition comprise Independent Directors; and (c) the Audit and Risk Committee, the Nominating Committee and Remuneration Committee comprise fully of Independent Directors, there are sufficient safeguards and checks to ensure that the process of decision making by our Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence.

As Executive Chairman, Mr Cheng Shoong Tat (i) leads our Board to ensure its effectiveness on all aspects of its role; (ii) sets the agenda and ensure that adequate time is available for discussion on all agenda items, in particular strategic issues; (iii) ensures effective communication with shareholders; (iv) exercises control over the quality; quantity and timeliness of the flow of information between Management and our Board; and (v) promotes high standards of corporate governance. As CEO, Mr Cheng Shoong Tat is responsible for the overall management, strategic planning and business development of our Group.

Our Board is of the view that it is in the best interests of our Group to adopt a single leadership structure, whereby our Executive Chairman and the CEO are the same person, as Mr Cheng Shoong Tat is knowledgeable in the business of our Group and can provide our Group with a strong and consistent leadership, to allow for more effective planning and execution of business strategies. All major proposals and decisions made by our Executive Chairman and CEO are discussed, reviewed and approved by our Board. In addition, our Executive Chairman and CEO's performance and appointment to our Board will be reviewed periodically by our Nominating Committee, which will assess the need to separate the roles of Chairman and CEO from time to time and make its recommendations when necessary. The performance and effectiveness of Mr Cheng Shoong Tat as our Executive Chairman will also be reviewed by our Nominating Committee separately from his performance and effectiveness as our CEO.

The Code of Corporate Governance further states that when the Chairman is not independent, the board should have a lead independent director to provide leadership and independent directors should make up a majority of the board. In line with Provision 3.3 of the Code of Corporate Governance, we have appointed Mr Mark Andrew Yeo Kah Chong as our lead independent director, who is also concurrently our Deputy Chairman. Mr Mark Andrew Yeo Kah Chong will coordinate and lead our Independent Directors to provide a non-executive perspective in certain matters and to provide leadership in situations where the Executive Chairman is conflicted. He will lead meetings with our Independent Directors and provide feedback to the Executive Chairman after such meetings. Mr Mark Andrew Yeo Kah Chong will be available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or management are inappropriate or inadequate.

In view of the above, our Board believes that despite deviating from Provision 3.1 of the Code, our Company's practices and safeguards are consistent with the intent of Principle 3 of the Code as there exists a clear division of responsibilities between the leadership of our Board and Management and no one individual of our Board has unfettered powers of decision-making.

DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the more important rights and privileges of our Shareholders. These statements are qualified in entirety by reference to our Constitution and the laws of Singapore. Please also refer to Appendix D titled "Appendix D – Summary of our Constitution" to this Offer Document for details. A copy of our Constitution is available for inspection at our registered office during normal business hours for a period of six (6) months from the date of the registration of this Offer Document with the SGX-ST.

SHARES

Our Constitution provides that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges, conditions or restrictions, as our Directors may think fit and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations. Our Shares do not have a par value.

As at the Latest Practicable Date, our issued share capital is S\$1,220,002 comprising 1,220,002 Shares. As at the Latest Practicable Date, there is only one class of shares, being ordinary shares, in the capital of our Company. All of our issued Shares have been fully paid. All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the Catalist Rules, purchase our own Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

SHAREHOLDERS

Only persons who are registered on our register of members and, in cases where the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for our Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share.

We may close our register of members for any time or times if we give at least five (5) clear Market Days' notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. We would typically close the register of members to determine our Shareholders' entitlement to receive dividends and other distributions.

TRANSFER OF SHARES

There is no restriction on the transfer of fully-paid Shares except where required by law, the Catalist Rules or the bye-laws of the SGX-ST. Our Directors may, in their discretion, decline to register any transfer of Shares which are not fully paid or Shares on which we have a lien. Our Directors may also decline to register any instrument of transfer unless, among others, it has been duly stamped and is presented for registration together with the Share certificate and such other evidence of title as they may require. Shares may be transferred by a duly signed instrument of transfer in a form approved by our Directors and the SGX-ST. A Shareholder may transfer any Shares held through the SGX-ST's book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

We will replace lost or destroyed certificates for Shares if we are properly notified and the applicant pays a fee which will not exceed S\$2.00 and furnishes any evidence and indemnity that our Board may require.

DESCRIPTION OF OUR SHARES

GENERAL MEETINGS OF SHAREHOLDERS

We are required to hold an annual general meeting within four (4) months after the end of each financial year.

Our Board may convene an extraordinary general meeting whenever it thinks fit and must do so if Shareholders representing not less than 10.0% of the total number of our paid-up shares that carry the right of voting at general meetings request in writing that such a meeting be held. In addition, two (2) or more of our Shareholders holding not less than 10.0% of the total number of our issued shares (excluding treasury shares) may call a meeting.

Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, such as the voluntary winding up of our Company, amendments to our Constitution, a change of our corporate name and a reduction in our share capital.

We must give at least 21 clear days' notice (calendar days exclusive of the date of the notice and the date of the general meeting) in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 clear days' notice (calendar days exclusive of the date of the notice and the date of the general meeting) in writing. For as long as we are listed on the SGX-ST, at least 14 days' notice of all general meetings must be given by advertisement in the daily press and in writing to the SGX-ST. The notice must be given to every Shareholder holding Shares conferring the right to attend and vote at the meeting and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business. All general meetings must be held in Singapore.

VOTING RIGHTS

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy does not need to be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register as at 72 hours before the general meeting. For the purpose of determining the number of votes which a Shareholder, being a Depositor, or his proxy may cast at any general meeting on a poll, the reference to Shares held or represented shall, in relation to Shares of that Depositor, be the number of Shares entered against his name in the Depository Register as at 72 hours before the time of the relevant general meeting, as certified by the Depository to us.

Except as otherwise provided in our Constitution, two (2) or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution:

- on a show of hands, every Shareholder present in person and by proxy or attorney shall have one (1) vote (provided that in the case of a Shareholder who is represented by two (2) proxies, only one (1) of the two (2) proxies as determined by that Shareholder or, failing such determination, by the chairman of the meeting (or by a person authorised by the chairman of the meeting) in his sole discretion), shall be entitled to vote on a show of hands; and

DESCRIPTION OF OUR SHARES

- on a poll, every Shareholder present in person or by proxy or attorney shall have one (1) vote for each Share which he holds or represents.

The following types of members (“**relevant intermediaries**” and each, a “**relevant intermediary**”) are allowed to appoint more than two (2) proxies:

- a licensed bank or its wholly-owned subsidiary which provides nominee services and holds Shares in that capacity;
- a capital market services licence holder which provides custodial services for securities and holds Shares in that capacity; and
- the CPF Board, in respect of Shares purchased on behalf of CPF members.

However, each proxy must be appointed to exercise the rights attached to a different Share or Shares held by the appointing member, specifying which number and class of Shares.

The Catalist Rules require all resolutions at general meetings to be voted by poll. In the case of a tie vote, the chairman of the meeting shall be entitled to a casting vote.

DIVIDENDS

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. Our Board of Directors may also declare an interim dividend without the approval of our Shareholders.

We must pay all dividends out of our profits. We may satisfy dividends by the issue of Shares to our Shareholders. Please refer to the section titled “Description of Our Shares – Bonus and Rights Issue” of this Offer Document for further details. All dividends are paid pro-rata among our Shareholders in proportion to the amount paid up on each Shareholder’s Shares, unless the rights attaching to an issue of any Share provide otherwise.

Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

BONUS AND RIGHTS ISSUE

Our Board may, with the approval of our Shareholders at a general meeting, capitalise any reserves or profits (including profits or monies carried and standing to any reserve) and distribute the same as bonus shares credited as paid-up to our Shareholders in proportion to their shareholdings.

Our Board may also issue bonus Shares to participants of any share incentive or option scheme or plan adopted by our Company and approved by our Shareholders in such manner and on such terms as our Board shall think fit.

Our Board may also issue rights to take up additional Shares to our Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which our Shares are listed.

DESCRIPTION OF OUR SHARES

SUBSTANTIAL SHAREHOLDERS

Under the SFA, a person has a substantial shareholding in our Company if he has an interest (or interests) in one (1) or more voting shares (excluding treasury shares) in our Company and the total votes attached to that share or those shares, is not less than 5.0% of the aggregate of the total votes attached to all voting shares (excluding treasury shares) in our Company.

The SFA requires our Substantial Shareholders, or if they cease to be our Substantial Shareholders, to give notice in writing to us of particulars of the voting shares in our Company in which they have or had an interest (or interests) and the nature and extent of that interest or those interests, and of any change in the percentage level of their interest.

In addition, the deadline for a Substantial Shareholder to make disclosure to our Company under the SFA is two (2) business days after he becomes aware:

- that he is or (if he had ceased to be one) had been a Substantial Shareholder;
- of any change in the percentage level in his interest; or
- that he had ceased to be a Substantial Shareholder,

there being a conclusive presumption of a person being “aware” of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

Following the above, we will announce or disseminate the information stated in the notice to the SGX-ST as soon as practicable and, in any case, no later than the end of the Singapore business day following the day on which we received the notice.

Under the SFA, the term “**percentage level**”, in relation to a Substantial Shareholder in our Company, means the percentage figure ascertained by expressing the total votes attached to all the voting shares in our Company in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares (excluding treasury shares) in our Company, and, if it is not a whole number, rounding that figure down to the next whole number.

The SFA provides, among other things, that a person who has authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of, a voting share is regarded as having an interest in such share, even if such authority is, or is capable of being made, subject to restraint or restriction in respect of particular voting shares.

TAKE-OVERS

The Companies Act, the SFA and the Take-over Code regulate the acquisition of ordinary shares of public companies and contain certain provisions that may delay, deter or prevent a future takeover or change in control of our Company. Under the Take-over Code issued by the Authority pursuant to section 321 of the SFA, any person acquiring an interest, either on his own or together with parties acting or presumed to be acting in concert with him, in 30.0% or more of our voting Shares must extend a take-over offer for the remaining voting Shares in accordance with the provisions of the Take-over Code. In addition, a mandatory take-over offer is also required to be made if a person holding, either on his own or together with parties acting or presumed to be

DESCRIPTION OF OUR SHARES

acting in concert with him, between 30.0% and 50.0% (both inclusive) of our voting Shares acquires additional voting Shares representing more than 1.0% of our voting Shares in any six-month period.

“Parties acting in concert” comprise individuals or companies who, pursuant to an arrangement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They are as follows:

- a company and its related companies (including its parent company, subsidiaries, or fellow subsidiaries), the associated companies of any of the company and its related companies and companies whose associated companies include any of these companies;
- any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the entities set out immediately above for the purchase of voting rights;
- a company and any of its directors (together with their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);
- a company and its pension funds and employee share schemes;
- a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- a financial or other professional adviser including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;
- directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;
- partners;
- an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions; and
- any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the persons set out immediately above for the purchase of voting rights.

Subject to certain exceptions, a mandatory offer for consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the six (6) months preceding the acquisition of shares that triggered the mandatory offer obligation.

DESCRIPTION OF OUR SHARES

Under the Take-over Code, where effective control of a public company incorporated in Singapore is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer.

LIQUIDATION OR OTHER RETURN OF CAPITAL

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

INDEMNITY

As permitted by Singapore law, our Constitution provides that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified by us against all claims, proceedings, demands, causes of action, liabilities, damages, losses, costs, charges, and expenses and brought against or suffered or incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto. Subject to certain exceptions, we may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, wilful default, breach of duty or breach of trust of which they may be guilty in relation to us.

Such exceptions are:

- (a) the purchase and maintenance for our Directors and officers of insurance against any such liability; and
- (b) circumstances where the provision for indemnity is against liability incurred by our Directors and officers to a person other than our Company, except when the indemnity is against:
 - (i) any liability of our Director or officer to pay a fine in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); or
 - (ii) any liability incurred by our Director or officer:
 - (A) in defending criminal proceedings in which he is convicted;
 - (B) in defending civil proceedings brought by our Company or a related company in which judgment is given against him; or
 - (C) in connection with an application for relief under section 76A(13) or section 391 of the Companies Act in which the court refuses to grant him relief.

LIMITATIONS ON RIGHTS TO HOLD OR VOTE SHARES

There are no limitations imposed by Singapore law or by our Constitution on the rights of non-resident or foreign Shareholders to hold or exercise voting rights attached to our Shares.

DESCRIPTION OF OUR SHARES

MINORITY RIGHTS

The rights of minority shareholders of Singapore-incorporated companies are protected under section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations where:

- (a) our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one (1) or more of our Shareholders, including the applicant; or
- (b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one (1) or more of our Shareholders, including the applicant.

Singapore courts have a wide discretion as to the relief they may grant and such relief is in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, the Singapore courts may:

- (i) direct or prohibit any act or cancel or vary any transaction or resolution;
- (ii) regulate the conduct of our affairs in the future;
- (iii) authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- (iv) provide for the purchase of a minority Shareholder's Shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital;
- (v) in the case of a purchase of Shares by our Company, provide for a reduction accordingly of our Company's capital; or
- (vi) provide that we be wound up.

In addition, section 216A of the Companies Act allows a complainant (including a minority Shareholder) to apply to court for leave to bring an action in a court proceeding or to commence an arbitration proceeding in the name and on behalf of our Company.

TREASURY SHARES

Our Constitution expressly permits our Company to purchase or acquire Shares or stocks of our Company and to hold such Shares or stocks (or any of them) as treasury Shares in accordance with requirements of the Companies Act. Our Company may make a purchase or acquisition of our own Shares (a) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or (b) otherwise than on a securities exchange if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our Company in general meeting. The aggregate number of Shares held as treasury Shares shall not at any time exceed 10.0% of the total number of Shares of our Company at that time. Any excess Shares shall be disposed or cancelled before the end of a period of six (6) months beginning with the day on which that contravention of limit occurs, or such further period as the Registrar of Companies may allow. Where Shares or stocks are held as treasury Shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the Shareholder holding those Shares or stocks.

DESCRIPTION OF OUR SHARES

Our Company shall not exercise any right in respect of the treasury Shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our Company shall be treated as having no right to vote and the treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to Shareholders on a winding up) may be made to our Company in respect of the treasury Shares. However, this would not prevent an allotment of Shares as fully-paid bonus Shares in respect of the treasury Shares or the subdivision or consolidation of any treasury Share into treasury Share of a greater or smaller number, if the total value of the treasury Shares after the subdivision or consolidation is the same as the total value of the treasury Shares before the subdivision or consolidation, as the case may be.

Where Shares are held as treasury Shares, our Company may at any time (a) sell the Shares (or any of them) for cash; (b) transfer the Shares (or any of them) for the purposes of or pursuant to any share scheme; (c) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; (d) cancel the Shares (or any of them); or (e) sell, transfer or otherwise use the treasury Shares for such other purposes as the Minister of Finance may by order prescribe.

EXCHANGE CONTROLS

SINGAPORE

As at the Latest Practicable Date, there are no exchange control restrictions in effect in Singapore.

PRC

The PRC exercises controls on foreign exchange. The principal regulation governing foreign currency exchange in the PRC is the Regulations on the Control of Foreign Exchange of the PRC (《中华人民共和国外汇管理条例》) which was issued by the State Council on 29 January 1996, came into effect on 1 April 1996 and was amended on 14 January 1997 and 5 August 2008. Under these rules and the relevant implementation rules thereafter, CNY is freely convertible for payments of current account items, including trade and service-related foreign exchange transactions and dividend payments, but not for capital account expenses, including direct investment, loan or investment in securities outside of the PRC. CNY may only be converted for capital account expenses once prior approval from the SAFE or its designated banks has been obtained. Under the Regulations on the Control of Foreign Exchange of the PRC, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of the SAFE for trade and service-related foreign exchange transactions by providing commercial documents evidencing such transactions to commercial banks which are allowed to engage in foreign exchange business.

Whilst the payment of dividends by our PRC subsidiary to its shareholder is not restricted by the Regulations on the Control of Foreign Exchange of the PRC and does not require prior approval from the SAFE under the PRC foreign exchange control system, the relevant document(s) in respect of such payment of dividends must be presented at designated foreign exchange banks within the PRC, which are licensed to carry out foreign exchange business. Such repatriation of dividends is subject to the procedural process of presentation of the relevant documents(s) and payment of the applicable withholding tax, the failure of which would prohibit such repatriation of dividends until such procedural processes are completed.

TAXATION

The following is a summary of certain tax matters under Singapore law relating to the purchase, holding or disposal of our Shares. This summary is based on current tax laws in Singapore and regulations and decisions in effect as at the Latest Practicable Date, all of which are subject to change (possibly with retroactive effect). This summary is not intended to be or to be regarded as advice on the tax position of any investor or of any person purchasing, holding or otherwise dealing with our Shares. The statements made herein do not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, hold or dispose of our Shares and do not purport to deal with the tax consequences applicable to all categories of investors.

Prospective investors should consult their own professional tax advisors regarding the Singapore and foreign income tax, stamp duty, estate duty and other tax consequences of purchasing, holding or disposing of our Shares. It is emphasised that neither we, our Directors, nor any other persons involved in this Invitation accept responsibility for any tax effects or liabilities resulting from the purchase, holding or disposal of our Shares.

Income Tax

Corporate Income Tax

A corporate taxpayer is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore. “**Control and management**” is defined as the making of decisions on strategic matters, such as those concerning the company’s policy and strategy. Generally, the location of a company’s board of directors’ meetings where strategic decisions are made determines where the control and management of that company is exercised. However, under certain scenarios, holding board meetings in Singapore may not be sufficient and other factors will be considered to determine if the control and management of the business is indeed exercised in Singapore.

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

- (a) income accruing in or derived from Singapore; and
- (b) foreign-sourced income received or deemed received in Singapore, unless otherwise exempted.

Tax exemption will be granted to a Singapore tax resident corporate taxpayer on its foreign-sourced dividends, foreign branch profits and foreign-sourced service income received or deemed to be received in Singapore provided that the following qualifying conditions are met:

- (a) the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;
- (b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15.0%; and
- (c) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the corporate taxpayer.

TAXATION

A non-Singapore tax resident corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign sourced income received or deemed received in Singapore.

With effect from the Year of Assessment 2020, the first S\$200,000 of a company's normal chargeable income is partially exempt from tax as follows:

- (a) 75.0% of up to the first S\$10,000 of normal chargeable income; and
- (b) 50.0% of up to the next S\$190,000 of normal chargeable income.

The remaining chargeable income (after deducting the above partial tax exemption) will be taxed at the prevailing corporate tax rate, currently 17.0%.

Individual Income Tax

An individual is regarded as a tax resident in Singapore in a year of assessment if, in the preceding calendar year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

An individual taxpayer (both tax resident and non-tax resident of Singapore) is subject to Singapore income tax on income accruing in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed received in Singapore by an individual taxpayer, regardless of whether he/she is a tax resident or non-tax resident of Singapore, is generally exempt from income tax in Singapore, except for such income received through a partnership in Singapore by resident individuals.

Currently, a Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0.0% to 22.0%. Income derived by a non-Singapore tax resident individual from the year of assessment 2024 is, subject to certain exceptions and conditions, normally taxed at a flat rate of 24.0%. Singapore employment income derived by a non-Singapore tax resident individual is taxed at a flat rate of 15.0% or at progressive resident rates, whichever yields a higher tax.

Dividend Distributions

Singapore currently adopts the one-tier system of corporate taxation. Under the one-tier system, the tax paid by a Singapore resident company is a final tax and the distributable profits of the company resident in Singapore can be paid to the shareholders as tax exempt (one-tier) dividends. Such dividends are tax exempt in the hands of the shareholders regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident. Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

Shareholders/investors are advised to consult their own tax advisors in respect of the tax laws of their respective countries of residence which are applicable on such dividends received by them and the applicability of any double taxation agreement that their country of residence may have with other jurisdictions.

TAXATION

Gains on Disposal of Shares

Singapore currently does not impose tax on capital gains. However, gains may be construed to be of an income nature and subject to Singapore income tax if they arise from activities which are regarded as the carrying on of a trade or business in Singapore.

Any gains or profits derived from the disposal of our Shares, if regarded as capital gains, are not taxable in Singapore. However, if the seller is regarded as having derived such gains as trading gains in Singapore, such gains or profits will ordinarily be taxed as income.

To provide upfront certainty, during the period from 1 June 2012 to 31 December 2027 (both dates inclusive), gains derived by a divesting company from its disposal of ordinary shares in an investee company are not taxable if immediately prior to the date of share disposal, the divesting company had held at least 20.0% of the ordinary shares in the investee company for a continuous period of at least 24 months.

As the precise tax status of one Shareholder will vary from another, Shareholders are advised to consult their own professional advisers on the Singapore tax consequences that may apply to their individual circumstances.

In addition, Shareholders who adopt the tax treatment to be aligned with FRS 109 or SFRS(I) 9 may be taxed on gains (not being gains in the nature of capital) even though no sale or disposal of our Shares is made. Shareholders who may be subject to such tax treatment should consult their own accounting and tax advisors regarding the Singapore income tax consequences of their acquisition, holding and disposal of our Shares.

Stamp Duty

There is no stamp duty payable on the subscription for, allotment or holding of our Shares.

Where our Shares evidenced in certificated form are acquired in Singapore and where our Company maintains a share registry in Singapore, stamp duty is payable on the instrument of transfer of our Shares at the rate of 0.2% of the consideration paid or market value of our Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary.

No stamp duty is payable upon transfer of our Shares if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or the instrument of transfer is executed outside Singapore and not brought into Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the scripless trading system operated by CDP.

Goods and Services Tax (“GST”)

The sale of our Shares by a GST-registered investor belonging in Singapore through an SGX-ST member to another person belonging in Singapore is an exempt supply that is not subject to GST. Any input GST (such as GST on brokerage) incurred by the GST-registered investor in making such an exempt supply is generally not recoverable from the Comptroller of GST unless the investor satisfies certain conditions prescribed under the GST legislation or certain GST concessions.

TAXATION

Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore and that person is outside Singapore at the time the sale is executed, the sale is generally a taxable supply not subject to GST. Any GST incurred by a GST-registered investor in the making of this taxable supply in the course of or furtherance of a business carried on by him, subject to the provisions of the Goods and Services Tax Act 1993 of Singapore, may be recovered from the Comptroller of GST.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of our Shares.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the prevailing rate of 8.0%. The standard rate will be increased to 9.0% from 1 January 2023. Similar services rendered to an investor belonging outside Singapore are not subject to GST, provided that the investor is outside Singapore when the services are performed and the services provided do not directly benefit any Singapore persons.

Estate Duty

Singapore estate duty has been abolished with effect from 15 February 2008.

CLEARANCE AND SETTLEMENT

For the purposes of trading on the SGX-ST, a board lot of our Shares will comprise 100 Shares. Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of our Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended, modified or supplemented from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts. Persons named as direct Securities Account holders and Depository Agents in the Depository Register, rather than CDP itself, will be treated, under our Constitution and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts may withdraw the number of Shares they own from the book-entry settlement system in the form of physical Share certificates. Such Share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be prima facie evidence of title and may be transferred in accordance with our Constitution. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical Share certificates. In addition, a fee of S\$2.00, or such other amount as our Directors may decide, is payable to the Share Registrar for each Share certificate issued and a stamp duty of 0.2% of the last transacted price where it is withdrawn in the name of a third party.

Persons holding physical Share certificates who wish to trade on Catalist must deposit with CDP their Share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time. Transfers and settlements pursuant to on-exchange trades will be charged a fee of S\$30.00 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S\$75.00.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the prevailing rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 8.0% (or such other rate prevailing from time to time).

Dealing in our Shares will be carried out in S\$ and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the second (2nd) Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a Depository Agent. The Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

MATERIAL BACKGROUND INFORMATION

1. Save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholders has:
 - (a) at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or her or against a partnership of which he or she was a partner at the time when he or she was a partner or at any time within two (2) years after the date he or she ceased to be a partner;
 - (b) at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he or she was a director or an equivalent person or a key executive, at the time when he or she was a director or an equivalent person or a key executive of that entity or at any time within two (2) years after the date he or she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) had any unsatisfied judgement against him or her;
 - (d) ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such purpose;
 - (e) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such breach;
 - (f) at any time during the last 10 years, had judgement entered against him or her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his or her part, nor been the subject of any civil proceedings (including any pending civil proceedings of which he or she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his or her part;
 - (g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
 - (i) ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him or her from engaging in any type of business practice or activity;

GENERAL AND STATUTORY INFORMATION

- (j) ever, to his or her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,in connection with any matter occurring or arising during the period when he or she was so concerned with the entity or business trust; or
- (k) been the subject of any current or past investigation or disciplinary proceedings, or been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

2. ***Disclosure relating to Mr Manu Bhaskaran***

Mr Manu Bhaskaran was charged for communicating confidential information relating to the government's estimate of Singapore economic growth in the second quarter of 1992, which was published in The Business Times prior to the official release of the data. Mr Manu Bhaskaran was convicted on three counts under the Official Secrets Act on 31 March 1994. He was fined S\$2,000 on each count.

3. ***Disclosure relating to Mr Cheng Shoong Tat and Dr Ong Fung Chin as directors of our Company and NPSC (as the case may be) and Mr Anbhu Selvem A Veeramalai @Anbhu Selvem S/O A Veeramalai as Accounting Manager of our Company (only in relation to paragraph (b) below)***

Our Group had previously been investigated in relation to the following breaches of regulatory requirements that our Company and NPSC are subject to:

- (a) pursuant to an inspection of City Cosmetic & Fragrances (who was then one of our customers), 810 Geylang Rd, #02-30, City Plaza, Singapore on 14 October 2004, the HSA noted that our Company possessed for sale various cosmetic products which did not comply with the licensing and labelling requirements governing cosmetic products. Following the carrying out of certain remedial action as notified by our Company to HSA by way of letters dated 3 November 2004 and 24 January 2005, the HSA notified our Company by way of a letter dated 14 February 2005 that the HSA has decided not to take action against our Company in this regard. As at the Latest Practicable Date, none of our Directors, Substantial Shareholders, Executive Officers or their respective associates (i) has any interest, direct or indirect, in City Cosmetic & Fragrances; or (ii) is involved in the management of City Cosmetic & Fragrances;

GENERAL AND STATUTORY INFORMATION

- (b) in relation to the Years of Assessment 2020 and 2021, our Company and its tax agent had submitted incorrect returns by making incorrect claims for Section 14N deduction, capital allowances and medical expenses. Such tax returns have been reviewed by our Company's tax agent. Our Company has been notified by way of a letter from IRAS dated 12 January 2023 that under section 95(1) of the Income Tax Act 1947 of Singapore, any person who makes an incorrect return may be liable to a penalty equal to the amount of tax undercharged, and that IRAS was prepared to compound the offence under Section 95 of the Income Tax Act 1947 of Singapore for a sum of S\$600 on the basis that there is no wilful intent to evade tax. Such fine had been paid, and an acceptance of composition form signed on behalf of our Company dated 17 January 2023: (i) stated that our Company accepts the offer of composition dated 12 January 2023 for a sum of \$600 and had paid the composition sum; and (ii) confirmed that the incorrect tax returns for the Years of Assessment 2020 to 2021 was made without any wilful intent to evade tax; and
- (c) in or around 13 June 2020, NPSCCL had published an advertisement on its website (www.nikspro.cn) stating that a skincare product had certain therapeutic function(s). Such advertisement violates Article 17 of the Advertising Law of the PRC, which stipulates that except for medical, pharmaceutical and medical machinery advertisements, no other advertisements shall involve illness treatment function, and medical jargons or jargons which mislead readers to confuse the promoted product with medicine or medical machinery shall not be used. Any person who breaches such article may be liable to a fine ranging from one to three times the amount of the advertising fee. The relevant authority, being the AMR Shanghai Baoshan's Counterpart, imposed a fine on NPSCCL of CNY2,662 (which is an amount equal to the advertising fee). The Legal Advisers to our Company on PRC Law had updated that: (i) such non-compliance had been cured; (ii) the relevant fine was fully paid on 5 November 2020; (iii) there will be no further action taken against NPSCCL in respect of this non-compliance; and (iv) NPSCCL will not be restricted in carrying on its business activities as a result of such non-compliance.

SHARE CAPITAL

4. As at the Latest Practicable Date, there is only one (1) class of shares in the capital of our Company. The rights and privileges attached to our Shares are stated in our Constitution. There is no restriction on the transfer of fully-paid Shares in scripless form, except where required by law, or by the Catalist Rules or the bye-laws of the SGX-ST.
5. In addition to that disclosed in the section titled "Group Structure – Internal Restructuring" of this Offer Document, the changes in the amount of issued and paid-up share capital of our Company and our subsidiaries within the three (3) years preceding the Latest Practicable Date are set out below:

Our Company

Date	Purpose	No. of Shares issued	Price per Share	Resultant issued share capital
4 October 2021	Increase of investment by Mr Cheng Shoong Tat	560,001	S\$1	S\$1,220,002 comprising 1,220,002 Shares

GENERAL AND STATUTORY INFORMATION

Our Subsidiaries

Subsidiary	Date	Purpose	No. of Shares issued	Price per Share	Resultant issued share capital
NMWPL			<i>Nil</i>		
NPSCL			<i>Nil</i>		
NPSB			<i>Nil</i>		
NPLLC			<i>Nil</i>		

6. Save as disclosed above and in the sections titled “Group Structure – Internal Restructuring” and “Share Capital” of this Offer Document, no shares in, or debentures of, our Company or our subsidiaries have been issued, or are proposed to be issued, as fully or partially paid, and whether for cash or for a consideration other than cash, during the three (3) years preceding the Latest Practicable Date.

MATERIAL CONTRACTS

7. The following contracts (not being contracts entered into in the ordinary course of the business of our Group), were entered into by our Company and our subsidiaries within the two (2) years preceding the date of lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority, and are or may be material:
- (a) the Share Swap Agreements;
 - (b) the Convertible Loan Agreement; and
 - (c) the Service Agreements.

LITIGATION

8. Our Group has not been engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority, a material effect on the financial position or profitability of our Group.

MISCELLANEOUS

9. There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or the units of a business trust, which has occurred between the beginning of the most recently completed financial year and the Latest Practicable Date.
10. No expert named in this Offer Document: (a) is employed on a contingent basis by our Company or our subsidiaries; (b) has a material interest, whether direct or indirect, in our Shares or the shares or equity interests of our subsidiaries; or (c) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Invitation.

GENERAL AND STATUTORY INFORMATION

11. Save as disclosed in this Offer Document, we are not aware of any event which has occurred since 31 December 2022 and up to the Latest Practicable Date that may have a material effect on the financial position and results of our Group.
12. We currently have no intention of changing our auditors after the listing of our Company on Catalist.

CONSENTS

13. The Sponsor, Issue Manager, Underwriter and Placement Agent, SAC Capital Private Limited, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto in the form and context in which they are included in this Offer Document, and to act in such capacity in relation to this Offer Document.
14. The Independent Auditor and Reporting Accountant, Grant Thornton Audit LLP, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto, as well as the “Independent Auditor’s Report on the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022”, the “Independent Auditor’s Review Report on the Unaudited Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023” and the “Independent Auditor’s Assurance Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 31 December 2022 and Three-Month Period Ended 31 March 2023” as set out in Appendices A, B and C to this Offer Document respectively, and the statements attributed to it in the section titled “Corporate Governance – Audit and Risk Committee” of this Offer Document, each in the form and context in which they are included in this Offer Document, and to act in such capacity in relation to this Offer Document.
15. JunHe LLP, the Legal Advisers to our Company on PRC Law, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and the statements attributed to it in the sections titled “Risk Factors – Risks Relating to Conducting Business in the PRC – Risks related to non-payment of social insurance”, “Directors and Management – Legal Representatives” and “General and Statutory Information – Material Background Information – Disclosure relating to Mr Cheng Shoong Tat and Dr Ong Fung Chin as directors of our Company and NPSCL (as the case may be) and Mr Anbhu Selvem A Veeramalai @Anbhu Selvem S/O A Veeramalai as Accounting Manager of our Company (only in relation to paragraph (b) below)” of this Offer Document, and all references thereto in the form and context in which it appears in this Offer Document, and to act in such capacity in relation to this Offer Document.
16. The Internal Auditor, Mazars LLP, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto and the statements attributed to it in the section titled “Corporate Governance – Audit and Risk Committee” of this Offer Document, each in the form and context in which they are included in this Offer Document, and to act in such capacity in relation to this Offer Document.
17. Converging Knowledge Pte. Ltd., the Industry Consultant, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto, the statements attributed to it in the sections titled “General Information on our Group – Competition”, “General Information on our Group – Competitive

GENERAL AND STATUTORY INFORMATION

Strengths”, as well as the Industry Report titled “Dermatology and Aesthetic Medicine in Singapore, and Skincare Products Industry in the PRC” as set out in Appendix H to this Offer Document, each in the form and context in which they are included in this Offer Document, and to act in such capacity in relation to this Offer Document.

18. Each of the Sponsor, Issue Manager, Underwriter and Placement Agent, the Solicitors to the Invitation and Legal Advisers to our Company on Singapore Law, the Legal Advisers to our Company on PRC Law, the Legal Advisers to the Sponsor, Issue Manager, Underwriter and Placement Agent on Singapore Law, the Share Registrar and Share Transfer Agent, and the Receiving Bank does not make or purport to make any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and each of them makes no representation regarding any statement in this Offer Document and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

19. This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Invitation and our Group, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context.

DOCUMENTS AVAILABLE FOR INSPECTION

20. The following documents or copies thereof may be inspected at our registered office during normal business hours for a period of six (6) months from the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority:
- (a) our Constitution;
 - (b) the material contracts referred to in this section titled “General and Statutory Information – Material Contracts” of this Offer Document;
 - (c) the Service Agreements referred to in the section titled “Directors and Management – Service Agreements” of this Offer Document;
 - (d) the “Independent Auditor’s Report on the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022”, as set out in Appendix A to this Offer Document;
 - (e) the “Independent Auditor’s Review Report on the Unaudited Interim Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023” as set out in Appendix B to this Offer Document;

GENERAL AND STATUTORY INFORMATION

- (f) the “Independent Auditor’s Assurance Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 31 December 2022 and Three-Month Period Ended 31 March 2023” as set out in Appendix C to this Offer Document;
- (g) the Industry Report titled “Dermatology and Aesthetic Medicine in Singapore, and Skincare Products Industry in the PRC” as set out in Appendix H to this Offer Document;
- (h) the NIKS Employee Share Option Scheme and the NIKS Performance Share Plan; and
- (i) the letters of consent referred to in this section titled “General and Statutory Information – Consents” above.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT ON
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

(Registration No: 199804609D)

Statement by Directors and Consolidated Financial Statements

For the financial years ended 31 December 2020, 2021 and 2022

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT ON
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

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**APPENDIX A – INDEPENDENT AUDITOR’S REPORT ON
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

Statement by directors

The directors of Niks Professional Ltd. (the “Company”) are pleased to present the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the financial years ended 31 December 2020, 2021 and 2022.

In the opinion of the directors,

- (a) the accompanying consolidated financial statements are drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2020, 2021 and 2022 and the financial performance, changes in equity and cash flows of the Group for the financial years ended 31 December 2020, 2021 and 2022; and
- (b) at the date of the statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors

.....
Cheng Shoong Tat
Director

.....
Ong Fung Chin
Director

18 October 2023

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT ON
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

**INDEPENDENT AUDITOR’S REPORT ON THE AUDITED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

The Board of Directors
Niks Professional Ltd.
825 Tampines Street 81
#01-64, Tampines Grove
Singapore 520825

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Niks Professional Ltd. (the “Company”) and its subsidiaries (the “Group”) set out on pages A-7 to A-58, which comprise the consolidated statements of financial position of the Group as at 31 December 2020, 2021 and 2022, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the years ended 31 December 2020, 2021 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, 2021 and 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for each of the years ended 31 December 2020, 2021 and 2022.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT ON
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

**INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

Responsibilities of management and directors for the consolidated financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair consolidated financial statements and to maintain accountability of assets.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT ON
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
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**INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

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

required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on distribution and use

This report is made solely for the inclusion in the Offer Document of the Company to be issued in relation to the proposed offering of the shares of the Company on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited and for no other purpose.

The engagement partner on the audit resulting in this independent auditor’s report is G Arull.

Grant Thornton Audit LLP
Public Accountants and Chartered Accountants

Singapore
18 October 2023

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT ON
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Consolidated statements of comprehensive income
For the financial years ended 31 December 2020, 2021 and 2022**

	Notes	2020	2021	2022
		\$'000	\$'000	\$'000
Revenue	5	11,192	11,699	11,095
Interest income	6	123	87	75
Other income and gains	7	467	588	252
Changes in inventories		28	(69)	8
Purchases and related costs		(1,945)	(1,919)	(1,681)
Employee benefits expense	8	(4,354)	(4,494)	(4,429)
Depreciation	15	(859)	(882)	(791)
Other losses	9	(18)	(6)	(75)
Finance costs	10	(16)	(64)	(77)
Other expenses	11	(783)	(759)	(1,095)
Profit before income tax		3,835	4,181	3,282
Income tax expense	12	(725)	(697)	(406)
Profit for the year		3,110	3,484	2,876
Profit attributable to:				
Owners of the Company		2,999	3,339	2,763
Non-controlling interest		111	145	113
Profit for the year		3,110	3,484	2,876
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		(17)	89	(170)
Other comprehensive income		(17)	89	(170)
Total comprehensive income for the year		3,093	3,573	2,706
Total comprehensive income attributable to:				
Owners of the Company		2,982	3,428	2,593
Non-controlling interest		111	145	113
		3,093	3,573	2,706
		Cents	Cents	Cents
Earnings per share for profit attributable to the owners of the Company:				
Basic and diluted earnings per share	13	2.77	3.09	2.55

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

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT ON
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

Consolidated statements of financial position

As at 31 December 2020, 2021 and 2022

	Notes	2020	2021	2022
		\$'000	\$'000	\$'000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	15	10,409	11,385	10,904
Deferred tax assets	12	–	–	44
Other assets	16	23	76	100
Total non-current assets		10,432	11,461	11,048
<u>Current assets</u>				
Inventories	17	2,013	1,944	1,952
Trade and other receivables	18	227	181	410
Cash and cash equivalents	19	17,035	13,263	12,371
Total current assets		19,275	15,388	14,733
Total assets		29,707	26,849	25,781
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital	20	660	1,220	1,220
Retained earnings		26,358	21,777	20,880
Foreign currency translation reserve	21	102	191	21
Equity, attributable to owners of the Company		27,120	23,188	22,121
Non-controlling interest		212	235	205
Total equity		27,332	23,423	22,326
<u>Non-current liabilities</u>				
Deferred tax liabilities	12	66	66	–
Lease liabilities	22	23	1,146	1,019
Total non-current liabilities		89	1,212	1,019
<u>Current liabilities</u>				
Income tax payable		679	519	512
Trade and other payables	23	1,139	1,209	1,286
Lease liabilities	22	203	260	338
Other liabilities	24	265	226	300
Total current liabilities		2,286	2,214	2,436
Total liabilities		2,375	3,426	3,455
Total equity and liabilities		29,707	26,849	25,781

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

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NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

Consolidated statements of changes in equity
For the financial years ended 31 December 2020, 2021 and 2022

Attributable to owners of the Company						
	Share capital	Foreign currency translation reserve	Retained earnings	Total	Non- controlling interest	Total equity
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2020	660	119	23,359	24,138	187	24,325
Profit for the year	–	–	2,999	2,999	111	3,110
Other comprehensive income:						
Foreign currency translation differences arising from foreign operations	–	(17)	–	(17)	–	(17)
Total comprehensive income for the year	–	(17)	2,999	2,982	111	3,093
Transactions with owners, recognised directly in equity						
Dividends	–	–	–	–	(86)	(86)
14						
Balance at 31 December 2020	660	102	26,358	27,120	212	27,332

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

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		Attributable to owners of the Company				
Notes	Share capital	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2021	660	102	26,358	27,120	212	27,332
Profit for the year	–	–	3,339	3,339	145	3,484
Other comprehensive income:						
Foreign currency translation differences arising from foreign operations	–	89	–	89	–	89
Total comprehensive income for the year	–	89	3,339	3,428	145	3,573
Transactions with owners, recognised directly in equity						
Issuance of ordinary shares	20	560	–	560	–	560
Dividends	14	–	(7,920)	(7,920)	(122)	(8,042)
Balance at 31 December 2021	1,220	191	21,777	23,188	235	23,423

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

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Consolidated statements of changes in equity
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		Attributable to owners of the Company				
Note	Share capital	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2022	1,220	191	21,777	23,188	235	23,423
Profit for the year	–	–	2,763	2,763	113	2,876
Other comprehensive income:						
Foreign currency translation differences arising from foreign operations	–	(170)	–	(170)	–	(170)
Total comprehensive income for the year	–	(170)	2,763	2,593	113	2,706
Transactions with owners, recognised directly in equity						
Dividends	14	–	(3,660)	(3,660)	(143)	(3,803)
Balance at 31 December 2022	1,220	21	20,880	22,121	205	22,326

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

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NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

Consolidated statements of cash flows

For the financial year ended 31 December 2020, 2021 and 2022

	2020	2021	2022
	\$'000	\$'000	\$'000
Cash flows from operating activities			
Profit before income tax	3,835	4,181	3,282
Adjustments for:			
Interest income	(123)	(87)	(75)
Interest expense	16	64	77
Depreciation of property, plant and equipment	859	882	791
Loss on disposal of property, plant and equipment	–	–	4
Operating cash flows before changes in working capital	4,587	5,040	4,079
Changes in working capital:			
Inventories	(28)	69	(8)
Trade and other receivables	226	46	(185)
Other assets	(23)	(53)	(24)
Trade and other payables	632	117	(56)
Other liabilities	42	(39)	74
Net cash generated from operations	5,436	5,180	3,880
Income tax paid	(585)	(856)	(524)
Net cash from operating activities	4,851	4,324	3,356
Cash flows from investing activities			
Purchase of property, plant and equipment	(267)	(311)	(63)
Disposal of property, plant and equipment	–	–	16
Interest received	123	87	31
Net cash used in investing activities	(144)	(224)	(16)
Cash flows from financing activities			
Dividends paid to owners of the Company	–	(7,920)	(3,660)
Dividends paid to non-controlling interest	(86)	(122)	(143)
Payment of lease liabilities	(367)	(365)	(322)
Interest paid	(16)	(64)	(77)
Issue of shares	–	560	–
Net cash used in financing activities	(469)	(7,911)	(4,202)
Net increase/(decrease) in cash and cash equivalents	4,238	(3,811)	(862)
Cash and cash equivalents, beginning balance	12,833	17,035	13,263
Effect of exchange rate fluctuation	(36)	39	(30)
Cash and cash equivalents, ending balance	17,035	13,263	12,371

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

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1. General information

1A. Corporate information

Niks Professional Pte Ltd was incorporated on 22 September 1998 as a private limited company domiciled in Singapore. On 13 October 2023, Niks Professional Pte Ltd was converted to a public company limited by shares and changed its name to Niks Professional Ltd. (the “Company”).

The consolidated financial statements are presented in Singapore dollar and all values are rounded to the nearest thousand (\$’000), except when otherwise stated.

These consolidated financial statements are prepared solely for inclusion in the offer document of the Company in connection with the proposed listing of the Company’s shares on the Catalist Board of Singapore Exchange Securities Trading Limited (the “Catalist”).

The registered office of the Company is located at 825 Tampines Street 81, #01-64, Tampines Grove Singapore 520825. The principal place of business of the Company is located at 16 Kallang Place, #03-27, Singapore 339156.

The principal activities of the Company are operation of medical clinics focusing on aesthetic medical and dermatological services as well as to carry on the business as wholesalers, retailers, importers, exporters and distribution of cosmetics and skincare products. The principal activities of the subsidiaries are disclosed in below.

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditors	Proportion (%) of ownership interest		
	2020	2021	2022
Niks Professional (Shanghai) Co Ltd ^(a) People’s Republic of China (“PRC”) Distribution of skincare and beauty products	100	100	100
Niks Maple West Pte. Ltd. ^(a) Singapore Provision of dermatological and aesthetic medical services	51	51	51
Niks Professional Sdn Bhd ^(b) Malaysia Inactive	100	100	100
Niks Professional LLC ^(b) United States of America Inactive	100	100	100

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**Notes to the consolidated financial statements
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1. General information (cont’d)

1A. Corporate information (cont’d)

- (a) The statutory financial statements of the Company and the active subsidiaries for the financial year ended 31 December 2022 are audited by Grant Thornton Audit LLP (for entities in Singapore) and Grant Thornton Zhitong Certified Public Accountants LLP (for entity in the PRC), member firms of Grant Thornton International. The statutory financial statements for the financial years ended 31 December 2020 and 31 December 2021 were audited by other independent auditors (other than member firms of Grant Thornton International). They were re-audited by Grant Thornton Audit LLP and Grant Thornton Zhitong Certified Public Accountants LLP for inclusion in the offer document of the Company in connection with the proposed listing of the Company’s shares on the Catalist.
- (b) Not audited as the subsidiary is not material and not required to be audited in the country of incorporation.

1B. Accounting convention

The consolidated financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and the related Interpretations to SFRS(I) (“SFRS(I) INT”) as issued by the Singapore Accounting Standards Council. These are the Group’s first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied (Note 26). The consolidated financial statements are prepared on a going concern basis under the historical cost convention except where an SFRS(I)s requires an alternative treatment (such as fair values) as disclosed where appropriate in these consolidated financial statements.

1C. Basis of preparation of the consolidated financial statements

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2C below, where applicable.

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**Notes to the consolidated financial statements
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2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group’s activities. Revenue is presented, net of goods and services tax, rebates and discounts.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Sale of goods

The Group distributes skincare and beauty products. Revenue is recognised when the goods are transferred or delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price. Based on the Group’s experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group has a customer loyalty programme that enables end-customers to earn loyalty points based on the amount of purchases of skincare products. The loyalty points are redeemable for a discount on purchases within the next 1 year. The Group recognises revenue for the loyalty points redeemed and recognises a contract liability for unredeemed points as at the end of the financial period. The contract liability is recognised until the corresponding loyalty points are redeemed or expire.

Rendering of services

The Group provides dermatological and aesthetic medical services. Revenue from services are recognised as and when the services are performed and rendered

Interest income

Interest on interest-bearing bank accounts and fixed deposits are recognised in the consolidated financial statements using the effective interest method.

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**Notes to the consolidated financial statements
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2. Significant accounting policies and other explanatory information (cont’d)

2A. Significant accounting policies (cont’d)

Revenue recognition (cont’d)

Rental income

Rental income from operating lease on premise is recognised on a straight-line basis over the lease term.

Government grants

Government grants are recognised as a receivable when there is reasonable assurance that all attached conditions will be complied with and that the grant will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to a depreciable asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plan

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group’s obligation under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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2. Significant accounting policies and other explanatory information (cont’d)

2A. Significant accounting policies (cont’d)

Foreign currency transactions

The currency of the primary economic environment in which the Company operates, or functional currency, is the Singapore dollar. The consolidated financial statements are presented in the functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the financial year end date are recognised in profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of foreign operation. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when fair values are determined.

Translation of Group entities’ financial statements

Each entity in the Group determines the appropriate functional currency. In translating the financial statements of Group entity for incorporation in the consolidated financial statements in the presentation currency:

- (a) Assets and liabilities are translated at the currency exchange rates at the financial year end date;
- (b) Income and expenses are translated at average currency exchange rates for the financial period (unless the average rates are not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the currency exchange rates at the dates of the transactions); and
- (c) All resulting currency translation differences are recognised in the foreign currency translation reserve.

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2. Significant accounting policies and other explanatory information (cont’d)

2A. Significant accounting policies (cont’d)

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the financial year end date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the financial year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or 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 taxable temporary differences associated with investments in subsidiaries, where 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, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference 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

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2. Significant accounting policies and other explanatory information (cont’d)

2A. Significant accounting policies (cont’d)

Taxes (cont’d)

Deferred tax (cont’d)

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only 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 financial 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 financial period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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 the financial period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

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**Notes to the consolidated financial statements
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2. Significant accounting policies and other explanatory information (cont’d)

2A. Significant accounting policies (cont’d)

Property, plant and equipment

Property, plant and equipment are initially recorded at cost and subsequently carried at cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses is recognised in profit or loss when incurred.

Depreciation is provided on the straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives. The estimated useful lives are as follow:

Leasehold properties	–	60 to 95 years (based on remaining lease periods)
Right-of-use assets	–	1 to 6 years
Computers	–	3 years
Furniture and fittings	–	3 years
Machinery	–	3 to 5 years
Medical equipment	–	3 to 5 years
Motor vehicle	–	3 years
Office equipment	–	3 years
Renovation	–	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each financial year end date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the consolidated financial statements until they are disposed of or written off and no further charge for depreciation is made in respect of these assets.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly upon disposal of that asset.

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2. Significant accounting policies and other explanatory information (cont’d)

2A. Significant accounting policies (cont’d)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in ‘Impairment of non-financial assets’ section above.

The Group’s right-of-use assets are presented within property, plant and equipment.

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2. Significant accounting policies and other explanatory information (cont’d)

2A. Significant accounting policies (cont’d)

Leases (cont’d)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The lease of low-value assets recognition exemption may also be applied to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As lessor

Leases in which the Group does not transfer automatically all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Group’s leasehold properties is accounted for on a straight-line basis over the lease terms.

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2. Significant accounting policies and other explanatory information (cont’d)

2A. Significant accounting policies (cont’d)

Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest (“NCI”) comprise the portion of a subsidiary’s net results of operations and its net assets, which is attributable to the interest of subsidiaries that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the NCI based on their respective interest in a subsidiary, even if this results in the NCI having a deficit balance.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating units (“CGU”) to which the asset belongs.

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2. Significant accounting policies and other explanatory information (cont’d)

2A. Significant accounting policies (cont’d)

Impairment of non-financial assets (cont’d)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as expense, a reversal of that impairment is also credited to profit or loss.

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables (without a significant financing component) are measured at the amount of consideration to which the Group expects to receive in exchange for transferring promised goods or services to a customer.

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2. Significant accounting policies and other explanatory information (cont’d)

2A. Significant accounting policies (cont’d)

Financial instruments (cont’d)

Financial assets (cont’d)

Subsequent measurement

Financial assets mainly comprise cash and cash equivalents, deposits and trade and other receivables (excludes prepayments). Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (“FVOCI”) and FVPL. The Group only has debt instruments at amortised cost.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

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2. Significant accounting policies and other explanatory information (cont’d)

2A. Significant accounting policies (cont’d)

Financial instruments (cont’d)

Financial liabilities (cont’d)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and consideration paid is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Share capital

Ordinary shares are classified as equity. Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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2. Significant accounting policies and other explanatory information (cont’d)

2A. Significant accounting policies (cont’d)

Impairment of financial assets (cont’d)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (“lifetime ECL”).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on the lifetime ECLs at each financial year end date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors’ ability to pay.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer’s specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity’s intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted

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2. Significant accounting policies and other explanatory information (cont’d)

2A. Significant accounting policies (cont’d)

Fair value measurement (cont’d)

prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the financial period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the financial year and in the event the fair values are disclosed in the relevant notes to the consolidated financial statements.

2B. Other explanatory information

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are reviewed at the end of each financial period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Segment reporting

The Group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

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2. Significant accounting policies and other explanatory information (cont’d)

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next financial year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when consolidated financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Impairment of non-financial assets

The carrying values of non-financial assets, including property, plant and equipment, are tested for impairment whenever there is any objective evidence or indication that the non-financial assets may be impaired. The determination and derivation of the relevant inputs require significant judgement. Such impairment would take into account the market value of the asset, changes to the technological, market, economic or legal environment in which the Group operates, market interest rates, evidence of obsolescence or physical damage to the assets and changes to the expected usage to the assets, if any.

Nik\$ Scheme

The Group’s Nik\$ Scheme allows customers to pay for purchases of Niks skincare products at any Niks Maple Clinic or Niks Shop Salon, at the rate of 1 NIK\$ = \$1. A portion of revenue attributable to the Nik\$ Scheme benefits is deferred until they are utilised and recognised as a contract liability. The deferral of the revenue is estimated based on historical trends of breakage, which is then used to project the expected utilisation of these benefits.

Allowance for inventories obsolescence

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories and obsolescence, and an allowance is recorded against the inventory balances for any such instances.

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3. Related party relationships and transactions

SFRS(I) 1-24 on related party disclosures requires the Company to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party. The ultimate controlling shareholders are Cheng Shoong Tat and Ong Fung Chin.

3A. Related companies

Related companies in these consolidated financial statements include the members of the Company’s group of companies.

3B. Related party transactions

There are transactions and arrangements between the Company and related parties and the effects of these on the basis determined between the parties are reflected in these consolidated financial statements. The related party balances (if any) are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

Significant related party transactions, in addition to transactions and balances disclosed elsewhere in the notes to the consolidated financial statements, include:

	2020	2021	2022
	\$’000	\$’000	\$’000
<u>Director:</u>			
Rental expenses	70	84	84

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

3C. Key management compensation

	2020	2021	2022
	\$'000	\$'000	\$'000
<u>Directors of the Company:</u>			
Short-term employee benefits expense	1,680	1,680	1,512
Contributions to defined contribution plan	25	14	20
	1,705	1,694	1,532
<u>Other key management personnel:</u>			
Short-term employee benefits expense	239	251	260
Contributions to defined contribution plan	28	24	27
	267	275	287
Total key management compensation	1,972	1,969	1,819

Key management personnel are the directors and those persons having the authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly. The above amounts are included under employee benefits expense.

4. Segment information

4A. Information about reportable segments

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

For management purposes, the Group is organised into the following key operating segments: (1) Clinics; (2) Retail; and (3) Headquarters. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each segment requires different strategies.

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4. Segment information (cont’d)

4A. Information about reportable segments (cont’d)

The segments and types of products and services are as follows:

- (1) Clinics: Provision of family practice dermatology and aesthetic medical services and sale of skincare and beauty products and medicines at the Group’s medical clinics.
- (2) Retail: Sale of skincare and beauty products and provision of facial services at the Company’s salons and retail outlets.
- (3) Headquarters (“HQ”): Distribution of skincare and beauty products to customers (including medical clinics and beauty salons) in Singapore and the PRC and sale of the products to end-customers in Singapore through the Company’s online sale platforms.

‘Others’ comprise mainly corporate activities and items relating to investment activities including rental generated from and expenses incurred on leasehold properties.

Inter-segment sales are measured on the basis that the entity actually uses to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment’s operating results comprises two major financial indicators: (1) earnings from operations before depreciation, interest expenses and income taxes (“Recurring EBITDA”); and (2) operating result before income taxes and other unallocated items (“PBT”).

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4. Segment information (cont’d)

4B. Profit or loss and reconciliations:

	Clinics	Retail	HQ	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>31 December 2020</u>					
Revenue by segment	6,496	2,060	4,679	–	13,235
Intersegment sales	–	–	(2,043)	–	(2,043)
Total revenue	6,496	2,060	2,636	–	11,192
Recurring EBITDA	3,088	912	1,256	(669)	4,587
Depreciation	(445)	(232)	(32)	(150)	(859)
Interest income	–	–	–	123	123
Finance costs	(7)	(5)	(1)	(3)	(16)
PBT	2,636	675	1,223	(699)	3,835
Income tax expense					(725)
Profit, net of income tax					3,110
<u>31 December 2021</u>					
Revenue by segment	7,108	2,104	4,521	–	13,733
Intersegment sales	–	–	(2,034)	–	(2,034)
Total revenue	7,108	2,104	2,487	–	11,699
Recurring EBITDA	3,383	907	1,173	(423)	5,040
Depreciation	(429)	(243)	(58)	(152)	(882)
Interest income	–	–	–	87	87
Finance costs	(36)	(24)	(3)	(1)	(64)
PBT	2,918	640	1,112	(489)	4,181
Income tax expense					(697)
Profit, net of income tax					3,484

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4. Segment information (cont’d)

4B. Profit or loss and reconciliations: (cont’d)

	Clinics	Retail	HQ	Others	Total
	\$’000	\$’000	\$’000	\$’000	\$’000
31 December 2022					
Revenue by segment	6,684	2,082	4,316	–	13,082
Intersegment sales	–	–	(1,987)	–	(1,987)
Total revenue	6,684	2,082	2,329	–	11,095
Recurring EBITDA	3,118	875	1,195	(1,113)	4,075
Depreciation	(382)	(228)	(57)	(124)	(791)
Interest income	–	–	–	75	75
Finance costs	(44)	(28)	(2)	(3)	(77)
PBT	2,692	619	1,136	(1,165)	3,282
Income tax expense					(406)
Profit, net of income tax					2,876

4C. Assets, liabilities and reconciliations

	Clinics	Retail	HQ	Others	Total
	\$’000	\$’000	\$’000	\$’000	\$’000
31 December 2020					
Segment assets	5,210	2,516	799	4,147	12,672
Cash and cash equivalents					17,035
Total assets					29,707
Segment liabilities	871	276	108	375	1,630
Deferred tax liabilities					66
Income tax payable					679
Total liabilities					2,375

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4. Segment information (cont’d)

4C. Assets, liabilities and reconciliations (cont’d)

	Clinics	Retail	HQ	Others	Total
	\$’000	\$’000	\$’000	\$’000	\$’000
<u>31 December 2021</u>					
Segment assets	5,890	2,959	737	4,000	13,586
Cash and cash equivalents					13,263
Total assets					<u>26,849</u>
Segment liabilities	1,444	740	465	192	2,841
Deferred tax liabilities					66
Income tax payable					519
Total liabilities					<u>3,426</u>
<u>31 December 2022</u>					
Segment assets	5,665	2,810	798	4,093	13,366
Deferred tax assets					44
Cash and cash equivalents					12,371
Total assets					<u>25,781</u>
Segment liabilities	1,458	694	360	431	2,943
Income tax payable					512
Total liabilities					<u>3,455</u>

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4. Segment information (cont’d)

4D. Other material items and reconciliations

	Clinics	Retail	HQ	Others	Total
	\$’000	\$’000	\$’000	\$’000	\$’000
Expenditure for non-current assets:					
31 December 2020	316	217	2	9	544
31 December 2021	1,072	682	91	12	1,857
31 December 2022	117	47	72	98	334

4E. Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	2020	2021	2022
	\$’000	\$’000	\$’000
<u>Revenue:</u>			
Singapore	8,876	9,459	8,968
The PRC	2,316	2,240	2,127
	11,192	11,699	11,095
<u>Non-current assets:</u>			
Singapore	10,431	11,449	11,045
The PRC	1	35	3
	10,432	11,484	11,048

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5. Revenue

	2020	2021	2022
	\$'000	\$'000	\$'000
Sale of goods and rendering of services:			
– Clinics	6,496	7,108	6,684
– Retail	2,060	2,104	2,082
– Headquarters	2,636	2,487	2,329
	<u>11,192</u>	<u>11,699</u>	<u>11,095</u>
Timing of revenue recognition:			
At a point in time	<u>11,192</u>	<u>11,699</u>	<u>11,095</u>

6. Interest income

	2020	2021	2022
	\$'000	\$'000	\$'000
Interest income from interest bearing bank accounts	<u>123</u>	<u>87</u>	<u>75</u>

7. Other income and gains

	2020	2021	2022
	\$'000	\$'000	\$'000
Government grant income	293	476	131
Rental income	70	88	115
Sundry income	104	24	6
	<u>467</u>	<u>588</u>	<u>252</u>

Government grant income in relation to COVID-19 relief and measures, amounted to \$244,000, \$332,000 and \$10,000 during the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 respectively.

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8. Employee benefits expense

	2020	2021	2022
	\$'000	\$'000	\$'000
Short-term employee benefits expense	4,125	4,263	4,147
Contributions to defined contribution plan	229	231	282
	<u>4,354</u>	<u>4,494</u>	<u>4,429</u>

9. Other losses

	2020	2021	2022
	\$'000	\$'000	\$'000
Loss on disposal of property, plant and equipment	–	–	4
Foreign exchange adjustment losses	18	6	71
	<u>18</u>	<u>6</u>	<u>75</u>

10. Finance costs

	2020	2021	2022
	\$'000	\$'000	\$'000
Interest expenses on lease liabilities	16	64	77

11. Other expenses

Other expenses include the following major items:

	2020	2021	2022
	\$'000	\$'000	\$'000
NETS and credit card processing fees	127	154	162
Rental expense	122	105	86
Repair and maintenance	90	102	71
License fee	74	16	15
Initial public offering related professional fees	–	–	386

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12. Tax

12A. Components of income tax expense include:

	2020	2021	2022
	\$'000	\$'000	\$'000
<u>Income tax:</u>			
Current income tax	725	720	516
Over-provision of income tax in respect of prior years	–	(23)	–
	<u>725</u>	<u>697</u>	<u>516</u>
<u>Deferred income tax:</u>			
Origination of temporary differences	–	–	(30)
Change in unrecognised temporary differences	–	–	(80)
	<u>–</u>	<u>–</u>	<u>(110)</u>
Total income tax expense	<u><u>725</u></u>	<u><u>697</u></u>	<u><u>406</u></u>

A reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December was as follows:

	2020	2021	2022
	\$'000	\$'000	\$'000
Profit before income tax	3,835	4,181	3,282
Tax at the statutory tax rate of 17%	652	711	558
Different tax rates in other countries	106	211	121
Tax effect of income that are not taxable	(101)	(289)	(115)
Tax effect of expenses that are not deductible	115	58	30
Statutory income tax exemption	(35)	(35)	(35)
Over-provision of income tax in respect of prior years	–	(23)	–
Change in unrecognised temporary differences	–	–	(80)
Others	(12)	64	(73)
Total income tax expense	<u><u>725</u></u>	<u><u>697</u></u>	<u><u>406</u></u>

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12. Tax (cont’d)

12B. Deferred tax balances in the consolidated statements of financial position are attributable to the following:

	2020	2021	2022
	\$'000	\$'000	\$'000
Property, plant and equipment:			
– Excess of book values over tax values	(66)	(66)	–
– Excess of tax values over book values	–	–	1
Provisions	–	–	43
Net deferred tax (liabilities)/assets	(66)	(66)	44

13. Earnings per share

Basic earnings per share are calculated by dividing profit, net of tax attributable to the owners of the Company by the pre-invitation number of shares of the Company. The Company’s pre-invitation number of ordinary shares of 108,200,000 has been used in the calculation of basic and diluted earnings per share for all years presented in accordance with SFRS(I) 1-33, as pre-invitation number of ordinary shares reflects the number of ordinary shares after adjusting for changes in number of shares arising from the Internal Restructuring disclosed in Note 28.

The numerators and denominators used to calculate basic and diluted earnings per share of no par value are as follow:

	2020	2021	2022
<u>Numerator:</u>			
Profit, net of tax attributable to owners of the Company (\$'000)	2,999	3,339	2,763
<u>Denominator:</u>			
Number of ordinary shares ('000)	108,200	108,200	108,200

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares during the respective financial years.

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14. Dividends on equity shares

	2020	2021	2022
<u>Tax exempt (1-tier) dividends:</u>			
Dividend per share (\$)	–	6.49	3.00
Total dividends (\$'000)	–	7,920	3,660

The dividends recognised in FY2021 and FY2022 were approved by the shareholders on 23 July 2021 and 1 July 2022 respectively.

The dividends were declared in respect of 1,220,002 ordinary shares in issue as at 31 December 2021 and 31 December 2022. There are no income tax consequences of the dividends to shareholders.

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15. Property, plant and equipment

	Leasehold properties	Right-of-use assets	Computers	Furniture and fittings	Machinery	Medical equipment	Motor vehicle	Office equipment	Renovation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Cost:</u>										
At 1 January 2020	10,166	717	291	188	86	1,833	48	102	943	14,374
Additions	-	277	9	1	10	166	-	-	81	544
Written off	-	(76)	-	-	-	-	-	-	-	(76)
At 31 December 2020	10,166	918	300	189	96	1,999	48	102	1,024	14,842
Additions	-	1,546	36	1	10	34	-	15	215	1,857
Written off	-	(662)	(62)	(96)	-	(253)	-	(48)	(325)	(1,446)
Foreign exchange differences	-	-	-	-	-	-	-	2	-	2
At 31 December 2021	10,166	1,802	274	94	106	1,780	48	71	914	15,255
Additions	-	271	8	-	-	-	54	1	-	334
Disposals	-	-	-	-	-	-	(48)	-	-	(48)
At 31 December 2022	10,166	2,073	282	94	106	1,780	54	72	914	15,541

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15. Property, plant and equipment (cont'd)

	Leasehold properties	Right-of-use assets	Computers	Furniture and fittings	Machinery	Medical equipment	Motor vehicle	Office equipment	Renovation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Accumulated depreciation:</u>										
At 1 January 2020	262	408	284	153	57	1,680	11	88	707	3,650
Depreciation for the year	144	367	6	15	27	129	8	7	156	859
Written off	-	(76)	-	-	-	-	-	-	-	(76)
At 31 December 2020	406	699	290	168	84	1,809	19	95	863	4,433
Depreciation for the year	144	420	11	15	7	116	8	9	152	882
Written off	-	(662)	(62)	(96)	-	(253)	-	(48)	(325)	(1,446)
Foreign exchange differences	-	-	-	-	-	-	-	1	-	1

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15. Property, plant and equipment (cont'd)

	Leasehold properties	Right-of-use assets	Computers	Furniture and fittings	Machinery	Medical equipment	Motor vehicle	Office equipment	Renovation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 31 December 2021	550	457	239	87	91	1,672	27	57	690	3,870
Depreciation for the year	144	372	17	7	7	96	10	7	131	791
Disposals	-	-	-	-	-	-	(28)	-	-	(28)
Foreign exchange differences	-	4	-	-	-	-	-	-	-	4
At 31 December 2022	694	833	256	94	98	1,768	9	64	821	4,637
<u>Carrying amounts:</u>										
At 31 December 2020	9,760	219	10	21	12	190	29	7	161	10,409
At 31 December 2021	9,616	1,345	35	7	15	108	21	14	224	11,385
At 31 December 2022	9,472	1,240	26	-	8	12	45	8	93	10,904

Right-of-use assets pertain to leasing arrangements for office, warehouse, clinic and retail premises.

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16. Other assets

	2020	2021	2022
	\$'000	\$'000	\$'000
Rental deposits	23	76	100

17. Inventories

	2020	2021	2022
	\$'000	\$'000	\$'000
Medicine, skincare and beauty products, and packaging materials	1,956	1,745	1,666
Goods-in-transit	57	199	286
	2,013	1,944	1,952

No allowance for inventories obsolescence has been made.

18. Trade and other receivables

	2020	2021	2022
	\$'000	\$'000	\$'000
Trade receivables – Outside parties	26	30	52
Other receivables – Outside parties	89	113	313
Deposits	75	32	25
Financial assets at amortised costs	190	175	390
Prepayments	37	6	20
Total trade and other receivables	227	181	410

No interest is charged on the trade receivables. No trade receivable was impaired as at the end of the respective financial years.

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19. Cash and cash equivalents

	2020	2021	2022
	\$'000	\$'000	\$'000
Cash and bank balances	11,035	12,263	6,998
Fixed deposits with financial institutions	6,000	1,000	5,373
	17,035	13,263	12,371

Fixed deposits are held with financial institutions which are subject to insignificant risk of change in value.

19A. Reconciliation of liabilities arising from financing activities

Lease liabilities	1 January	Cash flows	Non-cash changes			31 December
			Addition ^(a)	Interest expense	Others	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020	316	(383)	277	16	–	226
2021	226	(429)	1,546	64	(1)	1,406
2022	1,406	(399)	271	77	2	1,357

(a) Capitalisation of lease arrangements within the scope of SFRS(I) 16 *Leases*.

20. Share capital

	Number of shares issued	Share capital
	'000	\$'000
<u>Company:</u>		
Balance at 1 January 2020 and 31 December 2020	660	660
Issuance of shares	560	560
Balance at 31 December 2021 and 31 December 2022	1,220	1,220

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20. Share capital (cont’d)

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

On 4 October 2021, 560,001 ordinary shares of no par value were issued for cash at \$1 each.

Capital management

The Group’s objectives when managing capital are:

- (a) To safeguard the Group’s ability to continue as a going concern;
- (b) To support the Group’s stability growth; and
- (c) To provide capital for the purpose of strengthening the Group’s risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022.

21. Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group’s presentation currency.

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22. Leases

Group as a lessee

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

	2020	2021	2022
	\$'000	\$'000	\$'000
Current liabilities	203	260	338
Non-current liabilities	23	1,146	1,019
	<u>226</u>	<u>1,406</u>	<u>1,357</u>

The carrying amounts of lease liabilities and the movements during the financial years are disclosed in Note 19A and maturity analysis of lease liabilities is disclosed in Note 25E.

Group as a lessor

The Group leases out its investment properties to outside parties. The leases contain an initial non-cancellable period of 2 years with a fixed annual rent. Subsequent renewals are negotiated with the lessee and with an average renewal period of 2 years.

The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The undiscounted lease payments to be received as at the end of the respective financial years are as follows:

	2020	2021	2022
	\$'000	\$'000	\$'000
Not later than 1 year	78	109	125
Between 1 and 2 years	–	22	32
	<u>78</u>	<u>131</u>	<u>157</u>

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23. Trade and other payables

	2020	2021	2022
	\$'000	\$'000	\$'000
Trade payables	203	108	167
Advance received	70	49	61
Deposit received	23	370	268
Other payables	17	6	178
Accrued liabilities	557	540	446
Financial liabilities at amortised costs	870	1,073	1,120
GST payables	123	136	118
Deferred grant income	146	–	48
Total trade and other payables	1,139	1,209	1,286

24. Other liabilities

Other liabilities comprise contract liabilities. The Group has a customer loyalty programme (Nik\$ Scheme) that enables end-customers to earn loyalty points, in the form of Nik\$, each time they purchase the Group’s skincare products. Each Nik\$ awarded is redeemable for a \$1 discount on skincare product purchase by the end-customer at the Group’s clinics and retail outlets in Singapore within the next 1 year. Consideration equivalent to Nik\$ awarded for a sale transaction would be allocated to future product sale on a relative price proportionate basis, treated as deferred revenue and recognised as a contract liability. When the Nik\$ are redeemed or expire, the corresponding contract liability would be reversed to revenue.

	2020	2021	2022
	\$'000	\$'000	\$'000
Revenue recognised from amounts included in contract liabilities at the beginning of the year	223	265	226

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25. Financial instruments

25A. Categories of financial assets and liabilities

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

	2020	2021	2022
	\$'000	\$'000	\$'000
<u>Financial assets:</u>			
Cash and cash equivalents	17,035	13,263	12,371
Trade and other receivables*	190	175	390
Financial assets at amortised cost	17,225	13,438	12,761
<u>Financial liabilities:</u>			
Trade and other payables [#]	870	1,073	1,120
Financial liabilities at amortised cost	870	1,073	1,120

* Excludes prepayments

Excludes GST payables and deferred grant income

25B. Financial risk management

The Group’s activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk).

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial years, the Group’s policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group’s exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group’s exposure to these financial risks or the manner in which it manages and measures the risks.

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25. Financial instruments (cont’d)

25C. Fair values of financial instruments

The analysis of financial instruments that are measured subsequently to initial recognition at fair value, grouped into Level 1 to 3 are disclosed in the relevant notes to the interim consolidated financial statements. These include the significant financial instruments stated at amortised cost in the interim consolidated financial statements.

Management has determined that the carrying amounts of deposits, trade and other receivables (excluding prepayments), cash and cash equivalents and trade and other payables (excluding GST payables and deferred grant income) reasonably approximate their fair values because these are short-term in nature.

25D. Credit risk on financial assets

The Group’s exposure to credit risk arises primarily from cash and cash equivalents and trade and other receivables. Credit risk refers to the risk that a counterparty will default on its contractual obligation, resulting in financial loss to the Group.

A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms. This definition of default is determined by considering the business environment in which the entity operates and other macro-economic factors.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

To minimise credit risk, the Group has developed and maintained the Group’s credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group’s own trading records to rate its other debtors. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal and external credit ratings
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant adverse change to the debtor’s ability to meet its obligations
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant adverse changes in the expected performance and behaviour of the debtor, including changes in the payment status and operating results of the debtor

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25. Financial instruments (cont’d)

25D. Credit risk on financial assets (cont’d)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- The debtor is encountering significant difficulty
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Group’s current credit risk grading framework comprises the following categories:

Category of internal credit rating	Definition of category	Basis for recognition of expected credit losses (“ECL”)
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12-month expected credit losses
Underperforming	Customers for which there is a significant increase in credit risk; as significant in credit risk is presumed if interest and/or principal repayment are 90 days past due.	Lifetime expected credit losses
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Asset is written off

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25. Financial instruments (cont’d)

25D. Credit risk on financial assets (cont’d)

The table below details the credit quality of the Group’s financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	12 month or lifetime ECL	2020	2021	2022
		\$’000	\$’000	\$’000
<u>Carrying amount:</u>				
Trade receivables	Lifetime ECL (simplified)	26	30	52
Other receivables	12-month ECL	89	113	313
Deposits	12-month ECL	75	32	25

No loss allowance were made for the above financial assets during the respective financial years.

For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

	Trade receivables					Total
	Days past due					
	Not past due	Within 30 days	31-60 days	61-90 days	More than 90 days	
ECL rate	0%	0%	0%	0%	0%	0%

Exposure to credit risk

The Group has no significant concentration of credit risk. The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

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25. Financial instruments (cont’d)

25D. Credit risk on financial assets (cont’d)

Other receivables and deposits

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

25E. Liquidity risk – financial liabilities maturity analysis

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group’s exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group monitors its liquidity risk and ensures that it has sufficient cash to meet expected operational expenses, including the servicing of financial obligations, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

Non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the end of the financial years are as follow:

	Carrying amount	Undiscounted contractual cash flows			
		Contractual cash flows	Less than 1 year	More than 5 years	
		\$’000	\$’000	\$’000	\$’000
Financial liabilities					
31 December 2020					
Trade and other payables*	870	870	870	–	–
Lease liabilities	226	231	208	23	–
	1,096	1,101	1,078	23	–
31 December 2021					
Trade and other payables*	1,073	1,073	1,073	–	–
Lease liabilities	1,406	1,605	327	1,202	76
	2,479	2,678	1,400	1,202	76

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25. Financial instruments (cont’d)

25E. Liquidity risk – financial liabilities maturity analysis (cont’d)

	Carrying amount	Undiscounted contractual cash flows			
		Contractual cash flows	Less than 1 year	2-5 years	More than 5 years
		\$'000	\$'000	\$'000	\$'000
31 December 2022					
Trade and other payables*	1,120	1,120	1,120	–	–
Lease liabilities	1,357	1,506	401	1,105	–
	2,477	2,626	1,521	1,105	–

* Excludes GST payables and deferred grant income.

25F. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the Group’s income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risks

Currency risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Group entities, primarily United States Dollar (“USD”). The Group does not use any financial derivatives such as foreign currency forward contracts and foreign currency options for hedging purpose.

The Group’s currencies exposure to USD at the end of the respective financial years are as follows:

	2020	2021	2022
	\$'000	\$'000	\$'000
Financial assets:			
Cash and cash equivalents	1,400	1,401	1,376
Trade and other receivables	41	100	11
Net currency exposure	1,441	1,501	1,387

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25. Financial instruments (cont’d)

25F. Market risk (cont’d)

Sensitivity analysis:

	2020	2021	2022
	\$’000	\$’000	\$’000
Adverse effect on pre-tax profit of a hypothetical 5% strengthening in the exchange rate of the functional currency against USD with all other variables held constant	72	75	69

A 5% weakening in the exchange rate of the functional currency against USD would have had equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

26. Transition from FRSs to SFRS(I)s, effects of transitioning to SFRS(I)s and changes and adoption of SFRS(I)

The Group has adopted all the new and revised standards of the SFRS(I) which are effective for annual financial years beginning on or after 1 January 2020, 2021 and 2022 respectively. The adoption of these standards did not have any effect on the financial performance or position of the Group.

For the purposes of these consolidated financial statements the Group adopted SFRS(I)s on 1 January 2020. The last statutory consolidated financial statements in accordance with previous FRS of the Group were for the year ended 31 December 2021. There were no material adjustments required from the adoption of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The same accounting policies are applied throughout all financial years presented in these consolidated financial statements, subject to the mandatory exception and optional exemption under SFRS(I) 1.

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27. Adoption of new and revised standards

A number of new standards and amendments to standard have been issued and are effective for annual periods beginning on or after 1 January 2023 and, as such, have not been applied in preparing these consolidated financial statements. The adoption of these new and amended standards is not expected to have a significant impact on the consolidated financial statements in the year of initial application.

Standard	Title	Effective for annual periods beginning on or after
SFRS(I) 1-1	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
SFRS(I) 4	Amendments to SFRS(I) 4: Extension of the Temporary Exemption from Applying SFRS(I) 9	1 January 2023
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
SFRS(I) 1-12	Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
SFRS(I) 17	Insurance Contracts	1 January 2023
SFRS(I) 17	Amendments to SFRS(I) 17: Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information	1 January 2023
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
SFRS(I) 16	Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT ON
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Notes to the consolidated financial statements
For the years ended 31 December 2020, 2021 and 2022**

28. Events after the end of the financial year

Approval of final dividends

On 29 August 2023, the shareholders of the Company approved a final dividend of an aggregate of \$9,500,000 to the then existing shareholders, Cheng Shoong Tat and Ong Fung Chin. The dividend was fully paid on 25 September 2023.

Internal Restructuring

On 13 October 2023, pursuant to the share split, 1,220,002 ordinary shares in the capital of the Company were sub-divided into 104,360,870 shares.

On 27 September 2023, the Company acquired the remaining 49% of the issued shares in the capital of subsidiary, Niks Maple West Pte. Ltd., from non-controlling interest of the subsidiary for a consideration of \$441,000. The consideration was satisfied by the issue and allotment of 2,130,435 ordinary shares to the non-controlling interest.

On 31 July 2023, the Company entered into a convertible loan agreement with 4 doctors of the Group. On 13 October 2023, prior to the receipt of the notification from Singapore Exchange Securities Trading Limited for the registration of the offer document in relation to the initial public offering of the Company’s shares, the principal amount of the loan was converted into 1,708,695 ordinary shares of the Company at a 40.0% discount from the invitation price per share.

Following the Internal Restructuring, the pre-invitation shares increased to 108,200,000.

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

(Registration No: 199804609D)

Statement by Directors and Unaudited Interim Consolidated Financial Statements

For the three-month period ended 31 March 2023

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

Statement by directors

The directors of Niks Professional Ltd. (the “Company”) are pleased to present the unaudited interim consolidated financial statements of the Company and its subsidiaries (the “Group”) for the three-month period ended 31 March 2023. The unaudited interim consolidated financial statements are drawn up in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting.

Nothing has come to the attention of the directors of the Company which may render the accompanying unaudited interim consolidated financial statements for the three-month period ended 31 March 2023 to be false or misleading.

On behalf of the directors

.....
Cheng Shoong Tat
Director

.....
Ong Fung Chin
Director

18 October 2023

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

**INDEPENDENT AUDITOR’S REVIEW REPORT ON THE UNAUDITED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2023**

The Board of Directors
Niks Professional Ltd.
825 Tampines Street 81
#01-64, Tampines Grove
Singapore 520825

Dear Sirs,

Report on the Review of Unaudited Interim Consolidated Financial Statements

Introduction

We have reviewed the accompanying unaudited interim consolidated financial statements of Niks Professional Ltd. (the “Company”) and its subsidiaries (the “Group”) set out on pages B-6 to B-35, which comprise the interim consolidated statement of financial position of the Group as at 31 March 2023, and the related interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the three-month period ended 31 March 2023, and the notes to the interim consolidated financial statements, including a summary of significant accounting policies and other explanatory information (the “interim financial information”). Management is responsible for the preparation and presentation of the interim financial information in accordance with Singapore Financial Reporting Standard (International) (“SFRS(I)”) 1-34 Interim Financial Reporting. Our responsibility is to express a conclusion on the interim financial information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited interim consolidated financial statements are not prepared, in all material respects, in accordance with SFRS(I) 1-34 Interim Financial Reporting.

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

**INDEPENDENT AUDITOR’S REVIEW REPORT ON THE UNAUDITED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2023**

Report on the Review of Unaudited Interim Consolidated Financial Statements

Other matter

Other than the Group’s consolidated statement of financial position as at 31 December 2022 which has been audited, all other comparative figures have not been audited nor reviewed. The unaudited interim consolidated financial information for the corresponding three-month period ended 31 March 2022 is the responsibility of management.

Restriction on distribution and use

This report is made solely for the inclusion in the Offer Document of the Company to be issued in relation to the proposed offering of the shares of the Company on the Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited and for no other purpose.

The engagement partner on the review resulting in this independent auditor’s review report is G Arull.

Grant Thornton Audit LLP
Public Accountants and Chartered Accountants

Singapore
18 October 2023

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Interim consolidated statements of comprehensive income
For the financial period ended 31 March 2023**

	Notes	Unaudited Three-month ended 31 March	
		2022	2023
		\$'000	\$'000
Revenue	5	2,806	2,582
Interest income	6	10	53
Other income and gains	7	84	83
Changes in inventories		(82)	(123)
Purchases and related costs		(228)	(220)
Employee benefits expense	8	(1,123)	(1,150)
Depreciation	14	(218)	(156)
Other losses	9	(4)	(5)
Finance costs	10	(18)	(17)
Other expenses	11	(178)	(410)
Profit before income tax		1,049	637
Income tax expense	12	(221)	(106)
Profit for the period		828	531
Profit attributable to:			
Owners of the Company		800	518
Non-controlling interest		28	13
Profit for the period		828	531
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		16	25
Other comprehensive income		16	25
Total comprehensive income for the period		844	556
Total comprehensive income attributable to:			
Owners of the Company		816	543
Non-controlling interest		28	13
		844	556
		Cents	Cents
Earnings per share for profit attributable to the owners of the Company:			
Basic and diluted earnings per share	13	0.74	0.48

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

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

Interim consolidated statements of financial position

As at 31 December 2022 and 31 March 2023

	Notes	Audited 31.12.2022 \$'000	Unaudited 31.03.2023 \$'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	14	10,904	10,825
Deferred tax assets	12	44	44
Other assets	15	100	100
Total non-current assets		11,048	10,969
<u>Current assets</u>			
Inventories	16	1,952	1,829
Trade and other receivables	17	410	595
Cash and cash equivalents	18	12,371	12,456
Total current assets		14,733	14,880
Total assets		25,781	25,849
EQUITY AND LIABILITIES			
<u>Equity</u>			
Share capital	19	1,220	1,220
Retained earnings		20,880	21,398
Foreign currency translation reserve	20	21	46
Equity, attributable to owners of the Company		22,121	22,664
Non-controlling interest		205	218
Total equity		22,326	22,882
<u>Non-current liabilities</u>			
Lease liabilities	21	1,019	978
Total non-current liabilities		1,019	978
<u>Current liabilities</u>			
Income tax payable		512	590
Trade and other payables	22	1,286	731
Lease liabilities	21	338	369
Other liabilities	23	300	299
Total current liabilities		2,436	1,989
Total liabilities		3,455	2,967
Total equity and liabilities		25,781	25,849

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

**APPENDIX B – INDEPENDENT AUDITOR'S REVIEW REPORT ON
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

Interim consolidated statements of changes in equity
For the three-month ended 31 March 2023

	Attributable to owners of the Company					Total equity \$'000
	Share capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interest \$'000	
2022						
Balance at 1 January 2022 (Audited)	1,220	191	21,777	23,188	235	23,423
Profit for the period	–	–	800	800	28	828
Other comprehensive income:						
Foreign currency translation differences arising from foreign operations	–	16	–	16	–	16
Total comprehensive income for the period	–	16	800	816	28	844
Balance at 31 March 2022 (Unaudited)	1,220	207	22,577	24,004	263	24,267

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

**APPENDIX B – INDEPENDENT AUDITOR'S REVIEW REPORT ON
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

Interim consolidated statements of changes in equity
For the three-month ended 31 March 2023

	Attributable to owners of the Company				
	Share capital	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Balance at 1 January 2023 (Audited)	1,220	21	20,880	205	22,326
Profit for the period	–	–	518	13	531
Other comprehensive income:					
Foreign currency translation differences arising from foreign operations	–	25	–	–	25
Total comprehensive income for the period	–	25	518	13	556
Balance at 31 March 2023 (Unaudited)	1,220	46	21,398	218	22,882

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

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Interim consolidated statements of cash flows
For the three-month ended 31 March 2023**

	Unaudited	
	Three-month ended 31 March	
	2022	2023
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	1,049	637
Adjustments for:		
Interest income	(10)	(53)
Interest expense	18	17
Depreciation of property, plant and equipment	218	156
Loss on disposal of property, plant and equipment	4	–
Operating cash flows before changes in working capital	1,279	757
Change in working capital:		
Inventories	82	123
Trade and other receivables	(119)	(192)
Other assets	(30)	–
Trade and other payables	(373)	(504)
Other liabilities	67	(1)
Net cash generated from operations	906	183
Income tax paid	(5)	(28)
Net cash from operating activities	901	155
Cash flows from investing activities		
Purchase of property, plant and equipment	(58)	(1)
Disposal of property, plant and equipment	16	–
Interest received	10	60
Net cash (used in)/from investing activities	(32)	59
Cash flows from financing activities		
Payment of lease liabilities	(79)	(88)
Interest paid	(18)	(17)
Net cash used in financing activities	(97)	(105)
Net increase in cash and cash equivalents	772	109
Cash and cash equivalents, beginning balance	13,263	12,371
Effect of exchange rate fluctuation	–	(24)
Cash and cash equivalents, ending balance	14,035	12,456

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

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

Notes to the unaudited interim consolidated financial statements

For the three-month period ended 31 March 2023

1. General information

1A. Corporate information

Niks Professional Pte Ltd was incorporated on 22 September 1998 as a private limited company domiciled in Singapore. On 13 October 2023, Niks Professional Pte Ltd was converted to a public company limited by shares and changed its name to Niks Professional Ltd. (the “Company”).

The unaudited interim consolidated financial statements are presented in Singapore dollar and all values are rounded to the nearest thousand (\$’000), except when otherwise stated.

The registered office of the Company is located at 825 Tampines Street 81, #01-64, Tampines Grove, Singapore 520825. The principal place of business of the Company is located at 16 Kallang Place, #03-27, Singapore 339156.

The principal activities of the Company and the subsidiaries are disclosed in Note 1 to the audited consolidated financial statements for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022.

1B. Basis of preparation

The unaudited condensed consolidated interim financial statements for the three-month ended 31 March 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting.

The unaudited interim consolidated financial statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

The accounting policies adopted are consistent with those applied in the preparation of the Group’s audited consolidated financial statements for the financial year ended 31 December 2022.

2B. Critical judgements, assumptions and estimation uncertainties

The critical judgements and key sources of estimation uncertainty made by management for the Group’s audited consolidated financial statements as at and for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 remained unchanged.

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
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FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Notes to the unaudited interim consolidated financial statements
For the three-month period ended 31 March 2023**

3. Related party relationships and transactions

SFRS(I) 1-24 on related party disclosures requires the Company to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party. The ultimate controlling shareholders are Cheng Shoong Tat and Ong Fung Chin.

3A. Related companies

Related companies in these unaudited interim consolidated financial statements include the members of the Company’s group of companies.

3B. Related party transactions

There are transactions and arrangements between the Company and related parties and the effects of these on the basis determined between the parties are reflected in these unaudited interim consolidated financial statements. The related party balances (if any) are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these unaudited interim consolidated financial statements are not disclosed as related party transactions and balances below.

Significant related party transactions, in addition to transactions and balances disclosed elsewhere in the notes to the unaudited interim consolidated financial statements, include:

	Three-month ended 31 March	
	2022	2023
	\$’000	\$’000
<u>Director:</u>		
Rental expenses	21	21

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Notes to the unaudited interim consolidated financial statements
For the three-month period ended 31 March 2023**

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

3C. Key management compensation

	Three-month ended 31 March	
	2022	2023
	\$’000	\$’000
<u>Directors of the Company:</u>		
Short-term employee benefits expense	336	336
Contribution to defined contribution plans	10	11
	346	347
<u>Other key management personnel:</u>		
Short-term employee benefits expense	59	62
Contribution to defined contribution plans	10	9
	69	71
Total key management compensation	415	418

Key management personnel are the directors and those persons having the authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly. The above amounts are included under employee benefits expense.

4. Segment information

4A. Information about reportable segments

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

For management purposes, the Group is organised into the following key operating segments: (1) Clinics; (2) Retail; and (3) Headquarters. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each segment requires different strategies.

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

Notes to the unaudited interim consolidated financial statements

For the three-month period ended 31 March 2023

4. Segment information (cont’d)

4A. Information about reportable segments (cont’d)

The segments and types of products and services are as follows:

- (1) Clinics: Provision of family practice dermatology and aesthetic medical services and sale of skincare and beauty products and medicines at the Group’s medical clinics.
- (2) Retail: Sale of skincare and beauty products and provision of facial services at the Company’s salons and retail outlets.
- (3) Headquarters (“HQ”): Distribution of skincare and beauty products to customers (including medical clinics and beauty salons) in Singapore and the People’s Republic of China (“PRC”) and sale of the products to end-customers in Singapore through the Company’s online sale platforms.

‘Others’ comprise mainly corporate activities and items relating to investment activities including rental generated from and expenses incurred on leasehold properties.

Inter-segment sales are measured on the basis that the entity actually uses to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment’s operating results comprises two major financial indicators: (1) earnings from operations before depreciation, interest expenses and income taxes (“Recurring EBITDA”); and (2) operating result before income taxes and other unallocated items (“PBT”).

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
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FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

Notes to the unaudited interim consolidated financial statements
For the three-month period ended 31 March 2023

4. Segment information (cont'd)

4B. Profit or loss and reconciliations

	Clinics	Retail	HQ	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Three-month ended</u>					
<u>31 March 2022</u>					
Revenue by segment	1,596	461	1,405	–	3,462
Intersegment sales	–	–	(656)	–	(656)
Total revenue	1,596	461	749	–	2,806
Recurring EBITDA	690	158	570	(143)	1,275
Depreciation	(103)	(60)	(17)	(38)	(218)
Interest income	–	–	–	10	10
Finance costs	(11)	(7)	–	–	(18)
PBT	576	91	553	(171)	1,049
Income tax income					(221)
Profit, net of income tax					828
<u>Three-month ended</u>					
<u>31 March 2023</u>					
Revenue by segment	1,639	514	593	–	2,746
Intersegment sales	–	–	(164)	–	(164)
Total revenue	1,639	514	429	–	2,582
Recurring EBITDA	697	232	167	(339)	757
Depreciation	(74)	(46)	(9)	(27)	(156)
Interest income	–	–	–	53	53
Finance costs	(9)	(6)	(1)	(1)	(17)
PBT	614	180	157	(314)	637
Income tax income					(106)
Profit, net of income tax					531

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

Notes to the unaudited interim consolidated financial statements

For the three-month period ended 31 March 2023

4. Segment information (cont'd)

4C. Assets, liabilities and reconciliations

	Clinics	Retail	HQ	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>31 December 2022</u>					
Segment assets	5,665	2,810	798	4,093	13,366
Deferred tax assets					44
Cash and cash equivalents					12,371
Total assets					<u>25,781</u>
Segment liabilities	1,458	694	360	431	2,943
Income tax payable					512
Total liabilities					<u>3,455</u>
<u>31 March 2023</u>					
Segment assets	5,674	2,836	779	4,060	13,349
Deferred tax assets					44
Cash and cash equivalents					12,456
Total assets					<u>25,849</u>
Segment liabilities	1,274	622	318	163	2,377
Income tax payable					590
Total liabilities					<u>2,967</u>

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

Notes to the unaudited interim consolidated financial statements

For the three-month period ended 31 March 2023

4. Segment information (cont’d)

4D. Other material items and reconciliations

	Clinics	Retail	HQ	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenditure for non-current assets:					
31 December 2022	117	47	72	98	334
31 March 2023	–	–	78	1	79

4E. Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	Three-month ended 31 March	
	2022	2023
	\$'000	\$'000
<u>Revenue:</u>		
Singapore	2,098	2,198
The PRC	708	384
	2,806	2,582
	31.12.2022	31.03.2023
	\$'000	\$'000
<u>Non-current assets:</u>		
Singapore	11,045	10,892
The PRC	3	77
	11,048	10,969

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
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NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

Notes to the unaudited interim consolidated financial statements

For the three-month period ended 31 March 2023

5. Revenue

	Three-month ended 31 March	
	2022	2023
	\$'000	\$'000
Sale of goods and rendering of services:		
– Clinics	1,596	1,639
– Retail	461	514
– Headquarters	749	429
	2,806	2,582
Timing of revenue recognition:		
At a point in time	2,806	2,582

6. Interest income

	Three-month ended 31 March	
	2022	2023
	\$'000	\$'000
Interest income from interest bearing bank accounts	10	53
	10	53

7. Other income and gains

	Three-month ended 31 March	
	2022	2023
	\$'000	\$'000
Government grant income	56	49
Rental income	28	33
Sundry income	–	1
	84	83

Government grant income in relation to COVID-19 relief and measures amounted to \$8,000 during the three-month ended 31 March 2022 (31 March 2023: NIL).

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
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NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

Notes to the unaudited interim consolidated financial statements

For the three-month period ended 31 March 2023

8. Employee benefits expense

	Three-month ended 31 March	
	2022	2023
	\$'000	\$'000
Short-term employee benefits expense	1,035	1,061
Contributions to defined contribution plan	88	89
	<u>1,123</u>	<u>1,150</u>

9. Other losses

	Three-month ended 31 March	
	2022	2023
	\$'000	\$'000
Loss on disposal of property, plant and equipment	4	–
Foreign exchange adjustment losses	–	5
	<u>4</u>	<u>5</u>

10. Finance costs

	Three-month ended 31 March	
	2022	2023
	\$'000	\$'000
Interest expenses on lease liabilities	18	17

11. Other expenses

Other expenses include the following major items:

	Three-month ended 31 March	
	2022	2023
	\$'000	\$'000
NETS and credit card processing fees	39	42
Rental expense	21	21
Repair and maintenance	12	49
Initial public offering related professional fees	–	176

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
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NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Notes to the unaudited interim consolidated financial statements
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12. Tax

12A. Components of income tax expense include:

	Three-month ended 31 March	
	2022	2023
	\$'000	\$'000
<u>Income tax:</u>		
Current income tax	221	106

A reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable tax rate for the periods ended 31 March was as follows:

	Three-month ended 31 March	
	2022	2023
	\$'000	\$'000
Profit before income tax	1,049	637
Tax at the statutory tax rate of 17%	178	108
Different tax rates in other countries	20	(7)
Tax effect of expenses that are not deductible	6	6
Statutory income tax exemption	(17)	(17)
Others	34	16
Total income tax expense	221	106

12B. Deferred tax assets in the unaudited interim consolidated statements of financial position are attributable to the following:

	31.12.2022	31.03.2023
	\$'000	\$'000
Excess of tax values over book values of property, plant and equipment	1	1
Provisions	43	43
Deferred tax assets	44	44

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13. Earnings per share

Basic earnings per share are calculated by dividing profit, net of tax attributable to the owners of the Company by the pre-invitation number of shares of the Company. The Company’s pre-invitation number of ordinary shares of 108,200,000 has been used in the calculation of basic and diluted earnings per share for all periods presented in accordance with SFRS(I) 1-33, as pre-invitation number of ordinary shares reflects the number of ordinary shares after adjusting for changes in number of shares arising from the Internal Restructuring disclosed in Note 27.

The numerators and denominators used to calculate basic and diluted earnings per share of no par value are as follow:

	Three-month ended 31 March	
	2022	2023
<u>Numerator:</u>		
Profit, net of tax attributable to owners of the Company (\$'000)	800	518
<u>Denominator:</u>		
Number of ordinary shares ('000)	108,200	108,200

Diluted earnings per share are the same as basic earnings per share as no potential dilutive ordinary share during the respective financial periods.

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14. Property, plant and equipment

	Leasehold properties	Right-of-use assets	Computers	Furniture and fittings	Machinery	Medical equipment	Motor vehicle	Office equipment	Renovation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Cost:</u>										
At 1 January 2022	10,166	1,802	274	94	106	1,780	48	71	914	15,255
Additions	-	271	8	-	-	-	54	1	-	334
Written off	-	-	-	-	-	-	(48)	-	-	(48)
At 31 December 2022	10,166	2,073	282	94	106	1,780	54	72	914	15,541
Additions	-	78	1	-	-	-	-	-	-	79
At 31 March 2023	10,166	2,151	283	94	106	1,780	54	72	914	15,620
<u>Accumulated depreciation:</u>										
At 1 January 2022	550	457	239	87	91	1,672	27	57	690	3,870
Depreciation	144	372	17	7	7	96	10	7	131	791
Written off	-	-	-	-	-	-	(28)	-	-	(28)
Foreign exchange differences	-	4	-	-	-	-	-	-	-	4

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14. Property, plant and equipment (cont'd)

	Leasehold properties	Right-of- use assets	Computers	Furniture and fittings	Machinery	Medical equipment	Motor vehicle	Office equipment	Renovation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 31 December 2022	694	833	256	94	98	1,768	9	64	821	4,637
Depreciation	36	89	5	–	2	3	2	1	18	156
Foreign exchange differences	–	2	–	–	–	–	–	–	–	2
At 31 March 2023	730	924	261	94	100	1,771	11	65	839	4,795
<u>Carrying amounts:</u>										
At 31 December 2022	9,472	1,240	26	–	8	12	45	8	93	10,904
At 31 March 2023	9,436	1,227	22	–	6	9	43	7	75	10,825

Right-of-use assets pertain to leasing arrangements for office, warehouse, clinic and retail premises.

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NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

Notes to the unaudited interim consolidated financial statements

For the three-month period ended 31 March 2023

15. Other assets

	31.12.2022	31.03.2023
	\$'000	\$'000
Rental deposits	100	100

16. Inventories

	31.12.2022	31.12.2023
	\$'000	\$'000
Medicine, skincare and beauty products, and packaging materials	1,666	1,829
Goods-in-transit	286	–
	1,952	1,829

No allowance for inventories obsolescence has been made.

17. Trade and other receivables

	31.12.2022	31.03.2023
	\$'000	\$'000
Trade receivables – Outside parties	52	24
Other receivables – Outside parties	313	492
Deposits	25	25
Financial assets at amortised costs	390	541
Prepayments	20	54
Total trade and other receivables	410	595

No interest is charged on the trade receivables. No trade receivable was impaired as at the end of the respective financial periods.

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NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Notes to the unaudited interim consolidated financial statements
For the three-month period ended 31 March 2023**

18. Cash and cash equivalents

	31.12.2022	31.03.2023
	\$'000	\$'000
Cash and bank balances	6,998	7,070
Fixed deposits with financial institutions	5,373	5,386
	<u>12,371</u>	<u>12,456</u>

Fixed deposits are held with financial institutions which are subject to insignificant risk of change in value.

18A. Reconciliation of liabilities arising from financial activities

Lease liabilities	Non-cash changes					31 March
	1 January	Cash flows	Addition^(a)	Interest expense	Others	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022	1,406	(97)	–	18	–	1,327
2023	1,357	(105)	78	17	–	1,347

(a) Capitalisation of lease arrangements within the scope of SFRS(I) 16 Leases.

19. Share capital

	Number of shares issued	Share capital
	'000	\$'000
<u>Company:</u>		
Balance at 1 January 2022, 31 December 2022 and 31 March 2023	<u>1,220</u>	<u>1,220</u>

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT ON
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**Notes to the unaudited interim consolidated financial statements
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19. Share capital (cont'd)

Capital management

The Group’s objectives when managing capital are:

- (a) To safeguard the Group’s ability to continue as a going concern;
- (b) To support the Group’s stability growth; and
- (c) To provide capital for the purpose of strengthening the Group’s risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities.

No changes were made in the objectives, policies or processes during the financial year ended 31 December 2022 and financial period ended 31 March 2023.

20. Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group’s presentation currency.

21. Leases

Group as a lessee

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

	31.12.2022	31.03.2023
	\$’000	\$’000
Current liabilities	338	369
Non-current liabilities	1,019	978
	<u>1,357</u>	<u>1,347</u>

The carrying amounts of lease liabilities and the movements during the financial periods are disclosed in Note 18A and maturity analysis of lease liabilities is disclosed in Note 24E.

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For the three-month period ended 31 March 2023

21. Leases (cont’d)

Group as a lessor

The Group leases out its investment properties to outside parties. The leases contain an initial non-cancellable period of 2 years with a fixed annual rent. Subsequent renewals are negotiated with the lessee and with an average renewal period of 2 years.

The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The undiscounted lease payments to be received as at the end of the respective financial periods are as follows:

	31.12.2022	31.03.2023
	\$’000	\$’000
Not later than 1 year	125	102
Between 1 and 2 years	32	22
	157	124

22. Trade and other payables

	31.12.2022	31.03.2023
	\$’000	\$’000
Trade payables	167	115
Advance received	61	58
Deposit received	268	267
Other payables	178	–
Accrued liabilities	446	175
	1,120	615
Financial liabilities at amortised costs	1,120	615
GST payables	118	116
Deferred grant income	48	–
	1,286	731
Total trade and other payables		

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**Notes to the unaudited interim consolidated financial statements
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23. Other liabilities

Other liabilities comprise contract liabilities. The Group has a customer loyalty programme (Nik\$ Scheme) that enables end-customers to earn loyalty points, in the form of Nik\$, each time they purchase the Group’s skincare products. Each Nik\$ awarded is redeemable for a \$1 discount on skincare product purchase by the end-customer at the Group’s clinics and retail outlets in Singapore within the next 1 year. Consideration equivalent to Nik\$ awarded for a sale transaction would be allocated to future product sale on a relative price proportionate basis, treated as deferred revenue and recognised as a contract liability. When the Nik\$ are redeemed or expire, the corresponding contract liability would be reversed to revenue.

	31.12.2022	31.03.2023
	\$’000	\$’000
Revenue recognised from amounts included in contract liabilities at the beginning of the year/period	226	75

24. Financial instruments

24A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the financial period:

	31.12.2022	31.03.2023
	\$’000	\$’000
<u>Financial assets:</u>		
Cash and cash equivalents	12,371	12,456
Trade and other receivables*	390	541
Financial assets at amortised cost	12,761	12,997
<u>Financial liabilities:</u>		
Trade and other payables#	1,120	615
Financial liabilities at amortised cost	1,120	615

* Excludes prepayments

Excludes GST payables and deferred grant income

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NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

Notes to the unaudited interim consolidated financial statements

For the three-month period ended 31 March 2023

24. Financial instruments (cont’d)

24B. Financial risk management

The Group’s activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk).

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial periods, the Group’s policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group’s exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group’s exposure to these financial risks or the manner in which it manages and measures the risks.

24C. Fair values of financial instruments

The analysis of financial instruments that are measured subsequently to initial recognition at fair value, grouped into Level 1 to 3 are disclosed in the relevant notes to the unaudited condensed consolidated interim financial statements. These include the significant financial instruments stated at amortised cost in the unaudited interim consolidated financial statements.

Management has determined that the carrying amounts of deposits, trade and other receivables (excluding prepayments), cash and cash equivalents and trade and other payables (excluding GST payables and deferred grant income) reasonably approximate their fair values because these are short-term in nature.

24D. Credit risk on financial assets

The Group’s exposure to credit risk arises primarily from cash and cash equivalents and trade and other receivables. Credit risk refers to the risk that a counterparty will default on its contractual obligation, resulting in financial loss to the Group.

A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms. This definition of default is determined by considering the business environment in which the entity operates and other macro-economic factors.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

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For the three-month period ended 31 March 2023

24. Financial instruments (cont’d)

24D. Credit risk on financial assets (cont’d)

To minimise credit risk, the Group has developed and maintained the Group’s credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group’s own trading records to rate its other debtors. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal and external credit ratings
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor’s ability to meet its obligations
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant adverse changes in the expected performance and behaviour of the debtor, including changes in the payment status and operating results of the debtor

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- The debtor is encountering significant difficulty
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

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24. Financial instruments (cont’d)

24D. Credit risk on financial assets (cont’d)

The Group’s current credit risk grading framework comprises the following categories:

Category of internal credit rating	Definition of category	Basis for recognition of expected credit losses (“ECL”)
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12-month expected credit losses
Underperforming	Customers for which there is a significant increase in credit risk; as significant in credit risk is presumed if interest and/or principal repayment are 90 days past due.	Lifetime expected credit losses
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Asset is written off

The table below details the credit quality of the Group’s financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	12 month or lifetime ECL	31.12.2022	31.03.2023
		\$’000	\$’000
<u>Carrying amount:</u>			
Trade receivables	Lifetime ECL (simplified)	52	24
Other receivables	12-month ECL	313	492
Deposits	12-month ECL	25	25

No loss allowance were made for the above financial assets as during the respective financial periods.

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24. Financial instruments (cont’d)

24D. Credit risk on financial assets (cont’d)

For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

	Trade receivables					Total
	Days past due					
	Not past due	Within 30 days	31-60 days	61-90 days	More than 90 days	
ECL rate	0%	0%	0%	0%	0%	0%

Exposure to credit risk

The Group has no significant concentration of credit risk. The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Other receivables and deposits

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

24E. Liquidity risk – financial liabilities maturity analysis

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group’s exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group monitors its liquidity risk and ensures that it has sufficient cash to meet expected operational expenses, including the servicing of financial obligations, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

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24. Financial instruments (cont’d)

24E. Liquidity risk – financial liabilities maturity analysis (cont’d)

Non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the end of the financial periods are as follow:

Financial liabilities	Carrying amount	Undiscounted contractual cash flows		
		Contractual cash flows	Less than 1 year	2-5 years
	\$’000	\$’000	\$’000	\$’000
<u>31 December 2022</u>				
Trade and other payables*	1,120	1,120	1,120	–
Lease liabilities	1,357	1,506	401	1,105
	<u>2,477</u>	<u>2,626</u>	<u>1,521</u>	<u>1,105</u>
<u>31 March 2023</u>				
Trade and other payables*	615	615	615	–
Lease liabilities	1,347	1,483	430	1,053
	<u>1,962</u>	<u>2,098</u>	<u>1,045</u>	<u>1,053</u>

* Excludes GST payables and deferred grant income.

24F. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the Group’s income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risks

Currency risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Group entities, primarily United States Dollar (“USD”). The Group does not use any financial derivatives such as foreign currency forward contracts and foreign currency options for hedging purpose.

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**Notes to the unaudited interim consolidated financial statements
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24. Financial instruments (cont’d)

24F. Market risk (cont’d)

Foreign currency risks (cont’d)

The Group’s currencies exposure to USD at the end of the respective financial periods are as follows:

	31.12.2022	31.03.2023
	\$’000	\$’000
<u>Financial assets:</u>		
Cash and cash equivalents	1,376	1,394
Trade and other receivables	11	163
	1,387	1,557
Net currency exposure	1,387	1,557

Sensitivity analysis:

	31.12.2022	31.03.2023
	\$’000	\$’000
Adverse effect on pre-tax profit of a hypothetical 5% strengthening in the exchange rate of the functional currency against USD with all other variables held constant	69	78

A 5% weakening in the exchange rate of the functional currency against USD would have had equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

25. Changes and adoption of financial reporting standards

The Group has adopted all the new and revised standards of the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any effect on the financial performance or position of the Group.

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NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Notes to the unaudited interim consolidated financial statements
For the three-month period ended 31 March 2023**

26. Adoption of new and revised standards

A number of new standards and amendments to standard have been issued and are effective for annual periods beginning after 1 January 2023 and, as such, have not been applied in preparing these unaudited interim consolidated financial statements. The adoption of these new and amended standards is not expected to have a significant impact on the consolidated financial statements in the year of initial application.

Standard	Title	Effective for annual periods beginning on or after
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
SFRS(I) 16	Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024

27. Events after the end of the financial period

Approval of final dividends

On 29 August 2023, the shareholders of the Company approved a final dividend of an aggregate of \$9,500,000 to the then existing shareholders, Cheng Shoong Tat and Ong Fung Chin. The dividend was fully paid on 25 September 2023.

Internal Restructuring

On 13 October 2023, pursuant to the share split, 1,220,002 ordinary shares in the capital of the Company were sub-divided into 104,360,870 shares.

On 27 September 2023, the Company acquired the remaining 49% of the issued shares in the capital of subsidiary, Niks Maple West Pte. Ltd., from non-controlling interest of the subsidiary for a consideration of \$441,000. The consideration was satisfied by the issue and allotment of 2,130,435 ordinary shares to the non-controlling interest.

On 31 July 2023, the Company entered into a convertible loan agreement with 4 doctors of the Group. On 13 October 2023, prior to the receipt of the notification from Singapore Exchange Securities Trading Limited for the registration of the offer document in relation to the initial public offering of the Company’s shares, the principal amount of the loan was converted into 1,708,695 ordinary shares of the Company at a 40.0% discount from the invitation price per share.

Following the Internal Restructuring, the pre-invitation shares increased to 108,200,000.

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**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

(Registration No: 199804609D)

Unaudited Pro Forma Consolidated Financial Information

For the financial year ended 31 December 2022 and three-month period ended 31 March 2023

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

**INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED
PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2022 AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

The Board of Directors
Niks Professional Ltd.
825 Tampines Street 81
#01-64, Tampines Grove
Singapore 520825

Report on the compilation of unaudited pro forma consolidated financial information

We have completed our assurance engagement to report on the compilation of unaudited pro forma consolidated financial information of Niks Professional Ltd. (the “Company”) and its subsidiaries (the “Group”) by management. The unaudited pro forma consolidated financial information of the Group consists of the unaudited pro forma consolidated statements of financial position as at 31 December 2022 and 31 March 2023, and unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows for the financial year ended 31 December 2022 and three-month period ended 31 March 2023 and related notes as set out on pages C-6 to C-19 of the Offer Document issued by the Company. The applicable criteria on the basis of which management has compiled the unaudited pro forma consolidated financial information are described in Note 3.

The unaudited pro forma consolidated financial information has been compiled by management to illustrate the impact of the Significant Event set out in explanatory Note 2 on:

- (i) the unaudited pro forma consolidated financial performance of the Group for the financial year ended 31 December 2022 and three-month period ended 31 March 2023 as if the events had occurred on 1 January 2022 and 1 January 2023;
- (ii) the unaudited pro forma consolidated financial position of the Group as at 31 December 2022 and 31 March 2023 as if the events had occurred on 31 December 2022 and 31 March 2023; and
- (iii) the unaudited pro forma consolidated cash flows of the Group for the financial year ended 31 December 2022 and three-month period ended 31 March 2023 as if the events had occurred on 1 January 2022 and 1 January 2023.

As part of this process, information about the Group’s consolidated financial performance, consolidated financial position and consolidated cash flows have been extracted by management from the Group’s audited consolidated financial statements for the financial year ended 31 December 2022 and the unaudited interim consolidated financial statements for the three-month period ended 31 March 2023, on which the audit and review reports have been published.

Management’s responsibility for the unaudited pro forma consolidated financial information

Management is responsible for compiling the unaudited pro forma consolidated financial information on the basis of the applicable criteria as described in Note 3.

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

**INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED
PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2022 AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

Our independence and quality management

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority (“ACRA”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“ACRA Code”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Singapore Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor’s responsibilities

Our responsibility is to express an opinion about whether the unaudited pro forma consolidated financial information has been compiled, in all material respects, by management on the basis of the applicable criteria as described in Note 3.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (“SSAE”) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus (“SSAE 3420”), issued by the Institute of Singapore Chartered Accountants. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the unaudited pro forma consolidated financial information of the Group on the basis of the applicable criteria as described in Note 3.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma consolidated financial information.

The purpose of the unaudited pro forma consolidated financial information included in the Offer Document is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at the respective dates would have been as presented.

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

**INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED
PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2022 AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

Auditor’s responsibilities (cont’d)

A reasonable assurance engagement to report on whether the unaudited pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the management in the compilation of the unaudited pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma consolidated financial information of the Group reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor’s judgement, having regard to the auditor’s understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma consolidated financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma consolidated financial information has been compiled:
 - (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited consolidated financial statement, which are in accordance with Singapore Financial Reporting Standards (International);
 - (ii) on the basis of the applicable criteria stated in Note 3 of the unaudited pro forma consolidated financial information of the Group; and
- (b) each material adjustment made to the information used in the preparation of the unaudited pro forma consolidated financial information is appropriate for the purpose of preparing such unaudited financial information.

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
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**INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED
PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2022 AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

Restriction of distribution and use

This report is made solely for the inclusion in the Offer Document of the Company to be issued in relation to the proposed offering of the shares of the Company on the Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited and for no other purpose.

The engagement partner on the assurance engagement resulting in this independent auditor’s assurance report is G Arull.

Grant Thornton Audit LLP
Public Accountants and Chartered Accountants

Singapore
18 October 2023

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Unaudited Pro Forma Consolidation Statement of Comprehensive Income
For the financial year ended 31 December 2022**

	Audited	Unaudited pro forma adjustments		Unaudited pro forma
		(b)	(c)	
	\$'000	\$'000	\$'000	\$'000
Revenue	11,095	–	–	11,095
Interest income	75	–	–	75
Other income and gains	252	–	–	252
Changes in inventories	8	–	–	8
Purchases and related costs	(1,681)	–	–	(1,681)
Employee benefits expense	(4,429)	–	–	(4,429)
Depreciation	(791)	–	–	(791)
Other losses	(75)	–	–	(75)
Finance costs	(77)	–	–	(77)
Other expenses	(1,095)	–	(157)	(1,252)
Profit before income tax	3,282	–	(157)	3,125
Income tax expense	(406)	–	–	(406)
Profit for the year	2,876	–	(157)	2,719
Profit attributable to:				
Owners of the Company	2,763	113	(157)	2,719
Non-controlling interest	113	(113)	–	–
Profit for the year	2,876	–	(157)	2,719
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(170)	–	–	(170)
Other comprehensive income	(170)	–	–	(170)
Total comprehensive income for the year	2,706	–	(157)	2,549
Total comprehensive income attributable to:				
Owners of the Company	2,593	113	(157)	2,549
Non-controlling interest	113	(113)	–	–
	2,706	–	(157)	2,549

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Unaudited Pro Forma Consolidation Statement of Comprehensive Income
For the three-month period ended 31 March 2023**

	Unaudited	Unaudited pro forma adjustments		Unaudited pro forma
		(b)	(c)	
	\$'000	\$'000	\$'000	\$'000
Revenue	2,582	–	–	2,582
Interest income	53	–	–	53
Other income and gains	83	–	–	83
Changes in inventories	(123)	–	–	(123)
Purchases and related costs	(220)	–	–	(220)
Employee benefits expense	(1,150)	–	–	(1,150)
Depreciation	(156)	–	–	(156)
Other losses	(5)	–	–	(5)
Finance costs	(17)	–	–	(17)
Other expenses	(410)	–	(157)	(567)
Profit before income tax	637	–	(157)	480
Income tax expense	(106)	–	–	(106)
Profit for the period	531	–	(157)	374
Profit attributable to:				
Owners of the Company	518	13	(157)	374
Non-controlling interest	13	(13)	–	–
Profit for the period	531	–	(157)	374
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	25	–	–	25
Other comprehensive income	25	–	–	25
Total comprehensive income for the period	556	–	(157)	399
Total comprehensive income attributable to:				
Owners of the Company	543	13	(157)	399
Non-controlling interest	13	(13)	–	–
	556	–	(157)	399

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
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NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Unaudited Pro Forma Consolidated Statement of Financial Position
As at 31 December 2022**

	Audited \$'000	Unaudited pro forma adjustments (Refer to Note 3)					Unaudited pro forma \$'000
		(a)(i) \$'000	(a)(ii) \$'000	(a)(iii) \$'000	(b) \$'000	(c) \$'000	
ASSETS							
<u>Non-current assets</u>							
Property, plant and equipment	10,904	–	–	–	–	–	10,904
Deferred tax assets	44	–	–	–	–	–	44
Other assets	100	–	–	–	–	–	100
Total non-current assets	11,048	–	–	–	–	–	11,048
<u>Current assets</u>							
Inventories	1,952	–	–	–	–	–	1,952
Trade and other receivables	410	–	–	–	–	–	410
Cash and cash equivalents	12,371	(82)	(34)	(9,500)	–	236	2,991
Total current assets	14,733	(82)	(34)	(9,500)	–	236	5,353
Total assets	25,781	(82)	(34)	(9,500)	–	236	16,401
EQUITY AND LIABILITIES							
<u>Equity</u>							
Share capital	1,220	–	–	–	441	236	1,897
Retained earnings	20,880	–	–	(9,500)	–	(157)	11,223
Foreign currency translation reserve	21	–	–	–	–	–	21
Share-based payment reserve	–	–	–	–	–	157	157
Other reserve	–	–	–	–	(352)	–	(352)
Equity, attributable to owners of the Company	22,121	–	–	(9,500)	89	236	12,946
Non-controlling interest	205	(82)	(34)	–	(89)	–	–
Total equity	22,326	(82)	(34)	(9,500)	–	236	12,946
<u>Non-current liabilities</u>							
Lease liabilities	1,019	–	–	–	–	–	1,019
Total non-current liabilities	1,019	–	–	–	–	–	1,019

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
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AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Unaudited Pro Forma Consolidated Statement of Financial Position
As at 31 December 2022**

	Audited \$'000	Unaudited pro forma adjustments (Refer to Note 3)					Unaudited pro forma \$'000
		(a)(i) \$'000	(a)(ii) \$'000	(a)(iii) \$'000	(b) \$'000	(c) \$'000	
Current liabilities							
Income tax payable	512	–	–	–	–	–	512
Trade and other payables	1,286	–	–	–	–	–	1,286
Lease liabilities	338	–	–	–	–	–	338
Other liabilities	300	–	–	–	–	–	300
Total current liabilities	2,436	–	–	–	–	–	2,436
Total liabilities	3,455	–	–	–	–	–	3,455
Total equity and liabilities	25,781	(82)	(34)	(9,500)	–	236	16,401

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
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INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Unaudited Pro Forma Consolidated Statement of Financial Position
As at 31 March 2023**

	Unaudited \$'000	Unaudited pro forma adjustments (Refer to Note 3)					Unaudited pro forma \$'000
		(a)(i) \$'000	(a)(ii) \$'000	(a)(iii) \$'000	(b) \$'000	(c) \$'000	
ASSETS							
<u>Non-current assets</u>							
Property, plant and equipment	10,825	–	–	–	–	–	10,825
Deferred tax assets	44	–	–	–	–	–	44
Other assets	100	–	–	–	–	–	100
Total non-current assets	10,969	–	–	–	–	–	10,969
<u>Current assets</u>							
Inventories	1,829	–	–	–	–	–	1,829
Trade and other receivables	595	–	–	–	–	–	595
Cash and cash equivalents	12,456	(82)	(34)	(9,500)	–	236	3,076
Total current assets	14,880	(82)	(34)	(9,500)	–	236	5,500
Total assets	25,849	(82)	(34)	(9,500)	–	236	16,469
EQUITY AND LIABILITIES							
<u>Equity</u>							
Share capital	1,220	–	–	–	441	236	1,897
Retained earnings	21,398	–	–	(9,500)	–	(157)	11,741
Foreign currency translation reserve	46	–	–	–	–	–	46
Share-based payment reserve	–	–	–	–	–	157	157
Other reserve	–	–	–	–	(339)	–	(339)
Equity, attributable to owners of the Company	22,664	–	–	(9,500)	102	236	13,502
Non-controlling interest	218	(82)	(34)	–	(102)	–	–
Total equity	22,882	(82)	(34)	(9,500)	–	236	13,502
<u>Non-current liabilities</u>							
Lease liabilities	978	–	–	–	–	–	978
Total non-current liabilities	978	–	–	–	–	–	978

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Unaudited Pro Forma Consolidated Statement of Financial Position
As at 31 March 2023**

	Unaudited \$'000	Unaudited pro forma adjustments (Refer to Note 3)					Unaudited pro forma \$'000
		(a)(i) \$'000	(a)(ii) \$'000	(a)(iii) \$'000	(b) \$'000	(c) \$'000	
Current liabilities							
Income tax payable	590	–	–	–	–	–	590
Trade and other payables	731	–	–	–	–	–	731
Lease liabilities	369	–	–	–	–	–	369
Other liabilities	299	–	–	–	–	–	299
Total current liabilities	1,989	–	–	–	–	–	1,989
Total liabilities	2,967	–	–	–	–	–	2,967
Total equity and liabilities	25,849	(82)	(34)	(9,500)	–	236	16,469

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
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AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Unaudited Pro Forma Consolidated Statement of Cash Flows
For the financial year ended 31 December 2022**

	Audited \$'000	Unaudited pro forma adjustment (Refer to Note 3)				Unaudited pro forma \$'000
		(a)(i) \$'000	(a)(ii) \$'000	(a)(iii) \$'000	(c) \$'000	
Cash flows from operating activities						
Profit before income tax	3,282	–	–	–	(157)	3,125
Adjustments for:						
Interest income	(75)	–	–	–	–	(75)
Interest expense	77	–	–	–	–	77
Depreciation of property, plant and equipment	791	–	–	–	–	791
Loss on disposal of property, plant and equipment	4	–	–	–	–	4
Share-based payment expenses	–	–	–	–	157	157
Operating cash flows before changes in working capital	4,079	–	–	–	–	4,079
Changes in working capital:						
Inventories	(8)	–	–	–	–	(8)
Trade and other receivables	(185)	–	–	–	–	(185)
Other assets	(24)	–	–	–	–	(24)
Trade and other payables	(56)	–	–	–	–	(56)
Other liabilities	74	–	–	–	–	74
Net cash generated from operations	3,880	–	–	–	–	3,880
Income tax paid	(524)	–	–	–	–	(524)
Net cash from operating activities	3,356	–	–	–	–	3,356
Cash flows from investing activities						
Purchase of property, plant and equipment	(63)	–	–	–	–	(63)
Disposal of property, plant and equipment	16	–	–	–	–	16
Interest received	31	–	–	–	–	31
Net cash used in investing activities	(16)	–	–	–	–	(16)

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Unaudited Pro Forma Consolidated Statement of Cash Flows
For the financial year ended 31 December 2022**

	Audited \$'000	Unaudited pro forma adjustment (Refer to Note 3)				Unaudited pro forma \$'000
		(a)(i) \$'000	(a)(ii) \$'000	(a)(iii) \$'000	(c) \$'000	
Cash flows from financing activities						
Dividends paid to owners of the Company	(3,660)	–	–	(9,500)	–	(13,160)
Dividends paid to non-controlling interest	(143)	(82)	(34)	–	–	(259)
Payment of lease liabilities	(322)	–	–	–	–	(322)
Interest paid	(77)	–	–	–	–	(77)
Issue of shares	–	–	–	–	236	236
Net cash used in financing activities	(4,202)	(82)	(34)	(9,500)	236	(13,582)
Net decrease in cash and cash equivalents	(862)	(82)	(34)	(9,500)	236	(10,242)
Cash and cash equivalents, beginning balance	13,263	–	–	–	–	13,263
Effects of exchange rate fluctuation	(30)	–	–	–	–	(30)
Cash and cash equivalents, ending balance	12,371	(82)	(34)	(9,500)	236	2,991

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
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AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Unaudited Pro Forma Consolidated Statement of Cash Flows
For the three-month period ended 31 March 2023**

	Unaudited \$'000	Unaudited pro forma adjustment (Refer to Note 3)				Unaudited pro forma \$'000
		(a)(i) \$'000	(a)(ii) \$'000	(a)(iii) \$'000	(c) \$'000	
Cash flows from operating activities						
Profit before income tax	637	–	–	–	(157)	480
Adjustments for:						
Interest income	(53)	–	–	–	–	(53)
Interest expense	17	–	–	–	–	17
Depreciation of property, plant and equipment	156	–	–	–	–	156
Share-based payment expenses	–	–	–	–	157	157
Operating cash flows before changes in working capital	757	–	–	–	–	757
Changes in working capital:						
Inventories	123	–	–	–	–	123
Trade and other receivables	(192)	–	–	–	–	(192)
Trade and other payables	(504)	–	–	–	–	(504)
Other liabilities	(1)	–	–	–	–	(1)
Net cash generated from operations	183	–	–	–	–	183
Income tax paid	(28)	–	–	–	–	(28)
Net cash from operating activities	155	–	–	–	–	155
Cash flows from investing activities						
Purchase of property, plant and equipment	(1)	–	–	–	–	(1)
Interest received	60	–	–	–	–	60
Net cash from investing activities	59	–	–	–	–	59

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Unaudited Pro Forma Consolidated Statement of Cash Flows
For the three-month period ended 31 March 2023**

	Unaudited \$'000	Unaudited pro forma adjustment (Refer to Note 3)				Unaudited pro forma \$'000
		(a)(i) \$'000	(a)(ii) \$'000	(a)(iii) \$'000	(c) \$'000	
Cash flows from financing activities						
Dividends paid to owners of the Company	–	–	–	(9,500)	–	(9,500)
Dividends paid to non-controlling interest	–	(82)	(34)	–	–	(116)
Payment of lease liabilities	(88)	–	–	–	–	(88)
Interest paid	(17)	–	–	–	–	(17)
Issue of shares	–	–	–	–	236	236
Net cash used in financing activities	(105)	(82)	(34)	(9,500)	236	(9,485)
Net increase/(decrease) in cash and cash equivalents	109	(82)	(34)	(9,500)	236	(9,271)
Cash and cash equivalents, beginning balance	12,371	–	–	–	–	12,371
Effects of exchange rate fluctuation	(24)	–	–	–	–	(24)
Cash and cash equivalents, ending balance	12,456	(82)	(34)	(9,500)	236	3,076

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
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AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Notes to the unaudited pro forma consolidated financial information
For the financial year ended 31 December 2022 and three-month period ended
31 March 2023**

1. Corporate information

Niks Professional Pte Ltd was incorporated on 22 September 1998 as a private limited company domiciled in Singapore. On 13 October 2023, Niks Professional Pte Ltd was converted to a public company limited by shares and changed its name to Niks Professional Ltd. (the “Company”).

The registered office of the Company is located at 825 Tampines Street 81, #01-64, Tampines Grove Singapore 520825. The principal place of business of the Company is located at 16 Kallang Place, #03-27, Singapore 339156.

The principal activities of the Company are operation of medical clinics focusing on aesthetic medical and dermatological services as well as to carry on the business as wholesalers, retailers, importers, exporters and distribution of cosmetic and skincare products.

2. Basis of preparation of the unaudited pro forma consolidated financial information

- 2.1 The unaudited pro forma consolidated financial information of the Group has been prepared for inclusion in the Offer Document in connection with the offering of the shares of the Company on the Catalist and should be read in conjunction with the audited consolidated financial statements of the Group for the financial years ended 31 December 2020, 2021 and 2022 as set out in Appendix A of the Offer Document and the unaudited interim consolidated financial statements for the three-month period ended 31 March 2023 as set out in Appendix B of the Offer Document.
- 2.2 The unaudited pro forma consolidated financial information of the Group is expressed in Singapore dollar, and all values are rounded to the nearest thousand (\$'000), except when otherwise stated.
- 2.3 The unaudited pro forma consolidated financial information of the Group for the financial year ended 31 December 2022 and three-month period ended 31 March 2023 have been compiled based on:
- (a) the audited consolidated financial statements of the Group for the financial year ended 31 December 2022, which were prepared by management in accordance with the Singapore Financial Reporting Standards (International), and were audited by Grant Thornton Audit LLP, in accordance with Singapore Standards on Auditing. The independent auditor’s report relating to the aforementioned audited consolidated financial statements was not subject to any qualification; and

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
AND THREE-MONTH PERIOD ENDED 31 MARCH 2023**

NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Notes to the unaudited pro forma consolidated financial information
For the financial year ended 31 December 2022 and three-month period ended
31 March 2023**

- 2. Basis of preparation of the unaudited pro forma consolidated financial information (cont’d)**
- (b) the unaudited interim consolidated financial statements of the Group for the three-month period ended 31 March 2023, which were prepared by management in accordance with Singapore Financial Reporting Standard (International) 1-34, Interim Financial Reporting (“SFRS(I) 1-34”) and reviewed by Grant Thornton Audit LLP, in accordance with Singapore Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. The independent auditor’s review report on these unaudited interim consolidated financial statements was not subject to any qualification.
- 2.4 The unaudited pro forma consolidated financial information of the Group for the financial year ended 31 December 2022 and for the three-month period ended 31 March 2023 are prepared for illustrative purposes only. These are prepared based on certain assumptions and after making certain adjustments to show what:
- (a) the unaudited pro forma consolidated statements of comprehensive income for the respective financial periods would have been if the significant events (Refer to Note 3 below) had occurred at the beginning of the respective financial periods;
- (b) the unaudited pro forma consolidated statements of financial position as at the end of the respective financial periods would have been if the significant events (Refer to Note 3 below) had occurred on the end of the respective financial periods; and
- (c) the unaudited pro forma consolidated statements of cash flows for the respective financial periods would have been if the significant events (Refer to Note 3 below) had occurred at the beginning of the respective financial periods.
- 2.5 The unaudited pro forma consolidated financial information of the Group has been prepared using the same accounting policies and methods of computation as those of the most recently audited consolidated financial statements of the Group for the financial year ended 31 December 2022.
- 2.6 The unaudited pro forma consolidated financial information of the Group, because of its nature, is not necessarily indicative of the financial performance, cash flow and financial position or the related effects that would have been attained had the Significant Event actually occurred earlier. Save as the significant events disclosed in Note 3, the management, for the purpose of preparing this set of unaudited pro forma consolidated financial information of the Group, has not considered the effects of other events.

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
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NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Notes to the unaudited pro forma consolidated financial information
For the financial year ended 31 December 2022 and three-month period ended
31 March 2023**

3. Significant events and pro forma adjustments

(a) Dividends declared subsequent to the financial year ended 31 December 2022

- i. On 9 May 2023, Niks Maple West Pte. Ltd., a subsidiary of the Company, declared an interim tax-exempt dividend amounting to S\$167,250. The dividend was paid to the shareholders of Niks Maple West Pte. Ltd. on 12 May 2023, of which S\$81,953 were paid to non-controlling interest.

Accordingly, the pro forma adjustment refers to the deduction of the interim tax-exempt dividend of S\$81,953 from equity (non-controlling interest) and corresponding decrease in cash and cash equivalents.

- ii. On 29 August 2023, the shareholders of Niks Maple West Pte. Ltd., a subsidiary of the Company, approved a final tax-exempt dividend amounting to S\$70,000. The dividend was paid to the shareholders of Niks Maple West Pte. Ltd. on 25 September 2023, of which S\$34,300 were paid to non-controlling interest.

Accordingly, the pro forma adjustment refers to the deduction of the final tax-exempt dividend of S\$34,300 from equity (non-controlling interest) and corresponding decrease in cash and cash equivalents.

- iii. On 29 August 2023, the owners of the Company approved a final tax-exempt dividend amounting to S\$9,500,000. The dividend was paid to the owners of the Company on 25 September 2023.

Accordingly, the pro forma adjustment refers to the deduction of the final tax-exempt dividend of S\$9,500,000 from retained earnings and corresponding decrease in cash and cash equivalents.

(b) Acquisition of the remaining 49% of Niks Maple West Pte. Ltd. (Subsidiary of the Company)

Pursuant to share swap agreements dated 4 August 2023 between the Company and the non-controlling interest of Niks Maple West Pte. Ltd., Dr Handry Gumanti and Dr Lau Chin Hoh, the Company acquired the remaining 49% of the issued shares in the capital of Niks Maple West Pte. Ltd. from the non-controlling shareholders for a consideration of S\$441,000 on 27 September 2023 which was satisfied by the issuance of 2,130,435 new shares of the Company to the non-controlling shareholders.

Upon completion of the acquisition, the Company increased its shareholding interest in Niks Maple West Pte. Ltd. from 51% to 100%.

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
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NIKS PROFESSIONAL LTD. AND ITS SUBSIDIARIES

**Notes to the unaudited pro forma consolidated financial information
For the financial year ended 31 December 2022 and three-month period ended
31 March 2023**

3. Significant events and pro forma adjustments (cont’d)

- (b) Acquisition of the remaining 49% of Niks Maple West Pte. Ltd. (Subsidiary of the Company) (cont’d)

The acquisition of the non-controlling interests of Niks Maple West Pte. Ltd. on 27 September 2023 are accounted for as transactions with the Company in its capacity as owner since control is retained before and after the acquisition. Therefore, no adjustment is made to goodwill and no gain or loss is recognised in profit or loss. The pro forma adjustments to non-controlling interest resulting to the acquisition are based on a proportionate amount of the net assets of the subsidiary. The excess of the consideration over non-controlling interest as at the date of acquisition are recognised in equity.

- (c) Issue of new convertible loan and the subsequent conversion of the convertible loan into ordinary shares of the Company

On 31 July 2023, the Company (as the borrower) entered into a convertible loan agreement with 4 doctors of the Group (who are not directors of the Company). Pursuant to this agreement, total gross proceeds of S\$235,800 were received from the 4 doctors by the Company as at 9 August 2023. The convertible loan shall be mandatorily converted into new ordinary shares of the Company at a 40.0% discount from invitation price of S\$0.23 per share upon the receipt of notification from Singapore Exchange Securities Trading Limited for the registration of the offer document in relation to the initial public offering (the “IPO”) of the Company. The convertible loan shall mature on 8 August 2024 and bear no interest unless the Company elects not to proceed with the IPO or an event of default (as stipulated in the convertible loan agreement) occurs.

On 13 October 2023, the convertible loan was converted into 1,708,695 ordinary shares at the conversion price of S\$0.23 per share. The aggregate discount of S\$157,200 represents a share-based payment arrangement with the doctors. Pro forma adjustments refer to the conversion of the convertible loan into ordinary shares and recognition of IPO-related share-based payment of S\$157,200 in profit or loss and corresponding increase in equity (share-based payment reserve).

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APPENDIX D – SUMMARY OF OUR CONSTITUTION

The discussion below provides information about certain provisions of our Constitution and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and our Constitution. Where portions of our Constitution are reproduced below, defined terms bear the meanings ascribed to them in our Constitution. Our Constitution is a document available for inspection.

SUMMARY OF OUR CONSTITUTION

1. Directors

(a) Ability of interested Directors to vote

A Director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal whatsoever in which he has directly or indirectly a personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(b) Remuneration

Fees payable to our non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of our Company) as shall from time to time be determined by our Company in general meeting. Fees payable to our Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the general meeting and shall (unless such resolution otherwise provides) be divided among our Directors in such proportions and manner as the Directors may agree or failing agreement, equally.

The Directors may grant special remuneration to any of their number who holds any executive office, who serves on any committee of the Directors, or who being called upon shall be willing to render any special or extra services to our Company or to go or reside abroad in connection with the conduct of any of the affairs of our Company outside the ordinary duties of a Director. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by a lump sum or by way of salary, or, in the case of an executive director only, by a percentage of profits, or by any or all of those modes, as the Directors may determine.

The remuneration of a Chief Executive Officer (or person holding an equivalent position) shall from time to time be fixed by our Directors and may, subject to our Constitution, be by way of salary or commission or participation in profits or any or all of these modes, but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Our Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

APPENDIX D – SUMMARY OF OUR CONSTITUTION

(c) **Borrowing**

Our Directors may exercise all the powers of our Company to borrow money, or raise money from time to time for the purpose of our Company or secure the payment of such sums, debt, liability or obligation of our Company as they think fit and may secure the repayment or payment of such sums by mortgage or charge upon all or any of the undertaking, property, uncalled capital or assets of our Company or by the issue of debentures (whether at par or at discount or premium) or otherwise as they may think fit.

(d) **Retirement or non-retirement of a Director under an age limit requirement**

There is no specific provision in our Constitution relating to the retirement or non-retirement of a Director under an age limit requirement.

(e) **Shareholding qualification of a Director**

There is no shareholding qualification for Directors in our Constitution.

2. **Share rights and restrictions**

We currently have one class of shares, namely, ordinary shares. Only persons who are registered in our Register of Members are recognised as our Shareholders. In cases where the person so registered is the Depository, the Depositors on behalf of whom the Depository holds the shares are recognised as our Shareholders.

(a) **Dividends and distribution**

Our Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. No dividend shall be paid otherwise than out of profits. Our Directors may (i) capitalise any sum standing to the credit of any of our Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in our Register of Members or (as the case may be) in the Depository Register, in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid-up to and amongst them as bonus shares in the proportion aforesaid, and/or (ii) issue bonus shares for which no consideration is payable to our Company to the persons registered as holders of shares in our Register of Members or (as the case may be) the Depository Register.

Subject to any rights or restrictions attached to any shares or class of shares, and except as otherwise permitted under the Companies Act, all dividends in respect of shares must be paid in proportion to the number of shares held by a Shareholder, but where shares are partly paid, all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares and all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid. Any dividend, interest or other monies payable in cash on or in respect of shares may be paid by cheque, draft, warrant or cashiers' order sent through the post

APPENDIX D – SUMMARY OF OUR CONSTITUTION

directed to the registered address of the holder or in the case of joint holders, to the registered address of that one of the joint holders who is first named in the Register of Members or (as the case may be) the Depository Register or to such person and to such address as the holder or joint holders may in writing direct. A payment by our Company to the Depository of any dividend or other monies payable to a Depositor shall, to the extent of the payment made, discharge our Company from any liability to the Depositor in respect of that payment.

The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute our Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of our Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to our Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or monies to our Company, the relevant Depositor shall not have any right or claim in respect of such dividend or monies against our Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other monies are first payable.

The Directors may retain any dividends or other monies payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

A holder of our ordinary shares is entitled to attend and vote at any general meeting, in person or by proxy. A proxy need not be a Shareholder of our Company. A Depositor shall be entitled to attend any general meeting and to speak and vote thereat only if his name appears on the Depository Register maintained by the Depository as at 72 hours before the time of the relevant general meeting as a Depositor on whose behalf the Depository holds shares in our Company. Except as otherwise provided in our Constitution, two (2) or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, on a show of hands, every Shareholder present in person and by proxy shall have one (1) vote, and on a poll, every Shareholder present in person or by proxy shall have one (1) vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting, by at least two (2) Shareholders present in person or by proxy and entitled to vote thereat, by any Shareholder or Shareholders present in person or by proxy and representing not less than five per cent (5.0%) of the total voting rights of all the Shareholders having the right to vote at the general meeting, or by a Shareholder or Shareholders present in person or by proxy, holding shares conferring a right to vote at the general meeting, being shares on which an aggregate sum has been paid-up equal to not less than five per cent (5.0%) of the total sum paid-up on all the shares conferring that right. In the case of an equality of votes, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

APPENDIX D – SUMMARY OF OUR CONSTITUTION

3. Change in capital

Changes in the capital structure of our Company (for example, consolidation, cancellation, subdivision or conversion of our Company's share capital) require Shareholders to pass an ordinary resolution, except for conversion of one class of shares to another class of shares which requires Shareholders to pass a special resolution.

General meetings at which ordinary resolutions are proposed to be passed shall be called by at least 14 days' notice in writing, and general meetings at which a special resolution is proposed to be passed shall be called by at least 21 days' notice in writing. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the general meeting is to be held.

The notice may be served on or delivered to any Shareholder by our Company either personally or by sending it through the post in a prepaid letter or wrapper addressed to such Shareholder at his registered address entered in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to our Company or (as the case may be) supplied by him to the Depository as his address for the service of notices, or by delivering it to such address as aforesaid. Without prejudice to foregoing, but subject otherwise to the Companies Act, the Catalist Rules and any regulations made thereunder relating to electronic communications, any notice or document (including, without limitation, any accounts, balance-sheet, financial statements, circular or report) which is required or permitted to be given, sent or served under the Companies Act or under our Constitution, or by our Directors, to a Shareholder may be given, sent or served using electronic communications in the manner set out in our Constitution.

The notice must specify the place, day and hour of the meeting. The reduction of our Company's share capital or any other undistributable reserve in any manner is subject to the conditions prescribed by law.

4. Variation of rights of existing shares or classes of shares

If at any time the share capital of our Company is divided into different classes of shares, subject to the provisions of the Companies Act, the variation or abrogation of the special rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not our Company is being wound up, only be made with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class and to every such special resolution the provisions of the Companies Act shall with such adaptations as are necessary apply. To every such separate general meeting the provisions of our Constitution relating to general meetings shall *mutatis mutandis* apply; but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy at least one-third of the issued shares of the class and any holder of shares of the class present in person or by proxy may demand a poll. Provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the general meeting shall be as valid and effectual as a special resolution carried at the general meeting.

APPENDIX D – SUMMARY OF OUR CONSTITUTION

The relevant provision of the Constitution does not impose more significant conditions than the Companies Act in this regard.

5. Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Constitution on the rights of our shareholders who are regarded as non-residents of Singapore, to hold or exercise voting rights on their shares.

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APPENDIX E – SUMMARY OF APPLICABLE SINGAPORE LAWS

The following is a summary of the main laws and regulations of Singapore that are relevant to our business as at the Latest Practicable Date. For further details on the licences and permits that our Group has obtained, please refer to the section titled “General Information on our Group – Licences, Permits and Government Regulations” of this Offer Document.

We operate in a regulated industry. There are guidelines, regulations and laws governing our operations. The description set out below is a summary of the material laws and regulations applicable to our Group under Singapore law as at the Latest Practicable Date. The guidelines, regulations and laws set out below are not exhaustive and are only intended to provide some general information to the investors and are neither designed nor intended to be a substitute for professional advice. Prospective investors should consult their own advisers regarding the implication of Singapore laws and regulations on our Group.

SUMMARY OF APPLICABLE SINGAPORE LAWS

HCSA

The HCSA shifts the regulatory basis of healthcare services in Singapore from a “premises-based” licensing regime to a “services-based” licensing regime, in which healthcare providers will be licensed based on the types of services they provide, instead of the physical premises on which the services are provided. Governance and oversight over the provision of healthcare services will also be strengthened.

Under the HCSA, among other things, a person must not provide a licensable healthcare service unless the person is authorised to do so by a licence or is exempt in relation to the licensable healthcare service. Licences under the HCSA should also be obtained for the purposes of providing a licensable healthcare service: (a) at any permanent premises in Singapore that is not an approved permanent premise for the provision of the licensable healthcare service; (b) using any conveyance that is not an approved conveyance for the provision of the licensable healthcare service; or (c) by any other service delivery mode that is not approved under section 11B of the HCSA for the provision of the licensable healthcare service.

The HCSA provides for, among others, the factors that the Director-General is to have regard to when determining whether licences shall be granted.

In deciding whether a licence should be granted, the Director-General must have regard, and must give such weight as the Director-General considers appropriate, to, among others, the following:

- (a) whether the applicant is and, where necessary, the following persons are suitable persons to provide or be involved (as the case may be) in providing the licensable healthcare service to which the application relates:
 - (i) any key appointment holder of the applicant;
 - (ii) any person having a substantial interest in, or control of or direction over, the applicant’s business;
 - (iii) any person having control of or direction over the applicant’s operations at the premises or conveyance used, or to be used, to provide the licensable healthcare service;

APPENDIX E – SUMMARY OF APPLICABLE SINGAPORE LAWS

- (b) whether the applicant has been granted or is likely to be granted approval for at least one permanent premises, conveyance or other service delivery mode under section 11B of the HCSA;
- (c) the likelihood of the applicant providing the licensable healthcare service to which the application relates in compliance with –
 - (i) the requirements of the HCSA and any code of practice relating to that licensable healthcare service;
 - (ii) any other written law applicable to the applicant relating to the provision of the licensable healthcare service in a safe and proper manner; and
 - (iii) the rules of any public scheme established by or under any written law –
 - (A) relating to the provision of the licensable healthcare service to which the application relates; and
 - (B) under which the applicant is accredited or of which the applicant is a participant; and
- (d) the applicant's ability to provide the licensable healthcare service to all the applicant's patients or customers in a manner that is clinically and ethically appropriate.

Further, in determining whether an approval should be granted for any permanent premises, conveyance or other service delivery mode by which a licensable healthcare service is or is intended to be provided, the Director-General is to have regard, and give such weight as the Director-General considers appropriate, to all of the following matters:

- (a) for the approval of any permanent premises or conveyance – the suitability of the permanent premises or conveyance (including the facilities and equipment in the permanent premises or conveyance), and of every process or protocol, used or intended to be used for the provision of the licensable healthcare service in the permanent premises or conveyance;
- (b) for the approval of any other service delivery mode – the suitability of any premises (including the facilities and equipment in the premises), and of every process or protocol, used or intended to be used in connection with the provision of the licensable healthcare service by that service delivery mode;
- (c) whether there is any other relevant matter that makes it contrary to the public interest to grant the approval.

In granting a licence to any person or renewing any licence, the Director-General may impose any conditions that the Director-General considers requisite or expedient having regard to the purposes of the HCSA. The Director-General may also take any regulatory action, including revoking the licence of the licensee, if there is, among others, a breach of any of the provisions of the HCSA.

Persons who contravene the HCSA may be guilty of offences. For example, a person who provides a licensable healthcare service without a licence shall be guilty of an offence and shall be liable on conviction in the case of a first offence, to a fine not exceeding S\$100,000 or to imprisonment for a term not exceeding two (2) years or to both. A licensee that provides a licensable healthcare

APPENDIX E – SUMMARY OF APPLICABLE SINGAPORE LAWS

service at any permanent premises in Singapore that is not an approved permanent premises for the provision of the licensable healthcare service shall be guilty of an offence and shall be liable on conviction, in the case of a first offence, to a fine not exceeding S\$50,000 or to imprisonment for a term not exceeding 12 months or to both.

Additionally, a licensee is required to keep and maintain proper medical records. Licensees are required under the HCSA to implement any prescribed safeguards to protect the medical records and any computer system used to keep and maintain those records against accidental or unlawful loss, modification or destruction, and unauthorised access, disclosure, copying, use or modification. Licensees are also required to: (a) monitor and periodically evaluate the aforementioned safeguards to ensure that the safeguards are effective and all individuals employed or authorised by the licensee who access or handle any aforementioned record comply with the safeguards; and (b) take all appropriate steps to ensure that each individual employed or authorised by the licensee who accesses or handles any record is aware of the relevant safeguards and the individual's role and responsibility in maintaining the confidentiality, integrity and availability of the records.

HCSA (Advertisement) Regulations

The HCSA (Advertisement) Regulations provide that a licensee or an authorised person may advertise or cause to be advertised any licensable healthcare service that the licensee is authorised to provide by a licence under the HCSA.

The licensee must ensure that any advertisement that is published, disseminated or conveyed, or caused to be published, disseminated or conveyed, by the licensee or an authorised person (if applicable) complies with all of the following requirements:

- (a) the information contained in the advertisement must be factually accurate and capable of being substantiated, and must not be exaggerated, false, misleading or deceptive;
- (b) the advertisement must not: (i) be offensive, ostentatious or in bad taste; or (ii) undermine the honour and dignity of any healthcare profession;
- (c) the advertisement must not contain any information that: (i) implies that the licensee can obtain results from the licensable healthcare service the licensee provides that are not achievable by other licensees; (ii) creates an unjustified expectation from the licensable healthcare service provided by the licensee; (iii) compares and contrasts the quality of the licensable healthcare service provided by the licensee with the quality of the same licensable healthcare service provided by another licensee; or (iv) deprecates any licensable healthcare service provided by another licensee;
- (d) the advertisement must not contain any photograph, picture, video or film showing the appearance or a feature of any individual before and after, or only after, receiving any treatment– (i) whether or not the photograph, picture, video or film creates an unjustified expectation from the treatment provided; and (ii) whether all the photographs, pictures, videos or films relating to the same treatment are contained in one advertisement or more than one advertisement;
- (e) the advertisement must not contain any laudatory statements (including statements of prominence or uniqueness) or superlative to describe the licensable healthcare service provided by the licensee;

APPENDIX E – SUMMARY OF APPLICABLE SINGAPORE LAWS

- (f) except as provided by the regulations concerning the display of reviews, testimonials, and endorsements, the information contained in the advertisement must not contain any review, testimonial or endorsement about the licensable healthcare service provided by the licensee, including the services of any healthcare professional or employee of the licensee in relation to the provision of the licensable healthcare service; and
- (g) the advertisement must not provide information in such a manner as to amount to soliciting or encouraging the use of the licensable healthcare service provided by any licensee.

Nonetheless, any healthcare professional or any employee of the licensee is not prohibited from showing to a patient, during a consultation with the patient, any photograph, picture, video or film that shows the appearance or a feature of the patient or any other individual before and after receiving any treatment provided by the licensee.

A licensee and an authorised person (if applicable) must ensure that any advertisement that is not displayed within any approved permanent premises or approved conveyance of, or any temporary premises used by, the licensee appears only in newspapers, directories, medical journals, magazines, brochures, leaflets, flyers, pamphlets or the Internet (including mobile application software). However, a licensee is not prohibited from affixing any advertisement to any door, fence, grille, partition, wall or window of any approved permanent premises or approved conveyance of, or any temporary premises used by, the licensee, even if the advertisement is visible to any individual from outside the approved permanent premises, approved conveyance or temporary premises, as the case may be. An advertisement that is displayed within the approved permanent premises or approved conveyance of, or any temporary premises used by, the licensee may appear in any form or medium.

Unless the licensee has obtained the prior written consent of an individual, a licensee and an authorised person (if applicable) must not advertise any licensable healthcare service that the licensee provides: (a) by sending any advertisement to an individual through push technology; or (b) by distributing or giving, free of charge, any applicable advertising material to an individual.

Where an advertisement of any licensable healthcare service provided by a licensee appears in a brochure, leaflet, flyer or pamphlet, the licensee and an authorised person (if applicable) must ensure that the brochure, leaflet, flyer or pamphlet contains the date of publication.

For accreditations, certifications or awards, a licensee must not display, or publish, disseminate or convey any information relating to any accreditation, certification, award, prize or other honour given to or conferred on the licensee by any person in relation to the licensee's provision of any licensable healthcare service, except as permitted under the HCSA (Advertising) Regulations.

For reviews, testimonials and endorsements, a licensee and an authorised person (if applicable) must not display, publish or disseminate a review or testimonial, or an endorsement, by any person relating to a licensable healthcare service provided by the licensee (including the services of any healthcare professional or employee of the licensee in relation to the provision of the licensable healthcare service), except as permitted under the HCSA (Advertising) Regulations.

APPENDIX E – SUMMARY OF APPLICABLE SINGAPORE LAWS

For promotional programmes, except as permitted under the HCSA (Advertising) Regulations, a licensee and an authorised person (if applicable) must not advertise any programme:

- (a) under which a gift (whether in the form of a good or service) or other benefit may be obtained by a patient of the licensee on the basis of the value or type of any licensable healthcare service purchased from the licensee: (i) whether or not the programme extends to the purchase of other goods and services; and (ii) whether or not the patient may accept another gift or benefit; and
- (b) for which the purpose or effect of which is to solicit or encourage the consumption of the of the licensable healthcare service provided by the licensee,

For hyperlinks, a licensee and an authorised person (if applicable) must not publish on the licensee's website a hyperlink to any other website that:

- (a) contains information that is not factually accurate or capable of being substantiated, or is exaggerated, false, misleading or deceptive;
- (b) is offensive, ostentatious or in bad taste, or undermines the honour and dignity of any healthcare profession;
- (c) contains information that: (i) implies that the licensee can obtain results from any licensable healthcare service the licensee provides that are not achievable by other licensees; (ii) creates an unjustified expectation from the licensable healthcare service provided by the licensee; (iii) compares and contrasts the quality of the licensable healthcare service provided by the licensee with the quality of the same licensable healthcare service provided by another licensee; or (iv) deprecates any licensable healthcare service provided by another licensee;
- (d) contains any photograph, picture, video or film showing the appearance or a feature of an individual before and after, or only after, receiving any treatment: (i) whether or not the photograph, picture, video or film creates an unjustified expectation from the treatment provided; and (ii) whether all the photographs, pictures, videos or films relating to the same treatment are contained in one advertisement or more than one advertisement;
- (e) contains any laudatory statement (including a statement of prominence or uniqueness) or superlative to describe the licensable healthcare service provided by the licensee;
- (f) except as permitted under the regulations pertaining to reviews, testimonials and endorsements, contains any review, testimonial or endorsement about the licensable healthcare service provided by the licensee, including the services of any healthcare professional or employee of the licensee in relation to the provision of that licensable healthcare service; or
- (g) provides information in such a manner as to amount to soliciting or encouraging the use of the licensable healthcare service provided by the licensee.

HPA

The HPA and the regulations thereunder regulate, among others, the manufacture, import, supply, presentation and advertisement of health products (which include therapeutic products, medical devices and cosmetic products).

APPENDIX E – SUMMARY OF APPLICABLE SINGAPORE LAWS

Under the HPA, except in such cases as may be prescribed, a valid importer's licence is required to import therapeutic products and medical devices and a valid wholesaler's licence is required to engage in the wholesale supply of therapeutic products and medical devices. In addition, no person shall supply any therapeutic product or medical device to any other person unless such therapeutic product or medical device has been registered in accordance with the provisions of the HPA. Any person who contravenes these provisions is guilty of an offence.

No licence is required for the manufacture, importation or wholesale supply of cosmetic products in Singapore. However, the HPR provides that prior notification to the HSA in the prescribed form is required before a cosmetic product may be supplied in Singapore, unless the cosmetic product is supplied solely as a sample in connection with any advertising, sponsorship or promotional activity, is supplied solely by the transfer of possession as a gift, is supplied solely for testing or trial use in connection with any research or development of that product or is manufactured by or in accordance with the specifications of a medical practitioner, and supplied solely by that medical practitioner for the use of patients under his care. Any person who contravenes this provision is guilty of an offence.

The HPA imposes various duties on persons responsible for placing a health product on the market. For instance, if such person becomes aware of any event or other occurrence that reveals any defect in the health product, he shall make the relevant notification to the HSA. Any person who fails to do so may be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding 12 months or to both.

MRA

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

The functions of the SMC include, among others:

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

No person shall practice medicine or do any act as a medical practitioner unless he is registered under the MRA and has a valid practising certificate. Any person who is not so qualified and, among others, (i) practices medicine; (ii) wilfully and falsely pretends to be a duly qualified medical practitioner; (iii) practices medicine or any branch of medicine, under the style or title of physician, surgeon, doctor; or (iv) advertises or holds himself out as a medical practitioner, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000 or to imprisonment for a term not exceeding 12 months or to both. In the case of a second or subsequent conviction, a fine not exceeding S\$200,000 or imprisonment for a term not exceeding two (2) years or both will be imposed.

APPENDIX E – SUMMARY OF APPLICABLE SINGAPORE LAWS

RPA

The RPA provides, among others, a framework for the control and regulation of the import, export, manufacture, sale, disposal, transport, storage, possession and use of radioactive materials and irradiating apparatus. Under such framework, a person must not, except under and in accordance with a licence:

- (a) import into, or export out of, Singapore any irradiating apparatus;
- (b) keep, have in the person's possession or under the person's control, or use any irradiating apparatus;
- (c) manufacture, or otherwise produce, any irradiating apparatus; or
- (d) sell, deal with or otherwise deal in any irradiating apparatus.

Any person who contravenes items (a) to (d) above shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000 or to imprisonment for a term not exceeding five (5) years or to both.

PDPA

The PDPA governs the collection, use and disclosure of individuals' personal data (i.e. data, whether true or not, about an individual who can be identified from that data or other information accessible to the relevant organisation) by organisations. An organisation is required to comply with the following obligations:

- (a) obtain the consent of the individual before collecting, using or disclosing his personal data, save in situations required and authorised under the PDPA or any other written law;
- (b) collect, use or disclose personal data about an individual only for purposes that a reasonable person would consider appropriate in the circumstances and, if applicable, have been notified to the individual concerned;
- (c) notify the individual of the purpose(s) for which it intends to collect, use or disclose the individual's personal data on or before such collection, use or disclosure of the personal data;
- (d) upon request, (i) provide an individual with his or her personal data in the possession or under the control of the organisation and information about the ways in which the personal data may have been used or disclosed during the past year; and (ii) correct an error or omission in an individual's personal data that is in the possession or under the control of the organisation. If the organisation refuses to provide that individual with his or her personal data, the organisation must preserve a copy of the personal data concerned for not less than the prescribed period;
- (e) make a reasonable effort to ensure that personal data collected by or on behalf of the organisation is accurate and complete if the personal data is likely to be used by the organisation to make a decision that affects the individual concerned or disclosed by the organisation to another organisation;

APPENDIX E – SUMMARY OF APPLICABLE SINGAPORE LAWS

- (f) protect personal data in its possession or under its control by (i) making reasonable security arrangements to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks; and (ii) the loss of any storage medium or device on which personal data is stored;
- (g) cease to retain documents containing personal data, or remove the means by which the personal data can be associated with particular individuals as soon as it is reasonable to assume that (i) the purpose for which the personal data was collected is no longer being served by retention of the personal data; and (ii) retention is no longer necessary for legal or business purposes;
- (h) not transfer personal data to a country or territory outside Singapore except in accordance with the requirements prescribed under the PDPA; and
- (i) develop and implement the necessary policies and practices in order to meet its obligations under PDPA and make information about its policies and practices available on request.

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

WSHA

The WSHA and the regulations thereunder govern the safety, health and welfare of persons at work in workplaces. Among others, the WSHA imposes a duty on employers to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of their employees at work. These measures include the following:

- (a) providing and maintaining for those persons a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work;
- (b) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by those persons;
- (c) ensuring that those persons are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things (i) in their workplace; or (ii) near their workplace and under the control of the employer;
- (d) developing and implementing procedures for dealing with emergencies that may arise while those persons are at work; and
- (e) ensuring that those persons at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

Additional duties apply to employers under the Workplace Safety and Health (General Provisions) Regulations. For example, where any person at work in any workplace carries out any process, operation or work involving exposure to any infectious agents or biohazardous material which may constitute a risk to his health, the employer of such person has a duty to take effective measures to protect that person from their harmful effects.

APPENDIX E – SUMMARY OF APPLICABLE SINGAPORE LAWS

Ancillary laws and regulations

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

- (a) the Sale of Drugs Act 1914 of Singapore, which makes provisions for the sale of drugs in a pure state so that consumers are supplied with the quantity and quality of drugs demanded by them, explicitly or implicitly;
- (b) the Pharmacists Registration Act 2007 of Singapore, which stipulates the qualification requirements and application processes for registration of pharmacists, and regulates the practice of pharmacy in Singapore; and
- (c) the Infectious Diseases Act 1976 of Singapore, which relates to the quarantine and the prevention of infectious diseases.

ECEG 2016

The ECEG 2016 sets out the fundamental tenets of conduct and behaviour expected of medical professionals practising in Singapore. Under the SMC's Ethical Code, a medical professional is generally expected, among others, to:

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

The SMC's Ethical Guidelines elaborate on the application of the SMC's Ethical Code and are intended as a guide to all medical practitioners as to what the SMC regards as the minimum standards required of all medical practitioners in the discharge of their professional duties and responsibilities in practice in Singapore.

Some of the relevant guidelines provided include:

- (i) medical professionals may provide information about their qualifications, areas of practice, practice arrangements and contact details. Such information, where permitted, shall be factual, accurate, verifiable and shall not be an extravagant claim, misleading, sensational, persuasive, laudatory, comparative or disparaging;
- (ii) a medical practitioner participating in legitimate managed health or insurance schemes must not allow financial constraints or pressures inherent in such schemes to influence the objectivity of their clinical judgment in managing patients such that the required standard of care is not provided;

APPENDIX E – SUMMARY OF APPLICABLE SINGAPORE LAWS

- (iii) a medical practitioner may pay to a third party administrator company fees that reflect their (or in our case, our) actual work in handling or processing the patients, and such fees must not be based primarily on the services provided or the fees collected by the medical professional;
- (iv) the fees paid to third party administrator companies must not be so high as to constitute “fee splitting” or “fee sharing” or render the medical professional unable to provide the required standard of care; and
- (v) if fees paid to third party administrator companies are passed on to patients, the medical practitioner must disclose to the patients.

Guidelines on Aesthetics Practices for Doctors (2016)

The Guidelines on Aesthetic Practices for Doctors are jointly implemented by the Academy of Medicine, Singapore, the College of Family Physicians, Singapore and the SMC, and serve as guidelines on aesthetic practices for medical practitioners. Some of the relevant guidelines provided are as follows:

- (a) aesthetic practice is not a specialty or sub-specialty. Therefore, medical practitioners engaged in aesthetic practices must not use “aesthetic” in their title;
- (b) a doctor who is a General Practitioner/Family Physician and who provides and performs aesthetic procedures should only employ the title or designation of General Practitioner/Family Physician, as the case may be;
- (c) the medical treatment provided in the context of aesthetic practice must extend beyond the “Do No Harm” principle and be seen to benefit the patient positively;
- (d) medical practitioners who perform or intend to perform aesthetic procedures are encouraged to engage in a rigorous quality assurance framework or peer review as well as case discussions on a regular basis; and
- (e) medical practitioners performing aesthetic procedures should note the respective classification of their procedures and comply with the recommendations made on the minimum standards of training, qualification and practice laid out in the guidelines, as well as any requirements set by the MOH.

As at the Latest Practicable Date, to the best knowledge of our Directors, we are in compliance in all material respects with the relevant regulatory requirements that are material to our business operations in Singapore.

APPENDIX F – SUMMARY OF APPLICABLE PRC LAWS

The following is a summary of the main laws and regulations of the PRC that are relevant to our business as at the Latest Practicable Date. For further details on the licences and permits that our Group has obtained, please refer to the section titled “General Information on our Group – Licences, Permits and Government Regulations” of this Offer Document.

Laws and Regulations Relating to Cosmetics

Regulations on Supervision and Administration of Cosmetics

Pursuant to the Regulations on Supervision and Administration of Cosmetics (化妆品监督管理条例) promulgated on 16 June 2020, the drug supervision and administration department of the State Council of the PRC takes charge of the supervision and administration of cosmetics in the PRC. An enterprise which engages in the production and business operation of cosmetics in the PRC shall comply with this regulation. In the PRC, cosmetics are categorised as special cosmetics and general cosmetics. The special cosmetics shall be subject to the product registration administration, and the general cosmetics shall be subject to the product filing administration. Overseas cosmetic registrants and record-filing entities shall designate a PRC enterprise to undergo cosmetic registration and record-filing formalities and assist in monitoring of adverse reactions of cosmetics and product recalls. Special cosmetics may not be imported unless they have been registered with the drug supervision and administration department of the State Council of the PRC, and imported general cosmetics shall be filed with the drug supervision and administration department of the State Council of the PRC before import. Whoever applies for the registration of imported special cosmetics or undergoes the formalities for imported general cosmetics shall submit the certification documents proving that products have been marketed in the country (region) where they are produced and the certification materials proving that the overseas manufacturer complies with the good manufacturing practices for cosmetics. Entry and exit inspection and quarantine institutions shall inspect the imported cosmetics, and those failing to pass the inspection shall not be imported. Importers shall examine whether the cosmetics to be imported have been registered or filed, compulsory national standards and technical specifications, and those that fail to pass the examination shall not be imported. Importers shall faithfully record the information on imported cosmetics. Cosmetic registrants and record-filing entities shall be responsible for the quality and safety of as well as the efficacy claims for cosmetics. Imported cosmetics may be directly labelled in Chinese, or Chinese labels can be affixed thereto, and if Chinese labels are affixed, the content of Chinese labels shall be consistent with that of the original labels.

The products we currently sell in the PRC are imported special cosmetics and general cosmetics.

Regulations on Supervision and Administration of Production and Business Operation of Cosmetics

Pursuant to the Regulations on Supervision and Administration of Production and Business Operation of Cosmetics (化妆品生产经营监督管理办法) promulgated on 2 August 2021, cosmetic registrants and record-filing entities shall establish a cosmetics production quality management system, fulfil the obligations of adverse reaction monitoring, risk control, and product recalls, among others, of products, and be responsible for the quality and safety as well as efficacy claims of cosmetics. A cosmetic distributor shall establish and implement a purchase inspection record system and truthfully and fully record the information of the cosmetics.

APPENDIX F – SUMMARY OF APPLICABLE PRC LAWS

Regulations on Sampling Inspection of Cosmetics

According to the Administrative Measures for Sampling Inspection of Cosmetics (化妆品抽样检验管理办法) promulgated on 11 January 2023, cosmetic manufacturers and operators shall accept the sampling and inspection of cosmetics organised and carried out by the departments in charge of drug supervision and administration and shall not interfere with, hinder or refuse the sampling and inspection work or provide false information.

Laws and Regulations Relating to Foreign Investment

The establishment, operation, and management of corporate entities in the PRC are governed by the Company Law of the PRC (中华人民共和国公司法), which was promulgated on 29 December 1993 and most recently amended on 26 October 2018. According to the Company Law of the PRC, foreign-invested companies are also regulated by the Company Law of the PRC, unless foreign investment-related laws provide otherwise.

The Foreign Investment Law of the PRC (中华人民共和国外商投资法), which was promulgated on 15 March 2019, applies to investment activities in the PRC carried out directly or indirectly by foreign natural persons, enterprises or other organisations.

Pursuant to the Measures for the Reporting of Foreign Investment Information (外商投资信息报告办法) promulgated on 30 December 2019, since 1 January 2020, with respect to foreign investors carrying out investment activities directly or indirectly in the PRC, the foreign investors or foreign-funded enterprises shall submit investment information to the commerce authorities in accordance with the measures.

Investment in the PRC conducted by foreign investors and foreign-owned enterprises are required to comply with the Special Administrative Measures for Access of Foreign Investment (Negative List) (2021 Edition) (外商投资准入特别管理措施(负面清单)(2021年版)), promulgated on 27 December 2021, which contains specific provisions guiding market access of foreign capital and stipulating in detail the areas of entry pertaining to the categories of restricted and prohibited foreign-invested industries.

Laws and Regulations Relating to Product Liability

Product Quality Law

According to the Product Quality Law of the PRC (中华人民共和国产品质量法), which was promulgated on 22 February 1993 and most recently amended on 29 December 2018, producers are liable for the quality of the products they produce. In the event that any person produces or sells products that do not comply with the relevant national and industrial standards for the protection of the health and safety of human and property, the relevant authority may order such person to suspend the production or sales, confiscate the products illegally produced or sold, impose a fine of an amount higher than the value of the products illegally produced or sold and less than three times of the value of such products, confiscate illegal gains (if any), and revoke the business licence in severe cases. Where the activities constitute a crime, the offender may be prosecuted.

APPENDIX F – SUMMARY OF APPLICABLE PRC LAWS

Civil Code

Pursuant to the Civil Code of the PRC promulgated on 28 May 2020, manufacturers shall assume tort liability where the defective product causes damage to others. Sellers shall assume tort liability where the defective product causing damage to others are attributable to the sellers. The aggrieved party may claim for compensation from the manufacturer or the seller of the defective product.

If the defect of the product is caused by the manufacturer and the seller has made the compensation for the defect, the seller shall be entitled to be reimbursed by the manufacturer. If the defect of the product is caused by the fault of the seller and the manufacturer has made the compensation for the defect, the manufacturer shall be entitled to be reimbursed by the seller.

Laws and Regulations Relating to Import and Export of Goods

Pursuant to the Provisions on Record-filing of Customs Declaration Entities of the PRC (中华人民共和国海关报关单位备案管理规定) promulgated on 19 November 2021, unless otherwise required by laws, administrative regulations and rules, where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for record-filing, it shall obtain the qualification of market entities. The record-filing of customs declaration entities is long-term effective.

Laws and Regulations Relating to Taxation

Enterprise Income Tax (“EIT”)

According to the EIT Law of the PRC (中华人民共和国企业所得税法), which was promulgated on 16 March 2007 and latest amended on 29 December 2018, and its implementation rules, enterprises are classified into resident enterprises and non-resident enterprises. Enterprises, which are incorporated in the PRC or incorporated pursuant to the foreign laws with their “de facto management bodies” located in the PRC, are deemed as “resident enterprise” and subject to an enterprise income tax rate of 25.0% on their global income. Non-resident enterprises are subject to (i) an enterprise income tax rate of 25.0% on their income generated by their establishments or places of business in the PRC and their income derived outside the PRC which is effectively connected with their establishments or places of business in the PRC; and (ii) an enterprise income tax rate of 10% on their income derived from the PRC but not connected with their establishments or places of business located in the PRC. Non-resident enterprises without establishment or place of business in the PRC are subject to an enterprise income tax of 10% on their income derived from the PRC.

Withholding Income Tax

Pursuant to the EIT Law and its implementation rules, dividends generated after 1 January 2008 and payable by a foreign-invested enterprise in the PRC to its foreign investors are subject to a 10.0% withholding income tax rate, unless otherwise provided in the tax treaty concluded between the PRC and such foreign investor’s jurisdiction of incorporation.

APPENDIX F – SUMMARY OF APPLICABLE PRC LAWS

Value-added Tax (“VAT”)

The Provisional Regulations on Value-added Tax of the PRC (中华人民共和国增值税暂行条例), which was promulgated on 13 December 1993 and latest amended on 19 November 2017, together with its implementation rules, sets out that entities and individuals engaging in selling goods or labour services of processing, repair or maintenance, selling services, intangible assets or immovables in the PRC, or importing goods to the PRC are subject to the payment of VAT. Pursuant to the Notice of the Ministry of Finance of the PRC and State Taxation Administration of the PRC on Adjusting VAT Rates (财政部、税务总局关于调整增值税税率的通知) promulgated on 4 April 2018, a taxpayer who is previously subject to 17% on VAT-taxable sales activities shall have the applicable tax rate adjusted to 16%. According to the Announcement on Relevant Policies for Deepening VAT Reform (关于深化增值税改革有关政策的公告) promulgated on 20 March 2019, for VAT taxable sales or imported goods of a VAT general taxpayer where the VAT rate of 16.0% applies currently, it shall be adjusted to 13.0%. The VAT rate of 6.0% shall apply for taxpayer’s selling services or intangible assets, unless specified otherwise.

Consumption Tax

According to the Consumption Tax Regulation, which came into effect on 1 January 2009, cosmetics manufactured or imported into the PRC were subject to consumption tax at a rate of 30.0%. On 30 September 2016, the Ministry of Finance and the SAT jointly issued a public notice to amend the Consumption Tax Regulation, which came into effect on 1 October 2016. According to the public notice, budget cosmetics have ceased to be taxable, whilst premium cosmetics including skincare products are subject to consumption tax at a rate of 15.0%. Premium cosmetics are defined as cosmetics with a sales price of CNY10/ml(g) or CNY15/piece or higher upon production or import, exclusive of VAT.

Laws and Regulations Relating to Labour Protection

Labour Law

The Labour Law of the PRC (中华人民共和国劳动法), which was promulgated on 5 July 1994 and most recently amended on 29 December 2018, provides that employees are entitled to gain equal opportunities in employment, choose occupations, receive labour remuneration, acquire protection of work safety and healthcare, social insurance and welfare, etc.. Employers shall establish and improve the system for work safety and healthcare, provide training on work safety and healthcare to employees, comply with national regulations on work safety conditions, and provide necessary labour protective supplies to employees.

Labour Contract Law

The Labour Contract Law of the PRC (中华人民共和国劳动合同法), which was promulgated on 29 June 2007 and most recently amended on 28 December 2012, together with its implementation rules, provides that the labour contracts shall be concluded in order to establish the labour relationship between employers and employees. The employer and employee shall fully perform their respective obligations as set out in the labour contract. An employer shall inform the employees truthfully of the scope of work, working conditions, workplace, occupational hazards, work safety conditions, labour remuneration and other information requested by the employees. The employer failing to comply with these regulations may be subject to rectification order or compensation.

APPENDIX F – SUMMARY OF APPLICABLE PRC LAWS

Social Insurance and Housing Provident Funds

According to the Social Insurance Law of the PRC (中华人民共和国社会保险法), which was promulgated on 28 October 2010 and amended on 29 December 2018, an employer is required to make contributions to social insurance schemes for its employees, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. If the employer fails to make social insurance contributions in full and on time, the social insurance authorities may demand the employer to make payments or supplementary payments for the unpaid social insurance premium within a prescribed time limit together with a 0.05% surcharge of the unpaid social insurance premium from the due date. If the payment is not made within such time limit, the relevant administrative authorities will impose a fine ranging from one to three times of the total outstanding amount.

According to the Administrative Regulations on Housing Provident Funds (住房公积金管理条例), which was promulgated on 3 April 1999 and most recently amended on 24 March 2019, employers are required to make contribution to housing provident funds for their employees. Where an employer fails to pay up housing provident funds, the housing provident fund administration centre may order it to make payment within a prescribed time limit. If the employer still fails to do so, the housing provident fund administration centre may apply to the court for compulsory enforcement of the outstanding amount.

Laws and Regulations Relating to Intellectual Property

Regulations on Domain Name

According to the Administrative Measures for Internet Domain Names (互联网域名管理办法) promulgated on 24 August 2017, the principle of “apply first, register first” is adopted for domain name services. The applicant of domain name registration shall provide the agency of domain name registration with true, accurate and complete information about the domain name holder’s identity for registration purpose. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

Laws and Regulations Relating to Advertising

The Advertising Law of the PRC (中华人民共和国广告法), which was promulgated on 27 October 1994 and latest amended on 29 April 2021, provides that in the PRC, commercial advertising activities in which commodity operators or service providers directly or indirectly introduce the commodities or services they promote through certain media and other forms shall be governed by the Advertising Law. Furthermore, advertisers, advertising operators, and advertisement publishers shall abide by the Advertising Law and other laws and regulations, be honest and trustworthy, and compete in a fair manner in advertising business. Except for medical, pharmaceutical and medical machinery advertisements, no other advertisements shall involve illness treatment function, and medical jargons or jargons which mislead readers to confuse the promoted product with medicine or medical machinery shall not be used.

As at the Latest Practicable Date, to the best knowledge of our Directors, we are in compliance in all material respects with the relevant regulatory requirements that are material to our business operations in the PRC.

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APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCES

You are invited to apply to subscribe for the Invitation Shares at the Invitation Price for each Invitation Share subject to the following terms and conditions set out below and in the Application Forms or, as the case may be, the Electronic Applications:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 INVITATION SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF INVITATION SHARES WILL BE REJECTED.**
2. Your application for Public Offer Shares may be made by way of printed **WHITE** Public Offer Shares Application Forms or by way of Electronic Applications through the ATMs of the Participating Banks ("**ATM Electronic Applications**"), or through the Internet Banking ("**IB**") websites of the relevant Participating Banks or the online portals of the Participating Agent (collectively, "**Internet Electronic Applications**"), or through the mobile banking ("**mBanking**") interface of DBS Bank and UOB ("**mBanking Applications**", which together with ATM Electronic Applications and Internet Electronic Applications, shall be referred to as "**Electronic Applications**").

Your application for the Placement Shares (other than the Reserved Shares) may only be made by way of printed **BLUE** Placement Shares Application Forms or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent deems appropriate.

Your application for the Reserved Shares may only be made by way of printed **PINK** Reserved Shares Application Forms or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent deems appropriate.

YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE INVITATION SHARES.

3. **You (not being an approved nominee company) are allowed to submit only one (1) application in your own name for the Public Offer Shares. If you submit an application for Public Offer Shares by way of a Public Offer Shares Application Form, you MAY NOT submit another application for Public Offer Shares by way of an Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent.**

If you submit an application for Public Offer Shares by way of an ATM Electronic Application, you MAY NOT submit another application for Public Offer Shares by way of an Internet Electronic Application, or mBanking Application and vice versa. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent.

If you (not being an approved nominee company), have submitted an application for Public Offer Shares in your own name, you should not submit any other application for Public Offer Shares, whether by way of a Public Offer Shares Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent.

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCES

Joint or multiple applications for the Public Offer Shares may be rejected at the discretion of our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent. If you submit or procure submissions of multiple applications for the Public Offer Shares, you may be deemed to have committed an offence under the Penal Code 1871 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation.

Multiple applications or those appearing to be or suspected of being multiple applications, except in the case of applications by approved nominee companies where such applications are made on behalf of a different beneficiaries, may be rejected at the discretion of our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent. By submitting an application for the Invitation Shares, you declare that you do not possess more than one individual direct Securities Account with CDP.

4. Multiple applications may be made in the case of applications by a person for (i) the Placement Shares only (whether by way of Placement Shares Application Forms or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may in its absolute discretion deem appropriate) or (ii) the Placement Shares together with a single application for the Public Offer Shares (whether by way of a Public Offer Shares Application Form or an Electronic Application).
5. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole-proprietorships, partnerships, or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks and/or the Participating Agent, as the case may be) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of application.
6. We will not recognise the existence of a trust. Any application by a trustee or trustees must therefore be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 7 below.
7. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** "Approved nominee companies" are defined as banks, merchant banks, finance companies, insurance companies and licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.
8. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply by way of an Application Form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case

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may be, your application is liable to be rejected. Subject to paragraph 9 below, your application shall be rejected if your particulars such as name, NRIC/passport number, CDP Securities Account number, nationality and permanent residence status provided in your Application Form or in the case of an Electronic Application, contained in records of the relevant Participating Bank and/or the Participating Agent at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one (1) individual direct Securities Account with CDP, your application shall be rejected.

9. If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank and/or the Participating Agent, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from CDP will be sent to your address last registered with CDP.
10. Our Company, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Forms and in this Offer Document or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance or which is not honoured upon its first presentation.

Our Company, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the instructions for Electronic Applications or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

Without prejudice to the rights of our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent, as agent of our Company, has been authorised to accept, for and on behalf of our Company, such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent deems appropriate.

11. Our Company, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company with regards thereto will be entertained. This right applies to applications made by way of Application Forms, by way of Electronic Applications and by such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may, in consultation with our Company, deem appropriate. In deciding the basis of allotment, which shall be at the discretion of our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent, due consideration will be given to the desirability of allotting the Invitation Shares to a reasonable number of applicants with a view to establishing an adequate market for the Invitation Shares.

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12. Subject to your provision of a valid and correct CDP Securities Account number, share certificates in respect of the Invitation Shares will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, and subject to the submission of valid applications and payment for the Invitation Shares, a statement of account stating that your Securities Account has been credited with the number of Invitation Shares allotted to you if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renounee, any instrument of transfer and/or other documents required for the issue and/or transfer of the Invitation Shares allotted to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.
13. In the event that we lodge a supplementary or replacement offer document (“**Relevant Document**”) pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Invitation, and the Invitation Shares have not been issued to you, we will (as required by law and subject to the SFA), at our Company’s sole and absolute discretion, either:
- (a) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document;
 - (b) within seven (7) days from the date of lodgement of the Relevant Document, give you a copy of Relevant Document and provide you with an option to withdraw your application; or
 - (c) treat your application as withdrawn and cancelled, in which case the application shall be deemed to have been withdrawn and cancelled, and we shall, within seven (7) days from the date of lodgement of the Relevant Document, return all monies paid by you on account of your application for the Invitation Shares, without interest or any share of revenue or benefit arising therefrom and at your own risk.

Where you have notified us within 14 days from the date of lodgement of the Relevant Document of your wish to exercise your option under Paragraph 13(a) or 13(b) above to withdraw your application, we shall return to you all application monies paid by you on account of your application for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk, within seven (7) days from the receipt of such notification and you will not have any claim against our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent or our or their advisers or agents.

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In the event that at the time of the lodgement of the Relevant Document, the Invitation Shares have already been issued but trading has not commenced, we will (as required by law and subject to the SFA), at our Company's sole and absolute discretion, either:

- (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to us the Invitation Shares which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document;
- (ii) within seven (7) days from the date of lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to return to our Company the Invitation Shares which you do not wish to retain title in; or
- (iii) treat the issue and/or transfer of the Invitation Shares as void, in which case the issue and/or transfer of the Invitation Shares shall be deemed as void, and we shall:
 - (A) if documents purporting to evidence title to the Invitation Shares ("title documents") have been issued to you, within seven (7) days from the date of lodgement of the Relevant Document, inform you to return the title documents to us within 14 days from the date of lodgement of the Relevant Document, and within seven (7) days from the date of receipt of the title documents or the date of lodgement of the Relevant Document, whichever is the later, pay to you all monies paid by you for the Invitation Shares, without interest or any share of revenue or other benefit arising therefrom and at your own risk; or
 - (B) if no title documents have been issued to you, within seven (7) days from the date of lodgement of the Relevant Document, pay to you all monies paid by you for the Invitation Shares, without interest or any share of revenue or other benefits arising therefrom and at your own risk,

and you shall not have any claim against our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent or our or their advisers or agents.

If you wish to exercise your option under paragraph 13(i) or 13(ii) above to return the Invitation Shares issued to you, you shall, within 14 days from the date of lodgement of the Relevant Document, notify our Company of this and return all documents, if any, purporting to be evidence of title of those Invitation Shares to us, whereupon we shall, subject to compliance with applicable laws and the Constitution of our Company, within seven (7) days from the receipt of such notification and documents, if any, return to you all monies paid by you for the Invitation Shares, without interest or any share of revenue or other benefit arising therefrom and at your own risk, and the Invitation Shares issued to you shall be void. You shall not have any claim whatsoever against our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent or our or their advisers or agents.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw your application or return the Invitation Shares allotted to you, may be found in such Relevant Document.

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14. In the event of an under-subscription for the Public Offer Shares as at the close of the Application List, that number of Public Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

In the event of an under-subscription for Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for Public Offer Shares to the extent that there is an over-subscription for Public Offer Shares as at the close of the Application List.

In the event that any of the Reserved Shares are not subscribed for, they will be made available to satisfy excess applications for the Placement Shares (excluding the Reserved Shares) to the extent that there is an over-subscription for the Placement Shares (excluding the Reserved Shares) as at the close of the Application List, or, in the event of an under-subscription for the Placement Shares (excluding the Reserved Shares) as at the close of the Application List, to satisfy excess applications made by members of the public for the Public Offer Shares to the extent that there is an over-subscription for the Public Offer Shares as at the close of the Application List.

In the event of an over-subscription for Public Offer Shares as at the close of the Application List and the Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Public Offer Shares will be determined by ballot or otherwise as determined by our Company, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent and approved by the SGX-ST (if required).

In all the above instances, the basis of allotment of the Invitation Shares as may be decided by our Directors in ensuring a reasonable spread of shareholders of our Company, shall be made public as soon as practicable through an announcement on the SGX-ST website at <http://www.sgx.com> and through an advertisement in a local English newspaper.

You hereby consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residency status, CDP Securities Account number and shares application amount from your account with the relevant Participating Bank and Participating Agent to the Share Registrar and Share Transfer Agent, SCCS, SGX-ST, CDP, our Company, and the Sponsor, Issue Manager, Underwriter and Placement Agent.

15. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Invitation Shares allotted to you pursuant to your application, to our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent and any other parties so authorised by the foregoing persons. None of our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent, the Participating Banks and Participating Agent or the CDP shall be liable for any delays, failures, or inaccuracies in the recording, storage, transmission or delivery of data relating to your Electronic Applications.
16. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Public Offer Shares by way of a **WHITE** Public Offer Shares Application Form or by way of an Electronic Application, or applying for the Placement Shares (other than Reserved Shares) through the Placement Agent by way of a **BLUE** Placement Shares Application Form, or applying for the Reserved Shares through the Placement Agent by way of a **PINK** Reserved Shares

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Application Form or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may, in consultation with our Company, deem appropriate.

17. By completing and delivering an Application Form and in the case of (i) an ATM Electronic Application by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM, and (ii) Internet Electronic Application or mBanking Application, by clicking “Submit” or “Continue” or “Yes” or “Confirm” or “OK” or any other relevant button on the IB website screens of the relevant Participating Bank or the online portal screens of the Participating Agent or the mBanking interface of DBS Bank and UOB in accordance with the provisions therein, you:
- (a) irrevocably offer, agree and undertake to subscribe for the number of Invitation Shares specified in your application (or such smaller number for which the application is accepted) at the Invitation Price for each Invitation Share and agree that you will accept such Invitation Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Constitution of our Company;
 - (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Offer Document and those set out in the IB websites or ATMs of the relevant Participating Banks or the online portals of the Participating Agent or the mBanking interface of DBS Bank and UOB, the terms and conditions set out in this Offer Document shall prevail;
 - (c) agree that the aggregate Invitation Price for the Invitation Shares applied for is due and payable to our Company upon application;
 - (d) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent in determining whether to accept your application and/or whether to allot any Invitation Shares to you;
 - (e) (i) consent to the collection, use, processing and disclosure of your name/NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable), share application amount, share application details and other personal data (“**Personal Data**”) by the Share Registrar and Share Transfer Agent, CDP, SCCS, SGX-ST, the Participating Banks, the Participating Agent, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or other authorised operators (“**Relevant Parties**”) for the purpose of facilitating and processing your application for the Invitation Shares, and in order for the Relevant Parties to comply with any applicable laws, listing rules and/or guidelines (collectively, “**Purposes**”) and warrant that such Personal Data is true, accurate and correct; (ii) consent that the Relevant Parties may disclose or share the Personal Data with third parties who provide necessary services to the Relevant Parties, such as service providers working for them and providing services such as hosting and maintenance services, delivery services, handling of payment transactions, and consultants and professional advisers; (iii) consent that the Relevant Parties may transfer Personal Data to any location outside of Singapore in order for them to provide the requisite support and services in

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connection with the Invitation Shares; (iv) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Parties for the Purposes, you have obtained the consent of the beneficial owner(s) to paragraphs 17e(i), (ii) and (iii) and that any disclosure of the Personal Data to the Relevant Parties is in compliance with all applicable laws; (v) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Parties, such disclosure is in compliance with the applicable laws; (vi) agree that the Relevant Parties may do anything or disclose any Personal Data or matters without notice to you if our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent considers them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body; and (vii) agree that you will indemnify the Relevant Parties in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, “**Personal Data Privacy Terms**”);

- (f) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and neither our Company, our Directors, nor the Sponsor, Issue Manager, Underwriter and Placement Agent will infringe any such laws as a result of the acceptance of your application; and
 - (g) agree and confirm that for the purposes of Rule 422(3) of the Catalist Rules, you are not connected to the Sponsor, Issue Manger, Underwriter and Placement Agent.
18. Our acceptance of applications will be conditional upon, among others, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for quotation for all our existing Shares that are already issued, the Invitation Shares, the Option Shares and the Award Shares, on Catalist;
 - (b) the Sponsorship and Management Agreement and the Underwriting and Placement Agreement referred to in the section titled “Sponsorship, Management, Underwriting and Placement Arrangements” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and
 - (c) the Authority has not issued a Stop Order to our Company which directs that no or no further shares to which this Offer Document relates be allotted, issued and/or sold.

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19. In the event that a Stop Order in respect of the Invitation Shares is issued and applications to subscribe for the Invitation Shares have been made prior to the Stop Order, then to the extent permissible under applicable laws:
- (a) where the Invitation Shares have not been issued, we will (as required by law and subject to the SFA), deem all applications withdrawn and cancelled and we shall refund all monies paid on account of your application for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk) to you within 14 days from the date of the Stop Order; or
 - (b) where the Invitation Shares have already been issued to you but trading has not commenced, the issue and/or transfer of the Invitation Shares shall be deemed to be void and we shall:
 - (i) if documents purporting to evidence title to the Invitation Shares have been issued to you, within seven (7) days from the date of the Stop Order, inform you to return such documents to us within 14 days from that date, and within seven (7) days from the date of receipt of those documents or the date of the Stop Order, whichever is the later, pay to you all monies paid by you for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk); or
 - (ii) if no such documents have been issued to you, within seven (7) days from the date of the Stop Order, refund all monies paid on account of your application for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk),

and you shall not have any claim whatsoever against our Company, our Directors or the Sponsor, Issue Manager, Underwriter and Placement Agent. This shall not apply where only an interim Stop Order has been served.

20. In the event that an interim Stop Order in respect of the Invitation Shares is served, no Invitation Shares shall be issued to you during the time when the interim Stop Order is in force.
21. The Authority may not serve a Stop Order in respect of the Invitation Shares if the Invitation Shares have been issued and listed on the SGX-ST and trading in the Invitation Shares has commenced.
22. In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same through a SGXNET announcement to be posted on the SGX-ST website at <http://www.sgx.com> and through a paid advertisement in a local English newspaper.
23. We will not hold any application in reserve.
24. We will not allot Shares on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

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25. Additional terms and conditions for applications by way of Application Forms are set out under the section titled “Additional Terms and Conditions for Applications Using Application Forms” below.
26. Additional terms and conditions for applications by way of Electronic Applications are set out under the section titled “Additional Terms and Conditions for Applications For Electronic Applications” below.
27. All payments in respect of any application for the Invitation Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Invitation does not proceed for any reason, shall be made in Singapore dollars.
28. CDP shall not be liable for any delays, failures or inaccuracies in the recording or storage or in the transmission or delivery of data relating to the Electronic Applications.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out in this Appendix G, as well as the Constitution of our Company.

1. Your application must be made using the **WHITE** Public Offer Shares Application Forms and **WHITE** official envelopes “A” and “B” for Public Offer Shares, the **BLUE** Placement Shares Application Forms for Placement Shares (other than Reserved Shares) or the **PINK** Reserved Shares Application Forms for Reserved Shares, accompanying and forming part of this Offer Document or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent deems appropriate without prejudice to the rights of our Company. **ONLY ONE APPLICATION** should be enclosed in each envelope.

We draw your attention to the detailed instructions contained in the respective Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **Our Company, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Forms except those under the heading “**FOR OFFICIAL USE ONLY**” must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears in your identity card (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority.

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If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Constitution or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Constitution or equivalent constitutive documents must be lodged with our Company's Share Registrar and Share Transfer Office. Our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent, reserve the right to require you to produce documentary proof of identification for verification purposes.

5. (a) You must complete Sections A and B and sign on page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

If you are an approved nominee company, you are required to declare whether the beneficial owner of the Invitation Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Invitation Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**NIKS SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", and with your name, address and CDP Securities Account number written clearly on the reverse side. **Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted.** No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON-TRANSFERABLE**" crossings. No acknowledgement of receipt will be issued by our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent for applications and application monies received.
8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as

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the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Invitation does not proceed for any reason, the full amount of the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within five (5) Market Days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a Stop Order, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop Order.

9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or any other party involved in the Invitation, and if, in any such event, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent do not receive your Application Form, you shall have no claim whatsoever against our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or any other party involved in the Invitation for the Invitation Shares applied for or for any compensation, loss or damage.
11. By completing and delivering the Application Form, you agree that:
 - (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 25 October 2023** or such other time or date as our Company may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations and the rules of the SGX-ST and by completing and delivering the Application Form:
 - (i) your application is irrevocable; and
 - (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
 - (b) neither our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent nor any other party involved in the Invitation shall be liable for any delays, failures or inaccuracies in the recording or storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above or to any cause beyond their respective controls;
 - (c) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

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- (d) in respect of the Invitation Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
- (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (f) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained;
- (g) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document;
- (h) you consent to the collection, use and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or other authorised operators; and
- (i) you irrevocably agree and undertake to subscribe for the number of Invitation Shares applied for as stated in the Application Form or any smaller number of such Invitation Shares that may be allotted to you in respect of your application. In the event that our Company decides to allot a smaller number of Invitation Shares or not to allot any Invitation Shares to you, you agree to accept such decision as final.

Applications for Public Offer Shares

1. Your application for Public Offer Shares **MUST** be made using the **WHITE** Public Offer Shares Application Form and **WHITE** official envelopes “A” and “B”. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. You must:
 - (a) enclose the **WHITE** Public Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Offer Document in the **WHITE** official envelope “A” provided;
 - (b) in the appropriate spaces on **WHITE** official envelope “A”:
 - (i) write your name and address;
 - (ii) state the number of Public Offer Shares applied for;
 - (iii) tick the relevant box to indicate the form of payment; and
 - (iv) affix adequate Singapore postage;

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- (c) seal the **WHITE** official envelope “A”;
 - (d) write, in the special box provided on the larger **WHITE** official envelope “B” addressed to **NIKS PROFESSIONAL LTD. c/o Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632**, the number of Public Offer Shares for which the application is made; and
 - (e) insert **WHITE** official envelope “A” into **WHITE** official envelope “B”, seal **WHITE** official envelope “B”, affix adequate Singapore postage on **WHITE** official envelope “B” (if despatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND**, at your own risk to **NIKS PROFESSIONAL LTD. c/o Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632**, to arrive by **12.00 noon on 25 October 2023 or such other date and time as our Company may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, in their absolute discretion, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

Applications for Placement Shares (other than Reserved Shares)

1. Your application for Placement Shares (other than Reserved Shares) **MUST** be made using the **BLUE** Placement Shares Application Form. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed and signed **BLUE** Placement Shares Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name, address and CDP Securities Account number written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **NIKS PROFESSIONAL LTD. c/o Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632**, to arrive by **12.00 noon on 25 October 2023 or such other date and time as our Company may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, in their absolute discretion decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

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Applications for Reserved Shares

1. Your application for Reserved Shares **MUST** be made using the **PINK** Reserved Shares Application Form. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed and signed **PINK** Reserved Shares Application Form and the correct remittance in full in respect of the number of Reserved Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name, address and CDP Securities Account number written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **NIKS PROFESSIONAL LTD. c/o Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632**, to arrive by **12.00 noon on 25 October 2023 or such other date and time as our Company may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, in their absolute discretion decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications), the IB website screens of the relevant Participating Banks and the online portal screens of the Participating Agent (in the case of Internet Electronic Applications), and the mBanking interface of DBS Bank and UOB (in the case of mBanking Applications). Currently, DBS Bank, OCBC and UOB are the Participating Banks and iFast Financial Pte Ltd (through its FSMOne, iFast Global Markets, iFast Central and iFast Global Prestige Portals) is the Participating Agent through which Internet Electronic Applications may be made and DBS Bank and UOB are the Participating Banks through which mBanking Applications may be made. For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of UOB are set out respectively in the “Steps for an ATM Electronic Application for the Public Offer Shares through ATMs of UOB” and the “Steps for an Internet Electronic Application through the IB website of UOB” (collectively, “**Steps**”) appearing below.

The Steps set out the actions that you must take at an ATM or on the IB website of UOB to complete an Electronic Application. Please read carefully the terms of this Offer Document, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to “you” or the “applicant” in this section titled “Additional Terms and Conditions for Electronic Applications” and the Steps shall refer to you making an application for Public Offer Shares through an ATM or the IB website of a relevant Participating Bank or the online portals of the Participating Agent.

Applicants applying for the Public Offer Shares by way of Electronic Applications may incur an administrative fee and/or such related charges as stipulated by the respective Participating Banks and the Participating Agent from time to time.

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You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one (1) Participating Bank cannot be used to apply for Public Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank or cash account with an IB User Identification (“**User ID**”) and a Personal Identification Number/ Password (“**PIN**”) given by the relevant Participating Bank and the Participating Agent. The Steps set out the actions that you must take at ATMs or the IB website of UOB to complete an Electronic Application. The actions that you must take at ATMs or on the IB websites of other Participating Banks, or the online portals of the Participating Agent are set out on the ATM screens or on the IB website screens of the relevant Participating Banks, or the online portal screens of the Participating Agent. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application through the IB website of the relevant Participating Bank or the online portals of the Participating Agent or your mBanking Application through the mBanking interface of DBS Bank and UOB, there will be an on-screen confirmation (“**Confirmation Screen**”) of the application which can be printed for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

You must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or if you do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. Using your own CDP Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.

You must ensure, when making an Internet Electronic Application or mBanking Application, that your mailing address for the account selected for the application is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time when you make the application.

You shall make an Electronic Application in accordance with and subject to the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below and those set out in this Appendix G as well as the Constitution of our Company.

1. In connection with your Electronic Application for Public Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application:
 - (a) that you have received a copy of this Offer Document (in the case of ATM Electronic Applications only) and have read, understood and agreed to all the terms and conditions of application for Public Offer Shares and this Offer Document prior to effecting the Electronic Application and agree to be bound by the same;
 - (b) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document;

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- (c) that, for the purpose of facilitating your application, you consent to the collection, use, processing and disclosure, by or on behalf of our Company, of your Personal Data from your records with the relevant Participating Bank and the Participating Agent to the Relevant Parties in accordance with the Personal Data Privacy Terms; and
- (d) where you are applying for the Public Offer Shares, that this is your only application for Public Offer Shares and it is made in your own name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM or on the IB website or the online portal or mBanking interface unless you press the “Enter” or “Confirm” or “Yes” or “OK” or any other relevant key at the ATMs of the Participating Banks or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screens of the Participating Banks or the online portal screens of the Participating Agent or the mBanking interface of DBS Bank and UOB. By doing so, you shall be treated as signifying your confirmation of each of the above four (4) statements. In respect of statement 1(b) above, such confirmation shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act 1947 of Singapore to the disclosure by the relevant Participating Bank of the Personal Data relating to your account(s) with that Participating Bank and the Participating Agent.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR PUBLIC OFFER SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS THE BENEFICIAL OWNER.**

YOU SHALL MAKE ONLY ONE (1) ELECTRONIC APPLICATION FOR PUBLIC OFFER SHARES AND SHALL NOT MAKE ANY OTHER APPLICATION FOR PUBLIC OFFER SHARES, WHETHER AT THE ATMS OR IB WEBSITES OF ANY OF THE PARTICIPATING BANKS OR THE ONLINE PORTALS OF THE PARTICIPATING AGENT OR THE MBANKING INTERFACE OF DBS BANK OR UOB, AS THE CASE MAY BE, OR BY WAY OF AN APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR PUBLIC OFFER SHARES OR PLACEMENT SHARES BY WAY OF AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR PUBLIC OFFER SHARES AND VICE VERSA.

3. You must have sufficient funds in your bank account with the relevant Participating Bank or your cash account with the Participating Agent, at the time you make your Electronic Application, failing which your Electronic Application will not be completed or accepted. **Any Electronic Application which does not conform strictly to the instructions set out in this Offer Document or on the screens of the ATM or IB website of the relevant Participating Bank, or the online portals of the Participating Agent, or the mBanking interface of DBS Bank or UOB, as the case may be, through which your Electronic Application is being made shall be rejected.**

You may apply and make payment for your application for the Public Offer Shares in Singapore currency only. You may apply and make payment for your application in Singapore currency through any ATM or IB website of the relevant Participating Bank or the online portal of the Participating Agent, or the mBanking interface of DBS Bank or UOB (as the case may

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be), by authorised such Participating Bank or such Participating Agent to deduct the full amount payable from your account(s) with such Participating Bank or such Participating Agent (as the case may be).

4. You irrevocably agree and undertake to subscribe for and/or accept the number of Public Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Public Offer Shares that may be allotted to you in respect of your Electronic Application.

In the event that our Company decides to allot any lesser number of such Public Offer Shares or not to allot any Public Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATMs of the Participating Banks or clicking “Submit” or “Continue” or “Yes” or “Confirm” or “OK” or any other relevant button on the IB website screens of the Participating Banks or the online portal screens of the Participating Agent or the mBanking interface of DBS Bank or UOB) of the number of Public Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Public Offer Shares that may be allotted to you and your agreement to be bound by the Constitution of our Company. You also irrevocably authorise CDP to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or documents required for the issue and/or transfer of the Public Offer Shares that may be allotted to you.

5. **Our Company will not keep any applications in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against our Company, our Directors or the Sponsor, Issue Manager, Underwriter and Placement Agent) to you by being automatically credited to your account with the relevant Participating Bank or the Participating Agent within 24 hours of balloting of the applications provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account.

Trading on a “WHEN ISSUED” basis, if applicable, is expected to commence after such refund has been made.

Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom and at your own risk) to you by being automatically credited to your account with the relevant Participating Bank or Participating Agent within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account.

If the Invitation does not proceed for any reason, the full amount of the application monies received will be refunded (without interest or any share of revenue arising therefrom, at your own risk and without any right or claim against our Company, our Directors or the Sponsor, Issue Manager, Underwriter and Placement Agent) to you by being automatically credited to your account with the relevant Participating Bank or Participating Agent within five (5) Market Days of the termination of the Invitation.

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Responsibility for timely refund of application monies from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks or the Participating Agent.

Therefore, you are strongly advised to consult the relevant Participating Bank or the Participating Agent as to the status of your Electronic Application and/or the refund of any monies to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Shares allotted to you before trading the Public Offer Shares on Catalist. You may also call CDP Phone at 6535 7511 to check the provisional results of your application by using your T-pin (issued by CDP upon your application for the service) and keying in the stock code (that will be made available together with the results of the allotment via an announcement through the SGX-ST website at <http://www.sgx.com> and by advertisement in a generally circulating daily press). To sign up for the service, you may contact CDP customer service officers. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, the Participating Agent, our Company, our Directors, nor the Sponsor, Issue Manager, Underwriter and Placement Agent assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Banks. The Participating Agent will send you a notification in the event of an unsuccessful Electronic Application

If you make Electronic Applications through the ATMs, or the IB websites of the following Participating Banks or the online portals of the Participating Agent, you may check the provisional results of your Electronic Applications as follows:

Bank/Agent	Telephone	Other Channels	Operating Hours	Service Expected From
UOB	1800 222 2121	ATM (Other Transactions – “IPO Results Enquiry”)/ Phone Banking/Internet Banking/UOB TMRW mobile application http://www.uobgroup.com ⁽¹⁾	24 hours a balloting day	Evening of the balloting day
DBS Bank	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	Internet Banking http://www.dbs.com	24 hours a day	Evening of the balloting day

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Bank/Agent	Telephone	Other Channels	Operating Hours	Service Expected From
OCBC	1800 363 3333	ATM/Phone Banking/ Internet Banking http://www.ocbc.com ⁽³⁾	24 hours a day	Evening of the balloting day
iFast	6557 2853	www.fsmone.com www.ifastgm.com.sg www.ifastfinancial.com.sg www.ifastgp.com.sg ⁽⁴⁾ Stocks > IPO Placements > Subscription Details or Allotment Results	24 hours a day	Evening of the balloting day

Notes:

- (1) If you have made your Electronic Application through the ATMs, IB website or mBanking Application through the mBanking interface of UOB, you may check the results of your application through the channels listed in the table above.
- (2) If you have made your Electronic Application through the ATMs, IB website or mBanking Application through the mBanking interface of DBS Bank, you may check the results of your application through the channels listed in the table above.
- (3) If you have made your Electronic Application through the ATMs or IB website of OCBC, you may check the results of your application through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking Services.
- (4) If you have made your Electronic Application through any of the online portals of iFast, you may check the results of your application through the websites or online applications of iFast.

7. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks and the Participating Agent, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent and if, in any such event, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or the relevant Participating Bank or the Participating Agent do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or the relevant Participating Bank and Participating Agent for Public Offer Shares applied for or for any compensation, loss or damage.

CDP shall not be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to the electronic application.

8. **Electronic Applications shall close at 12.00 noon on 25 October 2023 or such other date and time as our Company may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, in their absolute discretion decide.**

Subject to the paragraph above, all Internet Electronic Applications and mBanking Applications are deemed to be received when it enters the designated information system of

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the relevant Participating Bank and the Participating Agent, that is, when there is an onscreen confirmation of the application.

9. You are deemed to have irrevocably requested and authorised our Company to:
 - (a) register the Public Offer Shares allotted to you in the name of CDP for deposit into your Securities Account;
 - (b) send the relevant share certificate(s) by ordinary post, at your own risk, to CDP;
 - (c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom, at your own risk and without any right or claim against our Company, our Directors or the Sponsor, Issue Manager, Underwriter and Placement Agent) the application monies, should your Electronic Application be unsuccessful, by automatically crediting your bank account with the relevant Participating Bank or your cash account with the Participating Agent with the relevant amount within 24 hours of the balloting of applications or within five (5) Market Days of the termination of the Invitation if the Invitation does not proceed for any reason (as the case may be); and
 - (d) return or refund (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against our Company, our Directors or the Sponsor, Issue Manager, Underwriter and Placement Agent) the balance of the application monies, should your Electronic Application be accepted in part only, by automatically crediting your bank account with the relevant Participating Bank or cash account with the Participating Agent with the relevant amount within 14 days after the close of the Application List.
10. We do not recognise the existence of a trust. Any Electronic Application by a trustee or trustees must be made in his/her/their own name(s) and without qualification. Our Company will reject any application by any person acting as nominee except those made by approved nominee companies only after complying with paragraph 7 above.
11. All your particulars in the records of the relevant Participating Bank and/or the Participating Agent at the time you make your Electronic Application shall be deemed to be true and correct and the relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after the time of the making of your Electronic Application, you shall promptly notify the relevant Participating Bank and/or the Participating Agent.
12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank and/or the Participating Agent are correct and identical, or otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment and/or allocation will be sent to your address last registered with CDP before the close of the Invitation.
13. By making and completing an Electronic Application, you are deemed to have agreed that:
 - (a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks and the Participating Agent as the agents of our

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Company, at the ATMs and IB websites of the relevant Participating Banks, and the online portals of the Participating Agent, and the mBanking interface of DBS Bank and UOB (as the case may be):

- (i) your Electronic Application is irrevocable; and
 - (ii) your Electronic Application, our acceptance and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (b) neither our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent, the Participating Banks and the Participating Agent nor CDP shall be liable for any delays, failures or inaccuracies in the recording or storage or in the transmission or delivery of data relating to your Electronic Application to our Company, CDP or SGX-ST due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 7 above or to any cause beyond our respective controls;
- (c) in respect of Public Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company, and not otherwise, notwithstanding any payment received by or on behalf of our Company;
- (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (e) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained;
- (f) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document; and
- (g) you irrevocably agree and undertake to subscribe for the number of Invitation Shares applied for as stated in your Electronic Application or any smaller number of such Invitation Shares that may be allotted to you in respect of your application. In the event that our Company decides to allot a smaller number of Invitation Shares or not to allot any Invitation Shares to you, you agree to accept such decision as final.

Steps for Electronic Applications through ATMs and the IB website of UOB

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens (if any) of the respective Participating Banks, and the online portals of the Participating Agent. For illustrative purposes, the steps for making an Electronic Application through the ATMs or IB website of UOB are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens (if any) of the relevant Participating Banks (other than UOB), and the online portals of the Participating Agent may differ from that represented below.

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Owing to space constraints on UOB's ATM screens, the following terms will appear in abbreviated form:

“CDP”	:	THE CENTRAL DEPOSITORY (PTE) LIMITED
“CPF”	:	CENTRAL PROVIDENT FUND
“IC/PASSPORT”	:	NRIC or PASSPORT NUMBER
“PR”	:	PERMANENT RESIDENT
“REGISTRARS”	:	SHARE REGISTRARS
“SCCS”	:	SECURITIES CLEARING & COMPUTER SERVICES (PTE) LTD

Steps for an ATM Electronic Application for the Public Offer Shares through ATMs of UOB

Step 1: Insert your personal Unicard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.

- 2: Select “**OTHER TRANSACTIONS**”.
- 3: Select “**RETAIL SECURITIES/BONDS APPLICATION**”.
- 4: Select the share counter which you wish to apply for.

5: Read and understand the following statements which will appear on the screen:

– **IMPORTANT:**

Read the offer document before subscribing for the securities. Obtain the offer documents from our bank branches, website or via QR code. Please call 1800 222 2121 if you have issues accessing the offer documents. To continue your application after scanning the QR code.

(Press “**ENTER**” key to continue)

– **WARNING:**

All investments come with risks. You can lose money on your investment. Invest only if you understand and can monitor your investment.

(Press “**ENTER**” key to continue)

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- The application of securities will need to be made in the manner set out in the offer documents. You agree to enter into this transaction on your own accord and the availability of this application service shall not be construed as a recommendation or advice from UOB to enter into this transaction. You may wish to seek prior advice from a qualified adviser as to the transaction suitability.

(Press “**ENTER**” key to continue)

- RISK WARNING FOR EQUITIES

The issuer may not always pay you dividends. You will likely lose money if the issuer gets into financial difficulties. If the issuer is wound up, shareholders will be the last to be paid off.

(Press “**ENTER**” key to continue)

- You have read, understood and agreed to all terms of the prospectus/offer information statement/product highlights sheet/simplified disclosure document/profile statement/relevant document and this electronic application.

(Press “**ENTER**” key to continue)

- You consent to disclose your Name, IC/Passport, Nationality, Address, Application Amount, CPF Investment Account Number and CDP Account Number from your Accounts to CDP, CPF, SCCS, Share Registrars, SGX-ST and Issuer/Vendor(s). This is your only Fixed Price Application and is in your name and at your risk.

(Press “**ENTER**” key to confirm)

6: Screen will display:

NRIC/Passport Number XXXXXXXXXXXXX

IF YOUR NRIC NUMBER/PASSPORT NUMBER IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.

(Press “**CANCEL**” or “**CONFIRM**”)

7: Select Cash Account type to debit (i.e. “**CURRENT ACCOUNT**” or “**SAVINGS ACCOUNT**”). Should you have a few accounts linked to your ATM card, a list of linked account numbers will be displayed for you to select.

8: After you have selected the account, your CDP Securities Account number will be displayed for you to confirm or change (This screen with your CDP Securities Account number will be shown if your CDP Securities Account number is already stored in the ATM system of UOB). If this is the first time you are using UOB’s ATM to apply for Shares, your CDP Securities Account number will not be stored in the ATM system of UOB, and the following screen will be displayed for your input of your CDP Securities Account number.

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- 9: Key in your CDP Securities Account number (12 digits) and press the “**ENTER**” key.
- 10: Select your nationality status.
- 11: Read and understand the following statements which will appear on the screen:
 - WARNINGS:

Diversify your investments. Avoid investing a large portion of your money in a single issuer.

(Press “**Enter**” key to continue)
- 12: Key in the number of Shares you wish to apply for and press the “**ENTER**” key.
- 13: Check the details of your Electronic Application on the screen and press the “**ENTER**” key to confirm your Electronic Application.
- 14: Select “**NO**” if you do not wish to make any further transactions and remove the Transaction Record.

You should keep the Transaction Record for your own reference only.

Steps for an Internet Electronic Application through the IB website of UOB

Owing to space constraints on UOB’s IB website screen, the following terms will appear in abbreviated form:

“CDP”	:	The Central Depository (Pte) Limited
“CPF”	:	The Central Provident Fund
“NRIC”	:	National Registration Identity Card
“PR”	:	Permanent Resident
“S\$”	:	Singapore Dollars
“SCCS”	:	Securities Clearing & Computer Services (Pte) Ltd
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

- Step 1: Connect to UOB’s Personal Internet Banking page at <https://pib.uob.com.sg>.
- 2: Enter your Username and Password and click “**Login**”.
- 3: Click on Investment – Securities. Click on “**Click to request OTP via SMS**”.
- 4: You will receive a SMS One-Time Password. Enter the SMS One-Time Password and click “**Submit**”.

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- 5: Read and understand the following statements which will appear on the screen:
- Investors to take note:
 - (a) All investments come with risk, including the risk that the investor may lose all or part of his investment;
 - (b) You are responsible for your own investment decisions;
 - (c) You should read the prospectus, offer information statement and product highlights sheet (as applicable) before making the application to subscribe for the securities.
- (Click “**Proceed**”)
- 6: Click on the “**INITIAL PUBLIC OFFERING**” tab.
- 7: Click on the “+” Add button on the top right corner.
- 8: Check all boxes in the Declaration pop-up and click “**Proceed**”.
- 9: Select your country of residence (you must be residing in Singapore to apply) and residency status from the drop list.
- 10: Select the “Securities Counter” from the drop list (if there are concurrent IPOs).
- 11: Check the “Securities Counter”, select the mode of payment and account number to debit and click on “**Submit**”.
- 12: Read the important instructions and click on “**Continue**” to confirm that:
1. **You have read, understood and agreed to all the terms of this application and Prospectus/Offer Document or Supplementary Document.**
 2. **For the purposes of facilitating your application, you consent to disclose your name, NRIC/passport number, CDP Securities Account Number, CPF investment account number, application details and other personal data and disclosing the same from our records to CDP, the CPF Board, SCCS, share registrars, SGX-ST & Issuer/Vendor(s), the Sponsor, Issue Manager, Underwriter and Placement Agent.**
 3. **This application is made in your own name, for your own account and at your own risk.**
 4. **For FIXED/MAX price securities application, this is your only application. For TENDER price shares application, this is your only application at the selected tender price.**
 5. **For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application monies will be debited from your**

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCES

bank account in S\$, based on the Bank's exchange rate, or application monies may be debited and refunds credited in S\$ at the same exchange rate.

- 6. For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to the availability at the point of application.**
- 13: Check your personal details, details of the share counter you wish to apply for and account to debit:
- Enter (a) your CDP Securities Account Number;
- (b) the number of shares applied for; and
- Select (c) debiting account.
- 14: Click "**Submit**" and check the details of your application, your NRIC/Passport number, CDP Securities Account Number and the number of shares applied for, share counter, payment mode and account to debit.
- 15: Click "**Confirm**" or "**Cancel**" as applicable.
- 16: Print the Confirmation Screen (optional) for your own reference and retention only.

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**APPENDIX H – DERMATOLOGY AND AESTHETIC MEDICINE IN SINGAPORE,
AND SKINCARE PRODUCTS INDUSTRY IN THE PRC**



**INFORMATION
INSIGHTS
INTEGRITY**



**Dermatology and Aesthetic
Medicine in Singapore and
Skincare Products Industry in
the People’s Republic of China**

This report was prepared for
Niks Professional Ltd

18 August 2023

SINGAPORE HONG KONG MALAYSIA

www.convergingknowledge.com

APPENDIX H – DERMATOLOGY AND AESTHETIC MEDICINE IN SINGAPORE, AND SKINCARE PRODUCTS INDUSTRY IN THE PRC

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APPENDIX H – DERMATOLOGY AND AESTHETIC MEDICINE IN SINGAPORE, AND SKINCARE PRODUCTS INDUSTRY IN THE PRC

RESEARCH SCOPE

The Client wishes to conduct research on the Dermatology and Aesthetic Medicine Industry in Singapore, and the Skincare Products Industry in the People's Republic of China ("PRC") as part of an IPO exercise. Our objective is to assist the Client in conducting a fully substantial primary and secondary research to gain insights on the Dermatology and Aesthetic Medicine Industry in Singapore, and the Skincare Products Industry in the PRC.

Scope of Research

1. Overview of the Dermatology and Aesthetic Medicine Industry ("DAME Industry") in Singapore
 - a. Overview of DAME Industry in Singapore with focus on non-surgical aesthetic services (e.g. dermatology, facial salons and skin care products)
 - i. Provide an overview of the industry and highlight the appeal of this industry to investors and regulators
 - o To highlight the demand for DAME services in Singapore
 - o Define non-surgical aesthetics, dermatology, medical vs non-Aesthetic Medicine etc.
 - o For this section, there will be no detailed statistics in charts or tables to show growth. However, we will mention relevant data/statistics obtained from government and industry associations.
 - b. Industry structure
 - i. Description of differing segments in the industry
 - ii. Description of the company (Client) within the industry sector
 - o To highlight the segment that the Client is active within the industry based on the services they offer
2. Major Trends and Challenges that will impact the Client's business
 - a. For example:
 - i. Key regional and local trends and development
 - ii. Challenges and issues
 - iii. Any threats, barriers to entry or business risks

APPENDIX H – DERMATOLOGY AND AESTHETIC MEDICINE IN SINGAPORE, AND SKINCARE PRODUCTS INDUSTRY IN THE PRC

3. Competitive Landscape
 - a. Level of competition in the industry
 - i. Intensity and nature of competition (to describe how the market competes)
 - b. Major Players in the industry
 - i. Introducing the major players and how they have been shortlisted
 - o We will provide a short profiling of prominent industry players based on interviews. Note that no detailed profiling will be undertaken due to copyright issues
 - o To identify the Client's closest competitors.
4. Outlook and Growth Forecast of the DAME Industry
 - a. Outlook and Prospects of industry
 - i. Outlook on Singapore will be based on opinions of industry players/professionals
 - ii. We will include some prospects in ASEAN region (from secondary source only)
 - b. Estimated market size and growth forecast in the next 3 years (in%) in Singapore only
5. Overview of Skin Care Products Industry in the PRC
 - a. An industry write-up to cover the distribution of skin care products in the PRC to private clinics and public hospital doctors, which is approximately 20% the Client's business. The purpose of the write-up is for planning future expansion
 - b. This section of the industry write-up will include
 - i. Brief overview of the industry landscape and competition
 - ii. Trends
 - iii. Opportunities/Prospects

APPENDIX H – DERMATOLOGY AND AESTHETIC MEDICINE IN SINGAPORE, AND SKINCARE PRODUCTS INDUSTRY IN THE PRC

RESEARCH APPROACH

The research will be conducted on a best effort basis through a combination of primary and desktop (published resources) research, to address the scope of research.

Primary research involves discreet interviews tapping on the knowledge, experience and opinions of relevant companies, industry associations, technical institutions, government bodies and academic institutions.

Desktop research includes, but is not limited to, a review of the following:

- Local newspapers and news wires/agencies;
- Leading industry and trade publications;
- Websites of regulatory authority as well as relevant government agencies; and
- Websites of companies.

**APPENDIX H – DERMATOLOGY AND AESTHETIC MEDICINE IN SINGAPORE,
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1. OVERVIEW OF THE DERMATOLOGY AND AESTHETIC MEDICINE INDUSTRY (“DAME INDUSTRY”) IN SINGAPORE

1.1 UNDERSTANDING DERMATOLOGY AND ITS IMPORTANCE

Dermatology is a branch of medicine concerned with the diagnosis and treatment of skin diseases, disorders and ailments. Skin diseases have been reported to be the fourth most common cause of all human diseases, affecting almost one-third of the global population¹, thus, emphasising the importance of dermatology in global health. While skin diseases are often non-fatal, skin conditions, however, may be the presenting face of more severe systematic illnesses, creating burden associated with morbidity. For instance, severe itching and extreme skin shedding in atopic dermatitis and eczema, or disfigurement, such as in ichthyosis. Incidence of skin conditions is likely to worsen as the average life expectancy of the world’s population increases. The elderly, in particular, is susceptible to diseases due to various biological and physiological changes, with deteriorating skin conditions observed as a result of a higher prevalence of systemic diseases, such as diabetes, vascular insufficiency and neurological conditions. The global population is ageing, with life expectancy at birth averaging increasing to 73.2 years for the period 2020 to 2025 as compared to 67.1 years from 2000 to 2005². Today, as the geriatric demographic is living longer than in the past, the likelihood of these elderly developing skin conditions may be significant.

¹ C. Flohr, R. Hay, Putting the burden of skin diseases on the global map, *British Journal of Dermatology*, Volume 184, Issue 2, 1 February 2021, Pages 189–190, <https://doi.org/10.1111/bjd.19704> Retrieved 30 January 2023

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² United Nations Population Fund, Population Data Portal – <https://pdp.unfpa.org/apps/0aeda6af00dd4544ba50452da2dda474/explore> Retrieved 15 March 2023

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Dermatological Problems in Singapore

Singapore has one of the world's highest incidences of skin conditions such as atopic dermatitis, psoriasis and urticaria³. With the perpetual heat and humidity in the island state, skin woes may often be triggered or aggravated. A study conducted between 2004 to 2018 on patients who attended the National Skin Centre showed that dermatitis, acne vulgaris (acne) and viral skin diseases were the three most prevalent dermatoses across all age groups⁴. The National Skin Centre, which accounts for over 80% of all outpatient dermatology visits in public healthcare institutions⁵, reported rising demand for dermatology services, at a compound annual growth rate ("CAGR") of approximately 1.8% with over 304,000 outpatient clinic attendances in 2016, an increase from 263,000 in 2008⁶. A consortium of research institutes in Singapore was reported in

³ U. Katelyn, C. Sherman, L.G. Rachel, M. Sino, U. Prabhdeep, E.D. Maria, and R. D. Gregory. Burden of skin disease and associated socioeconomic status in Asia: A cross-sectional analysis from the Global Burden of Disease Study 1990-2017. *JAAD Int.* 2021 Mar; 2: 40–50. Published online 2020 Dec 10. <https://doi.org/10.1016/j.jdin.2020.10.006> Retrieved 27 February 2023

U. Katelyn, C. Sherman, L.G. Rachel, M. Sino, U. Prabhdeep, E.D. Maria, and R. D. Gregory have not provided its consent to the inclusion of the information cited and attributed to it in this document and has not provided its consent to be liable for such information. While Converging Knowledge has taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this document, neither Converging Knowledge, Niks Professional Pte Ltd or its directors, the Sponsor, Issue Manager, Underwriter and Placement Agent, the respective legal advisers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

⁴ 10 May 2022, *Journal of the European Academy of Dermatology & Venereology*, Y.W. Yew, A.H.Y. Kuan, P.P. George, X. Zhao, S.H. Tan, Prevalence and burden of skin diseases among the elderly in Singapore: a 15-year clinical cohort study – <https://onlinelibrary.wiley.com/doi/10.1111/jdv.18205> Retrieved 30 January 2023

Journal of the European Academy of Dermatology & Venereology has not provided its consent to the inclusion of the information cited and attributed to it in this document and has not provided its consent to be liable for such information. While Converging Knowledge has taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this document, neither Converging Knowledge, Niks Professional Pte Ltd or its directors, the Sponsor, Issue Manager, Underwriter and Placement Agent, the respective legal advisers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

⁵ National Skin Centre, New National Skin Centre to House Enhanced Facilities and Increased Capacity – <https://corp.nhg.com.sg/Media%20Releases/NSC%20Groundbreaking%20-%20Media%20Release.pdf> Retrieved 30 January 2023

National Skin Centre has not provided its consent to the inclusion of the information cited and attributed to it in this document and has not provided its consent to be liable for such information. While Converging Knowledge has taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this document, neither Converging Knowledge, Niks Professional Pte Ltd or its directors, the Sponsor, Issue Manager, Underwriter and Placement Agent, the respective legal advisers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

⁶ 26 August 2020, National University of Singapore, Lloyd's Register Foundation Institute For The Public Understanding Of Risk, An Introduction to Climate Change – <https://ipur.nus.edu.sg/an-introduction-to-climate-change/> Retrieved 21 February 2023

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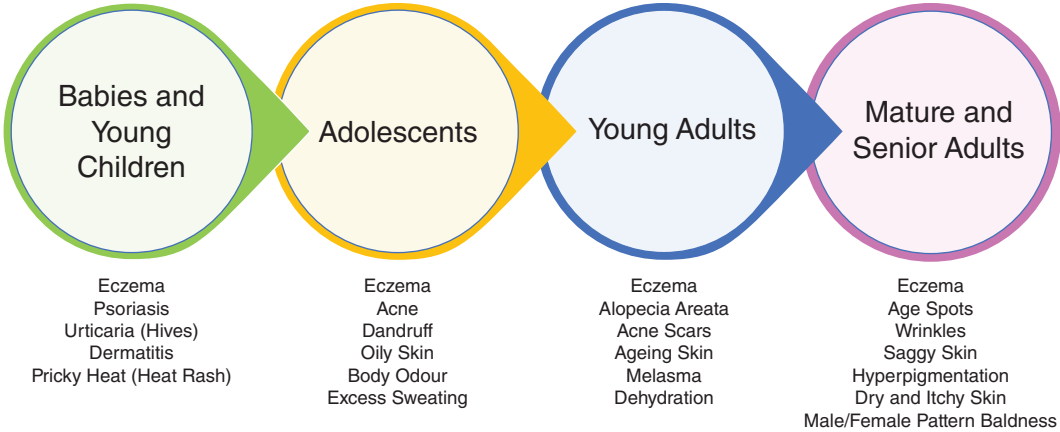
APPENDIX H – DERMATOLOGY AND AESTHETIC MEDICINE IN SINGAPORE, AND SKINCARE PRODUCTS INDUSTRY IN THE PRC

2018 to have had established a collaboration with South Korea to develop innovative drugs⁷, which shows the importance and growing interest in this medical field.

Dermatological Issues Occurs Across Our Lifetime

Most people will experience at least one dermatological disorder at some point in their lifetime, and are subject to different skin conditions in their entire life cycle, as reflected in the following figure.

Figure 1: Common Skin Ailments in the Life Cycle



Note:

- The list of skin ailments stated in the figure is not extensive.

Source: Converging Knowledge

⁷ 23 July 2018, AsianScientist, Singapore And South Korea To Tackle Skin Disorders And Cancer – <https://www.asianscientist.com/2018/07/academia/astar-korea-cc-skin-disorder-cancer-drugs/> Retrieved 27 February 2023

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Starting at a young age, the delicate and sensitive skin of babies and young children are prone to ailments such as urticaria (hives) and atopic dermatitis. As a child grows, the overactive sebaceous glands and hormonal imbalances leading to cumbersome acne breakouts and body odour are commonplace during pubertal adolescence. Acne is the most common skin problem in adolescence, reported to affect up to 80% of adolescents in Singapore⁸. While most commonly occurring amongst teenagers, acne can persist in adulthood or present as adult-onset acne. In one study, 41% of adults treated at the National Skin Centre in Singapore had experienced acne since adolescence, with the majority encountering acne for the first time as adults.⁹ In adulthood, the young and mature fall victim to the ravages of time, experiencing conditions in relation to stress and ageing, resulting in skin concerns like dehydration and hyperpigmentation. Demand for dermatology services is expected to rise along with an ageing population. Similarly, medical-grade skincare products are expected to increase in demand as well, as they complement the dermatology treatments a patient receive. Such products contain higher percentage of active ingredients compared to over-the-counter products and are effective in treating specific skin problems, such as eczema, sun damage and ageing. Seniors face a higher incidence of chronic skin diseases and skin conditions such as eczema and ulcerations. Eczema affects both young and old and may possibly be a life-long disease for many. For some, the skin condition can disrupt sleep, and with it, work and education. In Singapore, 20% of children and 10% of adults suffer from eczema.¹⁰

⁸ Last updated 21 December 2021, National Skin Centre, Core Research Areas – <https://www.nsc.com.sg/Research-Innovation/Pages/Core-Research-Areas.aspx> Retrieved 30 January 2023

National Skin Centre has not provided its consent to the inclusion of the information cited and attributed to it in this document and has not provided its consent to be liable for such information. While Converging Knowledge has taken reasonable actions to ensure that such any other party has conducted an independent review of such information or verified the accuracy of the contents of such information. Information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this document, neither Converging Knowledge, Niks Professional Pte Ltd or its directors, the Sponsor, Issue Manager, Underwriter and Placement Agent, the respective legal advisers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

⁹ 1 July 2019, Journal of Clinical and Aesthetic Dermatology, Hazel H. Oon, MD, MRCP, FAMS; Su-Ni Wong, MBBS, MMed, FRCP, FAMS; Derrick Chen Wee Aw, MBBS, MRCP, FAMS; Wai Kwong Cheong, MBBS, MRCP, FRCP; Chee Leok Goh, MD, MMed, FRCP, FAMS; and HiokHee Tan, MBBS, MRCP, FRCP, FAMS. Acne Management Guidelines by the Dermatological Society of Singapore <https://jcadonline.com/acne-management-july-2019/>

Retrieved 15 February 2023 Journal of Clinical and Aesthetic Dermatology has not provided its consent to the inclusion of the information cited and attributed to it in this document and has not provided its consent to be liable for such information. While Converging Knowledge has taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this document, neither Converging Knowledge, Niks Professional Pte Ltd or its directors, the Sponsor, Issue Manager, Underwriter and Placement Agent, the respective legal advisers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

¹⁰ 15 February 2022, SingHealth, The itch that won't stop – <https://www.sgh.com.sg/news/singapore-health/the-itch-that-wont-stop> Retrieved 15 February 2023

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Chronic skin conditions, such as eczema and psoriasis, are typically not curable, but they can be managed through medical treatments and by paying close attention to one’s lifestyle. Proper diagnosis by a qualified medical practitioner is critical as they can identify the type of skin disorder and dispense the appropriate course of treatments and management. Some skin ailments may happen in cycles, with symptoms worsening for a while before getting better or disappearing completely. While it is possible for skin disorders to undergo ‘remission’ for extended periods of time, associated symptoms, often than not, flare-up, subjecting patients to discomfort or even pain. Therefore, the treatment of skin ailments take time, and depending on the severity of the condition, may require a lifetime of management.

Table 1: Length of Treatments of Common Skin Ailments

Types of Skin Ailments	Duration of Treatment
Acne	One to three months, depending on the severity.
Eczema	One to three weeks, depending on type of eczema and severity of the flare-up. For most patients, eczema is a lifelong condition with occasional flare-ups.
Psoriasis	May take up to six months for complete clearing. Long term treatment is recommended due to its chronic relapsing nature.
Hyperpigmentation	Depending on the type of pigmentation and shade. Some may fade within six to 12 months.

Notes:

- The list of skin ailments stated in the table is not exhaustive.
- The duration of treatment mentioned in the table is only indicative and may vary depending on the severity of the condition and the type of medication or therapies.

Source: Compilation by Converging Knowledge

Greater awareness of dermatological issues has also led to more people consulting medical practitioners. With knowledge that professional support exists, those affected by skin-related concerns can now seek more effective management to relieve the burden of skin conditions in their lives, and not endure in silence. Atopic dermatitis can be passed from parent to child, so a child is more likely to develop the condition if one or both parents have it, or if a family member has either allergic rhinitis or asthma. As children grow, their skin matures and its barrier function improves. Some 80% of children outgrow atopic dermatitis by the time they are eight years old¹¹. However, those who develop eczema later or whose symptoms are severe are likely to have persistent eczema.

¹¹ 15 February 2022, SingHealth, The Itch That Won’t Stop – <https://www.singhealth.com.sg/news/singapore-health/the-itch-that-wont-stop>. Retrieved 27 February 2023

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Technological developments in the science of dermatology have seen the emergence of “Aesthetic Medicine”, which provide effective solutions to skin conditions that were previously not possible to treat effectively or require one to go under the knife for major, and painful, facial modifications. Aesthetic Medicine will be discussed in subsequent sections of this report.

1.1.1 SUBSPECIALTIES IN DERMATOLOGY

The field of Dermatology may be broadly classified under four subspecialties – Medical Dermatology, Paediatric Dermatology, Cosmetic Dermatology and Dermatopathology. The definition of each subspecialty is tabled as follows:

Table 2: Four Dermatological Subspecialties and their Definitions

Subspecialties	Definition
Medical Dermatology	<p>Diagnosis, treatment, and prevention of diseases and disorders of the skin, hair (scalp), nails and oral cavity. Nail disorders, such as fungal nail infections, may also be consulted by podiatrists. However, for issues such as acral lentiginous melanoma, which is a new or changing dark streak on the nail, the skin specialist may be best consulted for a skin cancer check. Dermatological diseases may also manifest as lesions in oral cavities. For oral health issues, most patients would normally consult a dentist, rather than a dermatologist. A dentist is also trained to detect skin disorders or diseases in the mouth, and collaborate with dermatologists in the diagnosis and treatment of oral skin diseases.</p> <p>This report focuses on skin disorders commonly treated by general practitioners as well as general practitioners – Family Practice Dermatology in Singapore. More about the roles of these two groups is covered in a subsequent part of this report. As such, those that are commonly treated by other medical practitioners such as skin disorders in relation to oral cavities will not be covered in this report.</p> <p>Mohs Surgery is a surgical treatment for skin cancer, often categorised under “Medical Dermatology”. Medical practitioners that perform the treatment receive additional training, which fall under a different medical branch. Mohs Surgery is an invasive procedure and will not be covered in this report.</p>

**APPENDIX H – DERMATOLOGY AND AESTHETIC MEDICINE IN SINGAPORE,
AND SKINCARE PRODUCTS INDUSTRY IN THE PRC**

Subspecialties	Definition
Paediatric Dermatology	<p>The study, prevention, and treatment of all skin conditions that occur in babies and children. Many skin conditions, such as dermatitis (seborrheic, atopic, or nappy rash) and infections (warts, verruca, or impetigo) appear in childhood. While some of these dermatological disorders also affect adults, they affect infants and children differently. Children’s skin is different to that of adults and thus needs special care and treatments for all conditions.</p> <p>This report covers treatment and management of skin conditions for all ages, and not specifically on paediatric dermatology.</p>
Cosmetic Dermatology	<p>Cosmetic Dermatology is also commonly known as Aesthetic Medicine. This subspecialty often overlaps with Medical Dermatology, many treatments of which are similar to those used in Medical Dermatology. One instance would be UVB (Ultraviolet B) phototherapy, a remedy that is used for moderate or serious psoriasis, and can also be used to even skin tone. Another example would be Vitamin A, which is commonly used to treat acne, but can also be applied for photodamaged skin. Basically, skin issues that Cosmetic Dermatology handles are not caused by illness, or have serious health consequences by themselves. The main issue, however, is appearance, which often goes beyond vanity to impact self-confidence and work and social relations, thus affecting quality of life or even mental health. Note that what would normally be considered a cosmetic condition, such as skin tags, can become a medical issue if infected.</p> <p>Other than drug therapies, complementary skin care products and photomedicine, Cosmetic Dermatology may involve the use of surgical techniques to treat a skin condition. Often, this would involve using laser to remove or cut tissues in problem areas. Note that Cosmetic Dermatology is covered in this report, with the exception of those invasive procedures. Cosmetic Dermatology focuses on enhancing one’s appearance or mitigating dilapidating appearance issues through medical treatments or non-/minimally invasive surgical procedures. In most part, the patient seeks to improve or transform their body part(s) to allay feelings of dissatisfaction from their physical appearance.</p>

**APPENDIX H – DERMATOLOGY AND AESTHETIC MEDICINE IN SINGAPORE,
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Subspecialties	Definition
Dermatopathology	A study of skin pathology, and a subspecialty of dermatology and pathology. It focuses on researching or diagnosing tissue samples on a microscopic level. Dermatopathologists are either qualified dermatologists or pathologists who have undergone further training in the field of dermatopathology. They usually work closely with dermatologists. Dermatologists treat the patients, while dermatopathologists receive the biopsy specimens, look at the tissue and make the diagnoses. Dermatopathology will not be covered in this report.

Note:

- Subspecialties under dermatology are commonly grouped under the above-mentioned four types. However, research also found mentions of other subspecialty variations.

Source: Compilation by Converging Knowledge

For the purpose of this report, the term “Aesthetic Medicine” is used in this report, in place of Cosmetic Dermatology, to represent the broader aesthetics industry, albeit with special focus on non-/minimally invasive procedures.

APPENDIX H – DERMATOLOGY AND AESTHETIC MEDICINE IN SINGAPORE, AND SKINCARE PRODUCTS INDUSTRY IN THE PRC

1.1.2 GROWING POPULARITY OF AESTHETIC MEDICINE IN SINGAPORE

Aesthetic Medicine, particularly invasive procedures, were previously regarded as taboo. Aesthetic (or cosmetic) surgery was framed as being artificial or man-made, and harbour potential risks. In some cases, images of “overdone” or over-modified women led to a stigma surrounding aesthetic treatments, making it socially unacceptable. However, Hollywood celebrity influences and the rapid spread of the “Korean Wave”, also known as “K-Wave”, across the world has changed perceptions on beauty, and thus, the acceptability of Aesthetic Medicine. The popularity of K-Pop and K-Dramas has given rise to the Korean beauty industry, coined as “K-Beauty”, and spurred interest in the beauty secrets of Korean celebrities. The K-Beauty phenomenon saw the introduction of Korean beauty products, tips, tools, and even cosmetic surgery standards, into the mainstream pop culture. Looking good is part and parcel of stardom and enhancements through cosmetic procedures and surgeries are sought after to make one look “perfect” to debut and become an idol.

Technological advances in Aesthetic Medicine have led to the subsequent emergence of non-/minimally invasive treatments. Examples of such treatments are tabled below:

Table 3: Examples of Non-/Minimally Invasive Aesthetic Medicine Treatments

Examples	Benefits
Laser/Radio Frequency treatments	Improve skin texture by causing controlled damage on targeted areas of the skin and allowing unaffected skin cells to recover quickly. Its application is used in both medical and aesthetics purposes, resulting in improvements of skin conditions, such as scar visibility, skin rejuvenation, skin tone, and tightness, depending on the type of treatment ¹² .
Injectables	Correct volume and texture. Stimulates the production of new collagen to smooth, resurface, and regenerate elasticity in the skin. Inhibit facial nerves to reduce wrinkles.
High-Intensity Focused Ultrasound (“HIFU”) treatments	Reduce wrinkles and tightens saggy skin. Lift cheeks, eyebrows, and eyelids. Define the jawline and tighten the décolletage.

Note:

- The list is not exhaustive.
- Varying terminologies or names may be used by different Aesthetic Medical practices.

Source: Compilation by Converging Knowledge

¹² S. Gianfaldoni, G. Tchernev, U. Wollina, M. Fioranelli, M.G. Roccia, R. Gianfaldoni, and T. Lotti. An Overview of Laser in Dermatology: The Past, the Present and ... the Future (?). Open Access Maced J Med Sci. 2017 Jul 25; 5(4): 526–530. – http://www.mjms.mk/Online/OAMJMS_2017_5_4/OAMJMS2017-130v.pdf Retrieved 24 March 2023

S. Gianfaldoni, G. Tchernev, U. Wollina, M. Fioranelli, M.G. Roccia, R. Gianfaldoni, and T. Lotti. have not provided its consent to the inclusion of the information cited and attributed to it in this document and has not provided its consent to be liable for such information. While Converging Knowledge has taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this document, neither Converging Knowledge, Niks Professional Pte Ltd or its directors, the Sponsor, Issue Manager, Underwriter and Placement Agent, the respective legal advisers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

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Non-invasive and minimally invasive procedures provide a wide array of benefits, as compared to invasive ones. They do not involve major surgery and thus, do not incur any incisions, stitches or scars. The absence of surgical procedures also means that such treatments harbour low complication risks, along with minimal pain or discomfort. The new age and friendly Aesthetic Medicine is also priced lower and are thus, more affordable to the masses. Downtime for such non-invasive and minimally invasive procedures is minimal, making it more palatable for those with busy lifestyles. These benefits are just some of the reasons why more people are opting for non-/minimally invasive procedures. Unlike invasive procedures, changes brought about by non-/minimally invasive Aesthetic Medicine are comparatively subtle and emphasises on bringing out the natural beauty.

Aesthetic Medicine is popular in Singapore and its acceptability has gained much traction in the last decade, by both domestic and overseas consumers. Singapore consumers have always been well-aware of the importance of keeping up with appearances, and hail the K-Beauty cult. With non-/minimally invasive procedures being increasingly available and ‘lighter’ on the pockets, more and more are jumping onto the bandwagon. Those who had once thought of Aesthetic Medicine as being beyond their means are embracing it, making it part and parcel of their beauty regime. Even the budget-conscious, who had previously opted to go to nearby developing countries for cheaper skin procedures, are beginning to stay “home-bound”, choosing treatments available in their domestic confines. Apart from domestic consumers, Singapore is also popular for aesthetic treatments among international visitors. The island-state has long been a hotbed for international visitors, be it for leisure, conventions or work, attracting over 19 million visitors in 2019¹³. With COVID-19 becoming endemic around the world and travel restrictions and safety management lifted, tourism activity in Singapore has seen an uplift, with international visitor arrivals reaching 6.3 million in 2022, exceeding forecast of between 4 and 6 million. Tourism activity in Singapore is expected to recover to pre-pandemic levels by 2024, barring unexpected circumstances. This will open doors and welcome international visitors who seek qualified and high-quality medical facilities and experts for their medical and aesthetic needs during their visit to Singapore.

1.2 INDUSTRY STRUCTURE

1.2.1 DESCRIPTION OF DIFFERING SEGMENTS IN THE INDUSTRY

Roles of Medical Practitioners in Skin Treatment and Management

In Singapore, skin conditions or ailments may be treated by either the primary care or general practitioners (“GPs”) and skin specialists such as the dermatologists. For most patients, GPs are often the first point of contact as they are easily accessible in every estate in the country, and often are more affordable. GPs can treat a wide variety of common ailments, such as cold and flu, as well as minor skin disorders. They may refer the patient to a dermatologist if the skin disorder sees no improvements after treatment, is recurring, or is suspected to have a more serious underlying cause. Some patients with deeper pockets or better medical insurance may choose to consult a dermatologist directly. The dermatologist is a specialist doctor that is trained to specifically treat illnesses related to the skin and hair. In Singapore, to become a certified dermatologist, a doctor must undergo an approximately five-year postgraduate training programme in Internal Medicine or Paediatrics. Following that, the doctor must complete another three years of full-time dermatology training programme in a recognised dermatological institute. The Ministry of Health (“MoH”) certifies the doctor as a dermatologist upon completion of the training. Alternatively, the doctor could skip the five-year programme in Internal Medicine or Paediatrics and opt for a five-year

¹³ Department of Statistics, Singapore

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training from a recognised dermatology training programme instead. Only doctors listed as dermatologists by MoH are recognised dermatologists.¹⁴ Unlike GPs, such specialist doctors are fewer in number due to a longer and more rigorous qualification process, and are thus less accessible. Specialist doctor's charges are generally higher than those of a GP.

GP versus GP with Interest in Dermatology

GPs in Singapore offer general medical services to patients of all ages and do not typically specialise in a particular area. However, those with a special interest in specific medical areas may pursue further training in the said field. For example, a GP with keen interest in dermatology may receive training in Family Practice Dermatology from a recognised dermatology training programme, whereas those interested in sports medicine may go through training in those areas. Programmes on Family Practice Dermatology are intended to provide medical practitioners with deeper knowledge and skills to properly treat patients with skin problems in primary care. GPs with special interest in Dermatology are referred to as GPs – Family Practice Dermatology in this report.

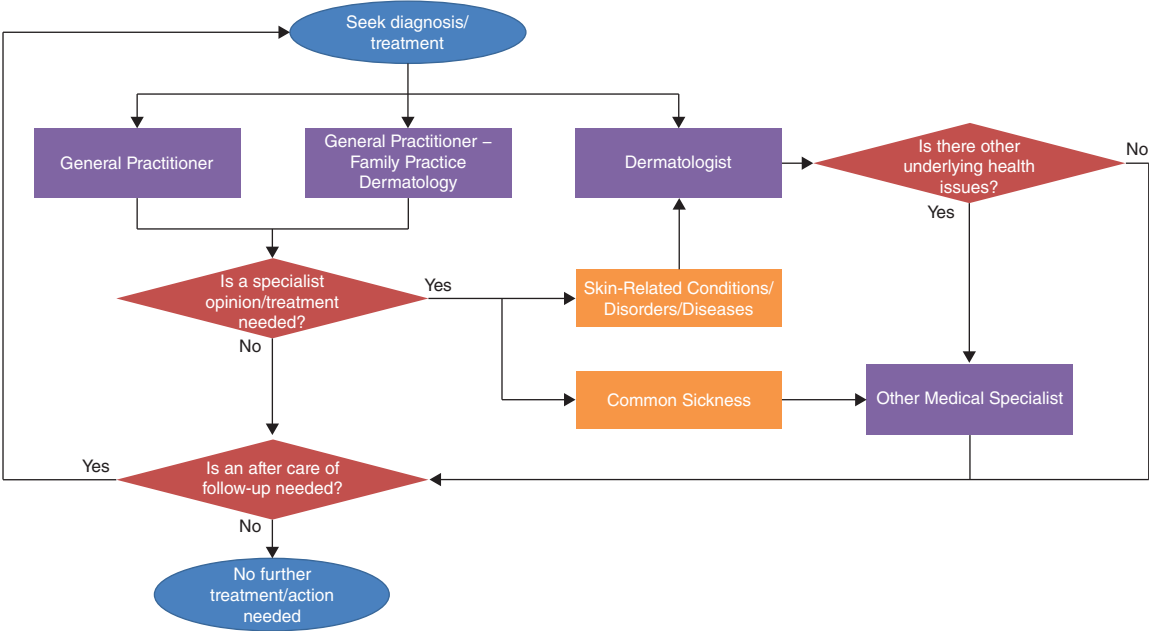
While most GPs in Singapore still focus on treating general ailments for the bulk of their patients, some, through their years of practice, and/or through acquiring postgraduate qualifications in dermatology, have developed a reputation amongst patients for their competencies. Being able to treat skin problems not only requires a medical practitioner to demonstrate a keen interest in the subject, it also requires one to be meticulous, and to make detailed and extensive diagnoses. As such, some GPs develop patient loyalty for the areas they specialise in, and thus may be recommended to new or potential patients through word of mouth.

¹⁴ Ministry of Health, Practicing As A Doctor Or A Specialist In Singapore – <https://www.moh.gov.sg/hpp/doctors/career-practices/CareerNPracticesDetails/practicing-as-doctor-or-specialist-in-singapore> Retrieved 15 February 2023

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Figure 2: Skin-Related Diagnosis, Treatment/Care Ecosystem in Singapore



Source: Compilation by Converging Knowledge

Doctors in Aesthetic Medicine

Medical Practitioners wishing to enter the field of Aesthetic Medicine will have to undergo training in Aesthetic Medicine and achieve a Certificate of Competence (“CoC”) through attending accredited specialised courses in the respective area of interest, approved and recognised by the Singapore Medical Council (“SMC”). They may already be practising GPs, GPs – Family Medicine Dermatology or qualified Dermatologists with already extensive knowledge and experience in treating skin disorders (for certain aesthetic procedures). However, these medical practitioners are required to undergo additional training in Aesthetics before they can run a Medical Aesthetic practice or practise as an Aesthetics Doctor.

Beauty Therapy

Beauty therapy, unlike DAME, does not have a medical orientation. However, beauty therapies have long been in existence since the ancient times. Traditionally, beauty therapies began with self-care or home personal care, covering daily cleansing using home remedies, off-the-shelf or recommended products as part of a skin maintenance regime. However, third-party therapists offering professional and more comprehensive beauty services, coupled with deeper cleansing, use of salon-grade products, and promises of a relaxing experience through massages, emerged. Beauty therapy services are especially popular in Asia and they are priced competitively in the region. So deeply “ingrained” are Asian consumers that such services are often a monthly affair for many.¹⁵

¹⁵ Interviews by Converging Knowledge

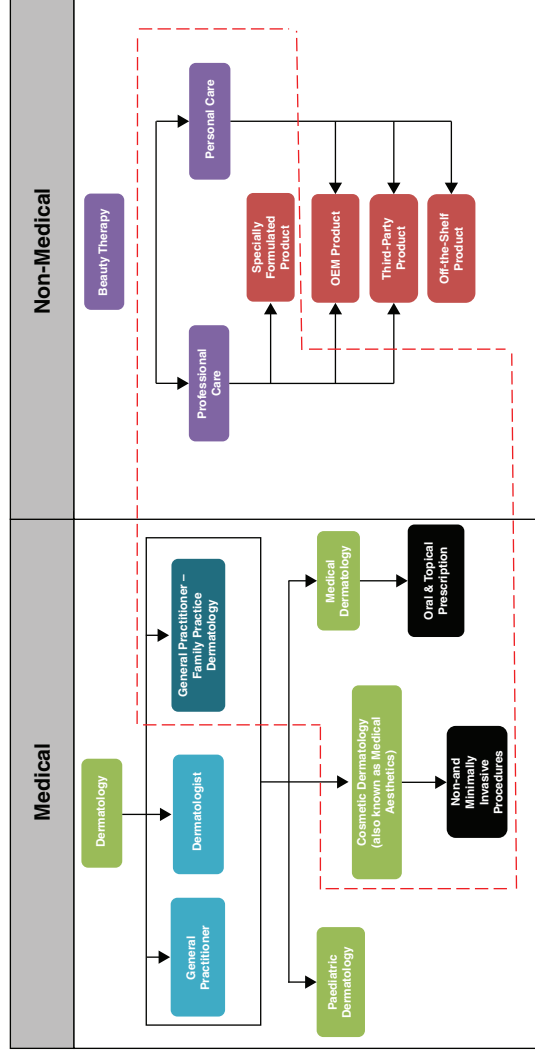
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Beauty therapy aids in the cleansing, maintenance and nourishment of skin. Despite claims that beauty therapies can treat skin conditions such as acne, the efficacy of such treatments is not backed by medical research. In addition, unlike medical practitioners, who have to undergo many years of professional training, no formal tertiary or vocational programmes are in place in Singapore for a beauty therapist. Individuals aspiring to pursue the career in beauty therapy would have to master the skills by completing related training courses. For example, there are training courses for facial treatment, laser treatment, spa services, as well as massages and waxing.

Home beauty regimes still continue to be an integral part of skin management. The skin is subject to depletion of vitamins and collagen every day and damages caused by pollution and ultraviolet rays. Medical Aesthetic treatments as well as beauty therapies, not only require a “rest time” in between each treatment for the skin to recuperate and see improvements, but they can be costly too. Home personal care is thus, important and consumers are increasingly more concerned in choosing what they apply on their faces. Previously, off-the-shelf products, or otherwise those that are available in pharmacies or beauty product retailers, are the go-to. Consumers of today, coupled with higher spending power, are better equipped with the knowledge on what ingredients are beneficial to their skin, and have become increasingly discerning on the types of products they buy. Many are turning to products which are “medical-grade” or endorsed by medical practitioners, sold in medical practices, or otherwise retailed in salons. They believe that such products contain ingredients with higher efficacies and are therefore, more willing to invest in such products which are perceived to be more premium.

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Figure 3: The Dermatology and Aesthetic Medicine Industry, with Focus on Non-/Minimally Invasive Procedures, and the Beauty Therapy Industry



Notes:

- Mohs Surgery and Dermatopathology are not mentioned in the industry due to the focus of this report.
- “Specially Formulated Product” is defined as products that are formulated by the company or clinic or salon and marketed under the company/clinic/salon’s own brand.
- “OEM Product” is defined as products that are marketed under the company’s own brand, while being formulated and manufactured by a third-party manufacturer.
- “Third-Party Product” is defined as products formulated and marketed under brands owned by a third-party manufacturer. It is sold to the end customer via a distributor, clinic or salon.
- “Off-the-Shelf Product” is defined as readily available products that are sold at the drugstore. The drugstore acts as its distributor.
- Niks Professional Pte Ltd operates in the segments outlined in the dotted red line.

Source: Converging Knowledge

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1.2.2 DESCRIPTION OF NIKS PROFESSIONAL PTE LTD (“NIKS”) WITHIN THE INDUSTRY SECTOR

Niks Professional Pte Ltd (“Niks”) is an integrated medical skin care provider and has been in business for 25 years. Niks first started as a GP clinic and Family Practice in Dermatology in the heartlands, and was involved in diagnosis and treatment of patients for their common and chronic illnesses, including skin-related issues. Throughout the years, Niks became known for effective skin treatment and management amongst its patients and has developed a loyal following who entrusts their and family members’ skin-related problems to Niks’ medical experts. Niks has since grown its practice to focus mainly on skin treatment and management. Its team of five doctors, with experience averaging 20 years, provide family practice dermatological treatments for skin disorders such as atopic dermatitis and psoriasis, as well as Aesthetic Medicine services like scar removal laser treatments and Botox injections. Niks operates three clinics currently – one in the heartlands in the East, one in the business district in the West, as well as one in the central region of Singapore that caters to the more affluent crowd. Apart from that, it also operates three retail stores cum salons, providing supplementary salon services such as anti-ageing and therapeutic facial treatments. The beauty therapists are provided training and understanding of the skin through medical perspectives, the purpose of which is key to Niks’ objective to provide a holistic experience to their patients journey in curing, managing and enhancing their skin condition. These facial treatments are complementary to the medical and aesthetic treatments, using suitable after-care under Niks’ specially-curated product range.

Niks offers its own line of medical skincare products that are conceptualised by the Group’s doctors and jointly developed by third-party manufacturing facilities overseas. These skincare range are currently sold at Niks’ clinics and retail shops cum salon, third party medical clinics and beauty salons in Singapore, its own website as well as regional distributors (agents) in the PRC. The Group currently offers more than 100 unique proprietary medical skincare products and are focused on introducing new products that not only incorporate latest technology, but also quality ingredients that cater to a wider spectrum of skin issues. The Group plans to expand its business locally by opening new clinics and outlets, allowing for a more complete geographical coverage and expand its customer outreach. Its near-term plans include setting up a new clinic in the North of Singapore and a retail cum salon outlet in the West.

Beyond Singapore, Niks medical skincare products are distributed in the PRC through its regional distributors. The Group intends to expand its medical skincare products distribution business and its geographical coverage within the PRC by engaging more regional distributors. It also plans to intensify efforts in direct sales to doctors, continue to tap on online platforms to engage customers and offer a wider skincare range to cater to more types of skin issues.

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2. MAJOR TRENDS AND CHALLENGES THAT WILL IMPACT THE CLIENT’S BUSINESS

The DAME Industry has seen strong growth and is expected to expand further, in line with an ageing population, prevalent skin conditions, acceptability of Aesthetic Medicine procedures as well as individuals’ desire to take care of their skin and prevent the signs of ageing, technological advances, amongst others.

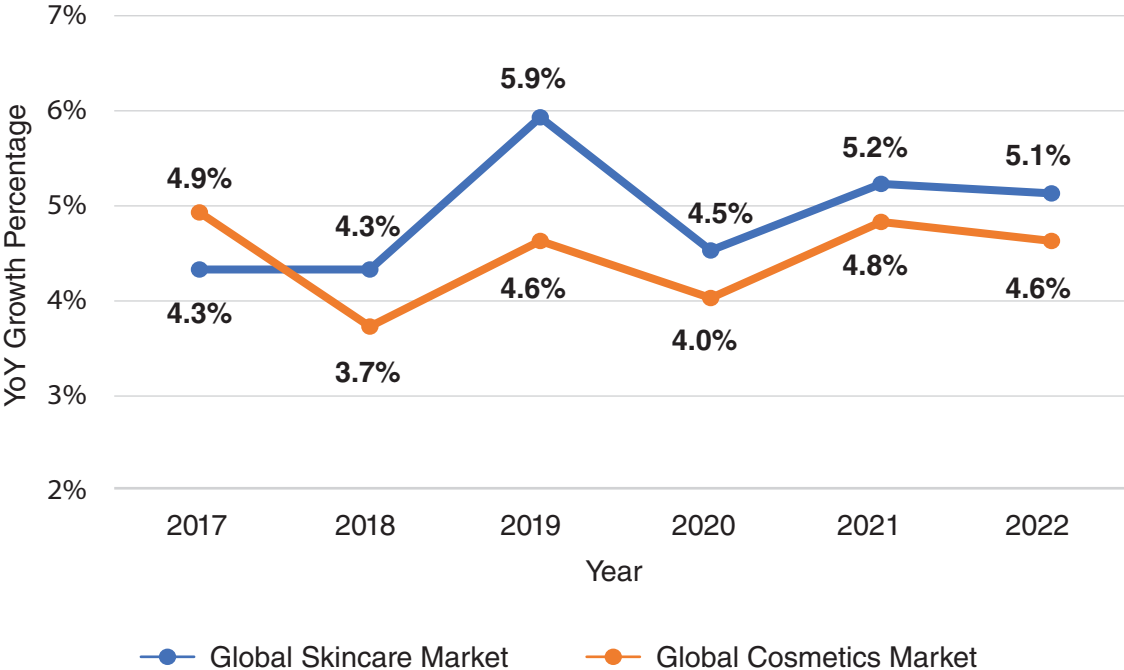
This section discusses some of the major trends and developments that will impact the DAME Industry, as well as the key challenges and barriers to entry on an industry-level.

2.1 KEY REGIONAL AND LOCAL TRENDS AND DEVELOPMENT

SKINCARE HAS BECOME THE HOLY GRAIL OF BEAUTY

Skincare has taken over cosmetics (also known as makeup) as the top priority in beauty, especially for the Generation Z¹⁶. More and more people stopped being hung up on masking their imperfections under layers of makeup and contouring techniques, but rather they look for ways to keep their skin radiant and healthy in the long term. The phenomenon has been growing in recent years, sped up by the lockdowns during the pandemic, which had restricted movements and access to beauty salons. Skincare has since become the “101” fundamental for the beauty minimalism.

Figure 4: Year-On-Year Growth of the Global Skincare and Cosmetics Market



Source: Converging Knowledge

¹⁶ Generation Z or Zoomers are the demographic that succeed Generation Millennium and precede Generation Alpha. They are categorised to be born in between the late 1990s and early 2010s. Most sources typically listed the year range of 1997 to 2012 as Generation Z.

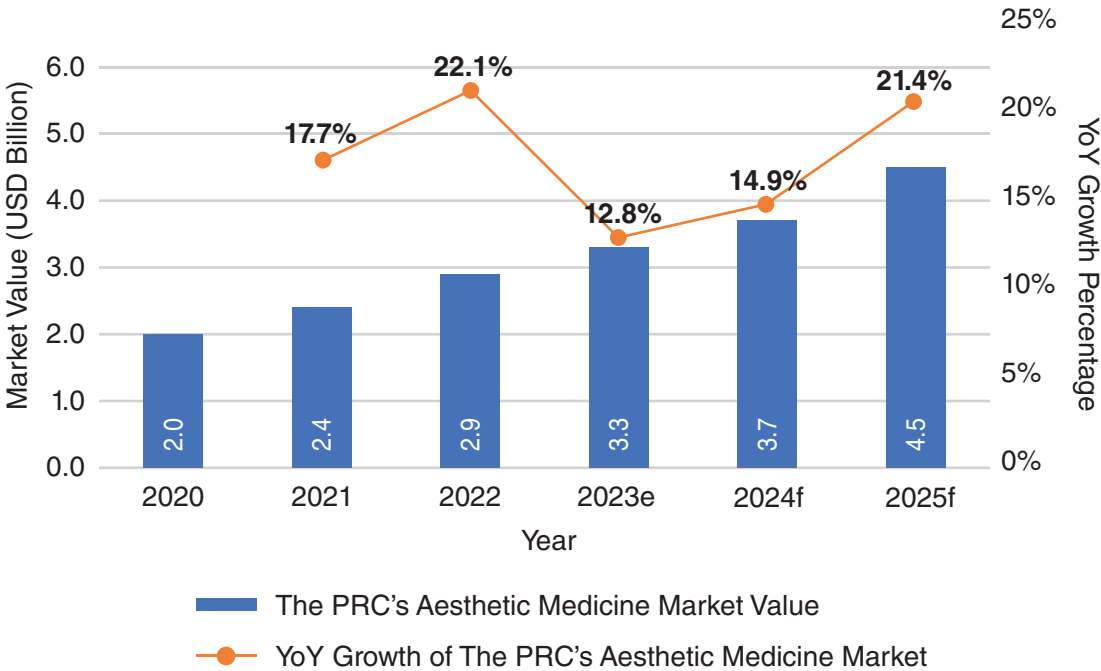
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The growth of skincare is attributable to several factors. Not only is there a growing desire for health-promoting and self-care products, but also a rising interest in the power of regimens and routines. Social media has empowered and informed consumers more rapidly, and new technology capabilities allow consumers to simplify complex choices when they interact with skincare brands. Globally, the skincare products market was estimated to be worth over USD100 billion in 2022 and is expected to grow by a CAGR of nearly 6.0% from 2022 to 2027¹⁷.

AESTHETIC MEDICINE MARKET EXPECTED TO SEE GROWTH

Globally, the Aesthetic Medicine industry is estimated to be worth approximately USD15 billion in 2022, and is expected to see an upward trend, of an estimated CAGR of 11.0% reaching in excess of USD26 billion in 2027. This growth is also expected in Asia Pacific to surpass 10% in the same period from 2023 to 2027¹⁸, arising from increasing patient affordability due to growing disposable income which will upsurge the demand for advanced aesthetic procedures. In addition, more patients young and old are seeking aesthetic medical treatments to look better, rather than look younger. The Asian market sees promises of growth as the Asian skin is subject to problems involving melasma and pigmentary issues. The PRC market alone accounted for at least 15% of the Asia Pacific market share in Aesthetic Medicine in 2020¹⁹.

Figure 5: The PRC’s Aesthetic Medicine Market



Source: Converging Knowledge

Rising interest and growing awareness regarding aesthetic medical procedures will boost the market demand in the PRC. Increasing demand for facial aesthetics among teenagers as well as ageing population will further fuel the market growth.

¹⁷ Estimates and triangulation by Converging Knowledge
¹⁸ Estimates and triangulation by Converging Knowledge
¹⁹ Interviews by Converging Knowledge

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RISING ASIAN WEALTH STIMULATES STRONG AESTHETICS MARKET GROWTH

Notwithstanding economic distractions caused by the pandemic, global wealth has been growing. Wealth within the Asia-Pacific region accounts for more than 40% of global wealth. The PRC alone accounted for approximately 30% of global wealth growth in 2020²⁰, indicating that more Chinese consumers have moved into the middle class. Asia's growing wealth shines a light on consumerism. Already, aesthetic medical procedures are becoming increasingly widely accepted by Asian societies. Higher wealth pushes better affordability and willingness to invest in more costly procedures to, not just looking well-maintained, but also make transformational changes to look good.

CONSTANTLY CHANGING BEAUTY STANDARD AND TRENDS

Countries, such as the United States and United Kingdom, have always been the “leader” of pop culture, the latter of which influences our perceptions and ideas towards beauty. In recent years, the rise of Asian media popularity, such as K-Pop and anime, has contributed to new beauty standards and trends, which also brought attention to Asian beauty products. Likewise, with the rise of gender equality and the changing society norms, the beauty and aesthetics sector are no longer exclusive to women. Male consumers are becoming more aware of their grooming and appearance. This is especially so in North Asia. Increasingly more men are purchasing cosmetic items or visiting aesthetic clinics for treatments, with accounts of more than half of Chinese men stating that they perform skincare routines very often or daily²¹ and approximately 17% of white-collar men in the PRC having undergone cosmetic treatments²². With the shift in social perspectives and possibly even influenced by the K-Pop industry, it is no longer unusual to see males, particularly those in the media, use cosmetic goods such as eye liners, concealers, or lipsticks, or invest in quality skin care and treatments.

²⁰ Estimates and triangulation by Converging Knowledge

²¹ 19 September 2022, Gentlemen Marketing Agency (GMA). Male Skincare Emerges as a Market Leader in China – <https://cosmeticschinaagency.com/male-skin-care-emerges-as-a-market-leader/> Retrieved 20 March 2023

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²² 12 September 2021, The Straits Times, Men in China go under the knife to boost life chances – <https://www.straitstimes.com/life/entertainment/men-in-china-go-under-the-knife-to-boost-life-chances> Retrieved 20 March 2023

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In 2022, 48.86% of the Singapore resident population comprises of males²³. Traditionally, the female population is the target demographic and the main consumers of the beauty industry. However, new beauty standards and trends have ushered in the rise of men’s interest in beauty or grooming. More companies in the beauty and cosmetics industry have come out with product lines to attract male customers. Some players have taken the trend even further to come out with gender-neutral beauty products. The “gender-less” trend is targeted to attract new male consumers without excluding the existing female consumer market.

SOCIAL MEDIA AS A MARKETING STRATEGY

In the last two decades, the Internet has become one of the primary sources of information. Technology has made it easy to gain new knowledge, including information on the beauty industry. There are tons of websites that create content related to beauty. Similarly, social media has emerged as a cultural phenomenon, with far-reaching societal implications. Almost everyone nowadays has a social media account via which they engage, exchange information, and, to some degree, influence others. Aside from spreading information, social media is also used as a marketing tool. “Viral” make-up trends and skin care tips on social media often feature products or services, which allow businesses, particularly small and medium-sized ones, to reach a much broader demographic without incurring large advertising or marketing costs. It also assists organisations in engaging with their consumers to discover what they want, need, and their opinion about the products or services offered. The emergence of social media influencers has indeed stemmed from the introduction of social media. These individuals are people with large social media followings, regardless of whether they already have a following before diving into social media. The opinions of social media influencers are regarded as “genuine” since they give input from their own personal experiences. Because of the strength of social media influencers, many businesses use them as brand ambassadors to market their products and services.

²³ Updated 24 February 2023, Department of Statistics, Singapore, Key Indicators on Gender – <https://tablebuilder.singstat.gov.sg/table/TSM810631> Retrieved 20 March 2023

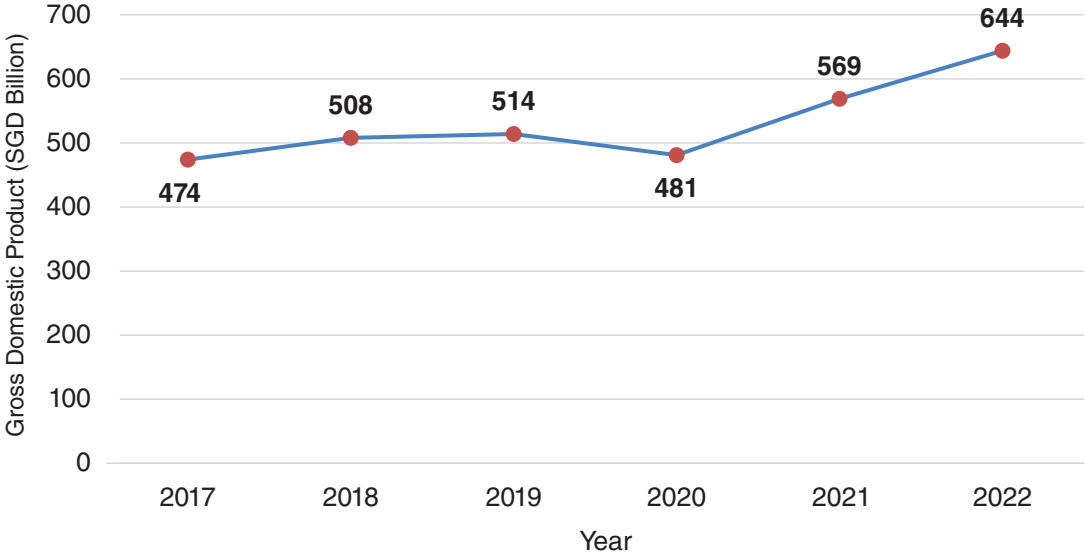
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RECOVERY OF SINGAPORE’S GDP AFTER COVID-19

Singapore’s GDP suffered a dip in 2020 as a result of the economic disruption caused by the COVID-19 pandemic. However, it immediately increased in 2021, and was even higher than pre-pandemic era. This upward trend is expected to continue in 2022 and 2023²⁴. Rising GDP represents recovery for Singapore’s economy.

Figure 6: Singapore’s Annual Gross Domestic Product, 2017 to 2022



Source: Singapore Department of Statistics²⁵

²⁴ 13 February 2023, Ministry of Trade and Industry, MTI Maintains 2023 GDP Growth Forecast at “0.5 to 2.5 Per Cent” – https://www.mti.gov.sg/Newsroom/Press-Releases/2023/02/MTI-Maintains-2023-GDP-Growth-Forecast-at-0_5-to-2_5-Per-Cent Retrieved 21 February 2022

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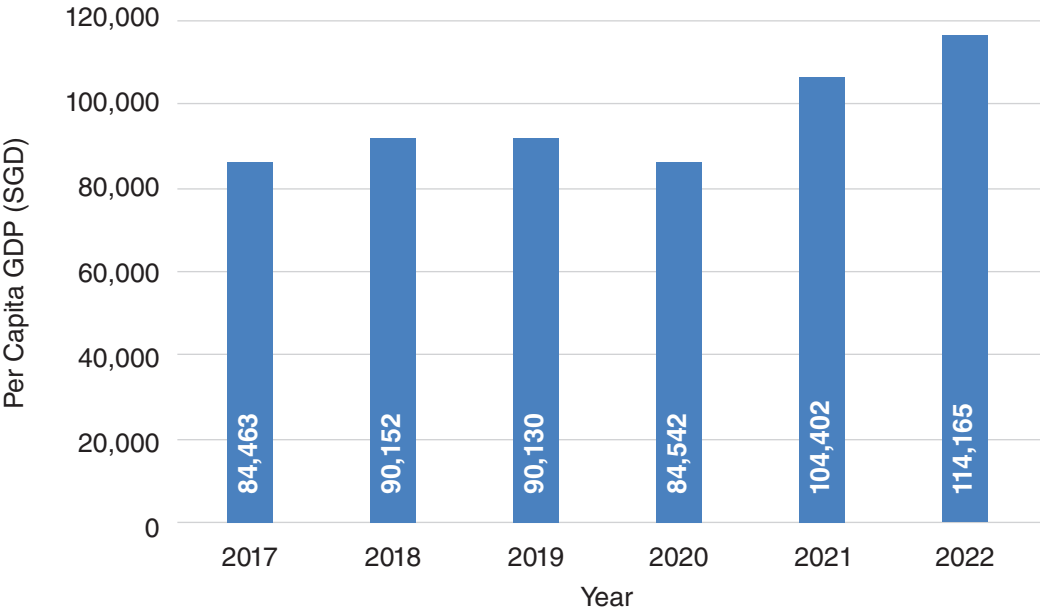
²⁵ Updated 17 March 2023, Singapore Department of Statistics, Gross Domestic Product At Current Prices, By Industry (SSIC 2020) – <https://tablebuilder.singstat.gov.sg/table/TS/M015731> Retrieved 17 March 2023 Singapore

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Similarly, Singapore’s per capita GDP rebounded by 19.02%²⁶ in 2021, after suffering in 2020. Evidently shown in the figure below, Singapore’s per capita GDP in 2021 rose even higher compared to pre-COVID era. It signifies a push of optimism to consumers which will spur willingness to spend.

Figure 7: Singapore’s Per Capita Gross Domestic Product, 2017 to 2022



Source: Singapore Department of Statistics²⁷

CONSTANT RISING TREND IN SINGAPORE’S PERSONAL DISPOSABLE INCOME

Personal disposable incomes for Singapore Citizens showed a general upward trend from 2017 to the third quarter of 2022, rising by nearly 34% in the said period. Higher personal disposable incomes correlate with higher propensity to spend, not just on necessities but also on luxury items. In today’s context, while basic skin care products are considered a necessity, higher personal disposable incomes would pave the way for Singaporeans to invest in better quality skin care products as well as aesthetic treatments that can elevate their physical appearance. What constitutes basic skin care differ from one individual to another. However, in general, it refers to cleanser, toner, exfoliator, moisturiser, mask and sunblock. For some, adding a serum or emulsifiers is considered a necessity, while others regard it an indulgence. Serums are increasingly regarded as an important part of the beauty regime in Singapore. Singapore consumers are well connected and better educated on the functions of each skin care product,

²⁶ Calculated by Converging Knowledge.

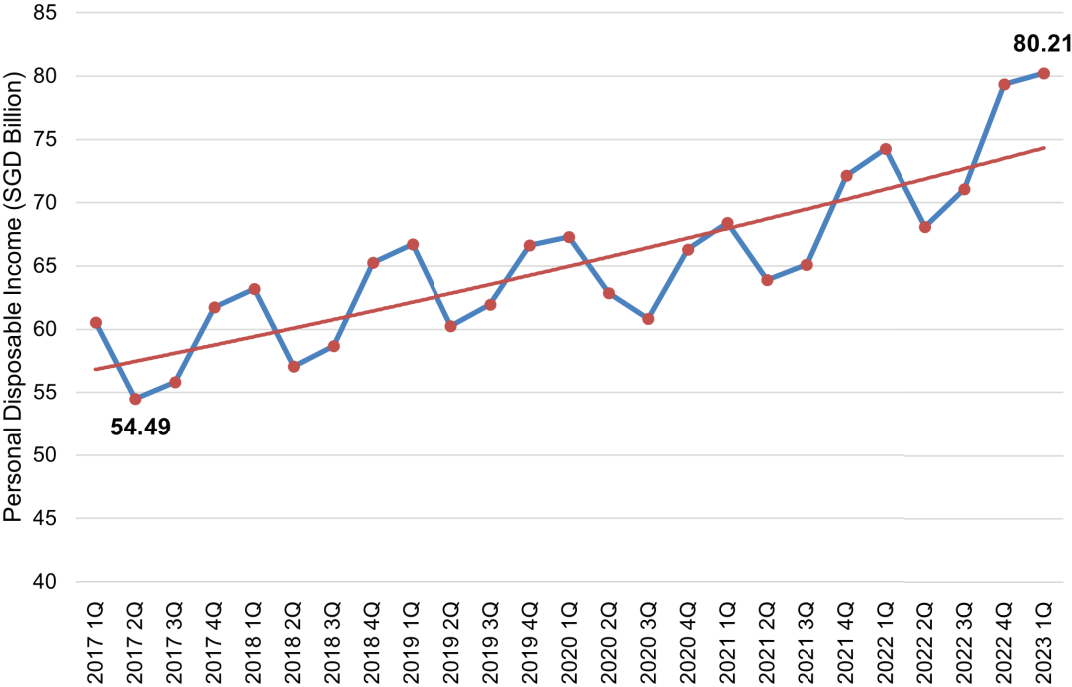
²⁷ Updated 17 March 2023, Singapore Department of Statistics, Per Capita GNI And Per Capita GDP At Current Prices – <https://tablebuilder.singstat.gov.sg/table/TS/M015121> Retrieved 17 March 2023

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and are increasingly embracing the benefits of applying serums. Interviews revealed that average monthly spend on skincare products by Singapore consumers is approximately SGD100²⁸, subject to the income levels of the consumers.

Figure 8: Personal Disposable Income, Quarterly, 2017 to 2022



Source: Singapore Department of Statistics²⁹

²⁸ Estimates and triangulation by Converging Knowledge. Generally, spending varies depending on factors such as age groups, income levels, willingness to invest in skincare, skin types and condition as well as skin care regime, amongst others. Some consumers have basic skin care regimes, comprising of cleanser, toner, moisturiser and mask; others have more extensive skin care regimes, which include applying eye gel, serums and night cream.

²⁹ Updated 17 March 2023, Singapore Department of Statistics, Personal Disposable Income At Current Prices – <https://tablebuilder.singstat.gov.sg/table/TS/M016081> Retrieved 17 March 2023

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E-COMMERCE BOOM

Being confined at home during the COVID-19 pandemic has altered the purchasing habits for the average consumer. Fearing a disease that can be spread through air and being in close proximity of another person, many turned to online shopping or e-commerce site to purchase products. For instance, physical retail sales in the United States fell 7.7% between February and April 2020, in contrast to the same time frame in 2019. Meanwhile, e-commerce sales grew by 14.8%³⁰. E-commerce companies responded favourably by offering a greater selection of items and better services to their clients. Consumers, for example, may compare prices on the same or comparable cosmetic goods without having to visit many stores, read product reviews and review ratings online, obtain fast online counselling/chatbots, and even select from a variety of shipping and payment methods. Having access to all of these services from the comfort of their home, it is expected that the e-commerce industry is going to continue thriving even after the COVID-19 pandemic turned to an endemic.

RISE IN TELEDERMATOLOGY

COVID-19 has also become the impetus for digital transformation in both the public and private medical sectors. For instance, dermatology relies heavily on visual cures and such visual images may be captured through imaging technologies. As such, this makes dermatology ideally suited for telemedicine.

While teledermatology is not new, the number of teledermatology providers and demand for their services increased significantly during the Circuit Breaker and was reported to have continued to remain high as many people still prefer not to visit clinics or hospitals. Teledermatology may grow in importance and become a mode of diagnosis and treatment. With an ageing population, teledermatology may become a more important care model in the years to come.

³⁰ 7 October 2020, Organisation for Economic Co-operation and Development, OECD Policy Responses to Coronavirus (COVID-19), E-commerce in the time of COVID-19 – <https://www.oecd.org/coronavirus/policy-responses/e-commerce-in-the-time-of-covid-19-3a2b78e8/#figure-d1e153> Retrieved 17 March 2023

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ALTERNATIVE CHOICES – NATURAL AND CLEAN

The Internet has allowed consumers to educate themselves on the available and latest skincare products in the marketplace, the benefits thereof as well as alternative skincare options such as “natural and clean” products. However, it is important to note that “natural and clean” products are not properly defined by regulation. This exposes the terms up to interpretations by companies, bloggers, and celebrities, who have sought to define it by themselves, as well as promoting dangers of chemical products.³¹ Naturally, consumers would look to these social influences, which have led consumers to perceive natural products as the solution to the instilled fear of chemical and artificial ingredients. Despite having no concrete proof that “natural” skincare products are better than products with chemicals, consumers are gravitated towards the former as they believe so. In reality, many skincare products that are marketed as containing natural ingredients are not necessarily free of chemicals, and those synthetic ones may not be always worse for skin.³²

³¹ Rubin CB, Brod B. Natural Does Not Mean Safe – The Dirt on Clean Beauty Products. *JAMA Dermatol.* 2019;155(12):1344–1345. doi:10.1001/jamadermatol.2019.2724; <https://www.fda.gov/cosmetics/cosmetics-laws-regulations/fda-authority-over-cosmetics-how-cosmetics-are-not-fda-approved-are-fda-regulated>

JAMA Dermatol has not provided its consent to the inclusion of the information cited and attributed to it in this document and has not provided its consent to be liable for such information. While Converging Knowledge has taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this document, neither Converging Knowledge, Niks Professional Pte Ltd or its directors, the Sponsor, Issue Manager, Underwriter and Placement Agent, the respective legal advisers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

³² 4 November 2021, Green Queen, Nearly 60% of ‘Natural’ Skincare Products Contain Synthetic Ingredients – <https://www.greenqueen.com.hk/natural-skincare-study/> and 20 June 2022, BBC, Are ‘natural’ products better than synthetic ones? – <https://www.bbc.com/future/article/20220614-synthetic-or-natural-which-is-best-for-climate-and-health> Retrieved 10 April 2023

Green Queen and BBC have not provided its consent to the inclusion of the information cited and attributed to it in this document and has not provided its consent to be liable for such information. While Converging Knowledge has taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this document, neither Converging Knowledge, Niks Professional Pte Ltd or its directors, the Sponsor, Issue Manager, Underwriter and Placement Agent, the respective legal advisers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

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2.2 CHALLENGES AND ISSUES

Confusion with Beauty Salons

Beauty salons, unlike aesthetic medical practices, are not subject to regulation by the MoH in Singapore as their treatments do not require backing from medical research. In some cases, treatments offered at some beauty salons may sound the same and use similar terms and phrases as actual clinic treatments. For instance, some may include clinical sounding words such as “Aesthetics”, or “Lab” to give the semblance of being associated to a medical clinic. Further confusion is caused when beauty salons offer services, such as melasma treatment, tattoo removal, or skin whitening, that used to be offered only by skin clinics and administered in regulated medical facilities.

Aesthetic Medicine Slowly Operating like a Commercial Concern

An Aesthetic Medical practice may be set up by, owned and run by a non-medical practitioner as long as a proper qualified and licensed doctor is registered as being with the practice. This registered doctor may or may not work with the practice in question. This means that the practice could use another doctor to administer the procedures, or would no longer be permitted to provide aesthetics treatments if the doctor who is originally registered with the practice decides to pull out.

In addition, Aesthetic Medical practices are displaying signs of operating like a business, rather than a medical practice of treating and curing. Whilst they do not “hard sell”, allowing customers to make their own informed choices, many offer upfront packages that offer lower per unit cost per treatment, and to lock down customers. Upfront packages are common offerings in the Spa and Wellness Industry, and had led to issues of unused monies for patients when the spa or beauty salons suddenly close down.

Hiring and Retention of Qualified Medical Practitioners

The Medical Profession is well sought after in Singapore, where high emphasis is made in providing good healthcare within the country. Not only does this mean that hiring a licensed medical practitioner comes with some challenges, recruiting those with the relevant training and actually practical skills and know-how in skin-related management are subject to greater hurdles. For example, aesthetic doctors, who are qualified in administering Aesthetic Medical procedures, may not be equipped with the depth of knowledge to diagnose and treat a patient with serious dermatological issues, and thus, may not fit the profile of a doctor in a dermatological practice.

Aesthetic Medicine is considered a lucrative trade, as compared to traditional dermatology diagnostic and treatment. As such, it is no wonder that increasingly, Aesthetic Medical practices have sprung up, or chains opening more outlets. Demand for aesthetics doctors is therefore on the “high”, making it easy for them to jump ship. Retaining good and qualified medical practitioners is, thus, becoming increasingly important, but challenging.

The success of a DAME practice depends heavily on the expertise and experience of its management and key personnel, particularly the professionals, who deliver quality services and achieve positive patient outcomes. Retaining and motivating these essential staff members is crucial for the company’s long-term success. This can be achieved through competitive compensation and benefits packages, a positive work environment that encourages growth and collaboration, and ongoing training and development opportunities to keep up with advancements in the field.

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Additional Resources and Efforts Needed to Keep Up with Sustainability

The Mandatory Packaging Reporting (“MPR”) scheme in Singapore requires companies that produce or import packaged products, including skincare, to report their annual packaging data and submit “3R plans” to the National Environment Agency (“NEA”).³³ While the MPR scheme aims to reduce packaging waste and promote sustainable packaging practices, it may be cumbersome for skincare products companies that rely heavily on packaging for their products.

Skincare manufacturers that use plastic packaging may face challenges in meeting the reporting requirements, as plastic is a commonly used packaging material that is difficult to recycle and dispose of sustainably. This may result in increased costs for the company as they look for alternative, more sustainable packaging materials. In addition, the 3R plans that companies are required to submit may also be a challenge for skincare companies that may have limited resources to invest in sustainable packaging initiatives. Furthermore, companies that fail to comply with the MPR scheme may face fines or legal action, which can further impact their financial stability and reputation.

Negative Feedbacks or Complaints from Online Platforms Could Have Adverse Effects

While social media or word of mouth can be a good form of marketing strategy for a DAME practice, they may also be a double-edged sword. Negative feedback or reviews can quickly spread online, causing a ripple effect that can negatively affect an establishment’s brand image, customer loyalty, and revenue. Negative reviews can deter potential customers from using an establishment’s services and can damage the company’s reputation, just from a single customer review. Therefore, extra efforts are needed to actively monitor and appropriately respond to customer feedbacks.

Heavy Reliance on Logistics

Companies in Singapore are heavily reliant on overseas manufacturers for their supply of goods or ingredients. Thus, any disruptions or delays in the supply chain could affect a company’s ability to provide quality services to its clients. For instance, delays in the delivery of injectables or other products could lead to appointment cancellations or a shortage of supplies, which can impact patient satisfaction and corporate revenue. Some of the external factors that might affect supply chain are global economic conditions, new regulations, transportation capacity, as well as political instability. Therefore, a-DAME practice need to put in place contingency plans to mitigate any potential disruptions to its logistics operations and ensure smooth delivery of services or products to their clients.

³³ National Environment Agency, Mandatory Packaging Reporting – <https://www.nea.gov.sg/our-services/waste-management/mandatory-packaging-reporting> Retrieved 5 April 2023

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Risks of Using Third-Party Online Payment Platform

Introduction/adoption of online payment platforms provide payment convenience to consumers and also, creates opportunities for establishments selling product online. However, it is important to consider certain challenges associated with third-party online payment platforms. One concern is the potential risk of cyber-attacks and data breaches. This may compromise the security of financial information and result in losses. Furthermore, using a third-party online payment platform limits a company's control over the payment process, leaving it vulnerable to disputes or transaction failures. Technical difficulties with the online payment platform might also cause the payment process to be disrupted, creating inconvenience to the company and its clients.

Risks of Medical and Personal Data Breach

Medical and personal data are highly sensitive, and unauthorised access or disclosure may have severe consequences for patients and clients. The medical industry, including Aesthetic Medicine, are not immune to the possibility of data breaches or cyber-attacks that could compromise the confidentiality and integrity of the data. Additionally, regulatory compliance requirements around the handling of medical and personal data are stringent and complex, and non-compliance can lead to legal and financial repercussions. Players in the DAME industry need to prioritise data privacy and security by implementing appropriate technical and administrative safeguards, such as encryption, access controls, and regular employee training.

Competitive Market Offers Wide Variety of Substitute Products and Services

The DAME Industry is highly competitive, and the success of any company operating in this space depends on its ability to differentiate its products and stay ahead of market trends. However, developments in the skincare industry and the emergence of substitute products could pose significant challenges to the sales of medical skincare products. With the growing popularity of perceived "natural and organic" skincare products, for example, consumers may be less inclined to purchase medical skincare products that contain synthetic ingredients. Furthermore, advances in technology and research may lead to the development of alternative treatments and therapies that could substitute for medical skincare products. Companies operating in this industry must stay vigilant and continuously innovate to ensure that their products remain relevant and desirable to consumers.

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2.3 BARRIERS TO ENTRY

Only Medical Practitioners Can Offer DAME Services

Service providers in the DAME Industry have to be qualified medical practitioners. All Aesthetic Medical services must be administered by a qualified and licensed aesthetic doctor who has the knowledge to operate medical equipment. for their procedures. Under the Guidelines on Aesthetic Practices for Doctors (2016 Edition), DAME services or procedures are categorised based on which licensed doctor or specialist is allowed to perform it. For instance, radio frequency treatments could be performed by specialists, such as dermatologists and plastic surgeons. The same treatment can also be performed by non-specialist doctors with CoC qualification. However, we note that the guidelines, which were originally introduced in July 2008 and updated in October 2008, provided some exceptions for non-specialist doctors. These exceptions came with a condition that the non-specialist doctors had to perform such treatments more than the set threshold from 1 October 2006 to 30 September 2008.³⁴

³⁴ Singapore Medical Council, Guidelines on Aesthetic Practices for Doctors (2016 Edition) – <https://www.healthprofessionals.gov.sg/docs/librariesprovider2/guidelines/2016-edition---guidelines-on-aesthetic-practices-for-doctors.pdf> Retrieved 8 June 2023 “Singapore Medical Council has not provided its consent to the inclusion of the information cited and attributed to it in this document and has not provided its consent to be liable for such information. While Converging Knowledge has taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this document, neither Converging Knowledge, Niks Professional Pte Ltd or its directors, the Sponsor, Issue Manager, Underwriter and Placement Agent, the respective legal advisers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

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Marketing of DAME services Subject to Strict Guidelines

Like all medical services, medical practitioners are subject to strict guidelines in regard to marketing their expertise. From 15 April 2019, licensees of healthcare institutions licensed under the Private Hospitals and Medical Clinics Act 1980 (“PHMCA”) are required to comply with the Healthcare Services Act 2020 (“HSCA”), which partially came into operation on 3 January 2022 and on 1 May 2023. Under the HSCA, healthcare providers will need to hold licences based on the services they provide. This is a change from the PHMCA where providers are licensed based only on physical premises. HSCA was passed in the Parliament in January 2020 and rolled out in three phases starting from September 2021. Phase 1 was implemented on 3 January 2022³⁵. Phase 2 was announced to be implemented starting from 26 June 2023. Phase 3 is expected to be implemented around the end of 2023.³⁶ Advertisement can come in various shape and form, including in newspapers, directories, medical journals, magazines, brochures, leaflets, flyers, pamphlets, or the Internet as well as mobile application software. According to the Healthcare Services (Advertisement) Regulations 2021, advertisement of the services provided must be factually accurate and capable of being substantiated. It must also not be overstated, untrue, misleading, or deceptive in any way. The advertisement must also not offend and undermine any healthcare profession. It is also stated that photograph or film, showing comparison between before and after receiving treatment, are not allowed to be included in advertisement. However, reviews, testimonials, and endorsements are allowed to be displayed within the licensed premise and licensee’s website or social media accounts.³⁷ Failure to comply with these regulations may result in serious consequences including penalties that may tarnish the reputation of the institution.

³⁵ Singapore Statutes Online, Healthcare Services Act 2020 (Act 3 of 2020), Healthcare Services (Advertisement) Regulations 2021 – <https://sso.agc.gov.sg/SL/HSA2020-S1033-2021?DocDate=20211230> Retrieved 22 March 2023

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³⁶ Ministry of Health, Healthcare Services Act, Phase 2 Transition – <https://www.moh.gov.sg/hcsa/phase-2-transition> Retrieved 22 March 2023; 26 May 2023, Ministry of Health – <https://www.moh.gov.sg/hcsa/home> Retrieved 18 June 2023

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³⁷ Singapore Statutes Online, Healthcare Services Act 2020 (Act 3 of 2020), Healthcare Services (Advertisement) Regulations 2021 – <https://sso.agc.gov.sg/SL/HSA2020-S1033-2021?DocDate=20211230> Retrieved 22 March 2023

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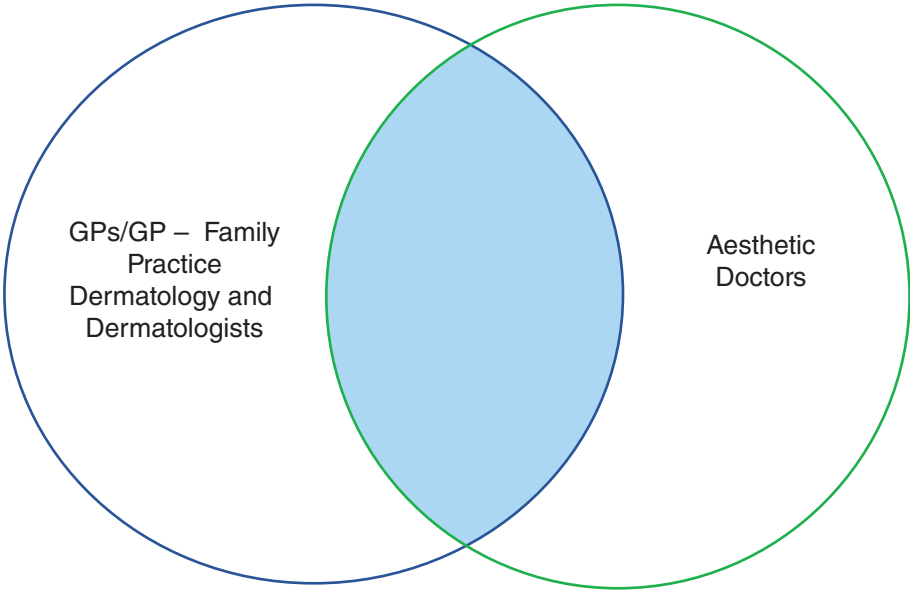
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3. COMPETITIVE LANDSCAPE

3.1 LEVEL OF COMPETITION IN THE INDUSTRY

The DAME industry in Singapore is operated by two broad groups of medical practitioners – the first being the GPs, GPs – Family Practice Dermatology and Dermatologists; and the second being the Aesthetics Doctors, or otherwise medical practitioners qualified to render Aesthetic Medicine services. Those in the first group – GPs, GPs – Family Practice Dermatology and Dermatologists – usually have more extensive knowledge in dealing with skin ailments beyond aesthetics – as their line of work exposes them to a wide group of patients with more serious problems, rather than targeted enhancements. The second group, which are the Aesthetics Doctors, are focused on rendering Aesthetic Medicine services. Some GPs, GPs – Family Practice Dermatology and Dermatologists are also involved in Aesthetic Medicine procedures, albeit with a smaller range of services as most still spend the bulk of their professional work in treating the ill patients or those afflicted with serious skin ailments.

Figure 9: Medical Practitioners in the Dermatology and Aesthetic Medicine Industry in Singapore



Note:

- The segment in blue covers those GPs/GPs – Family Practice Dermatology and Dermatologists also engaged in Aesthetic Medicine.

Source: Converging Knowledge

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Interviews revealed that most of such practices under the first group are small, which explains why the list of Aesthetic Medicine services are constrained, and that GPs that offer Aesthetic Medicine services spend on average approximately 10% of their time on such procedures³⁸. There are more than 2,000 GPs³⁹ in Singapore, most of which are standalone medical practices with one or two doctors⁴⁰. The GPs, who offer Aesthetic Medicine, continue to focus on treating the sick. However, the scene is evolving, with a growing number of GP chain practices on the rise, and which are run by a group of doctors with varying area of interests. GPs – Family Practice Dermatology are estimated to be fewer than a hundred (100) in numbers⁴¹, whereas licensed Dermatologists is estimated to be over 160⁴². There are approximately 150 clinics that are involved in Aesthetic Medicine services in Singapore⁴³.

Interviews revealed that competition is high within the DAME industry, particularly in the Aesthetic Medicine segment. Some of the key areas where they compete on are listed below:

Number of Outlets and Strategic Location(s) to Capture Market Segments

Dermatological services may be offered by GPs, GPs – Family Practice Dermatology and Dermatologists, the former two groups being more accessible as many are located in the heartlands, whereas the latter usually operate in medical centres or in the central region to cater to the higher income group. Many Aesthetic Medical practices are often located in the central region, which gives them the advantage of better accessibility to their target market segments, such as the working population, who are employed in the Central Business District. However, many independent GPs and GPs – Family Practice Dermatology offering Aesthetic Medicine usually have one or two outlets, with locations mainly centred in the heartlands, and are thus, usually limited to customers living within or close to the area(s) of their clinics, unless they are referred through word of mouth, and patients are willing to travel the mile to see them.

Competitive Price Points and Packages

Aesthetic Medicine procedures were once thought to be “out of reach” for the masses. However, with wider acceptance and knowledge of such treatments, these procedures have become more and more affordable, with the masses increasingly jumping on to the bandwagon to improve their appearances. Aesthetic Medical practices are trying to capitalise on this unsaturated consumption by offering treatments at competitive prices. Trial price, offered at very low prices, is seen to entice new or first-time patients. For example, laser treatments in Singapore for pigmentation may be offered at S\$89 to approximately S\$300 for the first trial session. However, note that the quote may differ depending on factors such as the type of laser treatments or machines. Packages are promoted by some players to give a lower per unit cost and lock down clients. Such promotions have also given rise to a “price war” within the DAME industry, with some reportedly having slashed the price by as much as 30% to 40%⁴⁴. However, not all practices are engaged in this “price war”, preferring to focus on offering benefits such as quality and personalised services.

³⁸ Interviews by Converging Knowledge.

³⁹ Estimates by Converging Knowledge.

⁴⁰ Notwithstanding locums.

⁴¹ Estimates by Converging Knowledge.

⁴² Singapore Medical Council (SMC). January 2023.

⁴³ Estimates by Converging Knowledge.

⁴⁴ Interviews by Converging Knowledge.

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Provision of Integrated Services

Some players try to differentiate themselves by positioning themselves as an integrated DAME services provider, offering consumers a comprehensive range of services that cater to their various skin concerns. For example, GPs – Family Practice Dermatology not only treat medical issues pertaining to the skin, they also provide aesthetic medical services for the purpose of facial enhancement. Some players also offer facial treatments and/or skin care product range that complement the core medical and aesthetical services rendered, aiding in the overall healing and improvement of the skin. In addition to third-party skin care products, some players go a step further by developing their own medical grade skin care product range. This allows these players to capitalise on their expertise and knowledge in skin treatment to provide a one-stop skin solution to consumers.

Variety of Services

Players in the DAME Industry also compete based on the range of services provided. For example, Pico lasers and Fillers are often seen as common offerings. However, some Aesthetic Medical practices try to differentiate their services by educating the benefits of one filler as compared to another, as well as to introduce a different laser such as Fotona. Some Aesthetic Medical practices may focus on facial aesthetics, while others provide a more extensive range of services, which includes the body and hair.

Offering of the Latest Technology, Procedures and Know-How

Technology is especially important in rendering skin treatments and Aesthetic Medical procedures. Utilising the latest medical discoveries will help provide better reprieve and solutions for those afflicted with serious or recurring skin ailments, by way of treatment or skin care products. Adopting the latest technologies in administering Aesthetic Medical procedures promises better, faster, more effective and longer-lasting results. Practices utilising technologies that are state-of-art are regarded as being forward-looking and are perceived positively by consumers eager to see results and get more out of their buck. The ability to harness the latest technologies would require a management team and qualified medical practitioners who are well-versed on the trends and developments in the industry, as well as strong networks.

APPENDIX H – DERMATOLOGY AND AESTHETIC MEDICINE IN SINGAPORE, AND SKINCARE PRODUCTS INDUSTRY IN THE PRC

3.2 MAJOR PLAYERS IN THE INDUSTRY

Research revealed that most GPs and GPs – Family Practice Dermatology are focused on the treatment of general ailments, with little or no Aesthetic Medicine offerings, do not have their proprietary skin care products or have limited range, and does not provide beauty therapies. Most Dermatologists in private practice treat skin (and hair) issues, provide Aesthetic Medicine services, have their own skin care product lines but do not offer beauty therapies. Aesthetics Doctors are mainly engaged in Aesthetic Medicine treatments, with some providing complementary beauty therapies, but few have their own formulated skin care product range or have a narrow range. Research at the date of this report did not find any players with the same three-approach model (Treatment of skin ailments and provision of aesthetic medical services, complementary beauty therapy and wide proprietary skin care range) as Niks.

In the section below, we profile some players that are well-known, and often mentioned in the course of our research, in the private DAME Industry of Singapore, which provide at least Aesthetic Medicine services and proprietary skin care range.

Player A

Player A is a GP clinic which is in practice since the 1980s. The first clinic is located in the eastern heartlands of Singapore. Run and managed by a husband and wife doctor-team, the clinic has built a reputation as a skin GP specialist, while still continuing to see patients for general ailments. The second clinic is located in the central part of the city, and is known as the aesthetics clinic. Player A also has a limited in-house range of skin care products but does not provide beauty therapy services.

Player B

Player B is a pure player in the field of Aesthetic Medicine, offering services in relation to face, body and hair. The company does not treat skin ailments. It operates only one clinic located at the central region of Singapore, with a beauty therapy faction under the same roof. Player B has an extensive range of its own skin care products. Player B also operates a plastic surgery arm.

Player C

Player C is a GP – Family Practice Dermatology clinic which mainly treats general ailments. There are a total of four doctors operating the clinic, with one that is known in the treatment of skin ailments and Aesthetic Medicine. Player C operates two clinics in the west that are in close proximity to each other, with one specialising in administering skin conditions and aesthetics. It also has its own proprietary skin care range consisting of less than 10 products.

Player D

Player D is amongst the largest medical aesthetics group in Singapore. Currently, it has 14 clinics spread out in various parts of the island, and aesthetic services are offered by its 28 aesthetic doctors. Player D is a pure aesthetics medical player and does not engage in treating skin ailments. The clinic is especially known for providing a wide range of laser treatments, its accessibility and transparent price points. It also offers a narrow range of proprietary skincare products, consisting of four items.

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Player E

Player E is an Aesthetic Medical Clinic with two outlets located in the central region and the east of Singapore. The clinic in the central region is the main operating outlet, whereas the one in the east caters to appointments only. Player E is a pure player in Aesthetic Medicine and it is run by one doctor. Neither does it treat serious skin ailments nor offer beauty therapies. However, it carries its proprietary skin care range of approximately 30 products.

Table 4: Major Players in the Dame Industry of Singapore

	Niks	Player A	Player B	Player C	Player D	Player E
Type	GP-Family Practice Dermatology	GP	Aesthetic Doctor	GP – Family Practice Dermatology	Aesthetics Doctor	Aesthetics Doctor
Number of Doctors specialising in skin	5	2	1	1	28	1
Number of Clinics	3	2	1	2	14	2
Number of Product Shops and Salons	3	0	1 (within clinic)	0	0	0
Number of Unique in-house skincare products ⁽¹⁾	Approximately 100	Fewer than 10	Fewer than 60	Fewer than 10	4	Approximately 30

Notes:

- (1) Does not include supplements

Source: Converging Knowledge

Research shows that there are no comparable public-listed companies in Singapore⁴⁵.

⁴⁵ Accrelist Ltd's has an aesthetics medical division which accounted for less than 5% of the group's revenue for the financial year 2022. It's core businesses remain in electronics components distribution and mechanical business.

APPENDIX H – DERMATOLOGY AND AESTHETIC MEDICINE IN SINGAPORE, AND SKINCARE PRODUCTS INDUSTRY IN THE PRC

4. OUTLOOK AND GROWTH FORECAST OF THE DAME INDUSTRY

4.1 OUTLOOK AND PROSPECTS OF INDUSTRY

Singapore

Outlook of Singapore's DAME Industry is expected to be healthy and forecast to grow at a CAGR of over 9.0% up to 2025⁴⁶. Interviews with industry players revealed positive sentiments on the growth of Singapore's DAME Industry, boosted by the importance and willingness to invest to look good or reduce/cure discomfort caused by skin ailments, increasing awareness and acceptance of aesthetic procedures, high incidence of skin disorders due to an ageing population, introduction and technological advances in non-/minimally aesthetic procedures, amongst others. Aesthetics clinics have been growing in numbers, and expansion in terms of number of branches, have been observed to capture clients from different parts of the country. Correspondingly, intensity of competition is expected to rise, with players rendering their services competitively to capture a larger piece of the pie, which may inadvertently squeeze margins in the long run. In order to stay ahead of the game, industry players continue to keep abreast of the new technologies in the market so as to introduce "first of its kind" aesthetic solutions to their clients.

ASIA PACIFIC

In recent years, the Asia Pacific region has seen substantial growth in the specialties of DAME. The aesthetic medicine market in the area was estimated to be worth USD15.9 billion in 2017 and has increased by around 6.8% CAGR from 2018 to 2022, reaching USD25.7 billion by 2027.⁴⁷ In addition to that, the market is expected to further rise at around 10% CAGR from 2023 to 2025, reaching USD34.3 billion. Its expansion can be ascribed to a variety of variables, including rising skin disease incidence, increased desire for aesthetic operations, and rising disposable income. Additionally, the region's increasing healthcare infrastructure and availability to innovative medical technology have aided the expansion of these businesses in Asia Pacific. Despite the industry's temporary setback from the COVID-19 outbreak, the market is likely to rebound and develop rapidly in the future years.

4.2 ESTIMATED MARKET SIZE AND GROWTH FORECAST IN THE NEXT 3 YEARS (IN%) IN SINGAPORE

While the DAME Industry had followed a general upward trend during the period 2019 to 2015, it was adversely affected by the lockdown measures imposed to control the COVID-19 pandemic. In Singapore, the resumption of operations for aesthetic operations was subject to government regulations and guidelines, which were updated periodically based on the evolving situation. Most aesthetic procedures were only allowed to resume during Phase 3 of Singapore's reopening plan, which started on 28 December 2020. Such impact can be seen in the two following figures, where there was a sudden dip in the market value in 2020.

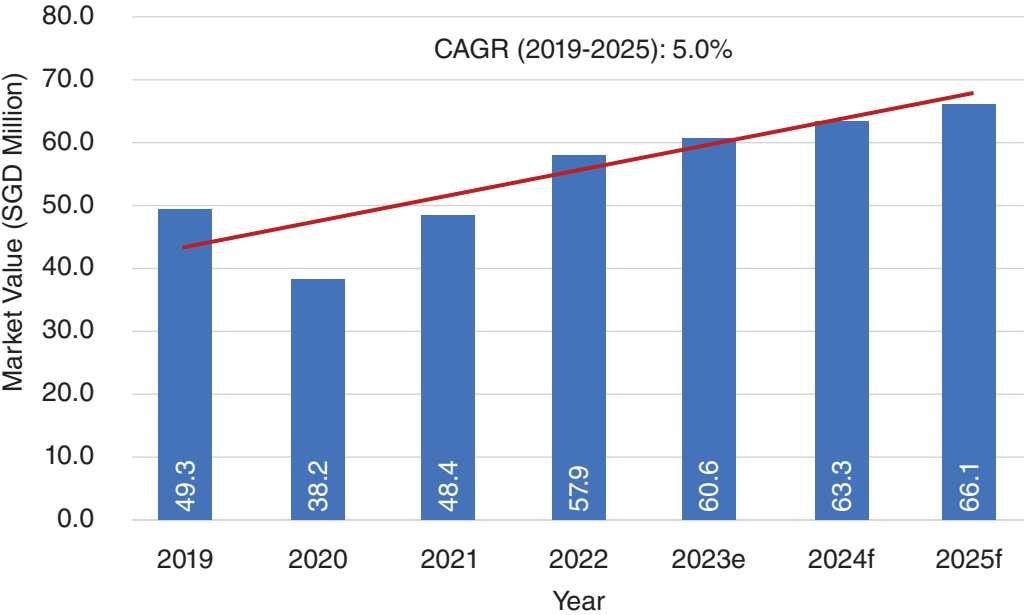
⁴⁶ Estimates by Converging Knowledge.

⁴⁷ Estimates and triangulation by Converging Knowledge.

APPENDIX H – DERMATOLOGY AND AESTHETIC MEDICINE IN SINGAPORE, AND SKINCARE PRODUCTS INDUSTRY IN THE PRC

The Private DAME services provided by GPs – Family Practice Dermatology in Service is estimated to be worth SGD57.9 million in 2022. From the 2019 to 2025, the industry is forecast to have grown by CAGR of 5.0%, and is forecasted to reach SGD66.1 million by 2025.⁴⁸ Please see the following figure:

Figure 10: Private Dermatological and Aesthetic Medicine by GPs – Family Practice Dermatology Market in Singapore, 2019 to 2025



Notes:

- e: estimated
- f: forecasted
- Includes consultations, medications, skin care products and aesthetic medical services offered by private clinics run by GPs – Family Practice Dermatology.
- Includes only non-/minimally invasive procedures only.
- Covers only the private healthcare sector.

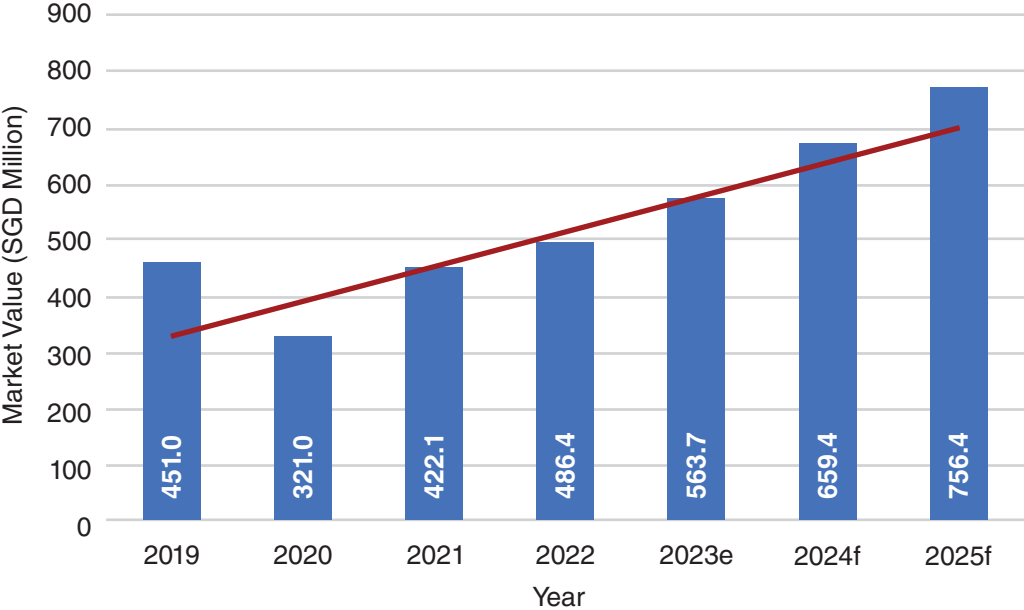
Source: Converging Knowledge

⁴⁸ Estimates by Converging Knowledge

APPENDIX H – DERMATOLOGY AND AESTHETIC MEDICINE IN SINGAPORE, AND SKINCARE PRODUCTS INDUSTRY IN THE PRC

The Private DAME Industry in Singapore, which includes services rendered by GPs, GPs – Family Practice Dermatology, Dermatologists, and Aesthetics Doctors, is estimated to be worth SGD486.4 million in 2022. From 2019 to 2025, this industry is expected to grow by a CAGR of 9.0%, reaching SGD756.4 million in 2025.⁴⁹ Please see the figure below.

Figure 11: Private Dermatology and Aesthetic Medicine Market in Singapore, 2019 to 2025



Notes:

- e: estimated
- f: forecasted
- Include consultations, medications, skin care products and aesthetic medical services offered by private clinics run by GPs, GPs – Family Practice Dermatology, Dermatologists and Aesthetic Doctors.
- Includes only non-/minimally invasive procedures only.
- Covers only the private healthcare sector.

Source: Converging Knowledge

⁴⁹ Estimates by Converging Knowledge

APPENDIX H – DERMATOLOGY AND AESTHETIC MEDICINE IN SINGAPORE, AND SKINCARE PRODUCTS INDUSTRY IN THE PRC

5. OVERVIEW OF SKIN CARE PRODUCTS INDUSTRY IN THE PRC

5.1 BRIEF OVERVIEW OF THE INDUSTRY LANDSCAPE & COMPETITION

The PRC ranks amongst the world's top three largest markets for skin care products, with the other two countries being Japan and the United States. The Chinese skin care industry has seen extreme growth, brought about by the PRC's huge population of 1.4 billion (2022), economic growth (3.0% in 2022)⁵⁰, rising number of women in the workforce, and increasing purchasing power of the Chinese consumers. The PRC's per capita disposable income rose by 5% from 2020 to 2022⁵¹. All these factors, along with concerns over dermatological conditions, increasing population levels, growing demand for organic and natural-based ingredients skin care products, have augmented per capita spending on skin care products in the PRC, and opened up new dimensions for the market. Despite the challenges caused by COVID-19 pandemic, the beauty market in the PRC has rebounded quickly.

The skin care products industry in the PRC is teeming with a multitude of brands and was estimated to be worth USD40 billion in 2022. It is expected to grow by a CAGR of 7.5% from 2023 to 2027.⁵² While previously dominated by overseas brands, preference for domestic skin care brand names is fast rising. Currently, the long-standing and well-established international brands are still favoured by Chinese consumers as overseas made products and established brands are viewed as being of superior quality and are befitting to the brand conscious. Interest in local skin care products is growing in traction in line with nationalism and strong belief that locally-made skin care products have improved. In addition, online retailers or e-commerce sites provide an easy platform for new and smaller brands to spring up, thus adding to an even more vibrant skin care products industry in the PRC.

In the PRC, skincare products are commonly retailed in department stores, drug stores as well as multi-brands beauty stores, both chains and independent stores, with the latter predominantly dotting the rural landscapes. With increasing Internet penetration rates and adoption, online sales have become a major distribution channel in the PRC's beauty market. The pandemic and lockdowns have put unprecedented pressure on physical stores as well as brands atypically

⁵⁰ 17 January 2023, National Bureau of Statistics, National Economy Withstood Pressure and Reached a New Level in 2022 – http://www.stats.gov.cn/english/PressRelease/202301/t20230117_1892094.html. Retrieved 2 February 2023

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⁵¹ 17 January 2023, National Bureau of Statistics, China's resident nominal disposable income up 5 pct in 2022 – https://english.www.gov.cn/archive/statistics/202301/17/content_WS63c633336c6d0a757729e5983.html Retrieved 21 February 2023

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⁵² Estimates and triangulation by Converging Knowledge.

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relying heavily on the traditional on-premises sales approach. Unable to open and expand their shopfronts, they began to break out from the brick-and-mortar and tap on social e-commerce to reach out to their, and attract more, customers. Getting on board e-commerce sites is relatively simple, making it easy for new and developing brand owners and retailers to enter the market and expose themselves to the potential customers extensively.

5.2 TRENDS

The Rise of Male Beauty Segment

Skin care and beauty used to be regarded as a “woman’s affair” and are not a concern for the masculine gender. In today’s context, however, men, too, want to look good and have healthy skin. In the past, male’s adherence to beauty routines was frowned upon. Chinese men now take special care of the type and quality of skin care products they use, and follow beauty routines like how their female counterparts have been doing for eons. Essences with tonics rich in anti-ageing ingredients as well as eye contour creams are popular among the Chinese males. The male skincare market in the PRC is booming and the upward trend is expected to persist. While there is a general increase in one’s appearance among males globally, the male beauty revolution is reported to be more promising than the many other parts of the world. Currently, Chinese males spend less time pampering themselves than the global average. However, there is a growing group of Chinese men who have adopted more sophisticated grooming habits, such as using facial moisturiser, indicating that there is an opportunity for growth. Male beauty is reported to be one of the PRC’s fastest growing consumer product segments.

Gen Z Drive the Rapid Growth of the PRC’s Skin Care Products Industry

The PRC’s Gen Z accounts for the highest percentage among the Aesthetic Medicine consumer market at more than half. Most members of this demographic are currently either finishing their university studies, working, or getting married, and find themselves at a stage in which their demand for highly effective “anti-ageing” products and practices is particularly high. It has been reported that approximately 80% of Gen Z Chinese men have developed skincare routines⁵³, with more than 60% using skin care products daily⁵⁴. Local start-ups have been quick to tap on this opportunity, capitalising on platforms that are popular amongst the Gen Z. For example, both Douyin and Little Red Book (“小红书”) have a strong base of key opinion consumers and beauty influencers, which were reportedly to have fuelled male beauty-related consumption. Female consumers are also as concerned about the appearance of their partners. Therefore, while the Little Red Book has more female users, products that may improve the physical outlook of their boyfriends are appealing to females, who in turn are purchasing these products as gifts for their boyfriends.

⁵³ 3 January 2020, Jing Daily, Why Luxury Brands Should Focus on Tier-2 and -3 Cities – <https://jingdaily.com/local-male-skincare-brands-china-shakeup/> Retrieved 30 January 2023

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⁵⁴ Estimates and triangulation by Converging Knowledge.

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Skin Care Products with Aesthetic Medical Efficacy Connect with Chinese Consumers

Chinese consumers are concerned with how their skin care products can improve their appearance outlook and any ingredients that purportedly contain or mention some form of medicinal values or improve one aesthetically, connects with them. As such, skin care brands have placed further care in naming their products. For example, emphasising ingredients that are similar to those used in chemical peels, or may promote jawline tightening the way laser treatments do. Indications of these benefits in skin products are believed to appeal to consumers. Chinese consumers are starting to buy local brand names which are able to bring long-term effects and well-being if they are perceived to be worth the price. Even the younger consumers are becoming more discerning in their purchases, whilst staying low-price oriented.

The Micro-Ecological Following⁵⁵

Another skincare consumption trend that is picking up quickly involves products that are natural, organic and contain non-allergenic ingredients. Natural ingredients have become the top priority of consumer concern in the PRC. Prior interest in moisturising products using “laboratory-developed ingredients” have been shifted towards those with “natural extracts”. Discussions amongst consumers on social media platforms on moisturising ingredients centred mostly on plants, extracts and other factors. Currently, Chinese consumers purchasing organic products have a preference for international brands. Organic products largely originate from overseas and thus have a more developed eco-system in sales, technology and supply chain, and are trusted by the Chinese consumers. Well-known domestic organic brand names are few currently with customers having difficulty in distinguishing their authenticity.

Popularity of Social Media – Medical Skin Experts also Ride on Douyin (Tik Tok)

Other than influencers, medical skin experts in the PRC have also caught on the social media wave. Dermatology accounts with more than a million followers on Douyin include Wang Shining (@皮医生王世甯), a dermatologist, and “dermatology professor” (@皮科教授). They are physicians with many years of experience sharing knowledge for home and daily life. Wang Zhi, who video streams in Bilibili, shares his learnings in chemical engineering together with his interest in cosmetics. Such exchanges through social media platforms drives a trend of consumers becoming increasingly professional and having a better understanding of Aesthetic Medicine. As regulation on beauty products advertising tightens, it is predicted that brands would cooperate with Patient Opinion Leaders⁵⁶ to increase knowledge in place of directly selling the goods.

⁵⁵ 7 July 2022, Jing Daily, China’s Beauty Cheat Sheet for 2022 – <https://jingdaily.com/china-beauty-cheat-sheet-h12022/> Retrieved 16 February 2023

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⁵⁶ Patient Opinion Leaders are those who are living with a chronic condition and write about their experiences on Internet blogs and social media websites.

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Lower Tier City Preferences

The PRC is a vast country with wide diversity. As such, it is perceived as a single or homogeneous market, with distinct shoppers' behaviour by city tier. Consumers in the lower-tier cities, less-developed urban centres and rural areas, are reported to be driving the next wave of consumption growth in the country. With rising incomes and a desire to upgrade their lifestyles, these consumers are increasingly buying quality goods at reasonable prices. As such, they plough various social media channels, in search for good deals, giving the chance for international brands to capitalise on this trend. The perception that the lower-tier market consumer segment only want bargains is becoming a thing of the past. This group of consumers places increasing emphasis on both quality and value, with quality being the number one factor in their purchase⁵⁷. Lower-tier cities in the PRC are thus fuelling luxury growth and command huge growth potential as they house approximately 70% of the PRC's population⁵⁸. Hot spots like Guangzhou, Beijing, Shanghai and Hong Kong are already oversaturated markets, but smaller cities have an excess of demand, and despite the high-spending capacity of this consumer segment, luxury brands have been slow to seize the opportunity⁵⁹.

⁵⁷ 7 January 2013, Jing Daily, Study: Lower-Tier Consumers Leading The Way In China – <https://jingdaily.com/study-lower-tier-consumers-leading-the-way-in-china/> Retrieved 16 February 2022

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⁵⁸ 3 November 2022, Jing Daily, Are Lower-Tier Cities The Growth Engine of Premium Brands? – <https://jingdaily.com/coach-lower-tier-cities-growth-china/> Retrieved 20 March 2023

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⁵⁹ 3 January 2020, Jing Daily, Why Luxury Brands Should Focus on Tier-2 and -3 Cities – <https://jingdaily.com/why-luxury-brands-should-focus-on-tier-2-and-3-cities/> Retrieved 16 February 2022

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Growing Number of Domestic Skincare Brands Challenges Foreign Competition

While international brand names have long dominated the Chinese skin care market, the rise in domestic brands have taken their better-established foreign competitors aback. Superior digital marketing, social commerce strategies and national pride have enabled domestic and smaller brand names a lead in the game, so much that they have attracted the attention of investment funds and major retailers. For example, one international cosmetics retail chain has announced support for domestic brands to gain traction in international markets⁶⁰, whereas a well-known Japanese brand name has launched a fund to invest in Chinese brands⁶¹.

5.3 OPPORTUNITIES & PROSPECTS

The PRC's Vastness See Different Skin Characteristics

The PRC is a vast country and can be divided into seven regions – North China, Central China, East China, South China, Southwest, Northeast and Northwest. Natural conditions such as terrain and climates for each geography locations are different and these, along with racial diversity, contribute to the differences in the skin characteristics of the people living there⁶². This colourful mosaic in the PRC presents opportunities for skin care products manufacturers or owners to develop products that are beneficial and purposely suited for each region.

⁶⁰ 17 June 2022, Fashion Network, Sephora launches support program for Chinese beauty brands – <https://www.fashionnetwork.com/news/Sephora-launches-support-program-for-chinese-beauty-brands,1415891.html#dhruv-kapoor> Retrieved 16 June 2022

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⁶¹ 24 November 2022, Global Corporate Venturing, Mawsonia Ltd, Shiseido's new China fund has \$140m to spend – <https://globalventuring.com/corporate/shiseido-new-fund/> Retrieved 16 June 2023

Global Corporate Venturing has not provided its consent to the inclusion of the information cited and attributed to it in this document and has not provided its consent to be liable for such information. While Converging Knowledge has taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this document, neither Converging Knowledge, Niks Professional Pte Ltd or its directors, the Sponsor, Issue Manager, Underwriter and Placement Agent, the respective legal advisers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

⁶² Yi, F., Yang, Xx., Yang, Ry. et al. A cross-sectional study of Chinese women facial skin status with environmental factors and individual lifestyles. *Sci Rep* 12, 18110 (2022). <https://doi.org/10.1038/s41598-022-23001-6> Open Access. Published 17 October 2022. Retrieved 31 January 2023

Yi, F., Yang, Xx., Yang, Ry. et al. have not provided its consent to the inclusion of the information cited and attributed to it in this document and has not provided its consent to be liable for such information. While Converging Knowledge has taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this document, neither Converging Knowledge, Niks Professional Pte Ltd or its directors, the Sponsor, Issue Manager, Underwriter and Placement Agent, the respective legal advisers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

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Utilisation of E-commerce a Major Driver

Despite being hit hard by the pandemic, the PRC's skin care products industry has remained resilient, in comparison with several of its Asian counterparts⁶³. E-commerce has been the engine behind the Chinese market's rapid recovery, and will continue to be an important platform to increase brand and product market visibility, and ultimately, high market penetration. Chinese consumers are keen to try out new products, particularly those with new and innovative ingredients. E-commerce will be a fast and effective avenue to reach out to these adventurous and open-minded customers, particularly brands that are new or with a low footprint in the Chinese market.

Insufficient Spending on Research & Development

Domestic skincare brands, whilst a stiff contender against foreign brand names, are known to be innovative in their marketing and product lines. Many are known to capitalise on the need to showcase far and wide to their target market through their advertising efforts and willingness to spend, and at the same time promoting their products based on functionalities desired by their customers, such as collagen, anti-ageing and sensitive skin. However, Chinese customers are very well connected to the media and word of mouth will eventually display which brand or product works. Therefore, while it is easy to create a "hype" through "too much marketing spend", investment spending on the true efficacies of the skincare line will eventually dictate the sustainability of the model.

Offline Presence Still Strong for Ultra-Luxury Products

Despite e-commerce being seen as the fast and effective gateway to a massive pool of Chinese consumers, ultra-luxury brand names are still holding on to the belief in establishing a strong offline presence in the PRC. While the lockdowns that hit the PRC, particularly major cities like Beijing and Shanghai, had negatively impacted ultra-luxury brands, the relaxation of the safety management rules have regained optimism, with one Swiss international brand name already making plans to add more touch points in the country. Therefore, domestic skin care brands that are backed by scientific research will eventually gain the trust of consumers and are expected to grow more prominence in the marketplace.

⁶³ 4 June 2020, JingDaily, Will Makeup Catch Up With Skincare in Post-Pandemic China? – <https://jingdaily.com/will-makeup-catch-up-with-skincare-in-post-pandemic-china/> Retrieved 16 June 2022

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Homogeneous Skin Type and Preference for the Fair Skin

Majority of the Chinese population has a similar type of skin. Therefore, products available in the market generally cater to the same type of skin in the country. The Chinese tend to purchase products befitting to their greasy skin, enlarged pores, T-zone shine and sensitivity to external factors. This is unlike in the west where several products exist and are designed for different skin types. Fair skin is still the order of the day in the PRC, which explains why almost all celebrities have extremely fair skin. Products that aid in the whitening of skin will continue to pique the interest of consumers.

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APPENDIX I – RULES OF THE NIKS EMPLOYEE SHARE OPTION SCHEME

1. NAME OF THE SCHEME

This Scheme shall be called the “NIKS Employee Share Option Scheme”.

2. DEFINITIONS

2.1. In this Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Adoption Date”	:	The date on which the Scheme is adopted by our Company in general meeting
“Aggregate Subscription Cost”	:	The total amount payable for Shares which may be acquired on the exercise of an Option
“Associate”	:	As defined in the Catalist Rules
“Auditors”	:	The auditors for the time being of our Company
“Award”	:	A contingent award of Shares granted under the NIKS Performance Share Plan
“Board” or “Board of Directors”	:	The board of Directors of our Company
“Catalist”	:	The Catalist Board of the SGX-ST, the sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, supplemented or modified from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Companies Act”	:	The Companies Act 1967 of Singapore, as amended, supplemented or modified from time to time
“Company”	:	Niks Professional Ltd., a public company incorporated in Singapore
“Constitution”	:	The constitution of our Company, as amended, supplemented or modified from time to time
“control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company

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“Controlling Shareholder”	:	As defined in the Catalist Rules, a person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in a company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over a company, or shall have the meaning given to it in the SFR as the context so requires
“CPF”	:	The Central Provident Fund in Singapore
“Date of Grant”	:	In relation to an Option, the date on which the Option is granted pursuant to Rule 6
“Director”	:	A person holding office as a director for the time being of our Company and/or any of its Subsidiaries, as the case may be
“Employee”	:	An employee or an Executive Director of our Group selected by our Remuneration Committee to participate in the Scheme
“Executive Director”	:	An executive director for the time being of our Company and/or any of its Subsidiaries, holding office in an executive capacity in our Company and/or such Subsidiary
“Exercise Period”	:	The period for the exercise of an Option, being a period commencing: (a) after the first (1 st) anniversary of the Date of Grant and expiring on the 10 th anniversary of such Date of Grant (or in relation to a Non-executive Director, expiring on the 5 th anniversary of such Date of Grant) in the case of a Market Price Option; and (b) after the second (2 nd) anniversary of the Date of Grant and expiring on the 10 th anniversary of such Date of Grant (or in relation to a Non-executive Director, expiring on the 5 th anniversary of such Date of Grant) in the case of an Incentive Option

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“Exercise Price”	:	The price at which a Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 7, as adjusted in accordance with Rule 12
“Grantee”	:	The person to whom an offer of an Option is made
“Group”	:	Our Company and its Subsidiaries
“Incentive Option”	:	An Option granted with the Exercise Price set at a discount to the Market Price
“Invitation”	:	As defined in the offer document issued by our Company in relation to the listing of our Company and the quotation of all our Shares on Catalist
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Market Price”	:	A price equal to the average of the last dealt prices for the Shares on the SGX-ST over the five (5) consecutive Trading Days immediately preceding the Date of Grant of that Option, as determined by our Remuneration Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices
“Market Price Option”	:	An Option granted with the Exercise Price set at the Market Price
“NIKS Performance Share Plan”	:	The performance share plan of our Company known as the “NIKS Performance Share Plan”, as the same may be modified or altered from time to time
“Non-executive Director”	:	A director (other than an Executive Director) from time to time of our Company and/or any of its Subsidiaries
“Option”	:	The right to subscribe for Shares granted or to be granted to an Employee pursuant to the Scheme and for the time being subsisting
“Participant”	:	The holder of an Option

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“Record Date”	:	The date as at the close of business (or such other time as may have been prescribed by our Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Remuneration Committee”	:	The remuneration committee of our Company
“Rules”	:	Rules of the Scheme
“Scheme”	:	The NIKS Employee Share Option Scheme, as the same may be modified or altered from time to time
“Securities Accounts”	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended, supplemented or modified from time to time
“SFR”	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018, as amended, supplemented or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered shareholders of our Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	Fully paid ordinary shares in the capital of our Company
“Subsidiary”	:	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of our Company within the meaning of Section 5 of the Companies Act
“Trading Day”	:	A day on which the Shares are traded on the SGX-ST
“S\$”, “SGD”, “Singapore Dollars” or “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
“%” or “percent”	:	Per centum or percentage

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- 2.2. The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively, in Section 81SF of the SFA.
- 2.3. Words importing the singular number shall, where applicable, include the plural number and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
- 2.4. Any reference to a time of a day in the Scheme is a reference to Singapore time.
- 2.5. Any reference in the Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in the Scheme shall have the meaning assigned to it under the Companies Act.

3. OBJECTIVES OF THE SCHEME

- 3.1. The Scheme is a performance incentive scheme which will form an integral part of our Group’s incentive compensation programme. The Scheme is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of our Group and to give recognition to outstanding Employees who have contributed to the growth of our Group.
- 3.2. The objectives of the Scheme are as follows:
 - (a) to motivate each Participant to optimise his/her performance standards and efficiency and to maintain a high level of contribution to our Group;
 - (b) to retain key employees of our Group whose contributions are essential to the long-term growth and profitability of our Group;
 - (c) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of, our Group;
 - (d) to attract potential employees with relevant skills to contribute to our Group and to create value for the Shareholders; and
 - (e) to align the interests of the Participants with the interests of the Shareholders.

4. ELIGIBILITY OF PARTICIPANTS

- 4.1. Any Employee shall be eligible to participate in the Scheme at the absolute discretion of our Remuneration Committee if at the Date of Grant such person must:
 - (a) be confirmed in his/her employment with our Group;
 - (b) have attained the age of 21 years; and
 - (c) not be an undischarged bankrupt and must not have entered into a composition with his/her creditors.
- 4.2. Non-executive Directors who satisfy the eligibility requirements in Rule 4.1(b) and (c) shall also be eligible to participate in the Scheme.

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- 4.3. Subject to the absolute discretion of the Remuneration Committee, persons who are Controlling Shareholders and their respective Associates shall be eligible to participate in the Scheme if:
- (a) they meet the eligibility requirements as set out above;
 - (b) the necessary Shareholders' approvals pursuant to Rule 22 have been obtained; and
 - (c) all conditions for their participation in the Scheme as may be required by the regulations of the SGX-ST from time to time are satisfied.
- 4.4. Directors and employees of our Company's parent company and its subsidiaries (other than our Group) are not entitled to participate in the Scheme.
- 4.5. Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of our Remuneration Committee, which would be exercised judiciously.

5. OPTION ENTITLEMENT

Subject to Rule 4, Rule 11 and Rule 12, the number of Option Shares to be offered to a participant shall be determined by our Remuneration Committee, in their absolute discretion. Our Remuneration Committee shall consider criteria such as (a) the financial performance of our Group; (b) employee criteria such as his/her rank, and responsibilities within our Group, years of service/appointment and job performance, potential for future development and his/her contribution to the success and development of our Group and (c) in respect of a participant being a non-executive Director, criteria such as his/her contribution to the success and development of our Group.

6. GRANT AND ACCEPTANCE OF OPTIONS

- 6.1. Subject as provided in Rule 11, our Remuneration Committee may grant Options at any time during the period when the Scheme is in force, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, Options may only be granted on or after the third (3rd) Market Day from the date on which such announcement is released. In addition, no Options shall be granted during the period of 30 days immediately preceding the date of announcement of our Company's interim or final results (as the case may be).
- 6.2. The letter of offer to grant an Option shall be in, or substantially in, the form set out in Schedule A, subject to such modification as our Remuneration Committee may from time to time determine.
- 6.3. An Option shall be personal to the person to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of our Remuneration Committee.
- 6.4. The grant of an Option under this Rule 6 shall be accepted by the Grantee within 30 days from the Date of Grant of that Option and, in any event, not later than 5.00 p.m. on the 30th day from such Date of Grant by completing, signing and returning the Acceptance

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Form in or substantially in the form set out in Schedule B, subject to such modification as our Remuneration Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration.

- 6.5. If a grant of an Option is not accepted in the manner as provided in Rule 6.4, such offer shall, upon the expiry of the 30-day period, automatically lapse and become null, void and of no effect.

7. EXERCISE PRICE

Subject to any adjustment pursuant to Rule 12, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by our Remuneration Committee, in its absolute discretion, on the Date of Grant, at:

- (a) a price equal to the Market Price; or
- (b) a price which is set at a discount to the Market Price, provided that:
 - (i) the maximum discount shall not exceed 20.0% of the Market Price (or such other percentage or amount as may be determined by the Remuneration Committee and permitted by the SGX-ST); and
 - (ii) the Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid.

8. RIGHTS TO EXERCISE OPTIONS

- 8.1. Subject as provided in Rule 8 and Rule 9, a Market Price Option or an Incentive Option, as the case may be, shall be exercisable, in whole or in part, during the Exercise Period applicable to that Option.
- 8.2. An Option shall, to the extent unexercised, immediately lapse without any claim whatsoever against our Company:
- (a) in the event of misconduct on the part of the Participant as determined by our Remuneration Committee in its discretion;
 - (b) subject to Rule 8.3(b), where the Participant ceases at any time to be in the employment of any of our Group, for any reason whatsoever;
 - (c) in the event of the bankruptcy of the Participant or the happening of any other event which results in his/her being deprived of the legal or beneficial ownership of an Option; or
 - (d) where the company by which he/she is employed ceases to be a company within our Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within our Group.

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For the purpose of Rule 8.2(b), the Participant shall be deemed to have ceased to be so employed as of the last day of his/her employment. For avoidance of doubt, no Option shall lapse pursuant to Rule 8.2(b) in the event of any transfer of employment of a Participant between companies in our Group.

8.3. In any of the following events, namely:

- (a) where the Participant ceases at any time to be in the employment of our Group by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of our Remuneration Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age; or
 - (iv) retirement before the legal retirement age with the consent of our Remuneration Committee; or
- (b) where the Participant ceases at any time to be in the employment of any of the companies in our Group by reason of any other event approved in writing by our Remuneration Committee, the Participant may exercise any Option:
 - (i) in the case where the cessation of employment or cessation to be a Director, as the case may be, occurs after the first (1st) day of the Exercise Period in respect of such Option, within the period of 18 months after the date of such cessation of employment or such cessation to be a director, as the case may be, or before the expiry of the Exercise Period in respect of that Option, whichever is earlier, and upon expiry of such period the Option shall lapse; and
 - (ii) in the case where the cessation of employment or cessation to be a Director, as the case may be, occurs before the first (1st) day of the Exercise Period in respect of such Option, within the period of 18 months after the first (1st) day of the Exercise Period in respect of that Option, and upon expiry of such period the Option shall lapse.

8.4. If a Participant dies, whether or not while still in the employment of any of the companies in our Group and at the date of his/her death holds any unexercised Option, such Option shall continue to be exercisable by the duly appointed personal representatives of the Participant:

- (a) in the case where death occurs after the first (1st) day of the Exercise Period in respect of such Option, within the period of 18 months after the date of such cessation of employment or before the expiry of the Exercise Period in respect of that Option, whichever is earlier, and upon expiry of such period the Option shall lapse; and
- (b) in the case where the death occurs before the first (1st) day of the Exercise Period in respect of such Option, within the period of 18 months after the first (1st) day of the Exercise Period in respect of that Option, and upon expiry of such period, the Option shall lapse.

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9. TAKE-OVER AND WINDING UP OF OUR COMPANY

9.1. Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to exercise any Option held by him/her and as yet unexercised, in respect of such number of Shares comprised in that Option as may be determined by our Remuneration Committee in its absolute discretion, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

(a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6) month period, at the recommendation of the officer and with the approvals of our Remuneration Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Exercise Period relating thereto); or

(b) the date of expiry of the Exercise Period relating thereto,

whereupon the Option then remaining unexercised shall lapse.

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Exercise Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 8, remain exercisable until the expiry of the Exercise Period relating thereto.

9.2. If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of our Company or its amalgamation with another company or companies, each Participant shall be entitled, notwithstanding Rule 8 but subject to Rule 9.5, to exercise any Option then held by him/her, in respect of such number of Shares comprised in that Option as may be determined by our Remuneration Committee in its absolute discretion, during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Exercise Period relating thereto), whereupon the Option shall lapse and become null and void.

9.3. If an order is made for the winding up of our Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.

9.4. In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all Participants (together with a notice of the existence of the provision of this Rule 9.4) and thereupon, each Participant (or his/her personal representative) shall be entitled to exercise all or any of his/her Options at any time not later than two (2) business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied

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by a remittance for the Aggregate Subscription Cost whereupon our Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Participant credited as fully paid.

- 9.5. If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of our Remuneration Committee, be permitted to exercise that Option as provided for in this Rule 9.
- 9.6. To the extent that an Option is not exercised within the periods referred to in this Rule 9, it shall lapse and become null and void.

10. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES

- 10.1. Subject to Rule 8.1, an Option may be exercised, in whole or in part, by a Participant giving notice in writing to our Company in or substantially in the form set out in Schedule C, subject to such modification as our Remuneration Committee may from time to time determine. Such notice must be accompanied by payment in cash for the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised and any other documentation our Remuneration Committee may require. An Option shall be deemed to be exercised upon receipt by our Company of the said notice, duly completed, and the Aggregate Subscription Cost. All payments made shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of our Company or such other mode of payment as may be acceptable to our Company.
- 10.2 Subject to applicable laws and the Catalist Rules, our Company shall have the flexibility to deliver Shares to Participants upon the exercise of their Options by way of (a) the allotment and issuance to each Participant of the number of new Shares, deemed to be fully paid or credited upon their allotment and issuance; and/or (b) the transfer of existing Shares to the Participants, including (subject to applicable laws) any Shares acquired by our Company pursuant to a share purchase mandate (if any) and/or held by our Company as treasury shares.

It is the intention of our Company that Shares will typically be delivered to Participants upon the exercise of their Options by way of an issue of new Shares. However, our Company anticipates that our Company may, in very limited circumstances, purchase existing Shares on behalf of the participants upon the exercise of their Options. In determining whether to allot and issue new Shares or to purchase existing Shares for delivery to the participants upon the exercise of their Options, our Remuneration Committee will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing Market Price of the Shares, the cash position of our Company, the projected cash needs of our Company, the dilution impact (if any), the cost to our Company of either issuing new Shares or purchasing existing Shares, and the liquidity of the Shares based on the average daily trading volume of the Shares, and in particular whether the repurchase by our Company of existing Shares to deliver to Participants upon exercise of their Options would materially impact the Market Price of the Shares.

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- 10.3. Subject to all such consents or other required action of any competent authority under any regulations or enactment for the time being in force as may be necessary and subject to the compliance with the terms of the Scheme and the Constitution, our Company shall, within 10 Market Days after the exercise of an Option, allot and issue and/or transfer or procure the transfer (as the case may be) the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as our Remuneration Committee may deem fit. Where new Shares are allotted upon the exercise of an Option, our Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares, if necessary.
- 10.4. Shares which are issued or transferred on the exercise of an Option by a Participant shall be issued or transferred (as the case may be) in the name of CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent, as the participant may elect.
- 10.5. New Shares allotted and issued, and existing Shares procured by our Company for transfer on exercise of an Option shall: (a) be subject to all the provisions of the Constitution; and (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects rank *pari passu* with other existing Shares then in issue.
- 10.6 Our Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

11. LIMITATION ON THE SIZE OF THE SCHEME

- 11.1 The aggregate number of Shares which may be issued and/or transferred pursuant to the exercise of Options to be granted under the Scheme on any date, when aggregated with:
- (a) the total number of new Shares issued and issuable, and existing Shares (including treasury shares) transferred and/or transferable pursuant to Options already granted under the Scheme; and
 - (b) the aggregate number of Shares over which options and/or awards granted under any other share option, share incentive, performance share or restricted share plans implemented by our Company and for the time being in force (including the NIKS Performance Share Plan),
- shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by the Company as treasury shares and subsidiary holdings from time to time, if any) on the day preceding that date.
- 11.2 The aggregate number of Shares which may be issued and/or transferred pursuant to the exercise of the Options granted under the Scheme to Participants who are Controlling Shareholders and their Associates shall not exceed 25.0% of the total number of Shares available under the Scheme.
- 11.3 The number of Shares which may be issued and/or transferred pursuant to the exercise of Options granted under the Scheme to each Participant who is a Controlling Shareholder or his/her Associate shall not exceed 10.0% of the total number of Shares available under the Scheme.

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- 11.4 Shares which are the subject of Options which have lapsed for any reason whatsoever may be the subject of further Options granted by our Remuneration Committee under the Scheme.

12. ADJUSTMENT EVENTS

- 12.1. If a variation in the issued share capital of our Company (whether by way of capitalisation of profits or reserves or rights issue, or capital reduction, sub-division of Shares, consolidation of Shares or capital distribution, or otherwise howsoever) should take place, then:

- (a) the Exercise Price in respect of the Shares, comprised in the Option to the extent unexercised;
- (b) the class and/or number of Shares comprised in the Option to the extent unexercised and the rights attached thereto;
- (c) the maximum entitlement in any one (1) financial year; and/or
- (d) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

may, at the option of our Remuneration Committee, be adjusted in such manner as our Remuneration Committee may determine to be appropriate, including retrospective adjustments, where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a bonus issue, upon the written confirmation of our Auditors (acting only as experts and not as arbitrators), that, in their opinion, such adjustment is fair and reasonable.

- 12.2. Unless our Remuneration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition of any assets by our Company or a private placement of securities, or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares, in accordance with the Catalist Rules, undertaken by our Company on the SGX-ST during the period when a share repurchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment.

- 12.3. Notwithstanding the provisions of Rule 12.1, any adjustment must be made in such a way that:

- (a) a Participant will not receive a benefit that a Shareholder does not receive; and
- (b) our Remuneration Committee after considering all relevant circumstances considers it equitable to do so.

- 12.4. Upon any adjustment required to be made pursuant to this Rule 12, our Company shall notify the Participant (or his/her duly appointed personal representatives where applicable) in writing and deliver to him/her (or his/her duly appointed personal representatives where applicable) a statement setting forth the Exercise Price thereafter in effect and class and/or number of Shares thereafter to be issued and/or transferred on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

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12.5. Notwithstanding the provisions of Rule 12.1 or that no adjustment is required under the provisions of the Scheme, our Remuneration Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made to any of the matters referred to in Rule 12.1 notwithstanding that no adjustment is required under the said provisions (as the case may be), request the Auditors to consider whether for any reasons whatsoever the adjustment or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion appropriate.

12.6 The restriction on the number of Shares to be offered to any Participant who has been granted Options, shall not apply to the number of additional Shares or Options over additional Shares issued or transferred by virtue of any adjustment to the number of Shares and/or Options pursuant to this Rule 12.

13. ADMINISTRATION OF THE SCHEME

13.1. The Scheme shall be administered by our Remuneration Committee in its absolute discretion with such powers and duties as are conferred on it by our Board, provided that no member of our Remuneration Committee shall participate in any deliberation or decision in respect of Options to be granted to him/her or held by him/her.

13.2. Our Remuneration Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme, to give effect to the provisions of the Scheme and/or to enhance the benefit of the grant of Options to the Participants, as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the Scheme and any dispute and uncertainty as to the interpretation of the Scheme, any rule, regulation or procedure thereunder or any rights under the Scheme shall be determined by our Remuneration Committee.

13.3. Neither the Scheme nor the grant of Options under the Scheme shall impose on our Company or our Remuneration Committee any liability whatsoever in connection with:

- (a) the lapsing or early expiry of any Options pursuant to any provision of the Scheme;
- (b) the failure or refusal by our Remuneration Committee to exercise, or the exercise by our Remuneration Committee of, any discretion under the Scheme; and/or
- (c) any decision or determination of our Remuneration Committee made pursuant to any provision of the Scheme.

13.4. Any decision or determination of our Remuneration Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final, binding and conclusive.

13.5. Our Company shall bear the costs of establishing and administering the Scheme.

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14. NOTICES

- 14.1. A Participant shall not by virtue of being granted any Option be entitled to receive copies of any notices or other documents sent by our Company to its Shareholders.
- 14.2. Any notice or other communication between our Company and a Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of our Company, its registered office and, in the case of the Participant, his/her address as notified by him/her to our Company from time to time.
- 14.3. Any notice or other communication sent by post:
- (a) by our Company shall be deemed to have been received 24 hours after the same was put in the post properly addressed and stamped; and/or
 - (b) by the Participant shall be irrevocable, and shall be deemed to have been received when the same is received by our Company at the registered office of our Company.

15. MODIFICATIONS TO THE SCHEME

- 15.1. Any or all of the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of our Remuneration Committee, except that:
- (a) any modification or alteration which shall adversely affect the rights attached to Option granted prior to such modification or alteration and which, in the opinion of our Remuneration Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration, may only be made with the written consent of such number of participants under the Scheme who, if they exercised their Options in full, would thereby become entitled to not less than 75.0% of the number of all the Shares which would fall to be issued and/or transferred upon exercise in full of all outstanding Options under the Scheme;
 - (b) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of Shareholders at a general meeting; and
 - (c) any modification or alteration shall be made subject to the compliance with the requirements of the Catalist Rules and the requirements of the SGX-ST and any other regulatory authorities as may be necessary.
- 15.2. Notwithstanding anything to the contrary contained in Rule 15.1, our Remuneration Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 15.3. Written notice of any modification or alteration made in accordance with this Rule 15 shall be given to all Participants but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.

APPENDIX I – RULES OF THE NIKS EMPLOYEE SHARE OPTION SCHEME

16. TERMS OF EMPLOYMENT UNAFFECTED

Notwithstanding the provisions of any other Rule:

- (a) the Scheme or any Option shall not form part of any contract of employment between our Company and/or any Subsidiary and/or any Employee and the rights and obligations of any individual under the terms of the office or employment with any such company shall not be affected by his/her participation in the Scheme or any right which he may have to participate in it or any Option which he/she may be granted and the Scheme or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever (whether lawful or not); and
- (b) the Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against our Company and/or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against any such company, its directors or employees.

17. DURATION OF THE SCHEME

- 17.1. The Scheme shall continue to be in force at the discretion of our Remuneration Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the Scheme may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 17.2. The Scheme may be terminated at any time by our Remuneration Committee, at the discretion of our Remuneration Committee, or by resolution of our Company in general meeting, subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by our Company hereunder.
- 17.3. The termination and expiry of the Scheme shall not affect Options which have been granted and accepted as provided in Rule 6.4, whether such Options have been exercised (whether fully or partially) or not.

18. DISCLOSURE IN ANNUAL REPORT

The following disclosures (as applicable) will be made by our Company in its annual report for so long as the Scheme continues in operation:

- (a) the names of the members of our Remuneration Committee;
- (b) the information in respect of Options granted to the following Participants in the table set out below:
 - (i) our Directors;
 - (ii) Participants who are Controlling Shareholders or their Associates; and
 - (iii) Participants, other than those in (i) or (ii) above, who received 5.0% or more of the total number of Options available under the Scheme;

APPENDIX I – RULES OF THE NIKS EMPLOYEE SHARE OPTION SCHEME

Name of Participant	Number of Options Granted during Financial Year under Review (including terms)	Aggregate Number of Options Granted since Commencement of Scheme to End of Financial Year under Review	Aggregate Number of Options Exercised since Commencement of Scheme to End of Financial Year under Review	Aggregate Number of Options Outstanding as at End of Financial Year under Review
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- (c) the number of Incentive Options during the financial year under review in the following bands:

Discount to the Market Price (%)	Aggregate Number of Incentive Options Granted during the Financial Year under Review	Proportion of Incentive Options to Market Price Options Granted during the Financial Year under Review
0 – 10		
>10 – 20		

- (d) such other information as may be required by the Catalyst Rules or the Companies Act, provided that if any of the above requirements are not applicable, an appropriate negative statement should be included in the annual report, noting that disclosure in the annual report of information on Options granted to directors and employees of our Company's parent company and its subsidiaries would not be necessary as such persons are not Participants.

19. ABSTENTION FROM VOTING

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Scheme and any modification thereof and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast. We will disregard any votes cast on a resolution by any person who is required to abstain from voting on a proposal at a general meeting.

In particular, all Shareholders who are eligible to participate in the Scheme shall abstain from voting on the following resolutions, where applicable: (a) implementation of the Scheme; (b) the maximum discount which may be given in respect of any Option; and (c) participation by and grant of Options to Controlling Shareholders and their Associates.

APPENDIX I – RULES OF THE NIKS EMPLOYEE SHARE OPTION SCHEME

20. TAXES, COSTS AND EXPENSES OF THE SCHEME

- 20.1 The Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of any Option. All taxes (including income tax) arising from the grant or exercise of any Option under the Scheme shall be borne by that Participant. Our Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability to which the Participant may become subject as a result of his/her participation in the Scheme.
- 20.2 Notwithstanding anything herein, each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment and/or transfer of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP or the Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank.

21. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, our Company, its Directors or employees or our Remuneration Committee shall not under any circumstances be held liable for any costs, losses, expenses liabilities or damages whatsoever and howsoever arising in respect of any matter under or in connection with the Scheme, including but not limited to any delay or failure to issue, or procure the transfer of, the Shares or to apply for or procure the listing of new Shares on the SGX-ST in accordance with Rule 10.2 (and any other stock exchange on which the Shares are quoted or listed).

22. SHAREHOLDERS' APPROVAL

The participation of each Controlling Shareholder and each of his/her Associates in the Scheme be specifically approved by independent Shareholders in separate resolutions for each such person. Each grant of Options (including the actual number and the terms of the Options to be granted) to a Controlling Shareholder or his/her Associates must be specifically approved by independent Shareholders in separate resolutions.

23. CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to the Constitution or any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

24. DISPUTES

Any disputes or differences of any nature arising hereunder (other than matters to be confirmed by the Auditors in accordance with the Scheme) shall be referred to our Remuneration Committee and its decision shall be final and binding in all respects (including any decisions pertaining to disputes as to interpretation of the Scheme or any Rule, regulation, procedure thereunder or as to any rights under the Scheme).

APPENDIX I – RULES OF THE NIKS EMPLOYEE SHARE OPTION SCHEME

25. GOVERNING LAW

The Scheme shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. In addition, the Scheme shall at all times, be in compliance with our Constitution, and the applicable laws and regulations of Singapore including the listing rules of the SGX-ST. The Participants, by being granted Options in accordance with the Scheme, and our Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

26. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person other than our Company or a Participant shall have any right to enforce any provision of the Scheme or any Option by the virtue of the Contracts (Rights of Third Parties) Act 2001 of Singapore.

APPENDIX I – RULES OF THE NIKS EMPLOYEE SHARE OPTION SCHEME

Schedule A

NIKS EMPLOYEE SHARE OPTION SCHEME

LETTER OF OFFER

Serial No: _____

Date: _____

To: **[Name]**
[Designation]
[Address]

Private and Confidential

Dear Sir/Madam,

1. We have the pleasure of informing you that, pursuant to the NIKS Employee Share Option Scheme (the “**Scheme**”), you have been nominated to participate in the Scheme by the Remuneration Committee (the “**Remuneration Committee**”) appointed by the Board of Directors of Niks Professional Ltd. (the “**Company**”) to administer the Scheme. Terms as defined in the Scheme shall have the same meaning when used in this letter.
2. Accordingly, in consideration of the payment of a sum of S\$1.00 (or such equivalent in other currencies), an offer is hereby made to grant you an option (the “**Option**”), to subscribe for and be allotted _____ Shares at the price of S\$_____ for each Share.
3. The Option is personal to you and shall not be transferred, charged, pledged, assigned or otherwise disposed of by you, in whole or in part, except with the prior approval of the Remuneration Committee.
4. The Option shall be subject to the terms of the Scheme, a copy of which is available for inspection at the business address of the Company.
5. If you wish to accept the offer of the Option on the terms of this letter, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 (or such equivalent in other currencies) not later than 5.00 p.m. on _____, failing which this offer will lapse.

Yours faithfully,

For and on behalf of
NIKS PROFESSIONAL LTD.

Name:

Designation:

APPENDIX I – RULES OF THE NIKS EMPLOYEE SHARE OPTION SCHEME

Schedule B

NIKS EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No: _____

Date: _____

To: The Remuneration Committee,
NIKS Employee Share Option Scheme

Closing Date for Acceptance of Offer	:	_____
Number of Shares Offered	:	_____
Exercise Price for each Share	:	S\$_____
Total Amount Payable	:	S\$_____

I have read your Letter of Offer dated _____ and agree to be bound by the terms of the Letter of Offer and the Scheme referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for _____ Shares at S\$_____ for each Share. I enclose cash for S\$1.00 (or such equivalent in other currencies) in payment for the purchase of the Option/I authorise my employer to deduct the sum of S\$1.00 (or such equivalent in other currencies) from my salary in payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to subscribe for such shares.

I agree to keep all information pertaining to the grant of the Option to me confidential.

I further acknowledge that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

APPENDIX I – RULES OF THE NIKS EMPLOYEE SHARE OPTION SCHEME

PLEASE PRINT IN BLOCK LETTERS

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

***NRIC/Passport No.** : _____

Signature : _____

Date : _____

Note:

* Delete accordingly

APPENDIX I – RULES OF THE NIKS EMPLOYEE SHARE OPTION SCHEME

Schedule C

NIKS EMPLOYEE SHARE OPTION SCHEME

FORM OF EXERCISE OF OPTION

Total number of ordinary shares : (the “ Shares ”) offered at S\$_____	
for each Share (the “ Exercise Price ”)	
under the NIKS Employee Share Option	
Scheme on _____	
(Date of Grant)	_____
Number of Shares previously allotted :	
thereunder	_____
Outstanding balance of Shares to be :	
allotted thereunder	_____
Number of Shares now to be subscribed :	

To: The Remuneration Committee,
NIKS Employee Share Option Scheme

1. Pursuant to your Letter of Offer dated _____ and my acceptance thereof, I hereby exercise the Option to subscribe for _____ Shares in Niks Professional Ltd. (the “**Company**”) at S\$_____ for each Share.
2. I enclose a *cheque/cashier’s order/banker’s draft/postal order no. _____ for S\$_____ by way of subscription for the total number of the said Shares.
3. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the NIKS Employee Share Option Scheme and the Constitution.
4. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.
5. I request the Company to allot and issue the Shares in the name of The Central Depository (Pte) Limited (“**CDP**”) for credit of my *Securities Account with CDP/Sub-Account with the Depository Agent specified below and I hereby agree to bear such fees or other charges as may be imposed by CDP in respect thereof.

APPENDIX I – RULES OF THE NIKS EMPLOYEE SHARE OPTION SCHEME

PLEASE PRINT IN BLOCK LETTERS

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

*Direct Securities Account No. : _____

OR

*Sub-Account No. : _____

Name of Depository Agent : _____

Signature : _____

Date : _____

Note:

* Delete accordingly

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APPENDIX J – RULES OF THE NIKS PERFORMANCE SHARE PLAN

1. NAME OF THE PLAN

This Plan shall be called the “NIKS Performance Share Plan”.

2. DEFINITIONS

2.1. In this Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Adoption Date”	:	The date on which the Plan is adopted by our Company in general meeting
“Associate”	:	As defined in the Catalist Rules
“Auditors”	:	The auditors for the time being of our Company
“Award”	:	A contingent award of Shares granted under Rule 5
“Award Letter”	:	A letter in such form as the Remuneration Committee shall approve, confirming an Award granted to a Participant by the Remuneration Committee
“Board” or “Board of Directors”	:	The board of Directors of our Company
“Catalist”	:	The Catalist Board of the SGX-ST, the sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, supplemented or modified from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Companies Act”	:	The Companies Act 1967 of Singapore, as amended, supplemented or modified from time to time
“Company”	:	Niks Professional Ltd., a public company incorporated in Singapore
“Constitution”	:	The constitution of our Company, as amended, supplemented or modified from time to time
“control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company

APPENDIX J – RULES OF THE NIKS PERFORMANCE SHARE PLAN

“Controlling Shareholder”	:	As defined in the Catalist Rules, a person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in a company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over a company, or shall have the meaning given to it in the SFR as the context so requires
“Date of Grant”	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 5
“Director”	:	A person holding office as a director for the time being of our Company and/or any of its Subsidiaries, as the case may be
“Employee”	:	An employee of our Group selected by our Remuneration Committee to participate in the Plan
“Executive Director”	:	An executive director for the time being of our Company and/or any of its Subsidiaries, holding office in an executive capacity in our Company and/or such Subsidiary
“Group”	:	Our Company and its Subsidiaries
“Invitation”	:	As defined in the offer document issued by our Company in relation to the listing of our Company and the quotation of all our Shares on the Catalist
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“NIKS Employee Share Option Scheme”	:	The employee share option scheme of our Company known as the “NIKS Employee Share Option Scheme”, as the same may be modified or altered from time to time
“Non-executive Director”	:	A director (other than an Executive Director) from time to time of our Company and/or any of its Subsidiaries
“Option”	:	The right to subscribe for Shares which may be granted pursuant to the NIKS Employee Share Option Scheme

APPENDIX J – RULES OF THE NIKS PERFORMANCE SHARE PLAN

“Option Shares”	:	The Shares which may be issued upon the exercise of the Options
“Participant”	:	The holder of an Award
“Performance Condition”	:	In relation to a Performance-related Award, the condition specified on the Date of Grant in relation to that Award
“Performance-related Award”	:	An Award in relation to which a Performance Condition is specified
“Performance Period”	:	In relation to a Performance-related Award, a period, the duration of which is to be determined by the Remuneration Committee on the Date of Grant, during which the Performance Condition is to be satisfied
“Plan”	:	The NIKS Performance Share Plan, as the same may be modified or altered from time to time
“Record Date”	:	The date as at the close of business (or such other time as may have been prescribed by our Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Release”	:	In relation to an Award, the release at the end of the Vesting Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly
“Released Award”	:	An Award in respect of which the Vesting Period relating to that Award has ended and which has been released in accordance with Rule 7
“Remuneration Committee”	:	The remuneration committee of our Company
“Rules”	:	Rules of the Plan
“Securities Accounts”	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account

APPENDIX J – RULES OF THE NIKS PERFORMANCE SHARE PLAN

“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended, supplemented or modified from time to time
“SFR”	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018, as amended, supplemented or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered shareholders of our Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	Fully paid ordinary shares in the capital of our Company
“Subsidiary”	:	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of our Company within the meaning of Section 5 of the Companies Act
“Trading Day”	:	A day on which the Shares are traded on the SGX-ST
“Vesting”	:	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly
“Vesting Date”	:	In relation to Shares which are the subject of a Released Award, the date (as determined by the Remuneration Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7
“Vesting Period”	:	In relation to an Award, a period or periods, the duration of which is to be determined by the Remuneration Committee at the Date of Grant
“S\$”, “SGD”, “Singapore Dollars” or “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
“%” or “percent”	:	Per centum or percentage

APPENDIX J – RULES OF THE NIKS PERFORMANCE SHARE PLAN

- 2.2. The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively, in Section 81SF of the SFA.
- 2.3. Words importing the singular number shall, where applicable, include the plural number and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
- 2.4. Any reference to a time of a day in the Plan is a reference to Singapore time.
- 2.5. Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in the Plan shall have the meaning assigned to it under the Companies Act.

3. OBJECTIVES OF THE PLAN

- 3.1. The Plan is a performance incentive scheme which will form an integral part of our Group’s incentive compensation programme. The Plan is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of our Group and to give recognition to outstanding Employees who have contributed to the growth of our Group.
- 3.2. The objectives of the Plan are as follows:
 - (a) provide an opportunity for Participants to participate in the equity of our Company, thereby inculcating a stronger sense of identification with the long-term prosperity of our Group and promoting organisational commitment, dedication and loyalty of Participants towards our Group;
 - (b) motivate Participants to strive towards performance excellence and to maintain a high level of contribution to our Group;
 - (c) give recognition to contributions made or to be made by Participants by introducing a variable component into their remuneration package; and
 - (d) make employee remuneration sufficiently competitive to recruit new Participants and/or to retain existing Participants whose contributions are important to the long-term growth and profitability of our Group.

4. ELIGIBILITY OF PARTICIPANTS

- 4.1. Any Employee shall be eligible to participate in the Plan at the absolute discretion of our Remuneration Committee if at the Date of Grant such person must:
 - (a) be confirmed in his/her employment with our Group;
 - (b) have attained the age of 21 years; and
 - (c) not be an undischarged bankrupt and must not have entered into a composition with his/her creditors.

APPENDIX J – RULES OF THE NIKS PERFORMANCE SHARE PLAN

- 4.2. Non-executive Directors who satisfy the eligibility requirements in Rule 4.1(b) and (c) shall also be eligible to participate in the Plan.
- 4.3 Subject to the absolute discretion of the Remuneration Committee, persons who are Controlling Shareholders and their respective Associates shall be eligible to participate in the Scheme if:
- (a) they meet the eligibility requirements as set out above;
 - (b) the necessary Shareholders' approvals pursuant to Rule 19 have been obtained; and
 - (c) all conditions for their participation in the Plan as may be required by the regulations of the SGX-ST from time to time are satisfied.
- 4.4 The eligibility of Participants to participate in the Plan, and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan and the Vesting Period shall be determined at the absolute discretion of our Remuneration Committee, which shall take into account (a) the financial performance of our Group; (b) employee criteria such as his/her rank, years of service/appointment and job performance, potential for future development and his/her contribution to the success and development of our Group; and (c) in respect of a Participant being a non-executive Director, criteria such as his/her contribution to the success and development of our Group.
- In addition, for Performance-related Awards, the extent of effort required to achieve the Performance Condition within the Performance Period shall also be considered.
- 4.5 Directors and employees of our Company's parent company and its subsidiaries (other than our Group) are not entitled to participate in the Plan.
- 4.6. Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of our Remuneration Committee, which would be exercised judiciously.

5. GRANT AND ACCEPTANCE OF AWARDS

- 5.1. Subject as provided in Rule 8, our Remuneration Committee may grant Awards to Employees as our Remuneration Committee may select in its absolute discretion, at any time during the period when the Plan is in force, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, Awards may only be granted on or after the third (3rd) Market Day from the date on which such announcement is released. In addition, no Award shall be granted during the period of 30 days immediately preceding the date of announcement of our Company's interim or final results (as the case may be).
- 5.2. Our Remuneration Committee shall decide, in its absolute discretion, in relation to each Award:
- (a) the Participant;
 - (b) the Date of Grant;
 - (c) the number of Shares which are the subject of the Award;

APPENDIX J – RULES OF THE NIKS PERFORMANCE SHARE PLAN

- (d) the prescribed Vesting Period(s);
 - (e) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
 - (f) in the case of a Performance-related Award, the Performance Period and the Performance Condition.
- 5.3 Our Remuneration Committee may amend or waive the Vesting Period(s) and, in the case of a Performance-related Award, the Performance Period and/or the Performance Condition in respect of any Award:
- (a) in the event of a general offer (whether conditional or unconditional) being made for all or any part of the Shares, or a scheme of arrangement or compromise between our Company and its Shareholders being sanctioned by the court, or a proposal to liquidate or sell all or substantially all of the assets of our Company; or
 - (b) in the case of a Performance-related Award, if anything happens which causes our Remuneration Committee to conclude that:
 - (i) a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the Performance Condition should be waived as the Participant has achieved a level of performance that our Remuneration Committee considers satisfactory notwithstanding that the Performance Condition may not have been fulfilled,and shall notify the Participants of such change or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate any such change or waiver).
- 5.4 As soon as reasonably practicable after making an Award, our Remuneration Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:
- (a) the Date of Grant;
 - (b) the number of Shares which are the subject of the Award;
 - (c) the prescribed Vesting Period(s);
 - (d) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period;
 - (e) in the case of a Performance-related Award, the Performance Period and the Performance Condition; and
 - (f) any other condition which our Remuneration Committee may determine in relation to that Award.
- 5.5 Participants are not required to pay for the grant of Awards.

APPENDIX J – RULES OF THE NIKS PERFORMANCE SHARE PLAN

- 5.6 An Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of our Remuneration Committee and if a participant shall do, suffer or permit any such act or thing as a result of which he/she would or might be deprived of any rights under an Award without the prior approval of our Remuneration Committee, that Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING DATE

- 6.1. An Award, to the extent not yet Released, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against our Company, its Directors or employees):
- (a) a Participant, being an Employee, ceasing for any reason whatsoever, to be in the employment of our Company and/or the relevant Subsidiary or in the event the company by which the Employee is employed ceases to be a company in our Group;
 - (b) a Participant, being a Non-executive Director, ceasing to be a director of the Company and/or the relevant Subsidiary, as the case may be, for any reason whatsoever;
 - (c) upon the bankruptcy of the Participant or the happening of any other event which results in him/her being deprived of the legal or beneficial ownership of or interest in such Award;
 - (d) ill health, injury, disability or death of a Participant;
 - (e) a Participant committing any breach of any of the terms of his/her Award;
 - (f) misconduct on the part of a Participant as determined by our Company in its discretion; and/or
 - (g) any other event approved by our Remuneration Committee.

For the purpose of Rule 6.1(a) above, an Employee shall be deemed to have ceased to be in the employment of our Company or the Subsidiary (as the case may be) on the date on which he gives notice of termination of employment, unless prior to the date on which termination takes effect, the Employee has (with the consent of our Company or the Subsidiary (as the case may be)) withdrawn such notice.

For the purpose of Rule 6.1(b), a Participant shall be deemed to have ceased to be a Non-executive Director as of the date the notice of resignation of or termination of directorship, as the case may be, is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

- 6.2. Our Remuneration Committee may in its absolute discretion and on such terms and conditions as it deems fit, preserve all or any part of any Award notwithstanding the provisions of any other Rules including Rules 6.1 and 7.1. Further to such exercise of discretion, the Awards shall be deemed not to have become void nor cease to have effect in accordance with the relevant provisions in Rule 6.1.

APPENDIX J – RULES OF THE NIKS PERFORMANCE SHARE PLAN

- 6.3. Without prejudice to the provisions of Rules 5.3 and 7.1, to the extent of an Award yet to be Released, if any of the following occurs:
- (a) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;
 - (b) a scheme of an arrangement or compromise between our Company and its Shareholders being sanctioned by the court;
 - (c) an order for the compulsory winding up of our Company is made; or
 - (d) a resolution for a voluntary winding up (other than for amalgamation or reconstruction) of our Company being made,

our Remuneration Committee may consider, at its discretion, whether or not to Release such Award. If our Remuneration Committee decides to Release such Award, then in determining the number of Shares to be Vested in respect of such Award, our Remuneration Committee will have regard to the proportion of the Vesting Period(s) which has elapsed and the extent to which the Performance Condition (if any) has been satisfied. Where such Award is Released, our Remuneration Committee will, as soon as practicable after such Release, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

7. RELEASE OF AWARDS

- 7.1. (a) In relation to each Performance-related Award, as soon as reasonably practicable after the end of the relevant Performance Period, our Remuneration Committee shall review the Performance Condition specified in respect of that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.

If our Remuneration Committee determines in its sole discretion that the Performance Condition has not been satisfied or if the relevant Participant (being an Employee) has not continued to be an Employee from the Date of Grant up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rule 7 (save for this Rule 7.1(a)) shall be of no effect.

Our Remuneration Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and, in making any such determination, our Remuneration Committee shall have the right to make computational adjustments to the audited results of our Company or our Group, as the case may be, to take into account such factors as our Remuneration Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

Subject to:

- (i) (in relation to a Performance-related Award) our Remuneration Committee having determined that the Performance Condition has been satisfied;
- (ii) the relevant Participant (being an Employee) having continued to be an Employee from the Date of Grant up to the end of the relevant Vesting Period;

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- (iii) our Remuneration Committee being of the opinion that the job performance of the relevant Participant has been satisfactory;
- (iv) such consents (including any approvals required by the SGX-ST) as may be necessary;
- (v) compliance with the terms of the Award, the Plan and the Constitution;
- (vi) where Shares are to be allotted or transferred on the release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and
- (vii) where Shares are to be allotted on the release of an Award, our Company being satisfied that the Shares which are the subject of the Released Award will be listed for quotation on the SGX-ST,

upon the expiry of each Vesting Period in relation to an Award, our Company shall Release to the relevant Participant the Shares to which his/her Award relates on the Vesting Date.

- (b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Market Day falling as soon as practicable after the Release of such Award in accordance with Rule 7.1(a) and, on the Vesting Date, the Remuneration Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.
 - (c) Where Shares are allotted upon the Vesting of any Award, our Company shall, as soon as practicable after such allotment, apply to the SGX-ST for the listing and quotation of such Shares.
- 7.2. Shares which are allotted or transferred on the Release of an Award to a Participant shall be registered in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.
- 7.3. Subject to applicable laws and the Catalist Rules, our Company shall have the flexibility to deliver Shares to Participants upon the Release of their Awards by way of (a) the allotment and issuance to each Participant of the number of new Shares, deemed to be fully paid or credited upon their allotment and issuance; and/or (b) the transfer of existing Shares to the Participants, including (subject to applicable laws) any Shares acquired by our Company pursuant to a share purchase mandate (if any) and/or held by our Company as treasury shares.

It is the intention of our Company that Shares will typically be delivered to Participants upon the Release of their Awards by way of an issue of new Shares. However, our Company anticipates that our Company may, in very limited circumstances, purchase existing Shares on behalf of the participants upon the Release of their Awards. In determining whether to allot and issue new Shares or to purchase existing Shares for delivery to the participants upon the Release of their Awards, our Remuneration Committee will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing Market Price of the Shares, the cash position of our Company, the projected cash needs of our Company, the dilution impact (if any), the cost to our Company of either issuing new

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Shares or purchasing existing Shares, and the liquidity of the Shares based on the average daily trading volume of the Shares, and in particular whether the repurchase by our Company of existing Shares to deliver to Participants upon Release of their Awards would materially impact the Market Price of the Shares.

- 7.4. New Shares allotted and issued, and existing Shares procured by our Company on behalf of our Participants for transfer, upon the Release of an Award shall:
- (a) be subject to all the provisions of the Constitution; and
 - (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

8. LIMITATION ON THE SIZE OF THE PLAN

- 8.1 The aggregate number of Shares which may be issued or transferred pursuant to the Awards granted under the Award on any date, when aggregated with:
- (a) the total number of new Shares issued and issuable, and existing Shares (including treasury shares) transferred and/or transferrable pursuant to Awards already granted under the Plan; and
 - (b) the aggregate number of Shares over which options and/or awards granted under any other share option, share incentive, performance share or restricted share plans implemented by our Company and for the time being in force (including the NIKS Employee Share Option Scheme),

shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by the Company as treasury shares and subsidiary holdings from time to time, if any) on the day preceding that date.

- 8.2 The aggregate number of Shares which may be issued or transferred pursuant to the Awards granted under the Plan to Participants who are Controlling Shareholders and their Associates shall not exceed 25.0% of the total number of Shares available under the Plan.
- 8.3 The aggregate number of Shares which may be issued or transferred pursuant to the Awards granted under the Plan to each participant who is a Controlling Shareholder or his/her Associate shall not exceed 10.0% of the total number of Shares available under the Plan.
- 8.4 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by our Remuneration Committee under the Plan.

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9. ADJUSTMENT EVENTS

9.1. If a variation in the issued share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue or capital reduction, sub-division of Shares, consolidation of Shares or capital distribution or otherwise howsoever) should take place, then:

- (a) the class and/or number of Award Shares to the extent not yet vested and the rights attached thereto;
- (b) the class and/or number of Shares over which future Awards may be granted under the Plan; and/or
- (c) the maximum number of Shares which may be issued pursuant to Awards granted under the Plan,

may, at the option of our Remuneration Committee, be adjusted in such manner as our Remuneration Committee may determine to be appropriate, including retrospective adjustments, where such variation occurs after the date of vesting of the Award but the Record Date relating to such variation precedes such date of vesting and, except in relation to a bonus issue, upon the written confirmation of our Company's auditors (acting only as experts and not as arbitrators), that, in their opinion, such adjustment is fair and reasonable.

9.2. Unless our Remuneration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition of any assets by our Company or a private placement of securities, or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares, in accordance with the Catalist Rules, undertaken by our Company on the SGX-ST during the period when a share repurchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment.

9.3. Notwithstanding the provisions of Rule 9.1, any adjustment must be made in such a way that:

- (a) a Participant will not receive a benefit that a Shareholder does not receive; and
- (b) our Remuneration Committee after considering all relevant circumstances considers it equitable to do so.

9.4. Upon any adjustment required to be made pursuant to this Rule 9, our Company shall notify the Participant (or his/her duly appointed personal representatives where applicable) in writing and deliver to him/her (or his/her duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued and/or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.

9.5. Notwithstanding the provisions of Rule 9.1 or that no adjustment is required under the provisions of the Plan, our Remuneration Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made to any of the matters referred to in Rule 9.1 notwithstanding that no adjustment is required under the said provisions (as the case may

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be), request the Auditors to consider whether for any reasons whatsoever the adjustment or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion appropriate.

- 9.6 The restriction on the number of Shares to be offered to any Participant who has been granted Awards, shall not apply to the number of additional Shares or Awards over additional Shares issued or transferred by virtue of any adjustment to the number of Shares and/or Awards pursuant to this Rule 9.

10. ADMINISTRATION OF THE PLAN

- 10.1. The Plan shall be administered by our Remuneration Committee in its absolute discretion with such powers and duties as are conferred on it by our Board, provided that no member of our Remuneration Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him/her or held by him/her.

- 10.2. Our Remuneration Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the Plan and any dispute and uncertainty as to the interpretation of the Plan, any rule, regulation or procedure thereunder or any rights under the Plan shall be determined by our Remuneration Committee.

- 10.3. Neither the Plan nor the grant of Award under the Plan shall impose on our Company or our Remuneration Committee any liability whatsoever in connection with:

- (a) the lapsing or early expiry of any Award pursuant to any provision of the Plan;
- (b) the failure or refusal by our Remuneration Committee to exercise, or the exercise by our Remuneration Committee of, any discretion under the Plan; and/or
- (c) any decision or determination of our Remuneration Committee made pursuant to any provision of the Plan.

- 10.4. Any decision or determination of our Remuneration Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive.

- 10.5. Our Company shall bear the costs of establishing and administering the Plan.

11. NOTICES

- 11.1. A Participant shall not by virtue of being granted any Award be entitled to receive copies of any notices or other documents sent by our Company to its Shareholders.

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- 11.2. Any notice or other communication between our Company and a Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of our Company, its registered office and, in the case of the Participant, his/her address as notified by him/her to our Company from time to time.
- 11.3. Any notice or other communication sent by post:
- (a) by our Company shall be deemed to have been received 24 hours after the same was put in the post properly addressed and stamped; and/or
 - (b) by the Participant shall be deemed to have been received when the same is received by our Company at the registered office of our Company.

12. MODIFICATIONS TO THE PLAN

- 12.1. Any or all of the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of our Remuneration Committee, except that:
- (a) any modification or alteration which shall adversely affect the rights attached to Awards granted prior to such modification or alteration and which, in the opinion of our Remuneration Committee, materially alters the rights attaching to any Award granted prior to such modification or alteration, may only be made with the written consent of such number of Participants under the Plan who, if their Awards were released to them upon the Performance Conditions of their Awards (if any) being satisfied in full, would thereby be entitled to not less than 75.0% of the number of all the Shares which would fall to be issued and/or transferred upon exercise in full of all outstanding Awards under the Plan;
 - (b) any modification or alteration which would be to the advantage of Participants under the Plan shall be subject to the prior approval of Shareholders at a general meeting; and
 - (c) any modification or alteration shall be made subject to the compliance with the requirements of the Catalist Rules and the requirements of the SGX-ST and any other regulatory authorities as may be necessary.
- 12.2. Notwithstanding anything to the contrary contained in Rule 12.1, our Board may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 12.3. Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.

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13. TERMS OF EMPLOYMENT UNAFFECTED

Notwithstanding the provisions of any other Rule:

- (a) the Plan or any Award shall not form part of any contract of employment between our Company and/or any Subsidiary and/or any Employee and the rights and obligations of any individual under the terms of the office or employment with any such company shall not be affected by his/her participation in the Plan or any right which he may have to participate in it or any Award which he/she may be granted and the Plan or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever (whether lawful or not); and
- (b) the Plan shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against our Company and/or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against any such company, its directors or employees.

14. DURATION OF THE PLAN

- 14.1. The Plan shall continue to be in force at the discretion of our Remuneration Committee for a maximum period of 10 years commencing on the Adoption Date, provided always that the Plan may, subject to applicable laws and regulations, continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 14.2. The Plan may be terminated at any time by our Remuneration Committee and by resolution of our Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be offered by our Company hereunder.
- 14.3. The termination and expiry of the Plan shall not affect Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

15. DISCLOSURE IN ANNUAL REPORT

The following disclosures (as applicable) will be made by our Company in its annual report for so long as the Plan continues in operation:

- (a) the names of the members of our Remuneration Committee;
- (b) information as required in the table below for the following Participants:
 - (i) our Directors;
 - (ii) Participants who are Controlling Shareholders or their Associates; and
 - (iii) Participants, other than those in (i) and (ii) above, who receive Awards comprising Shares representing 5.0% or more of the aggregate of:
 - (1) The total number of Shares available under the Plan; and
 - (2) The total number of existing Shares purchased for delivery of Released Awards under the Plan.

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Name of Participant	Number of Shares Allotted Pursuant to Release of Awards under the Plan during Financial Year under Review (including terms)	Number of Existing Shares Purchased for Delivery pursuant to Release of Awards under the Plan during Financial Year under Review (including terms)	Aggregate Number of Shares Allotted and Existing Shares Purchased for Delivery since Commencement of the Plan to End of Financial Year under Review	Aggregate Number of Shares Comprised in Awards which have not been Released as at the End of Financial Year under Review
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(c) in relation to the Plan, the following particulars:

- (i) the aggregate number of Shares comprised in Awards granted since the commencement of the Plan to the end of the financial year under review;
- (ii) the aggregate number of Shares comprised in Awards which have Vested during the financial year under review and in respect of such Awards, the proportion of:
 - (1) new Shares issued; and
 - (2) where applicable, existing Shares purchased, including the range of prices at which such Shares have been purchased,
 upon the Vesting of Released Awards; and
- (iii) the aggregate number of Shares comprised in Awards which have not been Released as at the end of the financial year under review; and

(d) such other information as may be required by the Catalist Rules or the Companies Act,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included in the annual report, noting that disclosure in the annual report of information on Awards granted to directors and employees of our Company's parent company and its subsidiaries would not be necessary, as such persons are not Participants.

16. ABSTENTION FROM VOTING

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Plan and any modification thereof should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast in respect of the resolution. We will disregard any votes cast on a resolution by any person who is required to abstain from voting on a proposal at a general meeting.

In particular, all Shareholders who are eligible to participate in the Plan shall abstain from voting on the following resolutions, where applicable: (a) implementation of the Plan; and (b) their participation in the Plan and any grant of Awards to them.

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17. TAXES, COSTS AND EXPENSES OF THE PLAN

- 17.1 The Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or Vesting of the relevant Award. All taxes (including income tax) arising from the grant or Vesting of any Award under the Plan shall be borne by that Participant. Our Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability to which the Participant may become subject as a result of his/her participation in the Plan.
- 17.2 Notwithstanding anything herein, each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment and/or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP or the Participant's securities sub-account with a CDP Depository Agent.

18. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, our Company, its Directors or employees or our Remuneration Committee shall not under any circumstances be held liable for any costs, losses, expenses liabilities or damages whatsoever and howsoever arising in respect of any matter under or in connection with the Plan, including but not limited to any delay or failure to issue, or procure the transfer of, the Shares or to apply for or procure the listing of new Shares on the SGX-ST in accordance with Rule 7.1(c) (and any other stock exchange on which the Shares are quoted or listed).

19. SHAREHOLDERS' APPROVAL

The participation of each Controlling Shareholder and each of his Associates in the Plan be specifically approved by independent Shareholders in separate resolutions for each such person. Each grant of Awards (including the actual number and the terms of the Awards to be granted) to a Controlling Shareholder or his Associates must be specifically approved by independent Shareholders in separate resolutions.

20. DISPUTES

Any disputes or differences of any nature arising hereunder (other than matters to be confirmed by the Auditors in accordance with the Plan) shall be referred to our Remuneration Committee and its decision shall be final and binding in all respects (including any decisions pertaining to disputes as to interpretation of the Plan or any Rule, regulation, procedure thereunder or as to any rights under the Plan).

21. GOVERNING LAW

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. In addition, the Plan shall at all times, be in compliance with our Constitution, and the applicable laws and regulations of Singapore including the listing rules of the SGX-ST. The Participants, by being granted Awards in accordance with the Plan, and our Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

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22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person other than our Company or a Participant shall have any right to enforce any provision of the Plan or any Option by the virtue of the Contracts (Rights of Third Parties) Act 2001 of Singapore.

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