You should read this section in conjunction with our audited combined financial statements, including the notes thereto, as set out in the Accountant's Report in Appendix I to this document. Our Group's combined financial statements have been prepared in accordance with the IFRSs. You should read the entire Accountant's Report and not merely rely on the information contained in this section.

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depends on a number of risks and uncertainties over which our Group does not have control. For further information, you should see "Risk Factors" in this document.

OVERVIEW

Our Group is principally engaged in the passenger vehicle or PV, leather upholstery business and electronic accessories business in Singapore. According to the Frost & Sullivan Report, we were the leading PV interior modification service provider in Singapore in 2016 in terms of sales revenue, with a market share of 16.3%. We also ranked first in both the PV leather upholstery and electronic accessories segments in Singapore by sales revenue in 2016. Our total revenue for the years ended 31 December 2015 and 2016 were approximately S$11.5 million and S$13.1 million, respectively. Our total gross profit for the years ended 31 December 2015 and 2016 were approximately S$4.6 million and S$5.2 million, respectively. We supply a wide range of PV leather upholstery and electronic accessories primarily to authorised PV distributors and dealers, including various subsidiaries of Customer Group A who is one of the leading authorised PV distributors and dealers in Singapore. Revenue from Customer Group A accounted for approximately 79.5% and 78.1% of our total revenue for the years ended 31 December 2015 and 2016, respectively. Please also refer to the sections headed "Risk Factors — A substantial amount of our revenue is derived from sales to Customer Group A, our largest customer during the Track Record Period, and any decrease or loss of business with any of the Largest Customer's SG Subsidiaries could materially and adversely affect our business, financial condition and results of operations" and "Business — Customers" of this document for further details.

For our leather upholstery business, we primarily supply and install custom-fitted leather upholstery for PV seats. We also provide leather wrapping for other PV interior products such as door panels, head rests and arm rests. For the years ended 31 December 2015 and 2016, revenue generated from our leather upholstery business accounted for approximately 31.1% and 34.3%, respectively of our total revenue.

As for our electronic accessories business, it is divided into two sub-segments, namely (i) navigation and multimedia accessories; and (ii) safety and security accessories. Our navigation and multimedia accessories sub-segment is focused on the supply and installation of products such as navigation systems, head units and in-car entertainment systems, while our safety and security accessories sub-segment is focused on the supply and installation of products that improve driver and passenger safety and security, such as digital video recorders, reverse cameras and parking sensors and security alarm systems. For the years ended 31 December 2015 and 2016, revenue generated from our electronic accessories business accounted for approximately 68.9% and 65.7%, respectively, of our total revenue.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATION AND FINANCIAL CONDITION

Our financial conditions and results of operations have been, and will continue to be, affected by a number of factors, including those set out below and the risk factors set out in "Risk Factors".

Services and product mix

We offer a wide range of PV interior modification services and products, including the supply and installation of leather upholstery, navigation and multimedia accessories and safety and security accessories. The pricing and cost of different types of services we provide may vary depending on the work performed and materials used. Therefore, changes in service and product mix in connection with our provision of services may affect our profitability and total gross profit margin.

Cost and availability of materials

Cost of materials accounts for a significant portion of our cost of sales. Our cost of materials accounted for 72.3% and 75.4%, respectively, of our total cost of sales for the years ended 31 December 2015 and 2016. Fluctuations in the prices of our materials could significantly affect our gross profit margin if such fluctuations are not taken into account in the pricing of our products. The provision of our services requires a stable and sufficient supply of leather hides, custom-fitted leather upholstery for PV seats, and PV electronic accessories. If there is any shortage or delay in the supply, or in any event that our suppliers significantly increase the prices, or terminate business relationship with us, our business in general and results of operations may be adversely and materially affected.

Labour costs

Our installation of PV leather upholstery and electronic accessories are heavily dependent on skilled technicians which is a significant factor of our financial performance. In this regard, we place significant emphasis on the hiring and retention of skilled technicians.

Changes in the number of newly registered passenger vehicles

In Singapore, car owners must first obtain a COE in the appropriate vehicle category, which represents a right to vehicle ownership and use of limited road space for ten years. At the end of the ten-year COE period, car owners could choose to deregister or revalidate their COE for another five or ten years by paying the prevailing quota premium. The Singapore government controls the number of vehicles in use by limiting the quota of the COE issued and changes in the quota of the COE would affect the number of newly registered vehicle in the market, which will affect the demand for passenger vehicle interior modification and influence our profitability and financial performance.

BASIS OF PRESENTATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 16 January 2017. Pursuant to the Reorganisation as more fully explained in "History, Reorganisation and Corporate Structure", our Company became the holding company of the companies now comprising our Group. The companies now comprising our Group were under the common control of the Controlling Shareholders, Ms. Lee and Mr. David Siew, before and after the Reorganisation. Accordingly, the financial information of our Group has been prepared on a combined basis using the historical carrying values of the companies now comprising the Group as if the Reorganisation had been completed at the beginning of the Track Record Period. Further details of the basis of presentation of our financial statements are detailed in Note 1.3 headed "Basis of presentation" in the Accountant's Report as set out in Appendix I to this document.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our Group's financial statements have been prepared in accordance with IFRSs. Significant accounting policies adopted by our Group are set forth in detail in Note 2 in the Accountant's Report as set out in Appendix I to this document. Some of the accounting policies involve subjective assumptions and estimates, as well as judgment related to accounting items such as assets, liabilities, income and expenses. The preparation of Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. We set forth below the description of critical accounting policies, estimates and judgments adopted in the preparation of our financial statements:

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts and returns. Revenue from our leather upholstery business and electronic accessories business is recognised when our installation services have been delivered to and accepted by our customers. During the Track Record Period, there was no delay of revenue recognition due to time required for inspection and acceptance by our customers. For details regarding our accounting policy relating to revenue recognition, see Note 2 headed "Revenue Recognition" in the Accountant's Report as set out in Appendix I to this document.

Accounting estimates and judgements

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Warranty provision

Our Group gives 12 to 36 months warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised at the balance sheet date for expected warranty claims based on past experience of the level of repairs and returns. Our Group made provision amounted to S$215,279 and S$228,957 as at 31 December 2015 and 2016, respectively. There has been no significant shortfall in these estimates against actual results.

Impairment of receivables

Our Group makes provision for impairment of receivables based on an assessment of the collectability of receivables, taking into account the debtors' financial conditions, any recent settlement plan committed by the debtors, and their status of settlement historically and subsequent to period end. Provisions for impairment are applied to receivables where events or changes in circumstances indicate that the balances may not be collectible. There has been no significant shortfall in these estimates against actual results.

Allowance for slow-moving inventory

A review is made periodically on inventory for excess inventory and decline in net realisable value below cost and an allowance will be made against the inventory balance for any such decline. These reviews require management to estimate future demand for our products. There has been no significant shortfall in these estimates against actual results.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

The selected financial information from our combined statements of comprehensive income for the years ended 31 December 2015 and 2016 set out below are extracted from the Accountant's Report in Appendix I to this document, and should be read in conjunction with the Accountant's Report set forth in Appendix I to this document.

	Year ended 31 December	
	2015	**2016**
	S$	**S$**
Revenue	11,470,263	13,081,710
Cost of sales	(6,864,307)	(7,831,869)
Gross profit	4,605,956	5,249,841
Other income	58,964	60,516
Other losses — net	(93,576)	(80,893)
Selling and distribution expenses	(391,346)	(426,557)
Administrative expenses	(840,452)	(1,154,938)
Finance cost — net	(3,124)	(2,883)
Profit before income tax	3,336,422	3,645,086
Income tax expense	(524,086)	(629,000)
Profit and total comprehensive income for the year attributable to equity holders of the Company	2,812,336	3,016,086

Revenue

Our sources of revenue can be generally categorised into PV leather upholstery business and electronic accessories business. Sub-segments of our electronic accessories business include (i) navigation and multimedia; and (ii) safety and security. The following table sets forth our revenue by segment for the years indicated:

	Year ended 31 December			
	2015		2016	
	S$	%	S$	%
Leather upholstery business	3,566,542	31.1	4,482,232	34.3
Electronic accessories business				
— Navigation and multimedia	3,783,883	33.0	3,904,966	29.8
— Safety and security	4,119,838	35.9	4,694,512	35.9
Total	11,470,263	100.0	13,081,710	100.0

Revenue from our leather upholstery business segment recorded an increase by approximately S$0.9 million or 25.7% from approximately S$3.6 million for the year ended 31 December 2015 to approximately S$4.5 million for the year ended 31 December 2016.

Revenue from our navigation and multimedia sub-segment of our electronic accessories business recorded an increase by approximately S$0.1 million or 3.2% from approximately S$3.8 million for the year ended 31 December 2015 to approximately S$3.9 million for the year ended 31 December 2016.

Revenue from our safety and security sub-segment of our electronic accessories business recorded an increase by approximately S$0.6 million or 13.9% from approximately S$4.1 million for the year ended 31 December 2015 to approximately S$4.7 million for the year ended 31 December 2016.

Our sources of revenue generated from products and services provided to Our Largest Customer's SG Subsidiaries can be categorised into pre-delivery PV and after-sales services. Revenue generated from different types of customers was stable during the Track Record Period. The following table sets forth the breakdown of our revenue by customer types for the years indicated:

	Year ended 31 December			
	2015		2016	
	S$	%	S$	%
Our Largest Customer's SG Subsidiaries				
— Pre-delivery PV	8,547,255	74.5	9,797,862	74.9
— After-sales services	577,808	5.0	422,491	3.2
Other authorised PV distributors and dealers	1,891,235	16.5	2,305,659	17.7
Other customers (*Note 1*)	453,965	4.0	555,698	4.2
Total	11,470,263	100.0	13,081,710	100.0

Note:

(1) Other customers include corporate customers, such as car rental companies, and individual car owners.

Cost of sales

Our cost of sales mainly comprises cost of materials, direct labour, and other direct costs. For the years ended 31 December 2015 and 2016, our cost of sales amounted to approximately S$6.9 million and S$7.8 million, respectively. The following table sets out a breakdown of our cost of sales for the years indicated:

	Year ended 31 December 2015				
	Leather upholstery business	Electronic accessories business		Total	
		Navigation and multimedia	Safety and security		
	S$	S$	S$	S$	%
Cost of materials	1,654,740	1,884,376	1,423,660	4,962,776	72.3
Direct labour	683,701	279,218	303,999	1,266,918	18.5
Others	139,351	230,051	265,211	634,613	9.2
Total	**2,477,792**	**2,393,645**	**1,992,870**	**6,864,307**	**100.0**

	Year ended 31 December 2016				
	Leather upholstery business	Electronic accessories business		Total	
		Navigation and multimedia	Safety and security		
	S$	S$	S$	S$	%
Cost of materials	2,220,757	2,028,098	1,652,260	5,901,115	75.4
Direct labour	788,449	290,946	349,905	1,429,300	18.2
Others	141,908	167,490	192,056	501,454	6.4
Total	**3,151,114**	**2,486,534**	**2,194,221**	**7,831,869**	**100.0**

Cost of materials is a significant component of our cost of sales and primarily comprises purchase cost of leather hides, custom-fitted leather upholstery for PV seats, and electronic accessories products. For the years ended 31 December 2015 and 2016, cost of materials represented approximately 72.3% and 75.4% of our total cost of sales respectively.

Direct labour comprises salaries and related costs of our operational and technical staff involved in our leather upholstery business and electronic accessories business. For the years ended 31 December 2015 and 2016, direct labour represented approximately 18.5% and 18.2% of our total cost of sales, respectively.

Others mainly comprises depreciation, warranty cost, write-off of inventories, rental expenses, insurance, freight and forwarding charges etc. For the years ended 31 December 2015 and 2016, other direct costs represented approximately 9.2% and 6.4% of our total cost of sales, respectively.

Sensitivity analysis

We generally use a cost-plus method to price the products and our installation services. Accordingly, any fluctuation in the cost of materials, are generally borne by our customers while fluctuation in direct labour cost are shared between our customers and us. Fluctuations are assumed to be 5% and 10% for each of the two years ended 31 December 2015 and 2016, which corresponds to the range of historical price fluctuations of the major items in our cost of sales during the Track Record Period.

The following table illustrates the sensitivity analysis of the estimated increase/(decrease) of our gross profit in relation to general percentage changes to cost of materials with all other variables being constant.

	Impact on gross profit for the year ended 31 December	
	2015	**2016**
	S$	**S$**
Cost of materials		
Increase/(decrease) by:		
10%	(496,278)	(590,112)
5%	(248,139)	(295,056)
(5%)	248,139	295,056
(10%)	496,278	590,112

The following table illustrates the sensitivity analysis of the estimated increase/(decrease) of our gross profit in relation to general percentage changes to direct labour with all other variables being constant.

	Impact on gross profit for the year ended 31 December	
	2015	**2016**
	S$	**S$**
Direct labour		
Increase/(decrease) by:		
10%	(126,692)	(142,930)
5%	(63,346)	(71,465)
(5%)	63,346	71,465
(10%)	126,692	142,930

Gross profit and gross profit margin

The following table sets out our Group's gross profit and gross profit margin by segment for the years indicated.

	Year ended 31 December			
	2015		2016	
	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin
	S$	%	S$	%
Leather upholstery business	1,088,750	30.5	1,331,118	29.7
Electronic accessories business				
— Navigation and multimedia	1,390,238	36.7	1,418,432	36.3
— Safety and Security	2,126,968	51.6	2,500,291	53.3
Total	4,605,956	40.2	5,249,841	40.1

Our gross profit was approximately S$4.6 million and S$5.2 million for the years ended 31 December 2015 and 2016, respectively. Our gross profit margin was approximately 40.2% and 40.1% for the years ended 31 December 2015 and 2016, respectively. Our safety and security sub-segment recorded relatively higher gross profit margin during the Track Record Period as certain electronic accessories offered in this sub-segment, in particular the digital video recorders, were widely accepted in the PV market and new models of these accessories could be priced at a more favourable margin.

Other income

Our other income was approximately S$59,000 and S$61,000 for the years ended 31 December 2015 and 2016 respectively. The following table sets out a breakdown of our other income and gains for the years indicated:

	Year ended 31 December			
	2015		2016	
	S$	%	S$	%
Other income				
Wages Credit Scheme	9,637	16.3	32,252	53.3
Special Employment Credit	15,784	26.8	20,118	33.2
Productivity and Innovation Credit bonus	33,432	56.7	8,146	13.5
Sundry income	111	0.2	—	—
Total	58,964	100.0	60,516	100.0

The Wages Credit Scheme (the "WC Scheme"), the Special Employment Credit (the "SEC Scheme"), and the Productivity and Innovation Credit bonus (the "PIC Scheme") were incentives from the Singapore government.

Under the WC Scheme, the Singapore government will co-fund 40% of wage increases given to Singapore citizen employees earning a gross monthly wage of S$4,000 and below in 2013 to 2015. Over the period of 2016 to 2017, the Singapore government will co-fund 20% of wage increases given to Singaporean employees earning a gross monthly wage of S$4,000 and below. In addition, for wage increases given in 2015 which are sustained in 2016 and 2017 by the same employer, employers will continue to receive co-funding at 20% for 2016 and 2017.

Under the SEC Scheme, the Singapore government will co-fund employers who hire Singaporean citizens aged above 50 earning a gross monthly wage of S$4,000 and below of up to 8.5% of an eligible employee's monthly wage for the year ended 31 December 2015 and 8% for the year ended 31 December 2016. Over the periods, the Singaporean government will further co-fund a 3% of an eligible employee's monthly wage if employers voluntarily re-employ Singaporeans aged 65 and above. The Scheme was first introduced in 2011 and will be extended for three years from 1 January 2017 to 31 December 2019.

The PIC Scheme supports business investments in the form of cash payout and/or tax reduction. Our Group has certain items of office equipment and machinery which qualifies for the PIC Scheme. The PIC Scheme was introduced in the Singapore Budget 2010 to provide tax benefits for investments by businesses in a broad range of activities along the innovation value chain. Enhancements to the PIC Scheme were introduced in subsequent Singapore Budgets. In the Singapore Budget 2014, the PIC Scheme was extended for three years. Currently, tax benefits provided under the PIC Scheme will depend on the quantum of expenditure incurred for the qualifying activities from year of assessment 2015 to year of assessment 2018 and fulfilment of the relevant conditions. In Singapore Budget 2016, it was announced that the cash payout rate will be lowered from 60% to 40% for qualifying expenditure incurred from 1 August 2016. The tax deduction of the schemes remain unchanged. The PIC Scheme, which has been extended for year of assessment 2016 to year of assessment 2018, will expire thereafter. It will not be available from year of assessment 2019.

Other losses — net

Our other loss was approximately S$94,000 and S$81,000 for the years ended 31 December 2015 and 2016, respectively. The following table sets out a breakdown of our other losses for the years indicated:

	Year ended 31 December	
	2015	2016
	S$	S$
Other losses — net		
Foreign exchange loss — net	(92,923)	(80,893)
Loss on disposal of property, plant and equipment	(653)	—
Total	(93,576)	(80,893)

Our other losses comprises loss on foreign exchange and disposal of property, plant and equipment recognised for the years ended 31 December 2015 and 2016. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange losses were resulted from the settlement of transactions for the purchase of raw materials, such as leather hides for PV seats and electronics accessories in foreign currencies for the two years ended 31 December 2016, and from the translation at year-end exchange rates derived from a revaluation loss on bank balance in USD on 31 December 2016. The loss on disposal of property, plant and equipment was caused by the difference between the selling price and the carrying value of a motor vehicle we sold to an Independent Third Party during the year ended 31 December 2015.

Selling and distribution expenses

Our selling and distribution expenses was approximately S$391,000 and S$427,000 for the years ended 31 December 2015 and 2016, respectively. The following table sets out the breakdown of our Group's selling and distribution expenses for the Track Record Period:

	Year ended 31 December			
	2015		2016	
	S$	%	S$	%
Selling and distribution expenses				
Director's remuneration	96,651	24.7	116,505	27.3
Staff salaries and benefits	86,179	22.0	93,080	21.8
Entertainment	79,643	20.3	79,197	18.6
Travelling and transportation	48,781	12.5	61,727	14.5
Others	80,092	20.5	76,048	17.8
Total	391,346	100.0	426,557	100.0

Our selling and distribution expenses mainly comprise expenses for Director's remuneration, salaries and benefits paid to our sales and marketing staff, entertainment expenses, travelling and transportation expenses and other expenses. Other expenses comprise referral fees on retail customers, advertisement expenses and other miscellaneous expenses such as insurance, utilities and office maintenance, etc. We currently intend to use approximately 17.1% of our total estimated net proceeds from the [REDACTED], approximately S$1.8 million to strengthen our brand and sales and marketing. As such, the marketing and advertising expenses for the coming years are expected to increase as compared with that recorded during the Track Record Period. For more details, please see "Future Plans and [REDACTED] — Implementation plans".

Administrative expenses

Our administrative expenses was approximately S$0.8 million and S$1.2 million for the years ended 31 December 2015 and 2016, respectively. The following table sets out the breakdown of our Group's administrative expenses for the Track Record Period:

	Year ended 31 December			
	2015		2016	
	S$	%	S$	%
Administrative expenses				
Directors' remuneration	494,670	58.9	498,990	43.2
Staff salaries and benefits	115,737	13.8	142,430	12.3
Depreciation	38,915	4.6	36,827	3.2
Office maintenance	34,955	4.2	29,570	2.6
Amortisation of intangible assets	19,732	2.3	—	—
[REDACTED]	—	—	292,567	25.3
Others	136,443	16.2	154,554	13.4
Total	840,452	100.0	1,154,938	100.0

Our administrative expenses mainly comprise directors' remuneration, salaries and benefits paid to our staffs in our administrative function, depreciation expense, office maintenance expenses, amortisation of intangible assets, [REDACTED] and other miscellaneous expenses such as utility, office supply, insurance, etc.

Finance cost — net

Finance cost represents interest expenses on finance leases offset by interest income from bank deposits. Our finance cost was approximately S$3,000 for both years ended 31 December 2015 and 2016. The following table sets forth a breakdown of our finance cost — net for the periods indicated:

	Year ended 31 December	
	2015	2016
	S$	S$
Finance cost — net		
Interest (expenses)/income		
— Finance leases	(3,232)	(2,992)
— Bank deposits	108	109
Total	(3,124)	(2,883)

Income tax expense

Our Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which we are domiciled and operate. The Cayman Islands currently levy no taxes on our Company based upon income. We are subjected to taxation rate of 17% on the estimated profits arising in Singapore during the Track Record Period.

The following table sets forth a breakdown of our income tax expense for the periods indicated:

	Year ended 31 December	
	2015	2016
	S$	S$
Current income tax	(533,086)	(621,000)
Deferred income tax	9,000	(8,000)
Total	(524,086)	(629,000)

A reconciliation of the tax expense applicable to profit before income tax at the domestic rates for us in Singapore is reconciled to our income tax expense is as follows:

	Year ended 31 December	
	2015	2016
	S$	S$
Profit before income tax	3,336,422	3,645,086
Tax calculated at domestic tax rate of 17%	567,192	619,665
Tax effect of:		
— expenses not deductible for tax purposes	12,290	61,027
— non-taxable income	(7,640)	(3,065)
Singapore statutory income exemption	(49,357)	(45,925)
Others	1,601	(2,702)
Income tax expense	524,086	629,000

According to the IRAS, Singaporean companies can enjoy a statutory income exemption, a common tax relief for companies to help reduce their tax by having (i) 75% tax exemption on the first S$10,000 of normal chargeable income; and (ii) a further 50% tax exemption on the next S$290,000 of normal chargeable income.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2016 compared to year ended 31 December 2015

Revenue

Our Group recorded an increase in our revenue by approximately S$1.6 million or 14.0% from approximately S$11.5 million for the year ended 31 December 2015 to approximately S$13.1 million for the year ended 31 December 2016, which was primarily benefited from the increase in the number of new passenger vehicles sold in Singapore in 2016.

The increase in revenue in our leather upholstery business segment was mainly attributed to the increase in the number of leather upholstery installed by our Group by approximately 1,000 cars units, or 25.6%, from approximately 3,900 cars units for the year ended 31 December 2015 to approximately 4,900 cars units for the year ended 31 December 2016.

The increase in revenue in our electronic accessories business was mainly driven by the increasing popularity of certain electronic accessories products in the passenger vehicle market, including multimedia systems in the navigation and multimedia sub-segment and digital video recorders in the safety and security sub-segment, which attributed to the increase in quantity sold of these products.

Cost of sales

Our cost of sales increased from approximately S$6.9 million for the year ended 31 December 2015 to approximately S$7.8 million for the year ended 31 December 2016, representing an increase of 14.1%. Such increase was directly proportionate to the increase in revenue from all segments.

Gross profit and gross profit margin

Our Group's gross profit increased from approximately S$4.6 million for the year ended 31 December 2015 to approximately S$5.2 million for the year ended 31 December 2016. Our gross profit margin for the year ended 31 December 2015 was approximately 40.2% and approximately 40.1% for the year ended 31 December 2016 which remained stable over the periods.

Other income

Our other income increased from approximately S$59,000 for the year ended 31 December 2015 to approximately S$61,000 for the year ended 31 December 2016. This was mainly due to the increase in incentives received under the SEC Scheme and the WC Scheme, and was partially net off by the decrease in incentives received under PIC Scheme. The increase in SEC Scheme and WC Scheme was due to more of our Singaporean employees were eligible to receive the incentives from the Singaporean Government, while the decrease in payment under PIC Scheme was due to less office equipment and machinery purchased in 2016 that were eligible for deductions.

Other losses — net

Our other losses decreased from approximately S$94,000 for the year ended 31 December 2015 to approximately S$81,000 for the year ended 31 December 2016. This was mainly due to less foreign exchange loss recorded for the year ended 31 December 2016.

Selling and distribution expenses

Our selling and distribution expenses increased slightly from approximately S$391,000 for the year ended 31 December 2015 to approximately S$427,000 for the year ended 31 December 2016. The increase was in line with our general increase in business activities.

Administrative expenses

Our administrative expenses increased from S$0.8 million for the year ended 31 December 2015 to approximately S$1.2 million for the year ended 31 December 2016. This was mainly due to the [REDACTED] incurred for the year ended 31 December 2016.

Finance cost — net

Our net finance cost remained at approximately S$3,000 for both years ended 31 December 2015 and 2016. This amount mainly represents interest expense on finance leases on motor vehicles.

Income tax expense

The effective tax rates for the years ended 31 December 2015 and 2016 were approximately 15.7% and 17.3%, respectively. Since [REDACTED] incurred for the year ended 31 December 2016 was not deductible, the effective tax rate for the year ended 31 December 2016 was higher than that for the year ended 31 December 2015.

Profit for the year

Our Group's profit for the year ended 31 December 2016 was approximately S$3.0 million, representing an increase of approximately 7.2% on a year-on-year basis, and was mainly due to the increase in revenue during the year.

LIQUIDITY AND CAPITAL RESOURCES

Our Group had met its liquidity requirements principally through a combination of internal resources, bank borrowings and finance leases during the Track Record Period. Our Group's principal uses of cash have been, and are expected to continue to be, operational costs and investing activities.

Cash flows

The following table presents selected cash flow data from our combined statements of cash flows for the Track Record Period:

	Year ended 31 December	
	2015	2016
	S$	S$
Net cash generated from operating activities	3,080,140	3,039,235
Net cash used in investing activities	(108,651)	(173,388)
Net cash used in financing activities	(1,102,102)	(2,156,374)
Net increase in cash and cash equivalents	1,869,387	709,473
Cash and cash equivalents at beginning of the year	2,631,229	4,500,616
Cash and cash equivalents at end of the year	4,500,616	5,210,089

Net cash generated from operating activities

Year ended 31 December 2015

For the year ended 31 December 2015, we recorded net cash generated from operating activities of approximately S$3.1 million which primarily consisted of cash generated from operations of approximately S$3.5 million, partially offset by income tax paid of approximately S$0.4 million. Our cash generated from operations primarily reflects our profit before income tax of approximately S$3.3 million, adjusted by non-cash items, which mainly included depreciation of property, plant and equipment and write-off of inventories of S$0.1 million and S$0.2 million respectively, and net of the working capital outflows was approximately S$0.2 million.

The working capital outflows mainly arose from an increase in inventories of approximately S$0.4 million, which was partially offset by a decrease in trade and other receivables of approximately S$0.1 million and an increase in trade and other payables of approximately S$0.1 million. The increase in inventories was primarily to cope with our increasing sales for the year ended 31 December 2015. Our operating cash flows before changes in working capital for the year ended 31 December 2015 was approximately S$3.7 million.

Year ended 31 December 2016

For the year ended 31 December 2016, we recorded net cash generated from operating activities of approximately S$3.0 million which primarily consisted of cash generated from operations of approximately S$3.6 million, partially offset by income tax paid of approximately S$0.6 million. Our cash generated from operations primarily reflects our profit before income tax of approximately S$3.6 million, adjusted by non-cash items, which mainly included depreciation of property, plant and equipment of S$0.2 million, and net of the working capital outflows was approximately S$0.2 million.

The working capital outflows mainly arose from an increase in trade and other receivables of approximately S$1.0 million, partially offset by a decrease in inventories of approximately S$0.5 million and an increase in trade and other payables of approximately S$0.3 million for the year ended 31 December 2016. The increase in trade receivables was primarily driven by the increase in revenue for the year ended 31 December 2016 when compared to the year ended 31 December 2015. Our operating cash flows before changes in working capital for the year ended 31 December 2016 was approximately S$3.8 million.

Net cash used in investing activities

Year ended 31 December 2015

For the year ended 31 December 2015, we recorded net cash used in investing activities of approximately S$0.1 million which mainly represented the purchase of property, plant and equipment of approximately S$0.1 million.

Year ended 31 December 2016

For the year ended 31 December 2016, we recorded net cash used in investing activities of approximately S$0.2 million which mainly represented the purchase of property, plant and equipment of approximately S$0.2 million.

Net cash used in financing activities

Year ended 31 December 2015

For the year ended 31 December 2015, we recorded net cash used in financing activities of approximately S$1.1 million mainly represented the dividends paid during the year.

Year ended 31 December 2016

For the year ended 31 December 2016, we recorded net cash used in financing activities of approximately S$2.2 million mainly represented the dividends paid during the year.

NET CURRENT ASSETS

The following table sets forth the breakdown of our Group's current assets and liabilities as at of the dates indicated below:

	As at 31 December		As at 30 April
	2015	2016	2017
	S$	S$	S$ (Unaudited)
CURRENT ASSETS			
Inventories	1,120,539	614,926	1,051,621
Trade and other receivables	1,877,216	2,925,580	4,093,484
Cash and cash equivalents	4,500,616	5,210,089	4,162,947
Fixed deposit	108,008	108,117	108,144
Total current assets	7,606,379	8,858,712	9,416,196
CURRENT LIABILITIES			
Trade and other payables	845,241	1,101,864	2,281,327
Current income tax liabilities	457,923	503,324	614,105
Finance lease liabilities	57,398	—	—
Total current liabilities	1,360,562	1,605,188	2,895,432
NET CURRENT ASSETS	6,245,817	7,253,524	6,520,764

Our net current assets increased by approximately S$1.0 million or 16.1% from approximately S$6.2 million as at 31 December 2015 to approximately S$7.3 million as at 31 December 2016. This is primarily due to (i) the increase in trade and other receivables of approximately S$1.0 million; and (ii) the increase in cash and cash equivalents of approximately S$0.7 million received from customers due to the increase of our revenue for the year ended 31 December 2016, partially offset by (iii) the decrease in inventories of approximately S$0.5 million; and (iv) the increase in trade and other payables of approximately S$0.3 million.

As at 30 April 2017, our net current assets decreased by S$0.7 million as compared to our net current assets as of 31 December 2016, mainly due to (i) the payments of [REDACTED] by our Group which resulted in a decrease in cash and cash equivalents of approximately S$1.0 million; and (ii) the increase in trade and other payables by S$1.2 million attributable to the accrual of [REDACTED] and more purchases made on leather upholstery and electronic accessories as at 30 April 2017.

WORKING CAPITAL

Our Directors confirm that, after due and careful enquiry and taking into consideration the financial resources available to us, including internally generated funds, and the estimated net proceeds of the [REDACTED], we have sufficient funds to meet the working capital and financial requirements for at least the next 12 months from the date of this document.

DISCUSSION OF CERTAIN ITEMS FROM THE COMBINED BALANCE SHEETS

Inventories

Our inventories comprise of raw materials, which are leather hides, and finished goods, which include custom-fitted leather upholstery for PV seats and PV electronic accessories. The total net carrying amount of our inventories decreased by approximately S$0.5 million from S$1.1 million as at 31 December 2015 to approximately S$0.6 million as at 31 December 2016. Such decrease was primarily related to higher sales in December 2016 because the Chinese New Year took place earlier in January 2017, resulting a drop in inventory level as at 31 December 2016.

Our Directors review inventory aging analysis at the end of each financial year and identify slow-moving inventories where future sales orders are unlikely to take place. Based on our management's judgement, certain inventories held over one year were considered to be obsolete and were written-off accordingly. The amounts of write-off of inventories were approximately S$172,000 and S$18,000 for the years ended 31 December 2015 and 2016.

As at the Latest Practicable Date, approximately S$505,000 or 82.0% of inventory as at 31 December 2016 had been subsequently used and sold.

Inventory turnover

Our Group's inventory turnover was approximately 51.3 days and 40.4 days for the years ended 31 December 2015 and 2016, respectively. The decrease was related to the higher sales in December 2016 because the Chinese New Year took place earlier in January 2017, resulting a lower inventory level as at 31 December 2016.

Trade and other receivables

	As at 31 December	
	2015	**2016**
	S$	**S$**
Trade receivables	1,825,768	2,375,558
Prepayment of [REDACTED]	—	482,382
Advance payment to suppliers	39,862	60,571
Rental and other deposits	7,546	6,103
Prepayment of operating expenses	840	966
Others	3,200	—
	1,877,216	2,925,580

Trade receivables

Trade receivables as at 31 December 2016 increased by approximately S$0.5 million or 30.1% from approximately S$1.8 million as at 31 December 2015 to approximately S$2.4 million as at 31 December 2016. The increase was primarily due to the increase of our revenue for the year ended 31 December 2016.

Our trade receivables mainly comprise trade receivables from authorised PV distributors and dealers. Our Group generally grants credit terms to its customers on a 30-day basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

An aging analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2015	**2016**
	S$	**S$**
Unbilled revenue	241,555	508,310
1 to 30 days	1,013,976	1,109,699
31 to 60 days	553,956	626,967
61 to 90 days	11,310	130,154
91 to 150 days	4,971	428
	1,825,768	2,375,558

The aging analysis of the trade receivables based on due date is as follows:

	As at 31 December	
	2015	2016
	S$	S$
Not yet past due	1,255,531	1,618,009
Past due but not impaired:		
1 to 30 days	553,956	626,967
31 to 60 days	11,310	130,154
Over 60 days	4,971	428
	570,237	757,549
	1,825,768	2,375,558

Based on our internal control policy, in order to minimise credit risk, our management has delegated a team responsible for determination of credit limits, credit approvals and monitoring procedures on credit quality of trade receivables and credit history of debtors. Before accepting any new customer, we assess the potential customer's credit quality and define credit limit for them. Credit limits attributable to customers and credit term granted to customers are reviewed regularly by the chief executive officer on an ongoing basis. Our sales and marketing manager will evaluate customers' validity through ACRA Portal for customer's company details, including length of incorporation, activity status and bankruptcy record, paid-up share capital amount and annual filing records. We seek to maintain strict control over our outstanding receivables to minimise credit risk. We typically do not require any collateral as security. Receivables that were past due but not impaired for each of the reporting period relate to a number of independent customers who had good payment track records with us. Based on past experience, our Directors were of the opinion that no provision for impairment was necessary in respect of these balances at the end of each reporting period as there had not been a significant change in credit quality of these customers and the balances were still considered fully recoverable.

As at the Latest Practicable Date, an aggregate amount of S$2.3 million, or 96.9% of our trade receivables as at 31 December 2016 has been settled.

Trade receivables turnover

Our average trade receivable turnover days for the years ended 31 December 2015 and 2016 was approximately 60.0 days and 58.6 days, respectively. Although the credit period granted to customers is generally 30 days, during the Track Record Period, our average trade receivable turnover days were longer than the general 30 days credit period because: i) our customers usually settle within 30 to 60 days as the processing time for our billing procedures and their payment approvals may take longer, and ii) we recognised unbilled sales, which represented the amount of revenue attributed to services delivered and accepted by customers but the corresponding invoices have not been issued as at the respective year end. The slight decrease was mainly due to the improvement in our efficiency in billing which contributed to a shorter collection period of trade receivables.

Trade and other payables

	As at 31 December	
	2015	2016
	S$	S$
Trade payables	261,493	335,232
Provision for warranty cost	215,279	228,957
Accrued operating expenses	135,775	188,602
Accrued [REDACTED]	—	100,711
Other payables	232,694	248,362
	845,241	1,101,864

Trade payables

Trade payables as at 31 December 2016 increased by approximately S$74,000 or 28.2% from approximately S$261,000 as at 31 December 2015 to approximately S$335,000 as at 31 December 2016 which was mainly due to the increase in purchase of leather upholstery and electronics accessories to meet the overall increasing sales demand during the year of 2016.

We are generally granted credit terms of 7 to 45 days for our trade payables. These amounts are non-interest bearing.

Trade payables turnover

Our Group's trade payables turnover was approximately 19.0 days and 13.9 days for the years ended 31 December 2015 and 2016, respectively. The decrease was due to management's prompt settling of payments to develop better relationship with its suppliers.

The aging analysis of the trade payables as at the end of the reporting period, based on invoice date, as follows:

	As at 31 December	
	2015	2016
	S$	S$
1 to 30 days	193,157	335,232
31 to 60 days	68,336	—
61 to 90 days	—	—
More than 90 days	—	—
	261,493	335,232

As at 31 December 2016, we had approximately S$335,000 of trade payables, which had been fully settled as at the Latest Practicable Date.

Accrued operating expenses

Our accrued operating expenses mainly comprise accrued bonus to our staff and audit fees and the increase in the balance as at 31 December 2016 was mainly attributed to the overall sales increase for the year ended 31 December 2016.

Other payables

Our other payables mainly comprise Goods and Services Tax (GST) payable. The increase in balance as at 31 December 2016 was mainly attributed to the increase in revenue for the year ended 31 December 2016.

INDEBTEDNESS

As at 30 April 2017, being the latest practicable date for the purpose of the indebtedness statement in this document, we had banking facilities of approximately S$1.4 million of which the full amount was unutilised. Our Directors confirm that the personal guarantees provided by our Directors in respect of our Group's bank facilities will be released upon [REDACTED].

Save as disclosed in the sub-sections below entitled "Finance leases liabilities" and "Contingent liabilities" under the section "Financial Information — Indebtedness" of this document, we did not have, as at 30 April 2017, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

Finance leases liabilities

Our Group leases certain motor vehicles from third parties under finance lease. The table below sets forth the maturity profile of our finance leases as at the respective dates indicated. The balance as at 31 December 2016 was nil since the lease was matured in 2016 and we have repaid the whole amount.

	As at 31 December		As at 30 April
	2015	2016	2017
	S$	S$	S$ (Unaudited)
No later than one year	57,398	—	—
Later than one year but not later than five years	—	—	—
	57,398	—	—

The effective interest rates on the leases was 6.48% and 6.25% per annum during the years ended 31 December 2015 and 2016, respectively. The carrying amounts of all finance liabilities were denominated in S$. The lease liabilities were secured by motor vehicles of our Group and personal guarantees executive by our Directors.

Contingent liabilities

As at 31 December 2015 and 2016 and 30 April 2017, being the latest practicable date for the purpose of indebtedness statement in this document, our Group had no significant contingent liabilities.

Commitments

The following table sets out our Group's outstanding commitments in respect of future minimum lease payments under non-cancellable operating leases in respect of office premises and staff accommodation at the end of each reporting period.

	As at 31 December	
	2015	2016
	S$	S$
No later than 1 year	10,206	39,004
Later than 1 year and not later than 5 years	—	50,178
	10,206	89,182

Operating lease payments represented rentals payable by our Group for its leased office premises and staff accommodations. There was no option for renewal of the tenancies.

ANALYSIS OF KEY FINANCIAL RATIOS

	As at/Year ended 31 December	
	2015	2016
Current ratio(1)	5.6x	5.5x
Quick ratio(2)	4.8x	5.1x
Gearing ratio(3)	0.01x	—
Net debt to equity ratio(4)	Net cash	Net cash
Interest coverage(5)	1,033.3x	1,219.2x
Return on total assets(6)	32.4%	30.3%
Return on equity(7)	38.4%	36.2%
Net profit margin(8)	24.5%	23.1%

Notes:

(1) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective year end.

(2) Quick ratio is calculated based on our total current assets minus inventories divided by our total current liabilities as at the respective year end.

(3) Gearing ratio is calculated based on the interest-bearing bank and other borrowings divided by the total equity as at the respective year end.

(4) Net debt to equity ratio is calculated by the interest-bearing bank and other borrowings less cash and cash equivalents divided by the total equity as at the respective year end. We were at net cash position as at 31 December 2015 and 2016 for both years end.

(5) Interest coverage is calculated by the profit before interest and tax divided by the interest expenses for the respective year.

(6) Return on total assets is calculated by the profit for the year divided by the total assets as at the respective period end and multiplied by 100.0%.

(7) Return on equity is calculated by the profit for the year divided by the total equity as at the respective year end and multiplied by 100.0%.

(8) Net profit margin is calculated by the profit for the year divided by the revenue for the respective year and multiplied by 100.0%.

Current ratio

Our Group's current ratio decreased slightly from 5.6 times as at 31 December 2015 to 5.5 times as at 31 December 2016. The current ratio remained relatively stable for each of the two years ended 31 December 2015 and 2016.

Quick ratio

Our Group's quick ratio increased from 4.8 times as at 31 December 2015 to 5.1 times as at 31 December 2016. The quick ratio remained relatively stable for each of the two years ended 31 December 2015 and 2016.

Gearing ratio

Our Group's gearing ratio decreased from 0.01 times as at 31 December 2015 to nil as at 31 December 2016. The decrease was mainly due to a full repayment of borrowings in relation to the hire purchase. As at 31 December 2016, our Group has no outstanding interest-bearing borrowings.

Net debt to equity ratio

Since our cash and bank balances exceeded our total borrowings, we were at net cash position as at 31 December 2015 and 2016. Thus, the net debt to equity ratio was not applicable to our Group as at 31 December 2015 and 2016.

Interest coverage

Our Group's interest coverage increased from 1,033.3 times for the year ended 31 December 2015 to 1,219.2 times for the year ended 31 December 2016. The increase was mainly due to the increase in our profit and the repayment of borrowings for the year ended 31 December 2016.

Return on total assets

Our Group's return on total assets slightly decreased from 32.4% for the year ended 31 December 2015 to 30.3% for the year ended 31 December 2016. The decrease was mainly due to the recognition of the [REDACTED] which reduced our net profits for the year ended 31 December 2016.

Return on equity

Our Group's return on equity slightly decreased from 38.4% for the year ended 31 December 2015 to 36.2% for the year ended 31 December 2016. The decrease was mainly due to the recognition of the [REDACTED] which reduced our net profits for the year ended 31 December 2016.

Net profit margin

Our Group's net profit margin slightly decreased from 24.5% for the year ended 31 December 2015 to 23.1% for the year ended 31 December 2016. The decrease was mainly due to the recognition of the [REDACTED] which reduced our profits for the year ended 31 December 2016.

CAPITAL EXPENDITURE

Our capital expenditure incurred during the Track Record Period was primarily used for cost on lightings, renovation, furniture and fittings; purchase of machinery and motor vehicles; and office equipment and computer which was funded by the financial resources generated from our business operations.

The table below sets forth, for the years indicated, our capital expenditures.

	Year ended 31 December	
	2015	2016
	S$	S$
Lightings, renovation, furniture and fittings	17,854	25,086
Machinery and motor vehicles	165,925	123,830
Office equipment and computers	15,272	24,472
Total	199,051	173,388

During the Track Record Period, our capital expenditure was approximately S$199,000 and S$173,000, respectively. Our capital expenditures for the year ending 31 December 2017 will be primarily used for (i) acquiring new premises, (ii) acquiring new or replacing old machinery and equipment, (iii) renovation of our existing facilities, and (iv) upgrading information technology system. Further information is set forth in the "Future Plans and [REDACTED]" section in this document. We expect our capital expenditure will be funded by both our internally generated financial resources and [REDACTED] proceeds.

CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital Management

Our Group manages our capital structure in order to safeguard our ability to continue as a going concern and to provide adequate cash flows to meet our operating requirements, and makes adjustments to the capital structure in light of changes in economic conditions. Our Group monitors our capital structure on the basis of the gearing ratio.

Financial risk management

Our Group is exposed to foreign currency risk, interest risk, credit risk and liquidity risk in the normal course of business. Further details on our financial risk management policies and practices are set out in Note 3 in the Accountant's Report in Appendix I to this document. We will have sufficient foreign exchange to meet our foreign exchange liabilities as they become due, which will be funded by our cash generated from operating activities.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we have not entered into any off-balance sheet transactions.

[REDACTED]

Our estimated expenses in relation to the [REDACTED] primarily consist of legal and professional fees in relation to the [REDACTED], the commissions together with SFC transaction levy and Stock Exchange trading fee. Assuming the [REDACTED] of HK$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] stated in this document, estimated [REDACTED] in connection with the [REDACTED] are approximately S$4.2 million, of which S$0.3 million has been charged to our combined statements of comprehensive income for the year ended 31 December 2016, and approximately S$2.6 million is expected to be charged to our combined statements of comprehensive income for the year ending 31 December 2017 and approximately S$1.3 million is expected to be capitalised as deferred expenses and charged against equity upon completion of the [REDACTED] under the relevant accounting standards.

In view of the above, prospective investors should note that the non-recurring expenses in relation to the [REDACTED] will have a material adverse effect on the financial results of our Group for the year ending 31 December 2017. Prospective investors are specifically warned that given the aforesaid expenses, our Group's net profit for the year ending 31 December 2017 may show a decline as compared to that for the previous financial year. Our Directors wish to emphasise that the aforesaid amount of [REDACTED] is a current estimate for reference only and the final amount to be recognised in the combined statements of comprehensive income for the year ending 31 December 2017 is subject to adjustment due to changes in estimates and assumptions.

DIVIDENDS

For each of the two years ended 31 December 2016, our Group declared dividends of S$1.0 million and S$2.0 million, respectively, out of the distributable profit and all these dividends had been paid as at the Latest Practicable Date. On 15 June 2017, a member of our Group declared a special dividend of S$3.0 million to its then shareholders, namely Mr. David Siew and Ms. Lee, which was fully settled on 20 June 2017.

We are a holding company incorporated in the Cayman Islands. The payment and amount of our future dividends will depend on the availability of dividends received from our subsidiaries. Distributions from us and our subsidiaries may also be subject to any restrictive covenants in bank credit facilities or loan agreements or other agreements that we or they may enter into in the future. We currently do not have any fixed dividend policy and do not have any pre-determined dividend payout ratio. The amount of dividends actually distributed to our Shareholders will depend on our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to approval of our Shareholders. Our Board has the absolute discretion to recommend any dividends. Our dividend distribution record in the past may not be useful as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 16 January 2017. As at 30 April 2017, our Company had no reserves available for distribution to the Shareholders.

RELATED PARTY TRANSACTIONS

During the Track Record Period, there is no related party transactions included save as the key management compensation disclosed.

Please see Note 29 in the Accountant's Report as set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors confirmed that, as at the Latest Practicable Date, they were not aware of any circumstances which, had they been required to comply with Rules 17.15 to 17.21 of the GEM Listing Rules, would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 7.31 of the GEM Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the [REDACTED] on the net tangible assets of the Group attributable to the owners of the Company as of 31 December 2016 as if the [REDACTED] had taken place on 31 December 2016.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group as at 31 December 2016 or at any future dates following the [REDACTED]. It is prepared based on the audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2016 as set out in the Accountant's Report of the Group, the text of which is set out in Appendix I to this document, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report.

	Audited combined net tangible assets of the Group attributable to owners of the Company as at 31 December 2016	Estimated net proceeds from the [REDACTED]	Unaudited pro forma adjusted net tangible assets attributable to owners of the Company as at 31 December 2016	Unaudited pro forma adjusted net tangible assets per Share	
	(Note 1)	(Note 2)		(Note 3)	(Note 4)
	S$	S$	S$	S$	HK$
Based on an [REDACTED] of HK$[REDACTED] per Share	8,335,013	9,655,880	17,990,893	0.04	0.22
Based on an [REDACTED] of HK$[REDACTED] per Share	8,335,013	12,433,607	20,768,620	0.05	0.25

Notes:

(1) The audited combined net tangible assets attributable to owners of the Company as at 31 December 2016 is extracted from the Accountant's Report set out in Appendix I to this document, which is based on the audited combined net assets of the Group attributable to owners of the Company as at 31 December 2016 of S$8,335,013.

(2) The estimated net proceeds from the [REDACTED] are based on the indicative [REDACTED] of HK$[REDACTED] and HK$[REDACTED] per [REDACTED], being the lower end to higher end of the [REDACTED] respectively, after the deduction of the [REDACTED] fees and other [REDACTED] related expenses (excluding [REDACTED] of approximately S$292,567 which have been accounted for prior to 31 December 2016) payable by the Company, and takes no account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandate to issue shares or general mandate to repurchase shares as described in the section headed "Share Capital" in this document.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] Shares were in issue assuming that the [REDACTED] and [REDACTED] had been completed on 31 December 2016 but takes no account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandate to issue shares or general mandate to repurchase shares as described in the section headed "Share Capital" in this document.

(4) For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in Singapore dollars are converted into Hong Kong dollars at a rate of S$1 to HK$5.5, as set out in "Definitions" to this document. No representation is made that Singapore dollar amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2016.

(6) The unaudited pro forma adjusted net tangible assets does not take into account the special dividend of S$3.0 million declared and paid in June 2017. Had such dividend been taken into account, the unaudited pro forma adjusted net tangible assets per Share would be approximately HK$0.18 (assuming an [REDACTED] of HK$[REDACTED] per Share) and approximately HK$0.22 (assuming an [REDACTED] of HK$[REDACTED] per Share), respectively.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that save for the expenses in connection with the [REDACTED], subsequent to the Track Record Period and up to the date of this document, there has been no material adverse change in the financial or trading position or prospects of our Group.