The following is the text of a report set out on pages I-1 to I-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[Letterhead of PricewaterhouseCoopers] ***[DRAFT]***

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TOMO HOLDINGS LIMITED AND FORTUNE FINANCIAL CAPITAL LIMITED

Introduction

We report on the historical financial information of TOMO Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-35, which comprises the combined balance sheets as at 31 December 2015 and 2016, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-35 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the "Document") in connection with the initial [REDACTED] of shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the combined financial position of the Group as at 31 December 2015 and 2016 and of its combined financial performance and its combined cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 26 to the Historical Financial Information which states that no dividends have been paid by TOMO Holdings Limited in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the IAASB ("Underlying Financial Statements").

The Historical Financial Information is presented in Singapore Dollar ("S$") except when otherwise indicated.

(A) Combined Statements of Comprehensive Income

	Section II Note	**Year ended 31 December**	
		2015	**2016**
		S$	**S$**
Revenue	*6*	11,470,263	13,081,710
Cost of sales	*9*	(6,864,307)	(7,831,869)
Gross profit		4,605,956	5,249,841
Other income	*7*	58,964	60,516
Other losses — net	*8*	(93,576)	(80,893)
Selling and distribution expenses	*9*	(391,346)	(426,557)
Administrative expenses	*9*	(840,452)	(1,154,938)
Finance cost — net	*11*	(3,124)	(2,883)
Profit before income tax		3,336,422	3,645,086
Income tax expense	*12*	(524,086)	(629,000)
Profit for the year		2,812,336	3,016,086
Profit and total comprehensive income for the year attributable to equity holders of the Company		2,812,336	3,016,086
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted	*13*	N/A	N/A

(B) Combined Balance Sheets

	Section II Note	As at 31 December	
		2015	2016
		S$	S$
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	1,061,110	1,077,489
Intangible assets	*15*	—	—
Deferred tax assets	*17*	12,000	4,000
		1,073,110	1,081,489
Current assets			
Inventories	*19*	1,120,539	614,926
Trade and other receivables	*18*	1,877,216	2,925,580
Cash and cash equivalents	*20*	4,500,616	5,210,089
Fixed deposit	*21*	108,008	108,117
		7,606,379	8,858,712
Total assets		8,679,489	9,940,201
EQUITY AND LIABILITIES			
Capital and reserve attributable to equity holders of the company			
Combined capital	*23*	200,000	200,000
Retained earnings		7,118,927	8,135,013
Total equity		7,318,927	8,335,013
LIABILITIES			
Current liabilities			
Trade and other payables	*24*	845,241	1,101,864
Current income tax liabilities		457,923	503,324
Finance lease liabilities	*25*	57,398	—
		1,360,562	1,605,188
Total liabilities		1,360,562	1,605,188
Total equity and liabilities		8,679,489	9,940,201

(C) Combined Statements of Changes in Equity

	Section II Note	Attributable to the equity holders of the Company		
		Combined share capital	**Retained earnings**	**Total**
		S$	**S$**	**S$**
At 1 January 2015		200,000	5,306,591	5,506,591
Comprehensive income				
Profit for the year		—	2,812,336	2,812,336
Transactions with owners recognised directly in equity				
Dividends	*26*	—	(1,000,000)	(1,000,000)
Balance as at 31 December 2015		200,000	7,118,927	7,318,927
At 1 January 2016		200,000	7,118,927	7,318,927
Comprehensive income				
Profit for the year		—	3,016,086	3,016,086
Transactions with owners recognised directly in equity				
Dividends	*26*	—	(2,000,000)	(2,000,000)
Balance as at 31 December 2016		200,000	8,135,013	8,335,013

(D) Combined Statements of Cash Flows

	Section II Note	Year ended 31 December	
		2015	2016
		S$	S$
Cash flow from operating activities			
Profit before income tax		3,336,422	3,645,086
Adjustments for:			
— Loss on disposal of property, plant and equipment	8	653	—
— Depreciation of property, plant and equipment	9, 14	137,510	157,009
— Amortisation of intangible assets		19,732	—
— Write-off of inventories		172,488	17,631
— Finance cost		3,232	2,992
— Finance income		(108)	(109)
Operating profit before working capital changes		3,669,929	3,822,609
Changes in working capital:			
— Inventories		(428,576)	487,982
— Trade and other receivables		125,279	(952,380)
— Trade and other payables		152,636	256,623
Cash generated from operations		3,519,268	3,614,834
Income tax paid		(439,128)	(575,599)
Net cash generated from operating activities		3,080,140	3,039,235
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		400	—
Purchase of property, plant and equipment		(109,051)	(173,388)
Interest received		108	109
Increase in fixed deposit-pledged		(108)	(109)
Net cash used in investing activities		(108,651)	(173,388)

	Section II Note	Year ended 31 December	
		2015	**2016**
		S$	**S$**
Cash flows from financing activities			
[REDACTED] paid		—	(95,984)
Repayment of finance lease		(98,870)	(57,398)
Interest paid		(3,232)	(2,992)
Dividends paid		(1,000,000)	(2,000,000)
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	*20*	4,500,616	5,210,089

Non-cash transaction

During the year ended 31 December 2015, the Company acquired S$90,000 property, plant and equipment by means of finance lease.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

TOMO Holdings Limited ("the Company") was incorporated in the Cayman Islands on 16 January 2017 as an exempted company with limited liability under Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in the (i) design, manufacture, supply and installation of passenger vehicle leather upholstery; and (ii) supply and installation of passenger vehicle electronic accessories (the "[REDACTED]"). The controlling shareholders of the [REDACTED] are Mr. Siew Yew Khuen and Ms. Lee Lai Fong (the "Controlling Shareholders").

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the principal activities were carried out by TOMO-CSE Autotrim Pte Ltd ("TOMO-CSE" or "Operating Company") a company incorporated in Singapore. Tomo-CSE is collectively controlled by Mr. Siew Yew Khuen and Ms. Lee Lai Fong throughout the Track Record Period.

In preparation for [REDACTED] of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the Group underwent the Reorganisation to transfer the [REDACTED] to the Company principally through the following steps:

a. On 6 January 2017, TOMO Ventures Limited ("TOMO Ventures") was incorporated in the British Virgin Islands ("BVI") by Mr. Siew Yew Khuen and Ms. Lee Lai Fong.

b. On 16 January 2017, the Company was incorporated in the Cayman Islands with limited liability and with an authorised share capital of HK$380,000 divided into 38,000,000 Shares. On the same date, one nil-paid ordinary share was allotted and issued to TOMO Ventures.

c. On 26 January 2017, TOMO Enterprises Limited ("TOMO Enterprises") was incorporated in the BVI. On the same date, one fully-paid share of TOMO Enterprises, representing its entire issued share capital was allotted and issued to the Company.

d. On 16 June 2017, Mr. Siew Yew Khuen and Ms. Lee Lai Fong, TOMO Enterprises and the Company entered into a sale and purchase agreement, pursuant to which, Ms. Lee Lai Fong and Mr. Siew Yew Khuen transferred 200,000 shares, representing the entire issued share capital of TOMO-CSE, to TOMO Enterprises. The consideration is satisfied by Ms. Lee Lai Fong and Mr. Siew Yew Khuen procuring (a) the allotment and issuance of ninety-nine (99) shares by the Company to TOMO Ventures (as the nominee of Ms. Lee Lai Fong and Mr. Siew Yew Khuen), is credited as fully-paid and (b) the initial share held by TOMO Ventures is credited as fully-paid.

Upon completion of the Reorganisation, the Company has become the holding Company of the other companies comprising the Group.

Upon completion of the Reorganisation and as at the date of this report, the Company had direct or indirect interests in the following subsidiaries:

Name of companies	Principal activities	Country of operation/ incorporation	Date of incorporation	Particulars of share capital	Effective interest held as at 31 December[c]	
					2015	2016
					%	%
Directly held by the Company						
TOMO Enterprises[a]	Investment holding	British Virgin Islands	26 January 2017	US$50,000	—	—
Indirectly held by the Company						
TOMO-CSE[b]	Passenger vehicle leather upholstery and electronic accessories	Singapore	27 October 1995	S$200,000	100	100

(a) No audited financial statements were issued for this company as it is not required to issue audited financial statements under the statutory requirements of its place of incorporation.

(b) The statutory auditors are Ang & Co Pac and PricewaterhouseCoopers LLP, Singapore for 2015 and 2016, respectively.

(c) These represent effective interest held by the Group as at 31 December 2015 and 2016, except for TOMO Enterprises, which was incorporated on 26 January 2017.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the [REDACTED] is conducted through the Operating Company. Pursuant to the Reorganisation, the Operating Company together with the [REDACTED] are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the [REDACTED] with no change in management of such business and the ultimate owners of the [REDACTED] remain the same. Accordingly, the combined financial information of the companies now comprising the Group is presented using the carrying values of the [REDACTED] for all periods presented.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board (the "IASB"). The Historical Financial Information have been prepared under the historical cost convention.

The preparation of Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The following new standards and amendments to standards have been published but are not yet effective for the Track Record Period and which the Group has not early adopted:

		Effective for annual periods beginning on or after	Note
IAS 7 (Amendment)	Statement of Cash Flows: Disclosure Initiative	1 January 2017	
IAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	
IAS 28 and IFRS 10 (Amendment)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	A date to be determined by the IASB	
IFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1 January 2018	
IFRS 4 (Amendment)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018	
IFRS 9	Financial Instruments	1 January 2018	i
IFRS 15	Revenue from Contracts with Customers	1 January 2018	ii
IFRS 15 (Amendment)	Clarifications to IFRS 15	1 January 2018	
IAS 40 (Amendment)	Investment Properties	1 January 2018	
IFRS 16	Leases	1 January 2019	iii
IFRS 17	Insurance Contracts	1 January 2021	

Note i:

IFRS 9 "Financial instruments" replaces the whole of IAS 39. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

IFRS 9 also introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

During the Track Record Period, all of the Group's financial assets and financial liabilities were carried at amortised costs without significant impairment on the former. The implementation of IFRS 9 is not expected to result in any significant impact on the Group's financial position and results of operations.

Note ii:

IFRS 15 "Revenue from Contracts with Customers" — This new standard replaces the previous revenue standards: IAS 18 "Revenue" and IAS 11 "Construction Contracts", and the related Interpretations on revenue recognition. IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that the Group should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset liability" approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent considerations. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group major revenue stream is namely sale of passenger vehicle leather upholstery and electronic accessories, the performance obligations of which are substantially completed at the same point of time as the respective revenue is recognised in accordance with Note 2.17(a). Management has performed a preliminary assessment and expects that the implementation of the IFRS 15 would not result in any significant impacts on the Group's financial position and results of operations. Meanwhile, there will be additional disclosure requirement under IFRS 15 upon its adoption.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

Note iii:

IFRS 16 Leases — The Group is a lessee of various office premises and staff accommodation which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in note 2.18. The Group's operating lease commitments as at 31 December 2015 and 2016 amounting to S$10,206 and S$89,182, respectively, which are not reflected in the combined balance sheets, are set out in note 27. IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the balance sheet. Instead, all long-term leases must be recognised in the balance sheet in the form of assets (for the rights of use) and lease liabilities (for the payment obligations). Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations. The new standard will therefore result in recognition of a right-to-use asset and an increase in lease liabilities in the balance sheet. In profit or loss, rental expenses will be replaced with depreciation and interest expense. The impacts on the Group's financial results and position upon the adoption of IFRS16 as lessor of finance leases and operating leases are not expected to be material. The new standard is not expected to be applied by the Group until the financial year ended 31 December 2019.

2.2 Subsidiaries

Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) *Business combinations*

Except for the Reorganisation as mentioned in Note 1.2, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the combined statement of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.3 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the Historical Financial Information of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Historical Financial Information is presented in Singapore Dollar ("S$"), which is functional and presentation currency of the Company.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Leasehold properties	30 years
Lightings, Renovation, Furniture & Fittings	3 to 5 years
Machinery and Motor Vehicles	5 years
Office Equipment and Computers	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains/losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other losses — net" in the combined statement of comprehensive income.

2.5 Intangible assets

(a) *Acquired computer software license*

Acquired computer software licenses are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 years.

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.6 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds it recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

(a) *Classification*

The Group classify its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables comprise "trade and other receivables" (Note 18), "cash and cash equivalents" (Note 20) and "fixed deposit" (Note 21) in the combined balance sheets.

(b) *Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred substantially all risks and rewards of ownership. Loans and receivables are initially recognised at cost plus transaction costs and are subsequently carried at amortised cost using the effective interest method.

(c) *Impairment*

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the combined statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the combined statement of comprehensive income.

2.8 Inventories

Inventories for raw materials, finished goods and inventories held for resale are valued at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.10 Share capital and dividends

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividend distribution to the Company's equity owners is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.11 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are derecognised when the obligation is discharged, cancelled or expired. The difference between carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of comprehensive income.

2.13 Borrowing costs

There were no qualifying assets during the Track Record Period. All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) ***Current income tax***

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) ***Deferred income tax***

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(c) ***Offsetting***

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(d) ***Investment tax credit***

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.15 Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

— Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

— Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the combined balance sheets.

2.16 Employee benefits

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contributions to defined contribution plans are recognised in the financial year to which they relate.

(b) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2.17 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. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction, the specifics of each arrangement and volume discounts.

(a) *Sale of passenger vehicle leather upholstery and electronic accessories*

Sale of passenger vehicle leather upholstery and electronic accessories is recognised when passenger vehicle leather upholstery and electronic accessories are delivered and installed, which is taken to be the point in time when the customer has accepted the goods and the collectability of the related receivables is reasonably assured.

(b) *Interest income*

Interest income from bank deposits is recognised on a time proportion basis on the principal outstanding and at the rate applicable.

2.18 Leases

(a) *Finance leases*

Leases of assets in which the Group assumes substantially the risks and rewards of ownership, including hire purchase contracts, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on remaining balance of the liability for each period.

(b) *Operating leases*

Leases of assets in which a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as operating leases. Payment made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Where an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.19 Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants are recognised when the grant is received.

2.20 Provision

Provision for warranty is recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The Group recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on historical experience of the level of repairs and replacements.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including currency risk and interest risk), credit risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group has exposure to foreign exchange risk as a result of purchases that are denominated in currencies other than Singapore Dollar ("S$"). The foreign currencies giving rise to this risk are primarily the United States Dollar ("US$") and Malaysia Ringgit ("MYR"). The exposure to foreign currency risk is not significant for both years.

(ii) *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to fluctuations in interest rates relates primarily to its debt obligations with financial institutions and its investment portfolio in fixed deposits. The Group manages its cost by using a fixed variable rate debt and to obtain the most favourable interest rates available.

The sensitivity analysis for changes in interest rate is not disclosed as the effect on the combined statement of comprehensive income is considered not significant.

(b) Credit risk

Credit risk refer to the risk that the counter-party will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits, trade receivables and fixed deposits. For trade receivables, the Group adopts policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counter-parties.

Credit exposure to an individual counter-party is restricted by credit limits that are approved by the directors based on on-going credit evaluation. The counter-party's payment profile and credit exposure are continuously monitored by the directors of the Company.

The trade receivables of the Group comprise top 3 debtors that represented 91.0% and 88.1% of trade receivables as at 31 December 2015 and 2016 respectively. The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

The credit risk for bank deposits, trade and other receivables and fixed deposit based on the information provided to key management is as follows:

(i) ***Financial assets that are neither past due nor impaired***

Bank deposits and fixed deposit that are neither past due nor impaired are mainly deposits with regulated banks. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

(ii) ***Financial assets that are past due and/or impaired***

There is no other class of financial assets that is past due and/or impaired.

The aging analysis of trade receivables past due but not impaired is disclosed in Note 18 of this Historical Financial Information.

(c) Liquidity risk

Liquidity or funding risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group has no financial liabilities with maturity of more than one year. These balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The Group manages its liquidity risk by ensuring the availability of funding through its ability to operate profitably, maintaining sufficient cash to enable it to meet its normal operating commitments, having adequate amount of committed credit facilities.

(d) Capital risk management

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to its shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the years ended 31 December 2015 and 31 December 2016.

The Group monitors capital on the basis of gearing ratio. The gearing ratio is calculated as total debt divided by total capital. Total debt represents finance lease balance, and total capital is calculated as share capital plus retained earnings.

As at 31 December 2015 and 2016, the gearing ratios are as follow:

	As at 31 December	
	2015	2016
	S$	S$
Total debt	57,398	—
Total capital	7,318,927	8,335,013
Gearing ratio	0.01	N/A

(e) Fair value estimation

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Warranty provision

The Group gives 12–36 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. The Group made provision amounted to S$215,279 and S$228,957 as at 31 December 2015 and 2016, respectively.

(b) Impairment of receivables

The 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.

The identification of doubtful debts requires the use of judgement and estimates and the changes in the estimated provision in the past were mainly caused by changes in the above factors underlying the provision assessment. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and doubtful debt expense in the period in which such estimate is changed. There has been no significant shortfall in these estimates against actual results.

(c) 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. Possible changes in these estimates could result in revisions to the valuation of inventory. No allowance was made for such decline as at the financial year ended.

5 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company's Board of Directors. The executive directors review the performance of the Group's operations mainly from a business operation perspective. The Group is organised into two main business segments, namely (i) passenger vehicle leather upholstery; and (ii) passenger vehicle electronic accessories. The passenger vehicle leather upholstery segment mainly represents the business of supplying and installing passenger vehicle leather upholstery to passenger vehicle distributors and dealers. The passenger vehicle electronic accessories segment represents the business of supplying and installing passenger vehicle electronic accessories to passenger vehicle distributors and dealers. Those passenger vehicle distributors and dealers are located in Singapore.

Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit/loss before income tax. The adjusted profit/loss before income tax is measured consistently with the Group's profit/loss before income tax except that interest income, interest expenses, inter-segment transactions as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude intra-group balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude intra-group balances and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	Passenger vehicle leather upholstery		**Passenger vehicle electronic accessories**		**Total**	
	2015	**2016**	**2015**	**2016**	**2015**	**2016**
	S$	**S$**	**S$**	**S$**	**S$**	**S$**
Segment revenue	3,566,542	4,482,232	7,903,721	8,599,478	11,470,263	13,081,710
Segment profit	1,087,534	1,305,145	2,409,362	2,499,942	3,496,896	3,805,087
Depreciation	(45,523)	(55,020)	(50,238)	(62,328)	(95,761)	(117,348)
Finance costs	(1,005)	(1,026)	(2,227)	(1,966)	(3,232)	(2,992)
Unallocated expenses:						
Depreciation					(41,749)	(39,661)
Amortisation					(19,732)	—
Profit before tax					3,336,422	3,645,086
Tax expense					(524,086)	(629,000)
Profit for the year					2,812,336	3,016,086
Segment assets	314,688	390,459	1,110,395	563,832	1,425,083	954,291
Unallocated assets:						
Cash and cash equivalents					4,500,616	5,210,089
Trade and other receivables					1,877,216	2,925,580
Properties, plant and equipment					756,565	738,124
Other					120,009	112,117
Total assets					8,679,489	9,940,201
Additions to properties, plant and equipment	51,603	45,338	114,322	78,492	165,925	123,830
Segment liabilities	164,101	133,736	97,392	201,496	261,493	335,232
Unallocated liabilities:						
Trade and other payables					583,748	766,632
Current income tax liabilities					457,923	503,324
Finance lease liabilities					57,398	—
Total liabilities					1,360,562	1,605,188

For the years ended 31 December 2015 and 2016, revenue generated from our top five customers accounted for approximately 93.9% and 92.1% of our total revenue, respectively.

6 REVENUE

	Year ended 31 December	
	2015	2016
	S$	S$
Sales and installation of goods	11,470,263	13,081,710

7 OTHER INCOME

	Year ended 31 December	
	2015	2016
	S$	S$
Wages Credit Scheme	9,637	32,252
Special Employment Credit	15,784	20,118
Productivity and Innovation Credit bonus	33,432	8,146
Sundry income	111	—
	58,964	60,516

Special Employment Credit, Wages Credit Scheme and Productivity and Innovation Credit bonus are incentives introduced by the Singapore government to help business alleviate business costs in a tight labour market and to support business investments. These incentives are in the form of cash payout.

8 OTHER LOSSES — NET

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

9 EXPENSES BY NATURE

	Year ended 31 December	
	2015	2016
	S$	S$
Costs of inventories	4,962,776	5,901,115
Freight and forwarding charges	29,431	26,799
Employee benefit costs *(Note 10)*	2,060,155	2,280,305
Depreciation of property, plant and equipment *(Note 14)*	137,510	157,009
Amortisation of intangible assets *(Note 15)*	19,732	—
Rental expenses on operating lease	51,612	54,052
Commission	61,844	58,367
Entertainment	79,643	79,197
Motor vehicles expenses	47,630	38,643
Insurance	45,774	42,346
Travelling expenses	30,305	43,319
Advertisement	13,062	12,763
Auditor's remuneration	10,450	20,000
Write-off of inventories	172,488	17,631
Warranty cost	203,088	211,390
[REDACTED]	—	292,567
Other operating expenses	170,605	177,861
	8,096,105	9,413,364

10 EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' EMOLUMENTS

(a) Employee benefit expenses during the years are as follows:

	Year ended 31 December	
	2015	2016
	S$	S$
Wages, salaries and allowances	1,811,547	2,008,983
Retirement benefit costs — defined contribution plans	109,652	126,968
Others	138,956	144,354
	2,060,155	2,280,305

(b) **Directors' emoluments**

The remuneration of every director for the year ended 31 December 2015 is set out below:

Name of director	Fees	Salaries, allowances, and benefits in kind	Employer's contribution to defined contribution plans	Other benefits	Total
	S$	S$	S$	S$	S$
Executive directors					
Mr. Siew Yew Khuen	—	300,135	7,200	—	307,335
Ms. Lee Lai Fong	—	180,135	7,200	—	187,335
Mr. Siew Yew Wai	—	85,839	10,812	—	96,651
	—	566,109	25,212	—	591,321

The remuneration of every director for the year ended 31 December 2016 is set out below:

Name of director	Fees	Salaries, allowances and benefits in kind	Employer's contribution to defined contribution plans	Other benefits	Total
	S$	S$	S$	S$	S$
Executive directors					
Mr. Siew Yew Khuen	—	300,135	9,360	—	309,495
Ms. Lee Lai Fong	—	180,135	9,360	—	189,495
Mr. Siew Yew Wai	—	102,735	13,770	—	116,505
	—	583,005	32,490	—	615,495

During the Track Record Period, none of the directors of the Company waived any emoluments paid or payable by the Group companies and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(i) *Directors' retirement benefits*

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the Track Record Period.

(ii) *Directors' termination benefits*

No payment was made to directors as compensation for the early termination of the appointment during the Track Record Period.

(iii) *Consideration provided to third parties for making available directors' services*

No payment was made to the former employer of directors for making available the services of them as a director of the Company during the Track Record Period.

(iv) *Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors*

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(v) *Directors' material interests in transactions, arrangements or contracts*

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

Mr. Siew Yew Khuen, Ms. Lee Lai Fong and Mr. Siew Yew Wai were appointed as the Company's executive directors on 16 January 2017. Mr. Clarence Tan, Mr. Lim Cher Hong and Mr. Gary Chan were appointed as the Company's independent non-executive directors on 23 June 2017.

During the Track Record Period, the independent non-executive directors had not been appointed and therefore did not receive any remuneration in their capacity as the Company's directors.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Company include 3 executive directors for the years ended 31 December 2015 and 2016, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 2 individuals for the years ended 31 December 2015 and 2016 are as follows:

	Year ended 31 December	
	2015	**2016**
	S$	**S$**
Wages, salaries and allowances	145,802	155,980
Retirement benefit costs — defined contribution plans	15,860	17,497
	161,662	173,477

The emoluments of above individuals are within the following band:

	Number of individuals	
	2015	**2016**
Emoluments band		
Nil — HK$1,000,000 (equivalent to S$185,328)	2	2

11 FINANCE COST — NET

	Year ended 31 December	
	2015	**2016**
	S$	**S$**
Interest expense on finance leases	(3,232)	(2,992)
Interest income from bank deposits	108	109
Finance cost — net	(3,124)	(2,883)

12 INCOME TAX EXPENSE

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

Singapore profits tax has been provided at the rate of 17% on the estimated assessable profit during the Track Record Period.

The amount of income tax expense charged to the combined statement of comprehensive income represents:

	Year ended 31 December	
	2015	2016
	S$	S$
Current income tax	533,086	621,000
Deferred income tax *(Note 17)*	(9,000)	8,000
Income tax expense	524,086	629,000

The tax on the Group's profit before income tax differs from the theoretical amount 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

13 EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion is not considered meaningful due to the Reorganisation and the presentation of the results for the Track Record Period on a combined basis as disclosed in Note 1.3 of this section.

The Group does not have any potential dilutive option or other instruments relating to ordinary shares.

14 PROPERTIES, PLANT AND EQUIPMENT

	Leasehold properties	Lightings, Renovation, Furniture & Fittings	Machinery & Motor Vehicles	Office Equipment and Computers	Total
	S$	S$	S$	S$	S$
At 1 January 2015					
Cost	1,150,227	183,246	516,881	73,069	1,923,423
Accumulated depreciation	(392,247)	(165,437)	(310,427)	(54,690)	(922,801)
Net book amount	757,980	17,809	206,454	18,379	1,000,622
Year ended 31 December 2015					
Opening net book amount	757,980	17,809	206,454	18,379	1,000,622
Additions	—	17,854	165,925	15,272	199,051
Depreciation	(42,504)	(9,556)	(67,425)	(18,025)	(137,510)
Disposal	—	—	(408)	(645)	(1,053)
Closing net book amount	715,476	26,107	304,546	14,981	1,061,110
At 1 January 2016					
Cost	1,150,227	201,100	658,306	84,041	2,093,674
Accumulated depreciation	(434,751)	(174,993)	(353,760)	(69,060)	(1,032,564)
Net book amount	715,476	26,107	304,546	14,981	1,061,110
Year ended 31 December 2016					
Opening net book amount	715,476	26,107	304,546	14,981	1,061,110
Additions	—	25,086	123,830	24,472	173,388
Depreciation	(42,504)	(15,131)	(89,012)	(10,362)	(157,009)
Disposal	—	—	—	—	—
Closing net book amount	672,972	36,062	339,364	29,091	1,077,489

Depreciation expense of S$95,761 and S$41,749 has been charged to cost of sales and administrative expenses, respectively, for the year ended 31 December 2015.

Depreciation expense of S$117,348 and S$39,661 has been charged to cost of sales and administrative expenses, respectively, for the year ended 31 December 2016.

Bank facilities are secured on legal mortgage of the leasehold properties with carrying values totalling S$715,476 and S$672,972 as at 31 December 2015 and 2016 (Note 22).

As at 31 December 2015, finance leases of S$57,398 are secured by motor vehicles with net book value of S$154,562. There is no outstanding balance as at 31 December 2016.

Included within additions in the Historical Financial Information were machinery and motor vehicles acquired under finance leases amounting to S$90,000 and nil for the years ended 31 December 2015 and 2016 respectively.

The net book value of motor vehicles held under finance lease obligations comprise:

	As at 31 December	
	2015	**2016**
	S$	**S$**
Cost — capitalised finance leases	165,925	—
Accumulated depreciation	(11,363)	—
Net book amount	154,562	—

15 INTANGIBLE ASSET

Computer software

	S$
At 1 January 2015	
Cost	59,194
Accumulated amortisation	(39,462)
Net book amount	19,732
Year ended 31 December 2015	
Opening net book amount	19,732
Additions	—
Amortisation	(19,732)
Disposal	—
Closing net book amount	—
At 1 January 2016	
Cost	59,194
Accumulated amortisation	(59,194)
Net book amount	—
Year ended 31 December 2016	
Opening net book amount	—
Additions	—
Amortisation	—
Disposal	—
Closing net book amount	—

16 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2015	2016
	S$	S$
Assets as per combined balance sheets		
Loans and receivables		
— Trade and other receivables	1,836,514	2,381,661
— Cash and cash equivalents	4,500,616	5,210,089
— Fixed deposit	108,008	108,117
Total	6,445,138	7,699,867
Liabilities as per combined balance sheets		
Other financial liabilities subsequently measured at amortised cost		
— Trade and other payables	845,241	1,101,864
— Finance lease liabilities	57,398	—
Total	902,639	1,101,864

17 DEFERRED INCOME TAX

The analysis of deferred income tax asset/(liability) is as follows:

	As at 31 December	
	2015	2016
	S$	S$
Deferred income tax asset:		
— Deferred income tax liability to be settled after more than 12 months	(24,000)	(35,000)
— Deferred income tax asset to be settled within 12 months	36,000	39,000
	12,000	4,000

The net movements in the deferred income tax account are as follows:

	As at 31 December	
	2015	2016
	S$	S$
At beginning of the year	3,000	12,000
Credited/(charged) to combined statements of comprehensive income *(Note 12)*	9,000	(8,000)
At end of the year	12,000	4,000

The movements in deferred income tax during the Track Record Period are as follows:

Deferred income asset:

	Provision of warranty
	S$
At 1 January 2015	22,000
Credited to combined statements of comprehensive income	14,000
At 31 December 2015	36,000
At 1 January 2016	36,000
Credited to combined statements of comprehensive income	3,000
At 31 December 2016	39,000

Deferred income liability:

	Accelerated tax depreciation
	S$
At 1 January 2015	19,000
Charged to combined statements of comprehensive income	5,000
At 31 December 2015	24,000
At 1 January 2016	24,000
Charged to combined statements of comprehensive income	11,000
At 31 December 2016	35,000

18 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015	2016
	S$	S$
Trade receivables *(Note a)*:		
— Third parties	1,825,768	2,375,558
Rental and other deposits	7,546	6,103
Advance payment to suppliers	39,862	60,571
Prepayment of [REDACTED]	—	482,382
Prepayment of operating expenses	840	966
Others	3,200	—
	51,448	550,022
Less: non-current portion	—	—
	1,877,216	2,925,580

(a) Trade receivables

	As at 31 December	
	2015	**2016**
	S$	**S$**
Trade receivables	1,825,768	2,375,558
Less: provision for impairment of trade receivables	—	—
	1,825,768	2,375,558

The carrying amounts of trade receivables approximate their fair values.

The Group normally grants credit terms to its customers within 30 days. The 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

As at 31 December 2015 and 2016, trade receivable of S$570,237 and S$757,549 were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered.

The 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
	1,825,768	2,375,558

The carrying amounts of the Group's trade receivables are denominated in S$.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables mentioned above. The Group does not hold any collateral as security.

19 INVENTORIES

	As at 31 December	
	2015	2016
	S$	S$
Goods on hand		
Raw materials	27,994	41,405
Finished goods	1,092,545	573,521
	1,120,539	614,926

The cost of inventories included in cost of sales amounted to S$4,962,776 and S$5,901,115 for the year ended 31 December 2015 and 2016, respectively.

The Group has written off inventories included in cost of sales amounted to S$172,488 and S$17,631 in the year ended 31 December 2015 and 2016, respectively.

20 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2015	2016
	S$	S$
Cash at banks	4,500,289	5,210,004
Cash on hand	327	85
	4,500,616	5,210,089

The Group's cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2015	2016
	S$	S$
S$	4,500,616	4,879,511
US$	—	619
HK$	—	329,959
	4,500,616	5,210,089

21 FIXED DEPOSIT

The fixed deposit bears interest at 0.1% per annum and has maturity period of 92 days for 2015 and 2016. The deposit is denominated in Singapore Dollar and pledged to the banking facilities (Note 22).

22 BANKING FACILITIES

The Group's banking facilities are secured by pledge of the Group's fixed deposit of S$108,008 and S$108,117 (Note 21) and by the Group's leasehold properties with carrying values totalling S$715,476 and S$672,972 (Note 14) as at 31 December 2015 and 2016 respectively. They are also secured by personal guarantees of Mr. Siew Yew Khuen and Ms. Lee Lai Fong, both executive directors of the Company. In February 2017, the personal guarantees in relation to the banking facilities were released (Note 30).

23 COMBINED CAPITAL

The Reorganisation was not completed as at 31 December 2016. For the purpose of preparing the Historical Financial Information, the combined capital in the combined balance sheets as at 31 December 2015 and 2016 represents the share capital of TOMO-CSE, the Operating Company of the [REDACTED].

24 TRADE AND OTHER PAYABLES

	As at 31 December	
	2015	2016
	S$	S$
Trade payables *(Note a)*		
— Third parties	261,493	335,232
Other payables and accruals		
— Accrued operating expenses	135,775	188,602
— Provision for warranty cost *(Note b)*	215,279	228,957
— Accrued [REDACTED]	—	100,711
— Goods and services tax payables	110,790	136,706
— Others	121,904	111,656
	583,748	766,632
	845,241	1,101,864

Trade payables are non-interest bearing and are normally settled on 60 days' terms.

(a) Trade payables

As at 31 December 2015 and 2016, the aging analysis of the trade payables based on invoice date is 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	—	—
Over 90 days	—	—
	261,493	335,232

The carrying amounts of the Group's trade payables are denominated in Singapore Dollar, United States Dollar and Malaysian Ringgit. The carrying amounts of trade payables approximate their fair values.

(b) Provision for warranty cost

The movement in provision for warranty cost during the Track Record Period are as follows:

	S$
At 1 January 2015	130,831
Provisions utilised	(118,640)
Provisions made	203,088
At 31 December 2015	215,279
At 1 January 2016	215,279
Provisions utilised	(197,712)
Provisions made	211,390
At 31 December 2016	228,957

25 FINANCE LEASE LIABILITIES

The Group leases certain motor vehicles from third parties under finance lease. As at 31 December 2015 and 2016, the Group's finance lease was repayable as follows:

	As at 31 December	
	2015	2016
	S$	S$
Gross finance lease liabilities — minimum lease payments		
No later than 1 year	60,390	—
Later than 1 year and no later than 5 years	—	—
Future finance charges on finance leases	(2,992)	—
Present value of finance lease liabilities	57,398	—
The present value of finance lease liabilities is as follows:		
No later than 1 year	57,398	—
Later than 1 year and no later than 5 years	—	—
	57,398	—

Effective interest rates on the finance leases bears interest at 6.48% and 6.25% per annum during the years ended 31 December 2015 and 2016.

The carrying amounts of the finance leases are denominated in S$.

This finance leases are secured/guaranteed by:

(i) motor vehicles with net book value of S$154,562 as at 31 December 2015; and

(ii) personal guarantees executed by Mr. Siew Yew Khuen and Ms. Lee Lai Fong, both are the executive directors of the Company.

The rights to the leased assets are reverted to the lessor in the event of default of the lease liabilities by the Group.

26 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

Dividends during each of the years ended 31 December 2015 and 2016 represented dividends declared by the companies now comprising the Group to the then equity holders of the companies for each of the years ended 31 December 2015 and 2016. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

27 OPERATING LEASE COMMITMENTS

The Group leases office premises and staff accommodation from third parties under non-cancellable operating lease agreement.

The future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises and staff accommodation are as follows:

	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

Minimum lease payments for office premises and staff accommodation recognised as an expense in combined statements of comprehensive income for the year ended 31 December 2016 amounted to S$36,076 (2015: S$33,636) and S$8,350 (2015: S$16,800) respectively.

There was no option for renewal of the tenancies.

The Group has no other material commitments as at 31 December 2015 and 2016.

28 CONTINGENCIES

The Group did not have any significant contingent liabilities as at 31 December 2015 and 2016.

29 RELATED PARTY TRANSACTIONS

For the purposes of this Historical Financial Information, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors are of the view that the following individuals were related parties that had material transactions or balances with the Group during the years ended 31 December 2015 and 2016:

Name of the related party	Relationship with the Group
Mr. Siew Yew Khuen	A shareholder and executive director of the Company
Ms. Lee Lai Fong	A shareholder and executive director of the Company
Mr. Siew Yew Wai	An executive director of the Company

In addition to the related party information disclosed above, the following set out the significant transactions carried out between the Group and its related parties in the ordinary course of business during the Track Record Period.

(a) Key management compensation

Key management represents executive directors of the Company. The compensation paid or payable to key management for employee services is disclosed Note 10(b).

30 EVENTS AFTER THE BALANCE SHEET DATE

Save as disclosed elsewhere in this report, the following significant events took place subsequent to 31 December 2016:

(a) The Reorganisation was completed on 16 June 2017 and the details are summarised in Note 1.2.

(b) In February 2017, the personal guarantees in relation to the banking facilities were released.

(c) On 15 June 2017, TOMO-CSE declared a special dividend of S$3.0 million to its then shareholders, which was settled by cash on 20 June 2017.

(d) By a shareholders' resolution dated 23 June 2017, the authorised share capital of the Company was increased from HK$380,000 to HK$100,000,000 by the creation of an additional 9,962,000,000 shares of HK$0.01 each.

(e) By a shareholders'resolution dated 23 June 2017 and conditional on the share premium account of the Company being credited as a result of issue of new shares pursuant to the proposed offering of the Company's shares, the Company will issue additional [REDACTED] shares, credited as fully paid, to the existing shareholders of the Company.

(f) By a shareholders'resolution dated 23 June 2017, the Company conditionally adopted a share option scheme under which the board of directors may grant options to the employees, directors or other selected participants of the Group to acquire shares of the Company. No options have been granted up to the date of this report.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2016 and up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2016.